CaixaBank Group Financial Statements

2019

Consolidated financial statements and consolidated Management Report that the Board of Directors, at a meeting held on 20 February 2020, agreed to submit to the Annual General Meeting.

Translation of financial statements originally issued and prepared in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

CaixaBank

Independent auditor´s report on the consolidated annual accounts

To the shareholders of CaixaBank, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of CaixaBank, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2019, and the income statement, statement of other comprehensive income, statement of total changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2019, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts section of our report.*

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Credit risk impairment and impairment arising from foreclosures Determining credit risk impairment and impairment arising from foreclosures is one of the most significant and complex estimates in the preparation of the accompanying consolidated annual accounts, which entails a process involving judgements and estimates, as well as mass data processing, performed on the basis of the different types of these assets. It has therefore been a key matter in our audit. The evaluation of credit risk impairment is based on both individual and collective estimates of covers and, in this case, by using the Group's different internal models based on the different portfolios, or segments of credit risk. The valuation models employed require a high level of judgement and estimation to determine expected credit risk impairment losses, considering aspects such as: • Classification of loan portfolios based on risk and asset type. • Staging of impaired assets or those showing a significant increase in risk. • Use of assumptions that have a significant impact on credit risk provisions recognised, such as macroeconomic scenarios and related probability of occurrence, expected life of the loan and existence of prepayments, among others.	Our work has included the participation of internal specialists in credit risk models and valuations of real estate assets arising from foreclosures and has focused on analyzing, evaluating and verifying internal control, as well as performing tests of detail on the estimation of impairment. As regards the internal control system, we have carried out the following procedures, among others: • Verification of the compliance of work policies and procedures and approved internal models with applicable regulatory requirements and the Group's governance model. • Review of the periodic assessment of risks and follow-up alerts by Group management, as well as the actual performance of the periodic review of borrower files to monitor classification and, where applicable, recognise impairment. • Review of the process of monitoring and updating appraisals that support the value of collaterals related to loan operations and real estate assets, furnished by different valuation firms and agencies.

Key audit matter	How our audit addressed the key audit matter
• Building of model parameters, such as probability of impairment and impairment loss. • The realisable value of guarantees related to granted loans on the basis of the information and/or appraisal value provided by different valuation firms. In some cases, when the assets are of low exposure and risk, statistics methodologies are used to update appraisals. The estimation of the impairment of real estate assets arising from the lending business, awarded to the Group through dation in payment, purchase or a court proceeding, is based on internal methodologies for the evaluation of the recoverable amount of this type of assets, estimating fair value adjusted for costs to sell and including a discount on the reference value based on the Group's historical experience in the sale of similar assets. Fair value is estimated using the information and/or appraised value furnished by valuation firms and agencies. Group management periodically recalibrates its internal models to optimise their predictive capacity. If applicable, the variables or algorithms employed are updated and backtesting processes are carried out to compare expected loss estimates with actual data. See Notes 2, 3.3, 14, 20, 21 y 40.2 to the accompanying consolidated annual accounts regarding credit risk and impairment arising from foreclosures, and see Notes 36 y 39 to the accompanying consolidated annual accounts regarding profit and loss during the year.	We have also performed the following tests of detail: • Review of methodology and verification of the main models with respect to: i) calculation and segmentation methods; ii) loan staging criteria; iii) estimation of expected loss parameters (probability of impairment and realisable value of collateral); iv) reliability and consistency of historical and prospective information employed; and v) recalibration and backtesting of the internal models. • Review of the functioning of the calculation engine and recalculation of collective provisions in credit risk impairment estimation models for certain loan portfolios; comparison with Group management's findings. • Review of a sample of borrower files analysed individually in order to assess classification, recognition and the recognition of any impairment losses. • Review of the methodology used to estimate sales costs, sales periods and reductions of guarantees, to estimate impairment arising from foreclosures. • Review of a sample of appraisals to check that they comply with prevailing legislation, are reasonable and are up to date. • Evaluation of whether the breakdown in the consolidated annual accounts is sufficient and adequate.

Key audit matter	How our audit addressed the key audit matter
	As a result of our testing of calculations and estimates of credit risk impairment and of the impairment of the real estate assets arising from foreclosures, we have not identified any differences, above a reasonable range, in the amounts recognised in the accompanying consolidated annual accounts.
Recoverability of deferred tax assets Evaluating recoverability of deferred tax assets is a complex exercise that requires a high level of judgement and estimation and therefore we consider that Company management's evaluation of the capacity to recover deferred tax assets is a key audit matter. The Group's policy is to recognise deferred tax assets only when it is considered likely that sufficient taxable income will be obtained in the future to recover them. In this process, Management takes into account specific and complex aspects to assess both recognition and the subsequent capacity to recover the deferred tax assets recognised, based on the Group's financial projections and business plans, supported by defined assumptions that are projected over a time horizon, and considering tax legislation applicable at all times. Management also has the deferred tax asset recovery model reviewed by an independent external expert and periodic backtesting is carried out to assess model predictability. See Notes 2 and 25 to the accompanying consolidated annual accounts.	Assisted by our tax specialists, we have documented our understanding and our review of the estimation process carried out by Group management, focusing our procedures on aspects such as: • Analysis of the tax strategy planned by Group management for the recoverability of deferred tax assets. • Review of the information used to draw up the business plan, as well as the economic and financial assumptions considered, and of the fulfilment of those assumptions and of the business plans prepared by means of backtesting. • Review of the assumptions employed in estimates made to calculate temporary differences, to check that they are complete, suitable and usable in the stipulated periods. • Follow-up of the recoverability of deferred tax assets and of the review performed by the Group's independent tax expert. • Review of the reasonableness of the amounts of deferred tax assets deemed to be monetisable. As a result of these procedures, we have obtained sufficient audit evidence to corroborate the estimates made by Group management of the recoverability of deferred tax assets.

Key audit matter	How our audit addressed the key audit matter
Provisions for taxes, lawsuits and regulatory proceedings In the ordinary course of business, the Group may become involved in administrative, court or arbitration proceedings of a tax, legal or regulatory nature. In addition, there are other situations that have not yet resulted in any kind of judicial proceeding but which, however, have led to the recognition of provisions, such as aspects related to conduct with and compensation for customers. In general, these proceedings end after a long period of time as they are complex processes under the legislation applicable to the jurisdiction in which the Group operates. Group management, when deemed fit, recognises a provision for the outlay considered to be likely based on estimates made, applying prudent calculation procedures consistent with the uncertainty inherent in the obligations covered. Both the determination of the forecast results of the proceedings and the evaluation of the economic effect are complex and uncertain as regards the outcome and/or final amount. Consequently, the recognition of provisions for litigation is one of the areas requiring the highest degree of judgement and estimation. See Notes 2 and 23 to the accompanying consolidated annual accounts.	Our review of the estimation of provisions for tax, legal and regulatory proceedings carried out by Group management and our analysis and assessment of internal control over the process consisted of the following procedures: • Understanding of the litigation classification and provisioning policy in accordance with applicable accounting legislation. • Analysis of the main individual and, if applicable, collective lawsuits. • Obtainment of a confirmation letter from CaixaBank, S.A. legal counsel to verify their assessment of the expected outcome of the litigation, all the information, the correct recognition of the provision and any potential liabilities omitted. • Follow-up of developments in tax inspections in progress and analysis of the expected outcome of the most significant tax proceedings and of any contingencies related to the fulfilment of tax obligations for all periods open to inspection, assisted by our tax area specialists. • Analysis of the recognition and estimation of, and movements in, accounting provisions. • Examination of communications with regulators and analysis of regulatory inspections carried out and in progress. • Update, to the date of this report, of any additional information that might affect the claims, litigation and/or contingencies in progress at December 31, 2019.

Key audit matter	How our audit addressed the key audit matter
	Specifically for the provisions for customer compensation, our procedures focused on the following: • Understanding of the control environment, assessment and verification of the controls associated with the calculation and review of the provision for customer compensation, including the assumption process and approval, and findings of the estimates made. • Assessment of the methodology and assumptions used by Group management, checking that they are in line with market practice. • Sensitivity analysis of model results to possible changes in key assumptions. Our findings show that, in general, Group management's judgements and estimates when evaluating this type of provisions are supported and reasoned on the basis of available information.
Measurement of insurance contract liabilities The CaixaBank Group engages in the life insurance business through its subsidiary VidaCaixa, S.A.U. de Seguros y Reaseguros, selling products basically in the Group's bank branch network. The Group recognises the liabilities associated with these insurance policies in accordance with IFRS 4 "Insurance contracts" which, in some cases, requires the use of judgements and estimates by Group management to properly measure insurance contract liabilities, and has therefore been a key matter in our audit.	We have gained an understanding of the process for estimating and recognising insurance contract liabilities that has included an assessment of the design and effectiveness of internal control related to this area, including the most relevant information system controls. Our procedures carried out in association with our team of actuarial specialists focused on aspects such as: • Understanding of the insurance contract liability calculation method, based on the nature of the products, as well as the consistent application of the method with respect to the previous year. • Verification of the proper recognition of insurance contract liabilities and changes during the period.

Key audit matter	How our audit addressed the key audit matter
In particular, in the case of savings insurance, the Group's management calculates the mathematical reserve using complex actuarial techniques based on critical calculation assumptions such as the technical interest rate, cost assumptions and biometric assumptions, in accordance with applicable accounting legislation. See Notes 2 and 17 to the accompanying consolidated annual accounts..	• Review of the completeness and reconciliation of the basic data employed in the technical actuarial calculations supporting insurance contract liabilities. • Verification of the application of interest rate, cost and biometric assumptions in line with applicable legislation and the Group's experience. • Recalculation of the mathematical reserve for policies selected using sampling procedures. As a result of the insurance contract liability measurement procedures described, we have not identified any differences, above a reasonable range, in the amounts recognised in the accompanying consolidated annual accounts.
Assessment of the control environment for information systems The Group's operations and business continuity, by nature, and particularly the process followed to prepare financial and accounting information, rely significantly on the information systems that form part of its technological structure, so an adequate control environment is critical to assure the Group's business continuity and the correct processing of information, and has therefore been a key matter in our audit. Additionally, as the systems become more complex, the risks associated with information technologies, the organisation and thus the information processed, increase. In this regard, Group management has put in place the procedures deemed fit in the information system environment. The effectiveness of the general internal control framework for the information systems is a key aspect to support the Group's operations, as well as the bookkeeping, account closing and consolidation process.	Assisted by our information system and process specialists, our work has consisted of: • Evaluation of the control environment associated with the information systems and applications that support the Group's operations, as well as the recognition and processing of the Group's accounting close. In this context, we have completed procedures to assess aspects such as the organisation and governance of the Information Systems Area, controls of application maintenance and development, physical and logical security, and system operation in the production environment.

Key audit matter	How our audit addressed the key audit matter
In this context, it is necessary to assess aspects such as the organisation and governance of the Information Systems Area, controls of application maintenance and development, physical and logical security, and system operation.	• We have carried out the following main procedures on the principal information systems identified and deemed relevant to the most significant business processes, previously defined, which support the Group's operations, and to the financial information generation process, so as to analyse the integrity, accuracy and availability of the information: - Review of controls in connection with aspects derived from application operation, development, maintenance and security, as well as the definitions of policies on user profiles, access and segregation of functions of the users that access these systems. - Understanding of the key business processes, identification of automatic controls in the applications that support them and validation of the controls. As regards the accounting and closing process in each of the Group's information systems, we have carried out the following additional procedures: • Understanding and review of the process for generating manual and automatic account entries identified as non-standard, representing a risk. • Extraction, validation of completeness and filtering of account entries and analysis of their reasonableness. • Understanding and recalculation of certain calculations made by Group management and deemed to have the greatest impact, particularly those relating to the apportionment of interest on financial products (loans, credit lines and deposits) and of fee and commission income.

Key audit matter	How our audit addressed the key audit matter
	The results of our procedures were, in general, satisfactory and we identified no relevant aspects that could affect the accompanying consolidated annual accounts.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2019 year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the information contained in the consolidated management report is defined in the legislation governing the audit practice, which establishes two distinct levels in this regard:

a) A specific level applicable to the consolidated statement of non-financial information and certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Audit Act 22/2015, that consists of verifying solely that the aforementioned information has been provided in the management report or, if appropriate, that the consolidated management report includes the pertinent reference in the manner provided by the legislation and if not, we are required to report that fact.

b) A general level applicable to the rest of the information included in the consolidated management report that consists of evaluating and reporting on the consistency between that information and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements and does not include information different to that obtained as evidence during our audit, as well as evaluating and reporting on whether the content and presentation of that part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have ascertained that the information mentioned in paragraph a) above has been provided in the consolidated management report and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2019 year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the Audit and Control Committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's Audit and Control Committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company´s directors.

- Conclude on the appropriateness of the Parent company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company´s Audit and Control Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company´s Audit and Control Committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the Audit and Control Committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company´s Audit and Control Committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor´s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the Parent company´s Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's Audit and Control Committee dated February 21, 2020.

Appointment period

The General Ordinary Shareholders' Meeting held on April 6, 2017 appointed us as auditors of the Group for a period of three years, as from the year ended December 31, 2018.

Services provided

Services other than audit services that have been provided to the Group are described in Note 35 of the notes to the accompanying consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ramón Aznar Pascua (15414)

February 21, 2020

CAIXABANK GROUP FINANCIAL STATEMENTS AT 31 DECEMBER 2019

- Consolidated balance sheet at 31 December 2019, 2018 and 2017, before appropriation of profit
- Consolidated statement of profit or loss for the years ended 31 December 2019, 2018 and 2017
- Consolidated statement of changes in equity for the years ended 31 December 2019, 2018 and 2017
    - Consolidated statement of other comprehensive income
    - Consolidated statement of total changes in equity
- Consolidated statement of cash flows for the years ended 31 December 2019, 2018 and 2017
- Notes to the consolidated financial statements for the year ended 31 December 2019

CONSOLIDATED BALANCE SHEET

ASSETS

(Millions of euros)

	NOTE	31-12-2019	31-12-2018 (*)	31-12-2017 (*)
Cash and cash balances at central banks and other demand deposits	**10**	**15,110**	**19,158**	**20,155**
Financial assets held for trading	**11**	**7,370**	**9,810**	**10,597**
Derivatives		6,194	8,707	8,162
Equity instruments		457	348	403
Debt securities		719	755	2,032
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	**12**	**427**	**704**	
Equity instruments		198	232	
Debt securities		63	145	
Loans and advances		166	327	
Customers		166	327	
Financial assets designated at fair value through profit or loss		**1**		**6,500**
Equity instruments				4,299
Debt securities		1		2,101
Loans and advances				100
Credit institutions				100
Financial assets at fair value with changes in other comprehensive income	**13**	**18,371**	**21,888**	
Equity instruments		2,407	3,565	
Debt securities		15,964	18,323	
Available-for-sale financial assets	**1**			**69,555**
Equity instruments				2,883
Debt securities				66,672
Financial assets at amortised cost	**14**	**244,702**	**242,582**	
Debt securities		17,389	17,060	
Loans and advances		227,313	225,522	
Central banks		6	5	
Credit institutions		5,153	7,550	
Customers		222,154	217,967	
Loans and receivables	**1**			**226,273**
Debt securities				2,576
Loans and advances				223,697
Central banks				5
Credit institutions				7,374
Customers				216,318
Held-to-maturity investments	**1**			**11,085**
Derivatives - Hedge accounting	**15**	**2,133**	**2,056**	**2,597**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**15**	**106**	**232**	**11**
Investments in joint ventures and associates	**16**	**3,941**	**3,879**	**6,224**
Joint ventures		166	168	187
Associates		3,775	3,711	6,037
Assets under the insurance business	**17**	**72,683**	**61,688**	**275**
Tangible assets	**18**	**7,282**	**6,022**	**6,480**
Property, plant and equipment		4,915	3,210	3,076
For own use		4,915	3,210	3,076
Investment property		2,367	2,812	3,404
Intangible assets	**19**	**3,839**	**3,848**	**3,805**
Goodwill		3,051	3,051	3,051
Other intangible assets		788	797	754
Tax assets		**11,113**	**11,264**	**11,005**
Current tax assets		1,277	1,223	800
Deferred tax assets	**25**	9,836	10,041	10,205
Other assets	**20**	**2,982**	**2,176**	**2,505**
Inventories		54	57	878
Remaining other assets		2,928	2,119	1,627
Non-current assets and disposal groups classified as held for sale	**21**	**1,354**	**1,239**	**6,069**
TOTAL ASSETS		**391,414**	**386,546**	**383,136**
Memorandum items				
Loan commitments given	**26**	71,132	63,953	61,190
Financial guarantees given	**26**	5,982	5,735	6,015
Other commitments given	**26**	21,226	19,339	19,461
Financial instruments loaned or delivered as collateral with the right of sale or pledge				
Financial assets held for trading		165	469	1,053
Financial assets at fair value with changes in other comprehensive income		2,544	2,801	
Available-for-sale financial assets				7,383
Financial assets at amortised cost		93,053	97,767	
Loans and receivables				103,155
Held-to-maturity investments				3,600
Tangible assets acquired under a lease	**18**	1,495		

(*) Presented for comparison purposes only (see Note 1)

CONSOLIDATED BALANCE SHEET
LIABILITIES
(Millions of euros)

	NOTE	31-12-2019	31-12-2018 (*)	31-12-2017 (*)
Financial liabilities held for trading	**11**	**2,338**	**9,015**	**8,605**
Derivatives		1,867	8,616	7,861
Short positions		471	399	744
Financial liabilities designated at fair value through profit or loss		**1**		**8,241**
Deposits				8,241
Customers				8,241
Other financial liabilities		1		
Financial liabilities at amortised cost	**22**	**283,975**	**282,460**	**280,898**
Deposits		241,735	247,640	246,804
Central banks		14,418	29,406	31,681
Credit institutions		6,238	8,034	11,515
Customers		221,079	210,200	203,608
Debt securities issued		33,648	29,244	29,919
Other financial liabilities		8,592	5,576	4,175
Derivatives - Hedge accounting	**15**	**515**	**793**	**793**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**15**	**1,474**	**1,244**	**1,410**
Liabilities under the insurance business	**17**	**70,807**	**61,519**	**50,999**
Provisions	**23**	**3,624**	**3,079**	**3,491**
Pensions and other post-employment defined benefit obligations		521	458	598
Other long-term employee benefits		1,710	1,072	1,223
Pending legal issues and tax litigation		676	714	803
Commitments and guarantees given		220	355	357
Other provisions		497	480	510
Tax liabilities		**1,296**	**1,351**	**1,416**
Current tax liabilities		238	236	194
Deferred tax liabilities	25	1,058	1,115	1,222
Other liabilities	**20**	**2,162**	**2,639**	**2,335**
Liabilities included in disposal groups classified as held for sale		**71**	**82**	**82**
TOTAL LIABILITIES		**366,263**	**362,182**	**358,270**
Memorandum items				
Subordinated liabilities				
Financial liabilities at amortised cost	22	5,461	5,456	5,054

(*) Presented for comparison purposes only (see Note 1).

CONSOLIDATED BALANCE SHEET
EQUITY
(Millions of euros)

	NOTE	31-12-2019	31-12-2018 (*)	31-12-2017 (*)
SHAREHOLDERS' EQUITY	24	26,247	25,384	24,722
Capital		**5,981**	**5,981**	**5,981**
Share premium		**12,033**	**12,033**	**12,033**
Other equity items		**24**	**19**	**10**
Retained earnings		**7,795**	**7,300**	**6,038**
Other reserves		**(1,281)**	**(1,505)**	**(594)**
(-) Treasury shares		**(10)**	**(10)**	**(12)**
Profit/(loss) attributable to owners of the Parent		**1,705**	**1,985**	**1,684**
(-) Interim dividends	6		**(419)**	**(418)**
ACCUMULATED OTHER COMPREHENSIVE INCOME	24	(1,125)	(1,049)	(290)
Items that will not be reclassified to profit or loss		**(1,568)**	**(1,336)**	**(402)**
Actuarial gains or (-) losses on defined benefit pension plans		(474)	(396)	(402)
Share of other recognised income and expense of investments in joint ventures and associates		(83)	(75)	
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income		(1,011)	(865)	
Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income				
Fair value changes of equity instruments measured at fair value with changes other comprehensive income [hedged instrument]		(58)		
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income [hedging instrument]		58		
Items that may be reclassified to profit or loss		**443**	**287**	**112**
Foreign currency exchange		4	2	74
Hedging derivatives. Reserve of cash flow hedges [effective portion]		(34)	22	16
Fair value changes of debt securities measured at fair value with changes in other comprehensive income		486	317	
Share of other recognised income and expense of investments in joint ventures and associates		(13)	(54)	(29)
Available-for-sale financial assets				51
Debt instruments				475
Equity instruments				(424)
MINORITY INTERESTS (non-controlling interests)	24	29	29	434
Accumulated other comprehensive income				**(17)**
Other items		**29**	**29**	**451**
TOTAL EQUITY		**25,151**	**24,364**	**24,866**
TOTAL LIABILITIES AND EQUITY		**391,414**	**386,546**	**383,136**

(*) Presented for comparison purposes only (see Note 1).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Millions of euros)

	NOTE	31-12-2019	31-12-2018 (*)	31-12-2017 (*)
Interest income	28	7,055	6,946	6,971
Financial assets at fair value with changes in other comprehensive income (1)		1,966	1,856	2,082
Financial assets at amortised cost (2)		4,972	4,902	4,752
Other interest income		117	188	137
Interest expense	29	(2,104)	(2,039)	(2,225)
NET INTEREST INCOME		**4,951**	**4,907**	**4,746**
Dividend income	30	163	146	127
Share of profit/(loss) of entities accounted for using the equity method	16	425	826	526
Fee and commission income	31	2,940	2,898	2,760
Fee and commission expenses	31	(342)	(315)	(261)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	32	240	126	169
Financial assets at amortised cost		2	(25)	
Other financial assets and liabilities		238	151	
Gains/(losses) on financial assets and liabilities held for trading, net	32	139	40	47
Other gains or losses		139	40	
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net	32	(74)	61	
Other gains or losses		(74)	61	
Gains/(losses) from hedge accounting, net	32	45	39	(9)
Exchange differences (gain/loss), net		(52)	12	76
Other operating income	33	655	628	698
Other operating expenses	33	(1,041)	(1,152)	(1,128)
Income from assets under insurance and reinsurance contracts	33	884	939	823
Expenses from liabilities under insurance and reinsurance contracts	33	(328)	(388)	(352)
GROSS INCOME		**8,605**	**8,767**	**8,222**
Administrative expenses		(5,204)	(4,254)	(4,150)
Personnel expenses	34	(3,956)	(2,958)	(2,981)
Other administrative expenses	35	(1,248)	(1,296)	(1,169)
Depreciation and amortisation	18 and 19	(546)	(404)	(427)
Provisions or reversal of provisions	23	(186)	(441)	(762)
Impairment/(reversal) of impairment on financial assets not measured at fair value through profit or loss or net profit or loss due to a change	36	(425)	(126)	(949)
Financial assets at fair value with changes in other comprehensive income			(2)	
Financial assets at amortised cost		(425)	(124)	
Available-for-sale financial assets				(144)
Loans and receivables				(805)
Impairment/(reversal) of impairment on investments in joint ventures and associates.	1.8 and 16		(61)	5
Impairment/(reversal) of impairment on non-financial assets	37	(106)	(49)	(170)
Tangible assets		(80)	(17)	(53)
Intangible assets		(25)	(25)	(70)
Other		(1)	(7)	(47)
Gains/(losses) on derecognition of non-financial assets, net	16 and 38	55	(476)	(115)
Negative goodwill recognised in profit or loss	7			442
Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	39	(116)	(149)	2
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**2,077**	**2,807**	**2,098**
Tax expense or income related to profit or loss from continuing operations	25	(369)	(712)	(378)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**1,708**	**2,095**	**1,720**
Profit/(loss) after tax from discontinued operations	1		(55)	(2)
PROFIT/(LOSS) FOR THE PERIOD		**1,708**	**2,040**	**1,719**
Attributable to minority interests (non-controlling interests)		3	55	35
Attributable to owners of the parent		1,705	1,985	1,684

(*) Presented for comparison purposes only (see Note 1).
(1) Also includes in 2019 and 2018 the interest on available-for-sale financial assets (IAS 39) linked to the insurance business and in 2017 the interest on available-for-sale financial assets (IAS 39).
(2) Also includes in 2019 and 2018 interest on loans and receivables (IAS 39) of the insurance business and in 2017 interest on loans and receivables (IAS 39).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PART A)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(Millions of euros)

	2019	2018 (*)	2017 (*)
PROFIT/(LOSS) FOR THE PERIOD	**1,708**	**2,040**	**1,719**
OTHER COMPREHENSIVE INCOME	**(76)**	**(715)**	**(118)**
Items that will not be reclassified to profit or loss	**(232)**	**(517)**	**(4)**
Actuarial gains or losses on defined benefit pension plans	(124)	(43)	(6)
Share of other recognised income and expense of investments in joint ventures and associates	(8)	(64)	
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income	(145)	(455)	
Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income			
Fair value changes of equity instruments measured at fair value with changes in equity [hedged instrument]	(58)		
Fair value changes of equity instruments measured at fair value with changes in equity [hedging instrument]	58		
Income tax relating to items that will not be reclassified	45	45	2
Items that may be reclassified to profit or loss	**156**	**(198)**	**(114)**
Foreign currency exchange	2	(87)	86
Translation gains/(losses) taken to equity	2	(229)	86
Transferred to profit or loss		142	
Cash flow hedges (effective portion)	(54)	15	1
Valuation gains/(losses) taken to equity	9	(60)	41
Transferred to profit or loss	(63)	75	(40)
Debt instruments classified as fair value financial assets with changes in other comprehensive income	325	(114)	
Valuation gains/(losses) taken to equity	523	7	
Transferred to profit or loss	(198)	(121)	
Available-for-sale financial assets			(64)
Valuation gains/(losses) taken to equity			(111)
Transferred to profit or loss			47
Share of other recognised income and expense of investments in joint ventures and associates	41		(154)
Income tax relating to items that may be reclassified to profit or loss	(158)	(12)	17
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,632**	**1,325**	**1,601**
Attributable to minority interests (non-controlling interests)	3	76	61
Attributable to owners of the parent	1,629	1,249	1,540

(*) Presented for comparison purposes only (see Note 1).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PART B)
CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY
(Millions of euros)

		EQUITY ATTRIBUTABLE TO THE PARENT									MINORITY INTERESTS		
		SHAREHOLDERS' EQUITY											
	NOTE	CAPITAL	SHARE PREMIUM	OTHER EQUITY	RETAINED EARNINGS	OTHER RESERVES	LESS: TREASURY SHARES	PROFIT/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	LESS: INTERIM DIVIDENDS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED OTHER COMPREHENSIVE INCOME	OTHER ITEMS	TOTAL
OPENING BALANCE AT 31-12-2016		5,981	12,033	7	5,239	(717)	(14)	1,047	(177)	127		29	23,555
Effects of changes in accounting policies					220	233				(208)			245
Pension obligations	1				220	233				(208)			245
BALANCE AT 31-12-2016		5,981	12,033	7	5,459	(484)	(14)	1,047	(177)	(81)		29	23,800
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								1,684		(144)	26	35	1,601
OTHER CHANGES IN EQUITY				3	579	(110)	2	(1,047)	(241)	(65)	(43)	387	(535)
Dividends (or remuneration to shareholders)					(359)				(418)			(1)	(778)
Purchase of treasury shares	24												(0)
Sale or cancellation of treasury shares	24						2						3
Transfers among components of equity					935			(1,047)	177	(65)	(43)	42	
Other increase/(decrease) in equity				3	3	(110)						346	240
BALANCE AT 31-12-2017		5,981	12,033	10	6,038	(594)	(12)	1,684	(418)	(290)	(17)	451	24,866
Effects of changes in accounting policies	1					(538)				(23)	(4)	9	(556)
First application of IFRS 9	1					(538)				(23)	(4)	9	(556)
OPENING BALANCE AT 01-01-2018		5,981	12,033	10	6,038	(1,132)	(12)	1,684	(419)	(313)	(21)	460	24,309
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								1,985		(736)	21	55	1,325
OTHER CHANGES IN EQUITY				9	1,262	(373)	2	(1,684)				(486)	(1,270)
Dividends (or remuneration to shareholders)	6				(478)				(419)			(5)	(902)
Purchase of treasury shares	24						(2)						(2)
Sale or cancellation of treasury shares	24						4						4
Transfers among components of equity					1,715			(1,684)	419			(450)	
Other increase/(decrease) in equity				9	25	(373)						(31)	(370)
BALANCE AT 31-12-2018		**5,981**	**12,033**	**19**	**7,300**	**(1,505)**	**(10)**	**1,985**	**(419)**	**(1,049)**		**29**	**24,364**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PART B)

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

(Millions of euros)

		EQUITY ATTRIBUTABLE TO THE PARENT									MINORITY INTERESTS		
		SHAREHOLDERS' EQUITY											
	NOTE	CAPITAL	SHARE PREMIUM	OTHER EQUITY ITEMS	RETAINED EARNINGS	OTHER RESERVES	LESS: TREASURY SHARES	PROFIT/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	LESS: INTERIM DIVIDENDS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED OTHER COMPREHENSIVE INCOME	OTHER ITEMS	TOTAL
BALANCE AT 31-12-2018		**5,981**	**12,033**	**19**	**7,300**	**(1,505)**	**(10)**	**1,985**	**(419)**	**(1,049)**		**29**	**24,364**
OPENING BALANCE AT 01-01-2019		5,981	12,033	19	7,300	(1,505)	(10)	1,985	(419)	(1,049)		29	24,364
TOTAL COMPREHENSIVE INCOME FOR THE								1,705		(76)		3	1,632
OTHER CHANGES IN EQUITY				5	495	224		(1,985)	419			(3)	(845)
Dividends (or remuneration to shareholders)	6				(598)							(3)	(601)
Purchase of treasury shares	24						(8)						(8)
Sale or cancellation of treasury shares	24						8						8
Transfers among components of equity					1,566			(1,985)	419				
Other increase/(decrease) in equity				5	(473)	224							(244)
BALANCE AT 31-12-2019		**5,981**	**12,033**	**24**	**7,795**	**(1,281)**	**(10)**	**1,705**		**(1,125)**		**29**	**25,151**

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Millions of euros)

	Note	2019	2018 (**)	2017 (**)
A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(6,453)	(4,878)	6,554
Profit/(loss) for the period (*)		1,708	2,040	1,719
Adjustments to obtain cash flows from operating activities		4,495	3,518	4,501
Depreciation and amortisation		546	404	427
Other adjustments		3,949	3,114	4,074
Net increase/(decrease) in operating assets		(8,780)	(9,438)	3,312
Financial assets held for trading		(1,743)	(169)	3,290
Financial assets not designated for trading compulsorily measured at fair value through profit or loss		277	118	0
Financial assets designated at fair value through profit or loss		(1)	0	(2,099)
Financial assets at fair value with changes in other comprehensive income		4,016	(1,056)	0
Available-for-sale financial assets			0	(713)
Financial assets at amortised cost		(5,879)	(9,258)	0
Loans and receivables			0	439
Other operating assets		(5,450)	927	2,395
Net increase/(decrease) in operating liabilities		(3,787)	(494)	(3,132)
Financial liabilities held for trading		1,333	410	(1,884)
Financial liabilities designated at fair value through profit or loss		1	0	2,264
Financial liabilities at amortised cost		(4,687)	1,996	(511)
Other operating liabilities		(434)	(2,900)	(3,001)
Income tax (paid)/received		(89)	(504)	154
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(117)	5,301	(1,378)
Payments:		(822)	(1,219)	(4,056)
Tangible assets		(525)	(512)	(358)
Intangible assets		(232)	(224)	(227)
Investments in joint ventures and associates		(5)	(64)	(32)
Subsidiaries and other business units		0	(354)	(645)
Non-current assets and liabilities classified as held for sale		(60)	(65)	(31)
Held-to-maturity investments			0	(2,763)
Proceeds:		705	6,520	2,678
Tangible assets		340	798	153
Intangible assets		8	5	0
Investments in joint ventures and associates		9	1,302	2
Non-current assets and liabilities classified as held for sale		348	4,415	1,173
Other proceeds related to investing activities		0	0	1,350
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		2,521	(1,416)	1,721
Payments:		(2,869)	(8,006)	(6,157)
Dividends	6	(602)	(902)	(777)
Subordinated liabilities		0	(2,072)	(1,302)
Purchase of own equity instruments		(8)	(2)	0
Other payments related to financing activities		(2,259)	(5,030)	(4,078)
Proceeds:		5,390	6,590	7,878
Subordinated liabilities	22	0	2,250	2,150
Disposal of own equity instruments		8	4	2
Other proceeds related to financing activities		5,382	4,336	5,726
D) EFFECT OF EXCHANGE RATE CHANGES		1	(4)	(2)
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(4,048)	(997)	6,895
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		19,158	20,155	13,260
G) CASH AND CASH EQUIVALENTS AT END OF YEAR (E+F)		15,110	19,158	20,155
Cash		2,700	2,468	2,177
Cash equivalents at central banks		11,836	15,783	17,092
Other financial assets		574	907	886
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR		**15,110**	**19,158**	**20,155**
(*) Of which: Interest received		7,080	7,057	7,425
Of which: Interest paid		1,951	2,100	2,404
Of which: Dividends received		578	456	535

(**) Presented for comparison purposes only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CAIXABANK GROUP AT 31 DECEMBER 2019

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CAIXABANK, SA AND COMPANIES COMPRISING THE CAIXABANK GROUP

Notes to the financial statements for the year 2019

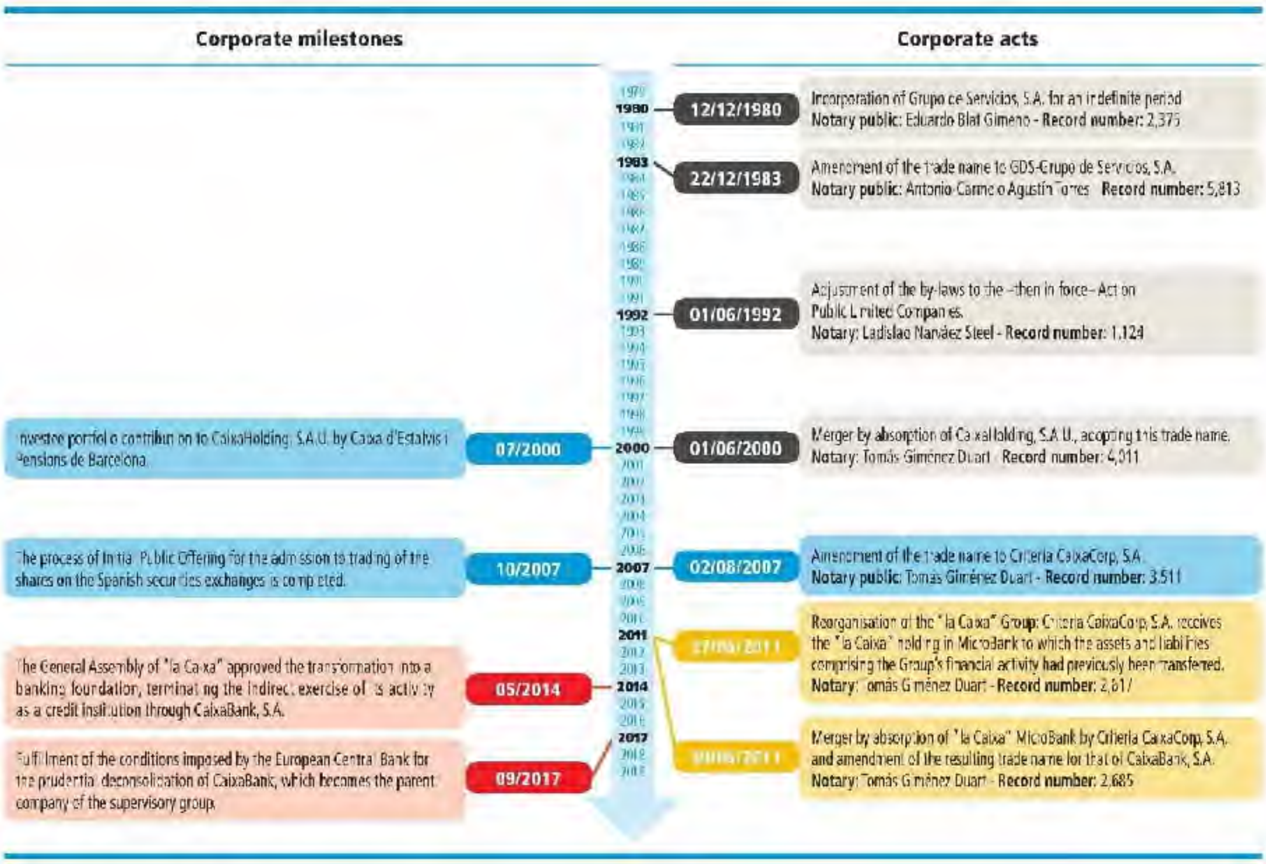
As required by current legislation governing the content of consolidated financial statements, these notes to the consolidated financial statements complete, extend and discuss the balance sheet, statement of profit or loss, statement of changes in equity and the statement of cash flows, and form an integral part of them to give a true and fair view of the equity and financial position of the CaixaBank Group at 31 December 2019, and the results of its operations, the changes in equity and the cash flows during the year then ended.

1. Corporate information, basis of presentation and other information

1.1. Corporate information

CaixaBank, S.A. (hereinafter, CaixaBank - its trade name - or the Entity), is a Spanish public limited company registered in the Commercial Register of Valencia, Volume 10370, Folio 1, Sheet V-178351, and in the Special Administrative Register of the Bank of Spain, under number 2100. The Legal Entity Identifier (LEI) of CaixaBank is 7CUNS533WID6K7DGFI87, and its tax ID (NIF) is A08663619. As of 1 July 2011, CaixaBank's shares are listed in on the securities exchanges of Madrid, Barcelona, Valencia and Bilbao, in their continuous markets. The registered office and tax address of CaixaBank is Calle Pintor Sorolla, 2-4 in Valencia.

The Entity's most relevant company milestones during its period of activity are:



The corporate purpose of CaixaBank mainly entails:

- all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and performance of the activities of an insurance agency;
- receiving public funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, and other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and
- acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.

CaixaBank and its subsidiaries comprise the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group").

CaixaBank is the parent company of the financial conglomerate formed by the Group's entities that are considered to be regulated, recognising CaixaBank as a significant supervised entity, whereby CaixaBank comprises, together with the credit institutions of its Group, a significant supervised group of which CaixaBank is the entity at the highest level of prudential consolidation.

As a listed bank, it is subject to oversight by the European Central Bank and the Spanish national securities market regulator (the Comisión Nacional del Mercado de Valores, CNMV), however, the entities of the Group are subject to oversight by supplementary and industry-based bodies.

Since CaixaBank is a Spanish commercial enterprise structured as a public limited company, it is therefore subject to the revised text of the Spanish Corporate Enterprises Act ("Corporate Enterprises Act"), enacted by Royal Legislative Decree 1/2010 of 2 July and its implementing provisions. Furthermore, given that it is a listed company, it is also governed by the revised text of the Securities Markets Act, approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing provisions.

1.2. Basis of presentation

The Group's consolidated financial statements have been prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group at 31 December 2019, which is set forth in the International Financial Reporting Standards adopted by the European Union (hereinafter, "IFRS-EU"). In preparing these statements, Bank of Spain Circular 4/2017 of 27 November has been taken into account, which constitutes the adaptation of the IFRS-EU to Spanish credit institutions, and subsequent amendments in force at the end of the financial year.

The financial statements, which were prepared from the accounting records of CaixaBank and the Group's companies, are presented in accordance with the regulatory financial reporting framework applicable to them and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for the financial year. The accompanying financial statements include certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank.

The figures are presented in millions of euros unless another monetary unit is stated. Certain financial information in these notes was rounded off and, consequently, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them. Similarly, in deciding what information to disclose in this report, its materiality was assessed in relation to the annual financial data.

Standards and interpretations issued by the International Accounting Standard Board (IASB) that became effective in the year

On 1 January 2019 the Group adopted the following accounting standards:

STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE IN 2019

STANDARDS AND INTERPRETATIONS	TITLE
IFRS 16	Leases
Amendment to IFRS 9	Prepayment Features with Negative Compensation
IFRIC 23 interpretation *	Uncertainty over Income Tax Treatments
Amendment to IAS 28 **	Long-term Interests in Associates and Joint Ventures
Amendment to IAS 19 *	Plan Amendment, Curtailment or Settlement
Annual cycle of improvements	Annual Improvements Project for IFRS 2015-2017

(*) They have not had a significant effect on the Group.

IFRS 16 Leases

This standard establishes the principles applicable to the recognition, assessment and presentation of leases, as well as the disclosures in this regard. Its date of first application is 1 January 2019, when it replaced IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease", which applied until 31 December 2018. There are relevant differences as regards these standards, namely the accounting treatment given to the lessee, as there are no changes in terms of how these agreements are recognised by the lessor.

The impact of the adoption of this standard on the Group is described in Note 1.4-"Comparison of information", after considering the transitory measures for application of the standard.

- **Amendment to IFRS 9 "Prepayment Features with Negative Compensation":**

The IASB amended IFRS 9, whereby any financial assets containing early repayment or termination clauses that could lead to reasonable negative compensation for early contract termination can be measured at amortised cost or fair value through other comprehensive income.

- **Annual Improvements Project for IFRS 2015-2017**

As part of this project, the IASB has amended IAS 12 which affects the tax impacts of the distribution of the profits generated. From 1 January 2019, the tax impacts of the distribution of profits generated are recognized in the line «Tax expense or income related to profit or loss from continuing operations» in the income statement for the year, when they were previously registered in Equity». This basically affects the distribution of discretionary coupons for the issues made. This change has not had a material impact or significant impact on the presentation of the comparative financial statements, so the restatement of them was not necessary.

Standards and interpretations issued by the IASB but not yet effective

At the date of authorisation for issue of these consolidated financial statements, following are the main standards and interpretations issued by the IASB but not yet effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been endorsed by the European Union:

STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET EFFECTIVE

STANDARDS AND INTERPRETATIONS	TITLE	MANDATORY APPLICATION FOR ANNUAL PERIODS BEGINNING ON OR AFTER:
APPROVED FOR USE IN THE EU *		
Amendment to IFRS 3	Definition of a business	1 January 2020
Amendment to IAS 39, IFRS 9 and IFRS 7	Interest rate benchmark reform	1 January 2020
Amendment to IAS 1 and IAS 8 **	Definition of material	1 January 2020
NOT APPROVED FOR USE		
IFRS 17	Insurance Contracts	1 January 2021

(*) The Group has elected not to early adopt these standards, where possible, with the exception of the amendment to IAS 39, IFRS 9 and IFRS 7.
(**) The Group does not expect any relevant impacts arising from this implementation.

- **Amendment to IAS 39, IFRS 9 and IFRS 7**

In the context of the global interest rate benchmark reform (IBORs), the IASB launched a project to review of the main IFRS standards affected, split into in two phases. The first phase focused on the accounting impacts before the replacement of the interest rate benchmarks, and finished with the publication in September 2019 of the Amendments to IAS 39, IFRS 9 and IFRS 7, which were approved at European level on 17 January 2020. It came into effect on 1 January 2020.

These amendments provide exceptions so entities do not have to abandon their hedging ratios in an environment of uncertainty regarding the long-term feasibility of some interest rate benchmarks. These exceptions are based, inter alia, on the ability to assume that the interest rate benchmark on which the hedged risk or the cash flows of the hedged item or of the hedging instrument is based, is not altered as a consequence of the reform.

The Group has decided to early apply the amendments of phase one, although due to the fact that the majority of its hedging ratios are based on the Euribor index and that the latter has not been subject to replacement – rather on 31 December 2019 only its calculation methodology was changed –, the management deems that there is no uncertainty – at the time these consolidated financial statements are being drafted – as to whether it will disappear, which is why the details of information considered in the amendments do not apply.

- **IFRS 17 "Insurance contracts"**

The standard sets out the requirements an entity must apply when accounting for insurance contracts issued and reinsurance contracts entered into. The currently approved effective date of this standard is 1 January 2021, and it will replace IFRS 4 Insurance Contracts, a temporary standard allowing for the continued use of local accounting practices, whereby insurance contracts are accounted for differently in different jurisdictions.

Through the publication of the Exposure Draft ED/2019/4 of Amendments to IFRS 17 in May 2019, the issuing agency of the IFRS has proposed – among others changes in the standard – a one-year deferral of its first application, with the effective date being established on 1 January 2022 (with a minimum of one-year comparative information). As a result of the ED consultation process, this decision – among other aspects – will be subjected to review in the IASB deliberation process, a view of which is scheduled for the end of the first quarter of 2020 and which will be implemented through the publication of the definitive ED in mid-2020.

As specified in note 2.21 for insurance operations, the Group's insurance companies have made use of the temporary exemption of the application of IFRS 9, thus, this standard is no longer in force for the insurance business by virtue of the application of EU Regulation 2017/1988. This regulation allows for the deferral of IFRS 9 for insurance companies that form part of a financial conglomerate, as stated in article 2, section 14 of Directive 2002/87/EC. This option was adopted by the CaixaBank Group for the financial investments of the Group's insurance companies (VidaCaixa and BPI Vida y Pensiones) from 1 January of 2018, as it fulfilled the conditions laid down by article 2 of the EU Regulation EU 2017/1988.

Implementation of IFRS 17 will standardise the accounting treatment for all insurance contracts, based on a measurement model using calculation assumptions updated at each reporting date (such as the discount rate, mortality and survival tables, and other variables).

The effects of changes in these assumptions could be recognised in either the income statement or in equity, based on the related nature and on whether the changes are associated with the provision of a service already rendered, or else entail a reclassification between insurance liability components recognised. With particular respect to insurance finance income or expenses as a result of changes in the discount rate, entities may choose to recognise them fully in the income statement or in equity.

For all non-onerous contracts, entities will recognise a contractual service margin over the period in which the entity provides insurance cover under a contract.

The Group launched an internal project at the end of 2017 to adapt to the new regulatory framework for insurance contracts, IFRS 17. The main aim is to take the necessary steps to adopt IFRS 17 in the affected insurance business so as to ensure compliance at the effective date, and assess the potential quantitative and qualitative impacts (e.g. on the business, infrastructure) sufficiently in advance in order to enhance their management.

The goal of the first phase of the project, conducted in the first half of 2018, was:

- To draw up an approach to identify the key aspects of the new accounting standard, a diagnosis of different aspects to be analysed and an action plan to guarantee implementation of IFRS 17,
- To ensure all quantitative and qualitative requirements are identified and planned to achieve implementation by the effective date,
- To guarantee that the impact can be calculated before the effective date.

In the second half of 2018, the second phase of the project began, which was basically focused on the creation of a detailed implementation plan (which includes products, systems, processes, organisation, etc.), the definition of those in charge and the determination of the deadlines. During 2019, major developments have been carried out in the execution of the implementation plan in fields such as the methodological analysis of the standard and modelling of the main insurance products, development of the systems – including integrating the technology solution in which the new calculations required by IFRS 17 will be made, and necessary adjustments to the current systems – and aspects related to the organisation and governance of the project, such as internal training with regard to the standard.

A number of teams have been involved in the project (Accounts, Actuarial, Solvency and Risk Control, Systems, Financial Accounting, Accounting Policies, etc.) who oversee day-to-day management and perform the necessary tasks. As part of the process of defining the project governance model, a Monitoring Committee has also been set up, comprising officers from the aforesaid areas, which controls and oversees the project and has decision-making powers.

The Project Management Committee – headed up by VidaCaixa in coordination with the Executive Financial Accounting, Control and Capital department – is the most senior decision-making and supervisory body for the project. It is responsible for any strategic decisions that need to be made at the highest level, and is the link between the management committees of VidaCaixa and CaixaBank.

1.3. Responsibility for the information and for the estimates made

The Entity's consolidated financial statements for 2019 were authorised for issue by the Board of Directors at a meeting held on 20 February 2020. They have not yet been approved by the Annual General Meeting, while it is expected that they will be approved without any changes. The financial statements of the previous year were approved by the Ordinary Annual General Meeting on 5 April 2019.

The preparation of the consolidated financial statements required the Board of Directors to make certain judgments, estimates and assumptions in order quantify certain assets, liabilities, revenues, expenses and obligations shown in them. These judgments and estimates mainly refer to:

- The criterion for timing of recognition in profit and loss of income from ancillary activities provided (Note 2.10).
- The measurement of goodwill and intangible assets (Note 2.15 and 19).
- The term of the lease agreements and the discount rate used in the assessment of the lease liabilities (Note 2.18).
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.
- Impairment losses on financial assets, and of the fair value of guarantees associated thereto, according to their classification in accounts, which entail the need to make judgments regarding: i) the consideration of “significant increase in credit risk” (SICR); ii) definition of default; and ii) the inclusion of forward-looking information (Notes 2.7 and 3.3.2.3).
- The measurement of investments in joint ventures and associates (Note 16).
- Determination of the share of profit/(loss) of associates (Note 16).
- Actuarial assumptions used to measure liabilities arising from insurance contracts (Note 17).
- The classification, useful life of and impairment losses on tangible assets and intangible assets (Notes 18 and 19).
- Impairment losses on non-current assets and disposal groups classified as held for sale (Note 21).
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 23).
- The measurement of the provisions required to cover labour, legal and tax contingencies (Note 23).
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets (Note 25).
- The fair value of certain financial assets and liabilities (Note 40).

These estimates were made on the basis of the best information available at the date of authorisation for issue of the financial statements. However, events may occur that make it necessary for them to be changed in future periods. According to applicable legislation, the effects of these changes would be recognised prospectively in the corresponding statement of profit or loss.

1.4. Comparison of information changes in the scope of consolidation

The 2018 and 2017 figures presented in the accompanying 2019 Financial Statements are given for comparison purposes only. In some cases, in order to facilitate comparability, the comparative information is presented in a summarised way, and the full information is available in the 2018 and 2017 financial statements.

IFRS 16 - Leases

As stated in this note in the "Basis of presentation" section, the Group has applied IFRS 16 from 1 January 2019. Along these lines, it has opted not to reassess whether an agreement is a lease or contains a leasing component in accordance with the standard's criteria, applying it solely for agreements that had been identified as leases according to the previous standard.

For leases in which the Group intervenes as lessee, previously classified as operational leases, the Group has opted to apply the new leasing criteria retroactively through the modified retrospective approach, whereby enabling an estimation of the value of the right of use by referencing the financial liability in operations; generating no adjustment in reserves whatsoever at 1 January 2019. Additionally, the Group has decided to exclude from the scope – in accordance with the simplifications considered in the new regulatory framework on financial information – lease agreements whose underlying asset is not real estate and whose term expires within the twelve months following the initial application date.

The main type of contracts identified for which a right-of-use asset and a lease liability had to be estimated at 1 January 2019 are real estate leases (office buildings) in connection with the operating activity.

For sale transactions with subsequent leasing carried out before 1 January 2019 in which the Group has acted as a seller-lessee, the subsequent lease has been recorded as any other existing operational lease at 1 January 2019.

The breakdowns, at 31 December 2018 and 2017, of balance sheet items referring to lease agreements in this report have not been restated, which is why it cannot be compared with the information referring to 31 December 2019.

The reconciliation between operational lease commitments at 31 December 2018 and the lease liabilities recorded on 1 January 2019 in application of IFRS 16 is as follows:

COMMITMENTS FOR OPERATIONAL LEASES
(Millions of euros)

COMMITMENTS FOR OPERATIONAL LEASES AT 31 DECEMBER 2018	**1,890**
Different processing of the lease term	(308)
Separation of non-leasing components	(66)
Other adjustments (includes the financial discount on future payments)	(108)
LEASE LIABILITIES AT 1 JANUARY 2019	**1,409**

Discount rate applied (according to the term) *	
Spain	[0.10%-1.66%]
Portugal	[0.20%-0.90%]

(*) The difference in the discount rate applied for businesses in Spain and Portugal is mainly due to the term of the lease agreements in each of them.

Amendment to the accounting treatment linked to defined benefit commitments

The restatement of balances formulated in the financial statements of the years ended 31 December 2016, 2017 and 2018 are set out below, as a result of the amendments that are specified below:

RESTATEMENT OF BALANCES - 31-12-2016

(Millions of euros)

	BALANCE AT 31-12-2016	AMENDMENT TO TREATMENT OF ASSETS HELD BY THE EMPLOYEE PF	AMENDMENT TO RECORDING OF ACTUARIAL GAINS AND LOSSES	BALANCE AT 31-12-2016 RESTATED
Tax assets	10,521	(40)		10,481
Deferred tax assets	9,643	(40)		9,603
TOTAL ASSETS	**347,927**	**(40)**		**347,887**
Liabilities under insurance contracts	45,804	1,142		46,946
Provisions	4,730	(1,492)		3,238
Pensions and other post-employment defined benefit obligations	2,029	(1,492)		537
Tax liabilities	1,186	65		1,251
Deferred tax liabilities	1,186	65		1,251
TOTAL LIABILITIES	**324,372**	**(285)**	**0**	**324,087**
Shareholders' equity	23,400	-	453	23,853
Retained earnings	5,239		220	5,459
Other reserves	(717)		233	(484)
Accumulated other comprehensive income	127	245	(453)	(81)
Items that may be reclassified to profit or loss	127	245	(453)	(81)
TOTAL EQUITY	**23,555**	**245**	**0**	**23,800**

RESTATEMENT OF BALANCES - 31-12-2017

(Millions of euros)

	BALANCE AT 31-12-2017	AMENDMENT TO TREATMENT OF ASSETS HELD BY THE EMPLOYEE PF	AMENDMENT TO RECORDING OF ACTUARIAL GAINS AND LOSSES	BALANCE AT 31-12-2017 RESTATED	1st APPLICATION IFRS 9 (APPENDIX 7)	BALANCE AT 01-01-2018
Tax assets	11,055	(50)		11,005	243	11,248
Deferred tax assets	10,255	(50)		10,205	243	10,448
TOTAL ASSETS	**383,186**	**(50)**		**383,136**	**(548)**	**382,588**
Liabilities under the insurance business	49,750	1,248		50,998	8,241	59,239
Provisions	5,001	(1,510)		3,491	8	3,499
Pensions and other post-employment defined benefit obligations	2,108	(1,510)		598		598
Tax liabilities	1,388	29		1,417		1,417
Deferred tax liabilities	1,194	29		1,223		1,223
TOTAL LIABILITIES	**358,503**	**(233)**	**0**	**358,270**	**8**	**358,278**
Shareholders' equity	24,204	-	518	24,722	(539)	24,183
Retained earnings	5,554		484	6,038		6,038
Other reserves	(628)		34	(594)	(539)	(1,133)
Accumulated other comprehensive income	45	183	(518)	(290)	(23)	(313)
Items that will not be reclassified to profit or loss		116	(518)	(402)	(447)	(849)
Items that may be reclassified to profit or loss	45	67		112	424	536
TOTAL EQUITY	**24,683**	**183**	**0**	**24,866**	**(556)**	**24,310**

RESTATEMENT OF BALANCES - 31-12-2018
(Millions of euros)

	BALANCE AT 31-12-2018	AMENDMENT TO TREATMENT OF ASSETS HELD BY THE EMPLOYEE PF	AMENDMENT TO RECORDING OF ACTUARIAL GAINS AND LOSSES	BALANCE AT 31-12-2018 RESTATED
Tax assets	11,340	(76)		11,264
Deferred tax assets	10,117	(76)		10,041
TOTAL ASSETS	**386,622**	**(76)**		**386,546**
Liabilities under the insurance business	60,452	1,067		61,519
Provisions	4,610	(1,531)		3,079
Pensions and other post-employment defined benefit obligations	1,989	(1,531)		458
Tax liabilities	1,269	82		1,351
Deferred tax liabilities	1,033	82		1,115
TOTAL LIABILITIES	**362,564**	**(382)**	**0**	**362,182**
Shareholders' equity	24,836		548	25,384
Retained earnings	6,786		514	7,300
Other reserves	(1,539)		34	(1,505)
Accumulated other comprehensive income	(807)	306	(548)	(1,049)
Items that will not be reclassified to profit or loss	(904)	116	(548)	(1,336)
Items that may be reclassified to profit or loss	97	190		287
TOTAL EQUITY	**24,058**	**306**	**0**	**24,364**

Below follow the balances of the balance sheet headings at 31 December 2019 affected by the amendment of the aforementioned accounting policies, in the event that the same had not been carried out:

BALANCE SHEET PROFORMA BALANCES - 31-12-2019
(Millions of euros)

	BALANCE AT 31-12-2019	AMENDMENT TO TREATMENT OF ASSETS HELD BY THE EMPLOYEE PF	AMENDMENT TO RECORDING OF ACTUARIAL GAINS AND LOSSES	BALANCE AT 31-12-2019 PROFORMA
Tax assets	11,113	94		11,207
Deferred tax assets	9,836	94		9,930
TOTAL ASSETS	**391,414**	**94**		**391,508**
Liabilities under the insurance business	70,807	(1,196)		69,611
Provisions	3,624	1,617		5,241
Pensions and other post-employment defined benefit obligations	521	1,617		2,138
Tax liabilities	1,296	(42)		1,254
Deferred tax liabilities	1,058	(42)		1,016
TOTAL LIABILITIES	**366,263**	**379**		**366,642**
Shareholders' equity	26,247		(718)	25,529
Retained earnings	7,795		(664)	7,131
Other reserves	(1,281)		(54)	(1,335)
Accumulated other comprehensive income	(1,125)	(285)	718	(692)
Items that will not be reclassified to profit or loss	(1,568)	(190)	718	(1,040)
Items that may be reclassified to profit or loss	443	(95)		348
TOTAL EQUITY	**25,151**	**(285)**		**24,866**

a) Treatment of the assets held by the employee Pension Fund

In accordance with IAS 19, the assets of a plan that are eligible to be presented net of obligations arising out of defined benefit commitments include the assets held by an employee long-term benefit fund.

CaixaBank's defined benefit commitments have been arranged through the employees Pension Fund, which according to IAS 24 is a related party of the Group. To date, the Group did not apply the exception established in IAS 19 to consider assets held by a pension fund for employees as an eligible plan asset. For this purpose, the fund's assets can include insurance policies in which the fund acts as a policyholder and beneficiary.

At 31 December 2019 the Group has voluntarily decided to change its accounting policy with regard to the treatment of assets held by the employee Pension Fund, thus deeming them eligible plan assets, and as a result the rights of the same on the underwritten policies are considered.

The aforementioned change in accounting policy has been carried out retroactively at the start of the oldest comparison period presented, and conceptually it has involved the following:

- Employee defined benefit commitments continue to be measured under IAS 19 with a continued approach as regards the acceptance of the various actuarial and financial assumptions (reviewed at each closure date). Nonetheless, as a different aspect, these are presented net of the value of the plan's assets, which in this case reflects the value of the policies underwritten between the Control Committee and the insurance company (VidaCaixa). For these purposes, the value of the plan assets is calculated by updating the flows using the same assumption as that used to measure the obligations. This calculation methodology remains in place with regard to the methodology being used for the purpose of CaixaBank's individual balance sheet.

- The changes deriving from the changes over time of the net commitment liability continues to be recorded under "Other comprehensive income".

- The investments, in public debt, held in the VidaCaixa balance sheet, the purpose of which is to hedge the flows deriving from policy obligations, continue to be consolidated as to date, with the only difference being that they are considered to be financial instruments under policies underwritten by the Control Committee, and independent part of the CaixaBank Group in accordance with IAS 19.

- As a result of the foregoing, the consolidated financial statements feature VidaCaixa's mathematical technical provisions (estimated using the interest rate of affected investments as the discount rate) that were previously adjusted in the consolidation process, as well as the public debt investments mentioned in the previous point.

CaixaBank's management deems the aforementioned change to offer more representative information with regard to the Group's financial situation and the way in which defined benefit guarantees are arranged. Specifically, and considering the current interest rate context, the cost in equity and volatility of the previous accounting policy applied to date merely reflected the cost of the opportunity of failing to hedge these commitments at the time of outsourcing. In other words, the greater financial disbursement that the insurer had to make in order to guarantee the payment of the defined benefit commitments using the public debt portfolio.

b) Recognition of actuarial gains and losses

In order to improve the accurate picture of the Group's financial statements, during 2019, the accounting recognition criterion of the actuarial gains and losses has been amended, whereby the new presentation more suitably reflects the impacts on equity deriving from the measurement of the assets and liabilities linked to the Group's pension commitments. Following on from this, the actuarial losses and gains previously recognised at each closing date under the heading “Shareholders' equity - Retained earnings” are now shown under the heading “Accumulated Other Comprehensive Income – Items that will not be reclassified to profit or loss - Actuarial gains or losses on defined benefit pension plans”.

IFRS 9

The Group applied IFRS 9 for the first time on 1 January 2018. This led to changes to the classification and measurement modifications of certain items on the balance sheet at 31 December 2017. The impacts of the first application are specified in Appendix 7.

1.5. Seasonality of operations

The nature of the most significant operations carried out by the Group do not have a relevant cyclical or seasonal nature within a single financial year.

1.6. Ownership interests in the capital of credit institutions

At year-end, the Group held no direct ownership interest equal to or greater than 5% of the capital or voting rights in any credit institution other than the investments and subsidiaries and associates listed in Appendices 1 and 3.

1.7. Reserve ratio

In this year, the Entity complied with the minimum reserve ratio required by applicable regulations.

1.8. Significant operations

Agreement of sale to Lone Star

1 Repurchase of Servihabitat Servicios Inmobiliarios, SL (Servihabitat)

On 8 June 2018, CaixaBank reached an agreement with the company SH Findel, S.À.R.L. (subsidiary company of TPG Sixth Street Partners) to repurchase 51% of the share capital of Servihabitat at a price of EUR 176.5 million. After this purchase, which obtained the necessary authorisations and which was closed on 13 July 2018, the Group now holds 100% of the share capital of Servihabitat.

As a result of the combination of businesses, Servihabitat is now consolidated through the method of global integration, for accounting purposes, from 1 July 2018. The impact on equity and profit of the difference between the acquisition date and the date that control was effectively obtained (13 July 2018) was not significant. This operation involved the emergence of the following impacts on the Group's income statement:

- **A** A review of the carrying amount of the prior stake in Servihabitat (49%) by virtue of the update of the valuation of this share, consistent with the sale offer accepted by the Group with regard to the operation announced on 28 June 2018 and described in the following section. It resulted in the recording of a EUR 52 million loss under the heading "Impairment/(reversal) of impairment on investments in joint ventures and associates" of the accompanying consolidated income statement.
- **B** The recognition of a loss amounting to EUR 152 million under the heading "Provisions or reversal of provisions" in the accompanying consolidated income statement, corresponding to the difference between the transaction price (EUR 176.5 million) and the fair value of the share purchased in 51% of Servihabitat, estimated in the context of the sale of this share to Lone Star.

Similarly, the result generated by this stake as a consequence of its business combination in July 2018 until sold, after the implementation of the transaction described in the following section, was classified under "Profit/(loss) after tax from discontinued operations" in the consolidated income statement.

2 Agreement of sale to Lone Star

On 28 June 2018, CaixaBank arranged to sell 80% of its real estate portfolio to a company owned by Lone Star Fund X and Lone Star Real Estate Fund V. This transaction mainly includes the portfolio of real estate assets available for sale on 31 October 2017, as well as 100% of the share capital of Servihabitat. The gross value of the real estate assets at 31 October 2017 used for the sale was approximately EUR 12,800 million, the net carrying amount of which was approximately EUR 6,700 million.

The Group transferred the aforementioned portfolio, together with 100% of Servihabitat, to a new company (Coral Homes, S.L.), 80% of which was subsequently sold to Lone Star, retaining a 20% stake through BuildingCenter. The overall impact of the sale operation on the consolidated statement of profit or loss (including, expenses, taxes and other costs) was EUR -48 million after tax and +15 basis points in the fully-loaded CET1 ratio at 31 December 2018.

Guarantees given in the operation

The sale agreed with Lone Star comprised a representations and warranties clause as regards the ownership of the transferred assets which, under certain circumstances, may be subject to claims brought against the Group until June 2020.

At 31 December 2019 and 2018, the Group did not deem there to be a material impact on equity as a result of the existence of these clauses.

1.9. Subsequent events

The operations – in addition to those stated in the rest of the notes – that have taken place between the close and the formulation thereof are set out below.

Issuances of debt securities

On 17 January 2020, CaixaBank issued preferred senior debt for the amount of EUR 1,000 million over 5 years with an annual return of 0.43%, equivalent to midswap + 58 basis points.

2. Accounting policies and measurement bases

The principal accounting policies and measurement bases used in the preparation of the consolidated financial statements of the Group for 2019 were as follows:

2.1. Business combinations and consolidation principles

In addition to data relating to the parent company, the consolidated financial statements contain information on subsidiaries, joint ventures and associates. The procedure for integrating the assets and liabilities of these companies depends on the type of control or influence exercised.

Subsidiaries

The Group considers as subsidiaries companies over which it has the power to exercise control. Control is evidenced when it has:

- power to direct the relevant activities of the investee, i.e. the rights (legal or by-law provisions or through agreements) that confer the ability to direct the activities of the investee that significantly affect the investee's returns,
- the present (practical) ability to exercise the rights to exert power over the investee to affect its returns, and,
- exposure, or rights, to variable returns from its involvement with the investee.

In general, voting rights give the ability to direct the relevant activities of an investee. To calculate voting rights, all direct and indirect voting rights, as well as potential voting rights (e.g. call options on equity instruments of the investee) are considered. In some circumstances, a company may have power to direct the activities without holding a majority of the voting rights.

In these cases, the investor considers whether it has the practical ability to direct the relevant activities unilaterally (financial and operating decisions, or appointing and remunerating governing bodies, among others).

The subsidiaries are consolidated, without exception, on the grounds of their activity, using the full consolidation method, which consists of the aggregation of the assets, liabilities, equity, income and expenses of a similar nature included in their separate financial statements. The carrying amount of direct and indirect investments in the share capital of subsidiaries is eliminated in proportion to the percentage of ownership in the subsidiaries held by virtue of these investments. All other balances and transactions between consolidated companies are eliminated on consolidation.

The share of third parties in the equity and profit or loss is shown under "Minority interests (non-controlling interests)" in the balance sheet and in "Profit/(loss) attributable to minority interests (non-controlling interests)" in the statement of profit or loss.

The results of subsidiaries acquired during the year are consolidated from the date of acquisition. Similarly, the results of subsidiaries that are no longer classified as subsidiaries in the year are consolidated at the amount generated from the beginning of the year up to the date on which control is lost.

Acquisitions and disposals of investments in subsidiaries without a change of control are accounted for as equity transactions, with no gain or loss recognised in the statement of profit or loss. The difference between the consideration paid or received and the decrease or increase in the amount of minority interests, respectively, is recognised in reserves.

According to IFRS 10, on loss of control of a subsidiary, the assets, liabilities, minority interests and other items recognised in valuation adjustments are derecognised, and the fair value of the consideration received and any remaining investment recognised. The difference is recognised in the statement of profit or loss.

Regarding non-monetary contributions to jointly controlled entities, the IASB recognised a conflict in standard between IAS 27, under which on the loss of control, any investment retained is measured at fair value and the full gain or loss on the transaction is recognised in the statement of profit or loss, and paragraph 48 of IAS 31 and the interpretation SIC 13, which, for transactions under their scope, restrict gains and losses to the extent of the interest attributable to the other equity holders of the jointly controlled entity. The Group has elected to apply, in a consistent manner, the provisions of IAS 27 to transactions under the scope of these standards.

Relevant information on these entities is disclosed in Appendix 1.The above information is based on the most recent data available (actual or estimated) at the time of preparation of these Notes.

Joint ventures

The Group considers as joint ventures those which are controlled jointly under a contractual arrangement, by virtue of which, decisions on relevant activities are made unanimously by the entities that share control with rights over the net assets.

Investments in joint ventures are accounted for using the "equity method", i.e. in the proportion to the Entity's share of the assets of the investee, after adjusting for dividends received and other equity eliminations.

Relevant information on these entities is disclosed in Appendix 2.The above information is based on the most recent data available (actual or estimated) at the time of preparation of these Notes.

Associates

Associates are companies over which the Group exercises significant direct or indirect influence, but which are not subsidiaries or joint ventures. In the majority of cases, significant influence is understood to exist when the company holds 20% or more of the voting rights of the investee. If it holds less than 20%, significant influence is evidenced by the circumstances indicated in IAS 28. These include representation on the board of directors, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel or the provision of essential technical information.

Exceptionally, those not considered associates are companies in which more than 20% of the voting rights is held, but it can clearly be demonstrated that significant influence does not exist and, therefore, the Group lacks the power to govern the entity's financial and operation policies. Based on these criteria, at the end of the year, the Group held certain equity investments for very insignificant amounts, ranging from 20% to 50% classified under "Financial assets at fair value with changes in other comprehensive income".

Investments in associates are accounted for using the equity method, i.e. in the proportion to the share of the assets of the investee, after adjusting for dividends received and other equity eliminations. The profits and losses arising from transactions with an associate are eliminated to the extent of the Group's interest in the share capital of the associate.

The amortisation of intangible assets with a finite useful life identified as a result of a Purchase Price Allocation (PPA) is recognised with a charge to "Share of profit/(loss) of entities accounted for using the equity method" in the statement of profit or loss.

The Group has not used the financial statements of companies accounted for using the equity method that refer to a different date than that of the Group's Parent.

Relevant information on these entities is disclosed in Appendix 3.The above information is based on the most recent data available (actual or estimated) at the time of preparation of these Notes.

Erste Group Bank AG

The most representative investment in which it has significant influence with a stake of less than 20% is Erste Group Bank AG (Erste, Erste Group Bank or Erste Bank. There is a preferred partnership agreement between Erste's controlling shareholder (the Erste Foundation) and CaixaBank that confirms the amicable nature and long-term outlook of the investment, a corporate and sales collaboration agreement between Erste Bank and CaixaBank. Under this agreement, CaixaBank i) can appoint two directors to Erste's Supervisory Board; ii) it votes in the General Committee of Shareholders in the same sense as the Erste Foundation only as regards to the choice of members of the Supervisory Board and iii) it is one of the Austrian bank's stable shareholders, alongside a group of Austrian savings banks and some of their foundations, and the WSW holding company, jointly holding a share of around 30% of the capital.

Structured entities

A structured entity is that which has been designed so that voting or similar rights are not the dominant factor in deciding its control, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In any case, the Group also uses the percentage of voting rights as an indicator for the purpose of measuring the existence of control in entities of this nature.

Where the Group creates or holds ownership interests in entities to provide customers access to investments or transfer certain risks to third parties, it analyses whether it has control over the investee and, therefore, whether it should or should not be consolidated.

- Consolidated structured entities:

  To determine whether there is control over a structured entity and, therefore whether it should be consolidated, the Group analyses the contractual rights other than voting rights. For this, it considers the purpose and design of each entity and, inter alia, evidence of the ability to direct the relevant activities, potential indications of special relationships or the ability to affect the returns from its involvement.

  With regard to securisation funds, the Group is highly exposed to variable returns and has decision-making power over the entity, directly or through an agent. Information on these funds, the financial support given to the vehicles and the reason are detailed in Note 28.2.

  At year-end, there were no agreements to provide additional financial support to other types of consolidated structured entities than those described.

- Unconsolidated structured entities:

  The Group creates vehicles to provide its customers access to certain investments or to transfer risks or for other purposes. These vehicles are not consolidated, as the Group does not have control and as the criteria for consolidation set out in IFRS 10 are not met.

At year-end, the Group did not have any significant interests in or provide financial support to unconsolidated structured entities.

Business combinations

Accounting standards define business combinations as the combination of two or more entities within a single entity or group of entities. “Acquirer” is defined as the entity which, at the date of acquisition, obtains control of another entity.

For business combinations in which the Group obtains control, the cost of the combination is calculated. Generally, it will be the fair value of the consideration transferred. This consideration includes the assets transferred by the acquirer, the liabilities assumed by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

In addition, the acquirer recognises, at the acquisition date, any difference between:

i) the aggregate of the fair value of the consideration transferred, of the minority interests and the previously held equity interest in the company or business acquired, and

ii) the net amount of the identifiable assets acquired and liabilities assumed, measured at their fair value.

The positive difference between i) and ii) is recognised under “Intangible assets – Goodwill” in the balance sheet provided it is not attributable to specific assets or identifiable intangible assets of the company or business acquired. Any negative difference is recognised under “Negative goodwill recognised in profit or loss” in the statement of profit or loss.

Classification of the financial assets

The criteria established by the regulatory framework for accounting for classifying financial instruments is set out below:

Contractual cash flows	Business model	Classification of financial assets (FA)	
Solely principal and interest payments on the amount of principal outstanding on specified dates (SPPI test)	In order to receive contractual cash flows.	FA at amortised cost.	
	In order to receive contractual cash flows and sale.	FA at fair value with changes in other comprehensive income.	
Others - No SPPI test	Derivative instruments designated as accounting hedging instruments.	Derivatives - Hedge accounting.	
	They originate from or are acquired with the aim of realising them in the short term.	FA at fair value through profit or loss.	FA held for trading.
	They are part of a group of financial instruments identified and managed together, for which there is evidence of a recent pattern of short term profit taking.		
	They are derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as accounting hedging instruments.		
	Others.		FA not designated for trading compulsorily measured at fair value through profit or loss.

Investments in equity instruments are an exception to the aforementioned general assessment criteria. In general, the Group irrevocably exercises the option in the initial recognition by including – in the portfolio of financial assets at fair value with changes in other comprehensive income – investments in equity instruments that are not classified as held for trading and that, in the event of not exercising this option, would be classified as financial assets compulsorily measured at fair value through profit or loss.

With respect to the evaluation of the business model, this does not depend on the intentions for an individual instrument, but rather the determination is made for a set of instruments, taking into account the frequency, amount and calendar of sales in previous financial years, the reasons for said sales and expectations of future sales. The infrequent or insignificant sales, those near to the maturity of the asset and driven by increased credit risk of the financial assets or to manage the concentration risk, among others, can be compatible with the model of holding assets to receive contractual cash flows.

More specifically, the fact that the Group expects to make regular sales, focusing on loans (or similar financial assets) that have experienced a drop in credit risk levels, is not inconsistent with how those loans are classified under a business model that holds financial assets to receive contractual cash flows. These sales are not counted for the purpose of determining the frequency of sales and their materiality will, therefore, remain separate from the tracking ratios.

If a financial asset contains a contractual condition under which the schedule or amount of its contractual cash flows can be modified (e.g. if the asset can be redeemed in advance or if maturity can be extended), the Group determines whether the contractual cash flows generated by the instrument over its life are solely principal and interest payments on the outstanding principal. To this end, the contractual cash flows that may be generated before and after the change to the schedule or the amount of the contractual cash flows are taken into consideration.

In turn, in the case of a financial asset with a periodic adjustment of the interest rate, but where the frequency of this adjustment does not match the term of the reference interest rate (e.g., the interest rate is adjusted every three months to the one-year rate), at the time of the initial recognition, the Group assesses this mismatch in the interest component to determine whether the contractual cash flows represent solely principal and interest payments on the amount of principal outstanding.

The contractual conditions that, at the time of the initial recognition, have a minimum effect on the cash flows or depend on exceptional and highly unlikely events taking place (such as liquidation of the issuer) do not prevent the asset from being classified in the amortised cost portfolio or fair value portfolio with changes recorded in other comprehensive income.

Classification of the financial liabilities

Financial liabilities are classified under: “Financial liabilities held for trading”, “Financial liabilities designated at fair value through profit or loss” and “Financial liabilities measured at amortised cost”, unless they must be presented under “Liabilities included in disposal groups classified as held for sale” or relate to “Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Derivatives - Hedge accounting”, which are presented separately.

Particularly, the portfolio "Financial liabilities at amortised cost": includes financial liabilities not classified as financial liabilities held for trading or as other financial liabilities at fair value through profit or loss. The balances recognised in this category, irrespective of the substances of the contractual arrangement and maturity of such liabilities, arise from the ordinary capture activities of credit institutions.

Initial recognition and measurement

Upon initial recognition, all financial instruments are recognised at fair value. For the financial instruments that are not registered at fair value through profit or loss, the fair value amount is adjusted, adding or deducting transaction costs directly attributable to the acquisition or issuance thereof. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognised in the statement of profit or loss.

The transaction costs are defined as expenses directly attributable to the acquisition or drawdown of a financial asset, or to the issuance or assumption of a financial liability, which would not have been incurred if the Group had not made the transaction. These include fees paid to intermediaries (such as prescribers); mortgage arrangement expenses borne by the Group and part of the personnel expenses in the Risk Acceptance Centres. Under no circumstances are the internal administrative costs or those deriving from prior research and analysis considered transaction costs.

The Group uses analytical accounting tools to identify direct and incremental transaction costs of asset operations. These costs are included in determining the effective interest rate, which is reduced for financial assets, thus, the costs are accrued throughout the duration of the transaction.

Subsequent measurement of the financial assets

After its initial recognition, the Group measures a financial asset at amortised cost, at fair value with changes in other comprehensive income, at fair value through profit or loss, or at cost.

The receivables for trading operations that do not have a significant financing component and the commercial loans and short-term debt instruments that are initially measured by the price of the transaction or its principal, respectively, continue to be measured by said amount less the correction of value due to estimated impairment as described in Note 2.7.

Income and expenses of the financial assets and liabilities

The income and expenses of financial instruments are recognised according to the following criteria:

Portfolio		Recognition of income and expenses
Financial assets	At amortised cost	• **Accrued interest**: recorded in the statement of profit or loss using the effective interest rate of the transaction on the gross carrying amount of the transaction (except in the case of non-performing assets, where it is applied to the net carrying amount). • **Other changes in fair value**: income or expense when the financial instrument is derecognised from the balance sheet, reclassified or when losses occur due to impairment or gains are produced by its subsequent recovery.
	Measured at fair value through profit or loss	• **Fair value changes**: fair value changes are recorded directly in the statement of profit or loss, and a differentiation is made – for non-derivative instruments – between the part attributable to the returns earned by the instrument, which will be recorded as interest or as dividends according to its nature, and the rest, which will be recorded as results of financial operations in the corresponding balance item. • **Accrued interest**: on these debt instruments, calculated using the effective interest method.
	At fair value with changes in other comprehensive income (*)	• Interests or dividends earned, in the statement of profit or loss. For interest, the same as assets at amortised cost. • The differences in a change in the statement of profit or loss in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets. • For the case of debt instruments, impairment losses or gains due to their subsequent recovery in the statement of profit or loss. • The remaining changes in value are recognised in other comprehensive income.
Financial liabilities	At amortised cost	• **Accrued interest**: recorded in the statement of profit or loss using the effective interest rate of the operation on the gross carrying amount of the operation, except in the case of Tier 1 issuances, in which the discretionary coupons are recognised in reserves. • **Other changes in fair value**: income or expense when the financial instrument is derecognised from the balance sheet or reclassified.
	Measured at fair value through profit or loss	• **Changes in fair value**: changes in the value of a financial liability designated at fair value through profit or loss, in the case of applying in the following manner: a) the amount of the change in the fair value of the financial liability attributable to changes in the credit risk of said liability is recognised in other comprehensive income, which would be directly transferred to a reserve item if the aforementioned financial liability is derecognised, and b) the remaining amount of the change in the fair value of the liability is recognised in the profit or loss for the year. • **Accrued interest**: on these debt instruments, calculated using the effective interest method.

(*) Thus, when a debt instrument is measured at fair value with changes in other comprehensive income, the amounts that will be recognised in the profit or loss for the year will be the same as those that would be recognised if it were measured at amortised cost.

When a debt instrument at fair value with changes in other comprehensive income is derecognised from the balance sheet, the profit or loss accumulated in equity is reclassified, and recorded in the statement of profit or loss for the period. In turn, when an equity instrument at fair value with changes in other comprehensive income is derecognised from the balance sheet, the amount of the loss or gain recorded in other accumulated comprehensive income is not reclassified to the statement of profit or loss, but instead to a reserve balance item.

For each of the aforementioned portfolios, the recognition would change if said instruments form part of a hedging relationship (see section 2.3).

Reclassifications between financial instrument portfolios

According to the provisions set out in IFRS 9, only in the event the Group decides to change its financial asset management business model, would all the affected financial assets be reclassified. This reclassification would be carried out prospectively from the date of the reclassification. In accordance with the IFRS 9 approach, in general, changes in the business model occur very infrequently. Financial liabilities cannot be reclassified between portfolios.

2.3. Accounting hedges

The Group uses financial derivatives as a financial risk management tool, mainly interest rate risk in the banking book (see Note 3). When these transactions meet certain requirements, they qualify for hedge accounting.

Since 1 January 2018, the Group has applied the provisions of IFRS 9 relating to hedge accounting, since it is deemed that this option best suits the risk management strategy of the Group, since there are changes with respect to IAS 39 in a number of areas, such as hedged items, hedging instruments, the accounting of the time value of options and the assessment of effectiveness, which enable the expansion of the transactions to which hedge accounting is applied and facilitate the application of hedge accounting.

When a transaction is designated as a hedge, this is done at inception of the transaction or of the instruments included in the hedge and a technical note of the transaction is documented in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedging instrument or instruments, and the hedged item or forecast transaction, the nature of the risk to be hedged and the way in which the Group assesses whether the hedging relationship meets the requirements of hedging effectiveness (together with the analysis of the causes of failed protection and the way in which the coverage ratio is determined).

For the purpose of verifying the effectiveness requirement:

- A there must be an economic relationship between the hedged item and the hedging instrument;
- B the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship; and
- C it is essential to comply with the coverage ratio of the hedging accounting relationship, which is defined as the relationship between the quantity of the hedged item and the quantity of the hedging instrument, and it must be the same as the coverage ratio used for management purposes.

Fair value hedges

Fair value hedges hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk and could affect the statement of profit or loss.

In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in an asymmetrical way according to whether the hedged element is a debt instrument or an equity instrument:

- Debt instruments: In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the statement of profit or loss, in the "Gains/(losses) from hedge accounting, net" section. Particularly, in fair value macro-hedges, gains or losses arising on the hedged items are balanced in "Assets – Fair value changes of the hedged items in portfolio hedge of interest rate risk" or "Liabilities – Fair value changes of the hedged items in portfolio hedge of interest rate risk" depending on the substance of the hedged item, rather than in the items under which the hedged items are recognised.
- Equity instruments: the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the section "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss – Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income" of the balance sheet.

When hedging derivatives no longer meet the requirements for hedging accounting, they are reclassified as trading derivatives. The amount of the previously registered adjustments to the hedged item is attributed as follows:

- Debt instruments: they are recognised in the heading "Gains/(losses) from hedge accounting, net" of the statement of profit or loss using the effective interest rate method at the date hedge accounting is discontinued.
- Equity instruments: are reclassified to reserves under the heading "Accumulated other comprehensive income – Elements that will not be reclassified to profit or loss – Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income" of the balance sheet.

Cash flow hedges

Cash flow hedges hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised financial asset or liability or with a highly probable forecast transaction and could affect profit or loss.

The amount adjusted on the hedging item is recognised in "Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Reserve of cash flow hedges [effective portion]" where they will remain until the forecast transaction occurs, at which point it will be recognised in "Gains/(losses) from hedge accounting, net" of the statement of profit or loss. However, if it is expected that the transaction will not be carried out, it will be recognised immediately in the statement of profit or loss.

In cash flow hedges, the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily in "Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Cash flow hedges" in equity until the hedged transactions occur. At this moment, the amounts previously recognised in equity are taken to the statement of profit or loss in a symmetrical manner to the hedged cash flows. The hedged items are recognised using the methods described in Note 2.2, without any changes for their consideration as hedged instruments.

2.4. Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance statement when, and only when, the Entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, taking the following into consideration:

- The legally enforceable right to set off the recognised amounts should not be contingent on a future event and must be legally enforceable in all circumstances, including cases of default or insolvency of any or all of the counterparties.
- Settlements that meet the following requirements are considered equivalent to 'net settlement': they totally eliminate or result in insignificant credit and liquidity risk; and settlement of the asset and liability is made in a single settlement process.

A breakdown of the offset transactions are presented below:

OFFSETTING OF ASSETS AND LIABILITIES
(Millions of euros)

	31-12-2019			31-12-2018			31-12-2017		
	GROSS AMOUNT RECORDED (A)	OFFSET AMOUNT (B)	NET AMOUNT IN BALANCE SHEET (C=A-B)	GROSS AMOUNT RECORDED (A)	OFFSET AMOUNT (B)	NET AMOUNT IN BALANCE SHEET (C=A-B)	GROSS AMOUNT RECORDED (A)	OFFSET AMOUNT (B)	NET AMOUNT IN BALANCE SHEET (C=B-A)
Trading derivatives *	4,188	4,188	0			0	24	24	0
Loans and advances *	2,372	2,372	0						
Loans and advances (Reverse repurchase agreement)**	990	990	0	1,012	1,012	0	6,729	6,729	0
Loans and advances (Tax lease transaction)	572	572	0	410	410	0	244	244	0
TOTAL ASSETS	**8,122**	**8,122**	**0**	**1,422**	**1,422**	**00**	**6,997**	**6,997**	**0**
Trading derivatives *	8,015	8,015	0			0	221	24	197
Financial liabilities at amortised cost (Other financial liabilities)*		(1,455)	1,455						
Financial liabilities at amortised cost (Tax lease)	991	990	1	2,595	1,012	1,583	6,993	6,729	264
Financial liabilities at amortised cost (Repurchase agreement) **	572	572	0	410	410	0	244	244	0
TOTAL LIABILITIES	**9,578**	**8,122**	**1,456**	**3,005**	**1,422**	**1,583**	**7,458**	**6,997**	**461**

(*) With regard to offsetting the trading derivatives held via clearing houses LCH and EUREX, the offsetting criteria established in IAS 32 have been met since 31 December 2019.

(**) Collateral exchange operations implemented through repos, whereby separate cancellation is not permitted. They are generally carried out at 12 months.

2.5. Derecognition of financial instruments

All or part of a financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the entity transfers the asset to an unrelated third party.

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with ownership of the transferred assets are transferred to third parties:

- If all the risks and rewards of ownership of the transferred asset are substantially transferred (such as in the case of, among others: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deep out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised.
- If the risks and rewards of ownership of the transferred financial asset are substantially retained (such as in the case of, among others: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar), it is not derecognised and continues to be measured by the same criteria used before the transfer and the following are recognised:
  - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss; and
  - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offsetting.
- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of, among others, a sale of a financial asset together with a put or call option that is neither deep-in-the-money nor deep-out-of-the-money, securitisations in which the transferor assumes a subordinated loan or other type of credit enhancement for part of the transferred asset), the following distinction is made:
  - If the transferor does not retain control over the financial asset transferred, it is derecognised and any right or obligation retained or arising from the transfer is recognised; or
  - If the transferor retains control over the financial asset transferred, it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

According to the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the Group does not need to be written off the balance sheet.

Financial liabilities shall equally be derecognised when the obligation specified in the contract is discharged or cancelled or expires.

2.6. Financial guarantees

Financial guarantees given

Financial guarantees are defined as contracts whereby the issuer thereof undertakes to make specific payments to reimburse the creditor for the loss incurred when a specific debtor fails to meet its payment obligations, irrespective of the legal form of the obligation, such as deposits (including those to participate in auctions and tenders), financial and technical guarantees, irrevocable documentary credits, insurance contracts or credit derivatives.

Financial deposits comprise all manner of deposits that directly or indirectly guarantee debt securities such as loans, credit facilities, finance leases and deferred payment arrangements for all types of debt.

All these operations are recognised under the memorandum item “Guarantees given” in the balance sheet.

Financial guarantees and guarantee contracts are recognised upon execution at fair value plus transaction costs, which is equal to the premium received plus the present value of the future cash flows, under "Financial assets at amortised cost” with a balancing entry in “Financial liabilities at amortised cost – Other financial liabilities” or “Other liabilities”. Fair value changes of the contracts are recognised as financial income in the statement of profit or loss.

Financial guarantee and guarantee contract portfolios, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any provision required. The credit risk is determined by applying criteria similar to those established for quantifying impairment losses on debt securities measured at amortised cost as set out in Note 23, except in the case of technical guarantees, where the criteria set out in Note 2.20 are applied.

Provisions set aside for this type of arrangement are recognised under "Provisions – Commitments and guarantees given" on the liability side of the balance sheet, and under "Provisions – Other provisions"; as regards the latter, if the financial guarantees given are classified as written-off operations pending execution by third parties. Additions to and reversals of provisions are recognised in “Provisions or reversal of provisions” in the statement of profit or loss.

Should it become necessary to establish provisions for these financial guarantees, any fees that may accrue on these transactions in future which would be recognised in “Financial liabilities at amortised cost – Other financial liabilities” are reclassified to “Provisions – Commitments and guarantees given”.

Financial guarantees received

No significant guarantees or collateral were received with regard to which there is authorisation to sell or repledge without default by the owner of the guarantee or collateral, except for the collateral inherent to the Group's treasury activity (see Note 3.12).

2.7. Impairment of the value of financial assets

The Group applies the requirements on impairment of debt instruments that are measured at amortised cost and at fair value with changes in other comprehensive income, as well as other exposures that involve credit risk, such as loan commitments given, financial guarantees given and other commitments given.

The aim of the regulatory accounting framework requirements as regards impairment is to ensure recognition of the credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including information of a prospective nature.

Impairment losses on debt instruments in the period are recognised as an expense under the heading "Impairment or reversal of impairment losses on financial assets not measured at fair value through profit or loss or net profit or loss due to a change" in the statement of profit or loss. The impairment losses of debt instruments at amortised cost are recognised against a corrective account of provisions that reduces the carrying amount of the asset, whereas those of instruments at fair value with changes in other comprehensive income are recognised against accumulated other comprehensive income.

The hedges to cover impairment losses in exposures involving credit risk other than debt instruments are recorded as a provision under the heading "Provisions – Commitments and guarantees given" on the liabilities side of the balance sheet. Additions to and reversals of these hedges are recognised charged under the heading “Provisions or reversal of provisions” in the statement of profit or loss.

For the purpose of recording the hedging for impairment losses of debt instruments, the following definitions must be taken into account in advance:

A Credit losses: these correspond to the difference between all the contractual cash flows owed to the Group in accordance with the financial asset's contract and all the cash flows that it is due to receive (i.e. all the insufficiency of cash flows), discounted at the original effective interest rate or, for financial assets that were purchased with or that originated with credit impairment, discounted at the effective interest rate adjusted to reflect credit quality, or the interest rate on the date referred to in the financial statements in the case of a variable rate.

In the case of the granted loan commitments, the contractual cash flows that would be owed to the Group in the event the loan commitment were drawn down are compared to the cash flows that it would expect to receive if the commitment were drawn down. In the case of financial guarantees given, the payments that the Group expects to receive are taken into account, less the cash flows that are expected to be received from the guaranteed holder.

The Group estimates the cash flows of the operation during its expected life taking into account all the contractual terms and conditions of the operation (such as early repayment, extension, redemption and other similar options). In extreme cases when it is not possible to reliably estimate the expected life of the operation, the Group uses the remaining contractual term of the operation, including extension options.

The cash flows taken into account include those deriving from the sale of collateral, taking into account the cash flows that would be obtained from the sale thereof, less the amount of the costs required to obtain them, maintenance and their subsequent sale, or other credit improvements that form an integral part of the contractual conditions, such as financial guarantees received.

If the Group's current non-performing asset reduction strategy expects loan sales and other accounts receivable whose credit risk has increased (exposure classified at Stage 3), then the Group will retain any asset affected by this strategy under the model for retaining assets to receive their contractual cash flows, thus they are measured and classified in the portfolio of "Financial assets at amortised cost", provided that their flows only include payments of principal and interest. Similarly, until they no longer intend to make sales, the corresponding credit risk provision takes into account the price to be received from a third party.

B Expected credit losses: these are the weighted average of the credit losses, using as weighting the respective risks of default events. The following distinction will be taken into account:

- Expected credit losses during the life of the operation: these are expected credit losses resulting from all the possible default events during the expected life of the operation.
- Expected credit losses at twelve months: these are the part of the credit losses expected during the life of the operation corresponding to the expected credit losses resulting from any default events during the twelve months following the reference date.

The amount of the hedges to cover impairment loss is calculated according to whether there has been a significant increase in credit risk since the operation's initial recognition, and whether a default event has occurred:

	Observed impairment of credit risk since its initial recognition			
Credit risk category	**Performing** **Stage 1**	**Watch-list performing** **Stage 2**	**Non-performing** **Stage 3**	**Write-off**
Classification and transfer criteria	Operations whose credit risk has not significantly increased since their initial recognition.	Operations whose credit risk has significantly increased (SICR), but they do not have any default events.	Operations with credit impairment. Default event: with amounts past due of over 90	Operations without reasonable expectations of recovery.
Calculation of the impairment hedge	Expected credit losses at twelve months.	Expected credit losses during life of the operation.		The recognition in results of losses for the carrying amount of the operation and the total derecognition of the asset.
Interest calculation and recognition	It is calculated by applying the effective interest rate to the gross carrying amount of the operation.		It is calculated by applying the effective interest rate at amortised cost (adjusted to reflect any impairment value correction).	It is not recognised in the income statement.
Included operations	Initial recognition of the financial instruments.	Operations included in sustainability agreements that have not completed the trial period. Operations made by insolvent borrowers that should not be classified as non-performing or write-off. Refinanced or restructured operations that should not be reclassified as non-performing and that are still in the trial period. Operations with amounts past due of over **30 days.** Operations for which, through market indicators/triggers, it is possible to determine that a significant increase of risk has occurred.	**Doubtful due to borrower arrears:** operations with amounts past due of over **90 days.** Transactions where all holders are classified as non-performing (personal risk criteria). **Doubtful for reasons other than borrower arrears:** • Operations that pose reasonable doubts regarding full repayment. • Operations with legally demanded balances. • Operations in which the collateral execution process has been initiated. • Operations and guarantees of the holders in insolvency proceedings with no liquidation petition. • Refinanced operations classifiable as non-performing. • Operations bought/originating with credit impairment.	Operations with remote recovery possibility. Partial write-offs without the extinction of the rights (partial write off). Operations that are non-performing due to borrower arrears in excess of 4 years when the amount not secured by effective guarantees is fully covered for more than 2 years (except when it has effective collaterals that cover at least 10% of the gross amount). Operations with all the holders in insolvency proceedings in the liquidation phase (unless they have effective collaterals that cover at least 10% of the gross amount).

The Group classifies as impairments the debt instruments, whether due or not, for which after analysing them individually, it considers the possibility of recovery to be remote and proceeds to derecognise them, without prejudice to any actions that may be initiated to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

This category includes i) non-performing operations due to customer arrears older than four years, or, before the end of the four-year period when the amount not secured by effective guarantees is fully covered for more than two years, and ii) operations made by borrowers declared to be insolvent which have entered or will enter the liquidation phase. In both cases, the operations are not considered to be write-offs if they have effective collateral that covers at least 10% of its gross carrying amount.

Notwithstanding the above, to reclassify operations to this category before these terms expire, the Group must demonstrate these operations' remote recuperability.

Based on the Group's experience of recoveries, it deems the recovery of the remaining balance of mortgage operations remote when there is no additional collateral once the good has been recovered, and therefore, the aforementioned remainder is classified as a write-off.

When the contractual cash flows of a financial asset are modified or the financial asset is replaced with another, and the modification or exchange does not cause it to be derecognised from the balance sheet, the Group recalculates the gross carrying amount of the financial asset, taking into account the modified flows and the effective interest rate applicable before the modification, and recognises any difference that emerges as a loss or gain due to a change in the profit or loss of the period. The amount of the directly attributable transaction costs raises the carrying amount of the modified financial asset and it will be amortised during the remainder of its life, which will require the company to recalculate the effective interest rate.

Regardless of its subsequent classification, in the event that an operation is bought with or originates with credit impairment, its hedging would be equal to the accumulated amount of the changes in the credit losses after the initial recognition and the interest income of these assets would be calculated by applying the effective interest rate adjusted to reflect credit quality at the amortised cost of the instrument.

2.8. Refinancing and restructuring operations

According to the provisions of the regulation, these relate to operation in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, has amended the agreement, cancelled the agreement and/or arranged a new operation.

These operations may derive from:

- A new transaction (refinancing operation) granted that fully or partially cancels other transactions (refinanced operations) previously granted by any Group company to the same borrower or other companies forming part of its economic group that become up-to-date on its payments for previously past-due loans.
- The amendment of the contractual terms of an existing operation (restructured operations) that changes its repayment schedule (grace periods, extension of loan maturities, reduction in interest rates, changes in the repayment schedule, extension of all or part of the capital on maturity, etc.).
- The activation of contract clauses agreed at source that extend the debt repayment terms (flexible grace period).
- The partial cancellation of the debt without the contribution of funds by the customer (foreclosure, purchase or received in lieu of payment of the collateral, or forgiveness of capital, interest, fees and commissions or any other cost relating to the loan extended to the borrower).

The existence of previous defaults is an indication of financial difficulty. Unless otherwise demonstrated, a restructuring or refinancing operation is assumed to exist when the amendment to contractual terms affects operations that have been past due for more than 30 days at least once in the three months prior to the amendment. However, previous defaults are not a requirement for an operation to be classified as refinanced or restructured.

The cancellation of an operation, changes in the contractual terms or the activation of clauses that delay payments when the customer is unable to meet future repayment obligations can also be classified as refinancing/restructuring.

In contrast, debt renewals and renegotiations may be granted when the borrower does not have, or is not expected to have, financial difficulties; i.e. for business reasons, not to facilitate repayments.

For an operation to be classified as such, the borrower must have the capacity to obtain credit from the market, at the date in question, for a similar amount and on similar terms to those offered by the Bank. In turn, these terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

In general, refinanced or restructured operations and new operations carried out for refinancing are classified in the watch-list performing category. However, according to the particular characteristics of the operation they may be classified as non-performing when they meet the general criteria for classifying debt securities as such, and specifically i) operations backed by an unsuitable business plan, ii) operations that include contractual clauses that delay repayments in the form of interest-only periods longer than 24 months, and iii) operations that include amounts that have been removed from the balance sheet having been classified as unrecoverable that exceed the coverage applicable according to the percentages established for operations in the watch-list performing category.

Refinanced or restructured operations and new operations carried out for refinancing are classified as watch-list performing for a trial period until all the following requirements are met:

- After reviewing the borrower's asset and financial position it is concluded that they are unlikely to have financial difficulties and therefore it is highly probable that they will meet their obligations vis-a-vis the entity in both time and form.
- A minimum period of two years has elapsed from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from the non-performing category.
- The borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from the non-performing category. Additionally: i) the borrower has made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it; or ii) when it is deemed more appropriate given the nature of the operations, the borrower complies with other objective criteria that demonstrate their payment capacity.

  If there are contractual clauses that may delay repayments, such as grace periods for the principal, the operation will remain classified as watch-list performing until all criteria are met.
- The borrower must have no other operations with past due amounts for more than 30 days at the end of the period.

When all the above requirements are met, the operations are no longer classified as refinancing, refinanced or restructured operations in the financial statements.

During the previous trial period, further refinancing or restructuring of the refinancing, refinanced or restructured operations, or the existence of amounts that are more than 30 days overdue in these operations, will mean that the operations are reclassified as non-performing for reasons other than arrears, provided that they were classified in the non-performing category before the start of the trial period.

Refinanced and restructured operations and new operations carried out for refinancing remain classified as non-performing until they meet the general criteria for debt instruments; specifically the following requirements:

- A period of one year has elapsed from the refinancing or restructuring date.
- The borrower has covered all the principal and interest payments (i.e. they are up to date on payments) thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification to the non-performing category.
- The borrower has made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it, or, when it is deemed more appropriate given the nature of the operations, the borrower complies with other objective criteria that demonstrate their payment capacity.
- The borrower has no other operations with past due amounts for more than 90 days at the date the refinancing or restructured operation is reclassified to the watch-list performing category.

2.9. Foreign currency operations

The Group's functional and presentation currency is the euro. Consequently, all non-euro balances and transactions are foreign currency balances and transactions.

All foreign currency transactions are recorded, on initial recognition, by applying the spot exchange rate between the functional currency and the foreign currency.

At the end of each reporting period, foreign currency monetary items are translated to euros using the average exchange rate prevailing on the spot currency market at the end of each period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to euros using the exchange rate at the date of acquisition. Non-monetary items measured at fair value in a foreign currency are translated to euros using the exchange rates at the date when the fair value is determined.

Unmatured forward foreign exchange purchase and sale transactions not considered as hedges are translated to euros at the year-end exchange rates on the forward currency market.

The exchange rates used in translating the foreign currency balances to euros are those published by the European Central Bank (ECB) at 31 December of each year.

The exchange differences arising on the translation of foreign currency balances and transactions to the reporting currency of the Group are generally recognised under "Exchange differences (net)" in the statement of profit or loss. However, exchange differences arising on changes in the value of non-monetary items are recognised under "Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Exchange differences" in the balance sheet, and exchange differences arising on financial instruments classified as at fair value through profit or loss are recognised in the statement of profit or loss with no distinction made from other changes in fair value.

Income and expenses are translated at the closing exchange rate of each month.

2.10. Recognition of income and expenses

The main policies applied to recognise income and expenses are as follows:

	Characteristics		Recognition
Interest income, interest expenses, dividends and similar items	**Interest income, interest expense and similar items**		Recognised on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises, as previously described.
	Dividends received		Recognised as income when the right to receive payment is established. This is when the dividend is officially declared by the company's relevant body.
Fees collected/paid*	**Credit fees** They are an integral part of the yield or effective cost of a financing operation. They are received in advance.	Fees received by creating or acquiring financing operations that are not measured at fair value through profit or loss (i.e.: remuneration from activities such as the assessment of the financial situation of the borrower, assessing and recording various guarantees, negotiating the terms and conditions of operations, preparing and processing documentation and closing the operation).	They are deferred and are recognised over the life of the transaction as an adjustment to the return or effective cost of the operation.
		Fees negotiated as compensation for the commitment of granting financing, when this commitment is not measured at fair value through profit or loss and it is likely that the Group enters into a specific loan agreement.	They are deferred, deposited over the life of the transaction as an adjustment to the return or effective cost of the operation. If the commitment expires and the company has not made the loan, the fee is recognised as income at the time of expiry.
		Fees paid when issuing financial liabilities at amortised cost.	They are included together with any related direct cost in the carrying amount of the financial liability, and are deposited as an adjustment to the effective cost of the operation.
	Non-credit fees This includes those deriving from different provisions for the various financial services of the financing operations.	Those related to the execution of a service provided over time (i.e. the fees for the administration of accounts and those received in advance for the issuance or renewal of credit cards).	They will be registered over time, measuring the progress towards full compliance with the execution obligation.
		Those related to the provision of a service that is executed at a specific time (i.e.: subscription of securities, currency exchange, advice or loan syndication).	They are registered in the income statement upon collection.
Other non-financial income and expenses	Other income from ordinary activities:		• As a general criterion, they are recognised inasmuch as the assets and services contractually agreed with the customers are provided. The amount of the payment to which the Group expects to have a right in exchange for these goods or services, is recognised as income during the life of the contract. • If it receives or has a right to receive a payment and the goods or services have not been transferred, the Group recognises a liability, which remains on the balance sheet until it is allocated to the statement of profit or loss. • The Group can transfer the control over time or at a specific time (see the phases in the following chart).

(*) Exceptions: Fees for the financial instruments that are measured by their fair value through profit or loss and the non-availability fee (in operations where drawing down funds is optional for the credit holder) are immediately registered in the statement of profit or loss.

The accrued fees deriving from typical products or services of the financial activity are presented separate to those deriving from products and services that do not correspond to typical activity, which are presented under the heading "Other operating income" in the statement of profit or loss.

In particular the Group adheres to the following stages:

Phase 1	Identification of the contract (or contracts) with the customer and of the obligation or obligations arising out of the execution of the contract.	The Group assesses the committed goods or services and identifies – as an execution obligation – each commitment to transfer to the customer: • a good, a service or a differentiated group of goods or services, or • a series of differentiated goods or services that are practically identical and comply with the same customer transfer pattern.
Phase 2	Determining the price of the transaction.	Defined as the amount of the payment to which the Group expects to have the right in exchange for delivering the goods or providing the services, excluding amounts charged on behalf of third parties, such as indirect taxes, and not considering any cancellations, renewals or modifications to the contract. The price of the transaction can consist of fixed or variable amounts, or both, and may vary due to discounts, subsidies, reductions or other similar elements. Similarly, the price will be variable when the right to charge for the transaction depends on whether a future event will occur. To reach the transaction price it will be necessary to deduct discounts, subsidies or commercial reductions. If the price includes a variable payment, the Group initially estimates the amount of the payment to which it will have the right, either as an expected value, or as the amount in the most probable scenario. This amount is included, in whole or in part, in the transaction price only inasmuch as it is highly probable that there will be no significant reversal in the amount of the accumulated income recognised by the contract. At the end of each period, the Group updates the estimate of the transaction price, to accurately represent the existing circumstances at the time. To determine the price of the transaction, the Group adjusts the amount of the payment to take into account the time value of the money when the agreed payment schedule provides the customer or the company with a significant financing profit. The discount rate used is that which would be used in an independent financing transaction between the company and its customer at the start of the contract. This discount rate is not subject to subsequent updates. Notwithstanding the above, the Group does not update the amount of the payment if, at the start of the contract, the maturity is likely to be equal to or less than a year.
Phase 3	Allocation of the price of the transaction between the execution obligations.	The Group distributes the price of the transaction in such a way that each execution obligation identified in the contract is assigned an amount that represents the payment that it will obtain in exchange for transferring to the customer the good or service committed in this execution obligation. This amount is allocated based on the corresponding independent selling prices of the goods and services subject to each execution obligation. The best evidence of an independent selling price is its observable price, if these goods or services are sold separately in similar circumstances. The Group allocates to the different execution obligations of the contract any subsequent change in the estimate of the transaction price on the same basis as at the start of the contract.
Phase 4	Recognition of the income inasmuch as the company complies with its obligations.	The Group recognises as income the amount of the transaction price allocated to an execution obligation, inasmuch as it meets this obligation by transferring the committed good or service to the customer.

As for the accounting of the costs related to the contracts, the costs of obtaining a contract are those which the Group incurs to obtain a contract with a customer and which it would not have incurred if the Group had not entered into said contract.

They are recognised as an asset if they are directly related to a contract that can be identified specifically and the Group expects to recover them. In this case, they are amortised systematically and consistent with the transfer to the customer of the contractually related goods or services. However, if the asset's repayment period is equal to or less than one year, these costs are not recognised as an asset and are recorded as an expense.

2.11. Funds managed

Collective investment institutions and pension funds managed by Group companies are not presented on the face of the Group's balance sheet since the related assets are owned by third parties. The fees and commissions earned in the period from this activity are included under “Fee and commission income” in the statement of profit or loss.

2.12. Employee benefits

Employee benefits include all forms of consideration given in exchange for services rendered to the Group by employees or for benefits payable after completion of employment. They can be classified into the following categories:

Short-term employee benefits

These are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of the period in which the employees render the related service. It includes wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses; and non-monetary benefits payable to employees such as medical care, housing, cars and free or subsidised goods or services.

The cost of services rendered is recognised under "Administrative expenses – Personnel expenses" of the statement of profit or loss, except for part of the personnel costs of the Risk Acceptance Centres which are presented as a smaller financial margin of the operations to which they are associated and certain incentives for the personnel of the branch network for the marketing of products, including insurance policies, which are also presented with a reduced financial margin or under the heading of expenses from liabilities under insurance reinsurance contracts.

Credit facilities made available to employees at below market rates are considered to be non-monetary benefits and are calculated as the difference between market rates and the rates agreed with employees. The difference is recognised under “Administrative expenses – Personnel expenses” with a balancing entry under “Interest income” in the statement of profit or loss.

Remuneration to employees based on equity instruments

The delivery of shareholder equity instruments to employees as payment for their services – when such a delivery is made upon completion of a specific period of services – is recognised as a services expense, insomuch as it is provided by employees, with a balancing entry under the heading "Shareholders' Equity - Other equity items" elements.

On the date the equity instruments are granted, these services – as well as the corresponding equity increase – will be measured at the fair value of the services received, unless it cannot be reliably estimated, in which case they will be measured indirectly with reference to the fair value of the granted equity instruments. The fair value of these equity instruments will be determined on the date they are granted.

When external market conditions are established – among the requirements laid down in the remuneration agreement –, their performance will be taken into account when estimating the fair value of the granted equity instruments. In turn, variables that are not considered market variables are not taken into account when calculating the fair value of granted equity instruments, but they are considered when determining the number of instruments to be delivered. Both effects will be recognised in the statement of profit or loss and in the corresponding increase in equity.

In the case of share-based payment transactions that are cash-settled, an expense with a balancing entry will be recorded on the liabilities side of the balance sheet. Up to the date on which the liability is settled, this liability will be measured at its fair value, recognising value changes in the profit/(loss) for the period.

As an exception to the provision of the previous paragraph, share-based payment transactions that have a net-settlement feature to satisfy tax withholding obligations will be classified in their entirety as share-based payment transactions settled through equity instruments if, in the absence of the net-settlement feature, they have been classified as such.

Post-employment benefits

Post-employment benefits are all those undertaken with employees, to be paid after completion of their employment with the Group. They include: retirement benefits, such as pensions and one-off retirement payments; and other post-employment benefits, such as post-employment life insurance and post-employment medical care, at the end of the employment relationship.

Defined contribution plans

The post-employment obligations with employees are deemed to be defined contribution obligations when the Group makes pre-determined contributions to a separate entity or pension fund and has no legal or constructive obligation to make further contributions if the separate entity or fund cannot pay the employee benefits relating to the service rendered in the current and prior periods. Defined contribution plans each year are recognised under "Administrative expenses – Personnel expenses" in the statement of profit or loss. Post-employment obligations that do not meet the aforementioned conditions are considered defined benefit obligations.

Defined benefit plans

The present value of defined benefit post-employment obligations, net of the value of plan assets, is recorded under "Provisions – Pensions and other post-employment defined benefit obligations" in the balance sheet.

Plan assets are defined as follows:

- The assets held by a long-term employee benefit fund, and
- Qualifying insurance policies; those issued by an insurer that it is not a related part of the Group.

In the case of the assets held by a benefit fund, they must be assets:

- Held by a fund that is legally separate from the Group and exists solely to pay or finance employee benefits, or
- They are solely available to pay or finance post-employment remuneration, they are not available to cover the debts of Group creditors (not even in the event of bankruptcy), and they cannot be returned to the Group unless (i) the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or CaixaBank, or (ii) are used to reimburse it for post-employment benefits the Group has already paid to employees.

In the case of insurance policies, the defined benefit commitments assured through policies taken out with the entities that are not considered related parties also meet the requirements to be considered plan assets.

The value both of the assets held by a pension fund, as well as qualifying insurance policies is recognised as a decrease in the value of the liabilities under "Provisions – Pensions and other post-employment defined benefit obligations". When the value of plan assets is greater than the value of the obligations, the net positive difference is recognised under "Other assets".

The assets and liabilities of subsidiaries that include the mathematical provisions of the policies taken out directly by CaixaBank are included on consolidation. Therefore, in this process the amount under "Liabilities under insurance contracts" is deducted and the investments in financial instruments under policies are registered.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the statement of profit or loss and includes the following:
  - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period, recognised under "Administrative expenses – Personnel expenses".
  - Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments, recognised under "Provisions or reversal of provisions".
  - Any gain or loss arising on settlement of a plan is recognised in "Provisions or reversal of provisions".
- The net interest on the net defined benefit post-employment benefit liability/(asset), understood to be the change during the period in the net defined benefit liability/(asset) that arises from the passage of time, is recognised in "Interest expense", or "Interest income" if it results in income, in the statement of profit or loss.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Accumulated other comprehensive income" in the balance sheet. It includes:
  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan assets, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.

- Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.

In addition to the accounting policy change stated in Note 1, the accounting recognition criterion of the actuarial gains and losses on equity deriving from the measurement of the assets and liabilities to the Group's pension commitments have been amended during 2019. Following on from this, the actuarial losses and gains previously recognised under the heading “Shareholders' equity - Retained earnings” and “Shareholders' equity - Other reserves” are now shown under the heading “Accumulated Other Comprehensive Income – Items that will not be reclassified to profit or loss - Actuarial gains or losses on defined benefit pension plans”.

Other long-term employee benefits

Other long term employee benefits, understood as obligations with pre-retired employees (those who have ceased rendering services but who, without being legally retired, continue to enjoy economic rights vis-à-vis the Entity until they acquire the status of legally retired), long-service bonuses and similar items, are treated for accounting purposes, where applicable, as established for defined benefit post-employment plans, except that the actuarial gains and losses are recognised in "Provisions or reversal of provisions" in the statement of profit or loss.

Termination benefits

These benefits are payable as a result of an Entity’s decision to terminate an employee’s employment before the normal retirement date, a valid expectation raised in the employee or an employee’s decision to accept voluntary redundancy in exchange for those benefits.

A liability and an expense for termination benefits are recognised when there is no realistic possibility of withdrawing the offer to pay the termination benefits or when the costs for restructuring – which involves the payment of termination benefits – are recognised. These amounts are recognised as a provision under "Provisions – Other long-term employee benefits” in the balance sheet until they are settled.

In the case of payments of over 12 months, the same treatment is applied as for the other long-term employee benefits.

2.13. Income tax

The expense for Spanish income tax is considered to be a current expense and is recognised in the statement of profit or loss, except when it results from a transaction recognised directly in equity, in which case the corresponding tax effect is recognised in equity.

Income tax expense is calculated as the sum of the current tax for the year resulting from applying the tax rate to the taxable profit for the year and any changes in deferred tax assets and liabilities recognised in the year in the statement of profit or loss, less any allowable tax deductions.

Temporary differences, tax loss carryforwards pending offset and unused tax deductions are recognised as deferred tax assets and/or deferred tax liabilities. The amounts are recognised at the tax rates that are expected to apply when the asset is realised or the liability is settled.

All tax assets are recognised under “Tax assets” in the balance sheet as current, for amounts to be recovered in the next 12 months, or deferred, for amounts to be recovered in future reporting periods.

Similarly, tax liabilities are recognised in “Tax liabilities" in the balance sheet, also by current and deferred. Current tax liabilities include the amount of tax payable within the next 12 months and deferred tax liabilities as the amount expected to be paid in future periods.

Deferred tax liabilities arising from temporary differences related to investments in subsidiaries, associates or joint ventures are not recognised when the Group is able to control the timing of the reversal of the temporary difference and, in addition, it is probable that the temporary difference will not reverse.

Deferred tax assets are only recognised when it is probable that they will be reversed in the foreseeable future and it is estimated that there is sufficient taxable profit against which they can be used.

Property, plant and equipment for own use

They include the amount of property, land, furniture, vehicles, IT equipment and other facilities owned or acquired under a lease, as well as assets leased out under and operating lease.

Property, plant and equipment for own use includes assets held by the Group for present or future administrative uses or for the production or supply of goods and services that are expected to be used over more than one financial period.

Investment property

It reflects the carrying amounts of land, buildings and other constructions – including those received by the Bank for the total or partial settlement of financial assets that represent collection rights vis-a-vis third parties – owned to obtain rental income or gains through sale.

Tangible assets are generally stated at acquisition cost less accumulated depreciation and any impairment losses determined by comparing the carrying amount of each item to its recoverable amount.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their net carrying value. Land is not depreciated since it is considered to have an indefinite life.

The depreciation charge is recognised with a balancing entry under “Depreciation and amortisation” in the statement of profit or loss and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets.

USEFUL LIFE OF TANGIBLE ASSETS

(Years)

	ESTIMATED USEFUL LIFE
Constructions	
Buildings	16 - 50
Facilities	8 - 25
Furniture and fixtures	4 - 50
Electronic equipment	3 - 8
Other	7 - 14

At the end of each reporting period, the Group assesses tangible assets for any indications that their net carrying amount exceeds their recoverable amount, understood as fair value less costs to sell and value in use.

Any impairment loss determined is recognised with a charge to “Impairment/(reversal) of impairment on non-financial assets – Tangible assets” in the statement of profit or loss and a reduction to the carrying amount of the asset to its recoverable amount. After the recognition of an impairment loss, the depreciation charges for the asset in future periods are adjusted in proportion to its revised carrying amount and remaining useful life.

Similarly, when there are indications of a recovery in the value of the assets, a reversal of the impairment loss recorded in prior periods is recognised and the depreciation charge for the asset in future periods is adjusted. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

Likewise, the estimated useful lives of tangible assets are reviewed each year or whenever indications are noted which make it advisable to do so and, where appropriate, the depreciation charges are adjusted in the statement of profit or loss of future years.

Upkeep and maintenance expenses are recognised under “Administrative expenses – Other administrative expenses” in the statement of profit or loss. Similarly, operating income from investment properties is recognised under “Other operating income” in the statement of profit or loss and the related operating expenses under “Other operating expenses”.

2.15. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance acquired from third parties or developed internally.

Goodwill

Goodwill represents the payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is only recognised in the acquisition of a business combination for valuable consideration.

In business combinations, goodwill arises as the positive difference between:

- the consideration transferred plus, as appropriate, the fair value of any previously-held equity interest in the acquiree and the amount of minority interests; and
- the net fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recognised in "Intangible assets – Goodwill" and is not amortised.

At the end of each reporting period or whenever there are indications of impairment, an estimate is made of any impairment that reduces the recoverable amount to below carrying amount and, where there is impairment, the goodwill is written down with a balancing entry in "Impairment/(reversal) of impairment on non-financial assets – Intangible assets" in the statement of profit or loss. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Other intangible assets

This includes the amount of other identifiable intangible assets, such as assets arising in business combinations and computer software.

Other intangible assets have an indefinite useful life when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group, and a finite useful life in all other cases.

Intangible assets with an indefinite life are not amortised. However, at the end of each reporting period, or whenever there is any indication of impairment, the remaining useful lives of the assets are reviewed in order to determine whether they continue to be indefinite and, if this is not the case, to take the appropriate steps.

Intangible assets with a finite useful life are amortised over the useful life, applying policies similar to those followed for the depreciation of tangible assets.

Any impairment losses on assets with either indefinite or finite useful lives are recognised with a balancing entry in “Impairment/(reversal) of impairment on non-financial assets – Intangible assets” in the statement of profit or loss. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for tangible assets.

Software

Software is recognised as an intangible asset when, among other requirements, it is capable of being used or sold, and it is identifiable and its ability to generate future economic benefits can be demonstrated.

Expenses incurred during the research phase are recognised directly in the statement of profit or loss for the period in which they are incurred, and cannot subsequently be capitalised.

Almost all software recorded under this chapter of the balance sheet has been developed by third parties and is amortised with an average useful life of between 4 and 15 years.

2.16. Inventories

This item in the balance sheet includes non-financial assets held for sale in the ordinary course of business, that are in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost, including borrowing costs, and net realisable value. Net realisable value is defined as the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale. The accounting principles and measurement bases applied to assets received as payments of debts classified under this item are the same as those set out in Note 2.17. These assets are classified as Level 2 in the fair value hierarchy.

The cost of inventories of items that are not ordinarily interchangeable and of goods and services produced and segregated for specific projects is determined individually, while the cost of other inventories is assigned mainly by using the First-In-First-Out method (FIFO) or weighted average cost formula, as appropriate.

Any write-downs to inventories or subsequent reversals of write-downs are recognised under "Impairment/(reversal) of impairment on non-financial assets – Other" in the statement of profit or loss for the year in which the write-down or reversal occurs.

When inventories are sold, the carrying amount of those inventories is derecognised and an expense recognised in the statement of profit or loss for the period in which the related revenue is recognised. The expense is recognised under "Other operating expenses" in the statement of profit or loss.

2.17. Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale

Assets recognised under this heading in the balance sheet reflect the carrying amount of individual assets or disposal groups, or assets that form part of a line of business that will be disposed of (discontinued operation) whose sale is highly probable in their present condition within one year from the reporting date. Assets that will be disposed of within a year but where disposal is delayed by events and circumstances beyond the Group's control may also be classified as held for sale, when there is sufficient evidence that the Company is still committed to selling them. The carrying amount of these assets will be recovered principally through a sale transaction.

Specifically, real estate or other non-current assets received as total or partial settlement of debtors' payment obligations in credit operations are recognised under "Non-current assets and disposal groups classified as held for sale" unless it has been decided to make continuing use of the assets.

The Group has centralised the ownership of virtually all the real estate assets acquired or foreclosed in payment of debts in its subsidiary BuildingCenter, SAU, in a bid to optimise management.

Non-current assets classified as held for sale are generally measured initially at the lower of the carrying amount of the financial assets and their fair value less costs to sell the asset to be foreclosed:

- To estimate provisions for the financial assets, the estimated fair value less the costs to sell the asset to be foreclosed are taken as the recoverable value of the guarantee when the Company's sales experience attests to its ability to realise this asset at fair value. This recalculated carrying amount is compared with the previous carrying amount and the difference is recognised as an increase or a release of provisions as appropriate.
- To determine the fair value less the costs to sell the asset to be foreclosed, the Company uses the market value extended in the full individual ECO appraisal at the time of foreclosure or reception. Internal valuation models are used to calculate the adjustment to be applied to this market value in order to estimate the discount on the reference price and the costs to sell. These in-house models factor in prior sales experience for similar assets in terms of price and volume.

When the fair value less costs to sell exceeds the carrying amount, the Group recognises the difference in the statement of profit or loss, as an impairment reversal, up to the limit of the impairment accumulated as from the initial recognition of the foreclosed asset.

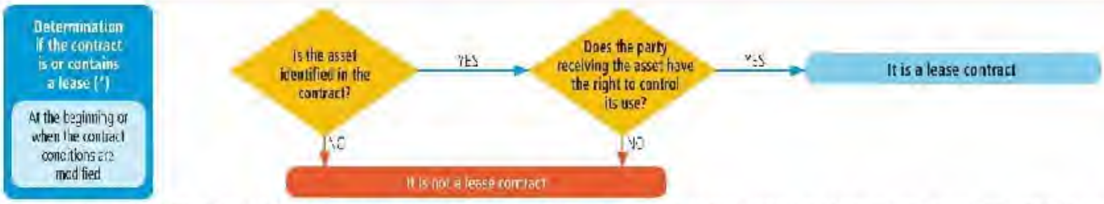
After the initial recognition, the Group compares the carrying amount with the fair value less costs to sell, recognising any possible additional impairment in the statement of profit or loss. For this purpose, the main valuation used to estimate fair value is updated by the Group. In line with the procedure followed in the initial recognition process, the Group also applies an adjustment, based on the internal models, to the main valuation.

Impairment losses on an asset or disposal group are recognised under "Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations, net" in the statement of profit or loss. Gains on a non-current asset held for sale resulting from subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognised in the same statement of profit or loss item up to an amount equal to the previously recognised impairment losses.

Non-current assets held for sale are not depreciated while they are classified as held for sale.

2.18. Leases

The means of identifying and accounting for leasing operations in which the Group acts as lessor or lessee, are set out below:



(*) The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For any contracts that have a leasing component and one or more additional leasing components, or others that are not related to leasing, the contract payment will be distributed to each leasing component on the basis of the relative price, independent of the leasing component, and on the basis of aggregate price, independent of the components that are not related to leasing.

Recording as a lessor

According to the economic fund of the operation independent of its legal form

Financial leases	Operating leases
• Operations in which substantially, all the risks and benefits that fall on the leased asset **are transferred to the lessee**.	• Operations in which, substantially, all the risks and benefits that fall on the leased asset, and also its property, **are maintained by the lessor**.
• These are registered as **financing** in the section entitled "Financial assets at amortised cost" of the balance sheet for the sum of the updated value of the charges receivable from the lessee during the term of the lease and any unguaranteed residual value corresponding to the lessor. • These include fixed charges (minus the payments made to the lessee) and specific variable charges subject to an index or rate, as well as the price of exercising the call option, if there is reasonable certainty that the lessee will indeed exercise this option, and the penalties for rescission by the lessee, if the term of the lease reflects the exercise of the option to rescind.	• The cost of purchasing the leased assets is recorded in the section **"Tangible assets" of the balance sheet.**
• Any financial income obtained as a lessor is registered in the profit and loss account in the section **"Interest income"**.	• These are **amortised** with the same criteria as those used for the rest of own-use tangible assets. • Income appears in the section **"Other operating income"** of the profit and loss account.

Accounting as a lessee

Term of the contract

- **Fixed-term contracts with or without the early termination option** in favour of the Entity and without permission from the other party (with only a non-significant compensation). Generally, the lease term matches the initial agreed duration.
- **Fixed-term contracts with the option to renew** on the part of the Entity and without permission from the other party. It has been surmised that this option will be exercised, considering that there are financial incentives and in light of the Company's past practices.
- The term of specific contracts can be affected as a result of possible restructuring plans undertaken by the Company.

Accounting record

		At the beginning date of the contract	Subsequently
Contracts with a term longer than 12 months or contracts in which the underlying asset does not have a low value (set at 6,000 euros)	Lease liability ("Other financial liabilities")	A lease liability is valued based on the current value of any lease payments that have not been paid by said date, using, as a discount rate, the interest rate that the lessee would have to pay to borrow - with a similar term and guarantee - the funds necessary to purchase an asset whose value is similar to that of the right of use asset in an similar economic climate. This rate is called "additional financing rate"(*)	It is valued at amortised cost using the effective interest rate method and is re-valued (with the corresponding adjustment in the relative right-of-use asset) when there is a change in the future lease payments during renegotiation, changes to an index or rate or a new evaluation of contract options.
	Right-of-use asset ("Tangible assets - Plots and buildings")	The asset is valued at cost and includes the amount of the initial valuation of the lease liability, the payments made on or before the start date and the initial direct costs, dismantling costs or restoring costs when there is obligation to bear the same.	It is amortised on a straight-line basis and is subject to any loss due to depreciation, where applicable, in accordance with the procedure established for the rest of the tangible and intangible assets.
Rest of contracts		Lease liabilities are recorded as operating leases	

(*) The Group has calculated the additional financing rate, taking the issued debt instruments - mortgage bonds and senior debt - as a reference, which are weighted according to the issue capacity of each one. The Group uses a specific rate according to the term of the operation and the business (Spain or Portugal) where the agreements are formalised.

Sale and leaseback transactions

- When the Group acts as **seller-lessee**:
  - **If the Group does not retain control of the asset:**
    - It derecognises the sold asset.
    - It values the right-of-use asset derived from the subsequent lease at an amount equal to the part of the prior carrying amount of the leased asset corresponding to the proportion represented by the right of use withheld by the bank from the value of the sold asset.
    - A lease liability is recognised.
  - **If the Group retains control of the asset:**
    - It does not derecognise the sold asset.
    - It recognises a financial liability for the amount of the received payment.
- The **results generated in the operation** are recognised immediately in the profit/loss account if it is determined that a sale has taken place (only for the amount of the profit or loss in relation to transferred rights of the asset), in such a way that the buyer-lessor acquires control of asset.
- The Group has established a procedure to carry out a prospective follow-up of the operation, paying special attention to the evolution on the market of office rental prices in comparison to the fixed contractual rents and to the situation of the sold assets.

2.19. Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in financial statements, except where an inflow of economic benefits is practically certain. If there is a probable inflow of economic benefits, the group discloses the contingent asset.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.20. Contingent liabilities and provisions

Provisions cover present obligations at the date of preparation of the financial statements arising from past events which could give rise to a loss considered likely to occur; and is certain as to its nature but uncertain as to its amount and/or timing.

The financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liability side of the balance sheet in accordance with the obligations covered.

Provisions, which are quantified based on the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each reporting period, are used for specific expenditures for which the provision was originally recognised. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

The tax contingency policy is to set aside provisions for the possible tax expense and late-payment interest arising from the income tax assessments initiated by the tax authorities for the main applicable taxes, irrespective of whether an appeal has been lodged. Meanwhile, provisions are made for legal suits, in those instances where there is over a 50% probability of losing the case.

When there are present obligations but they are not likely to give rise to an outflow of resources, they are recorded as contingent liabilities. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes more probable than not that an outflow of future economic benefits will be required, a provision is recognised in the balance sheet.

Provisions are recognised under "Provisions" on the liability side of the balance sheet in accordance with the obligations covered. Contingent liabilities are recognised under memorandum items in the balance sheet.

2.21. Insurance operations

Financial instruments

The Group's insurance companies (VidaCaixa and BPI Vida y Pensiones) have made use of the temporary exemption from IFRS 9, which is why its financial instruments are presented in accordance with IAS 39 in the heading "Assets under the insurance business" of the accompanying balance sheet (see Notes 1 and 17).

Classification of financial assets and liabilities

Financial assets are presented in the balance sheet, grouped in the section "Assets under the insurance business" in different categories in which they are classified for management and assessment purposes, and which are described below:

- "Financial assets and liabilities held for trading": This item mainly comprises financial assets or liabilities acquired or issued for the purpose of selling in the short term or which are part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent pattern of short-term profit-taking. Financial liabilities held for trading also comprise short positions arising from sales of assets acquired temporarily under a non-optional reverse repurchase agreement or borrowed securities. Also included as financial assets or liabilities held for trading are derivative assets and liabilities that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.
- "Financial assets and liabilities designated at fair value through profit and loss": includes, where applicable, financial instruments designated upon initial recognition, e.g. hybrid financial assets or liabilities mandatorily measured in full at fair value, or with financial derivatives, the purpose of which is to mitigate the exposure to changes in fair value, or managed as a

group with financial liabilities and derivatives to mitigate the overall exposure to interest rate risk. In general, the category includes all financial assets and liabilities when such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatches) that would otherwise arise. Financial instruments in this category must be subject at all times to an integrated and consistent measurement system, management and control of risks and returns permitting verification that risk has effectively been mitigated. Financial assets and liabilities may only be included in this category on the date they are acquired or originated.

- "Available-for-sale financial assets": includes debt securities and equity instruments not classified under any of the preceding categories.
- "Loans and receivables": includes financing granted to third parties through ordinary lending and credit activities carried out by said subsidiaries, their receivables from policyholders and for debt securities not quoted in an active market.

Measurement of the financial assets

All financial instruments are initially recognised at their fair value, which, unless there is evidence to the contrary, is the transaction price.

Subsequently, at a specified date, the fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The most objective reference for the fair value of a financial instrument is the price that would be paid for it on an active, transparent and deep market. Accordingly, the quoted or market price is used.

If there is no market price, fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, always taking into account the specific features of the instrument to be measured and, in particular, the various types of risk associated with it.

Any changes in fair value of financial instruments, except for trading derivatives, due to the accrual of interest and similar items, are recognised in the statement of profit or loss of the year of the accrual. Dividends received from other companies are recognised in the statement of profit or loss of the year in which the right to receive the dividend is established.

Changes in fair value after initial recognition for reasons other than those indicated in the preceding paragraph are treated as described below based on the category of financial asset or financial liability:

- Financial instruments classified as “Financial assets held for trading”, “Financial assets designated at fair value through profit or loss”, “Financial liabilities held for trading” and “Financial liabilities designated at fair value through profit or loss” are measured initially at fair value, with any changes in fair value recognised with a balancing entry in the statement of profit or loss.
- In turn, financial instruments classified as "Available-for-sale financial assets" are initially measured at fair value, with subsequent changes, net of the related tax effect, recognised with a balancing entry in "Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Available-for-sale financial assets” and “Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Foreign currency exchange” in the balance sheet.
- Derivatives are recognised in the balance sheet at fair value. When derivatives are entered into, in the absence of evidence to the contrary, fair value is the transaction price. The derivative is recognised as an asset if the fair value is positive and a liability if it is negative. For derivatives classified in Levels 1 and 2 of the fair value hierarchy (see section on "Fair value of financial instruments" of this Note), if the price differs from the fair value when the derivative is entered into, the difference is recognised immediately in the statement of profit or loss.

  Subsequent changes in fair value of derivatives are recognised in the statement of profit or loss, except with cash flow hedges, in which case they are recognised under "Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Cash flow hedges.

  Derivatives embedded in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the instrument or host contract, provided a reliable fair value can be attributed to the embedded derivative taken separately.

- Financial instruments classified as "Loans and receivables" and "Financial liabilities at amortised cost" are measured at amortised cost. Amortised cost is acquisition cost, minus principal repayments and plus or minus the cumulative amortisation (as reflected in the statement of profit or loss by the effective interest rate method) of any difference between the initial amount and the maturity amount. And, in the case of assets, minus any allowances for impairment.

The effective interest rate is the discount rate that exactly equates the initial value of a financial instrument to the estimated cash flows for all items until the instrument matures or is cancelled. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate plus any commission or transaction costs included in its yield. Where the fixed rate of interest is contingent, the Group includes it in the estimate of the effective interest rate only if it is highly probable that the triggering event will be reached. For floating-rate financial instruments, the effective interest rate is calculated as a fixed rate until the next reference rate reset.

Reclassifications between financial instrument portfolios

At the close of the financial year, the amounts of financial assets under IAS 39 processing reclassified in previous financial years were not significant.

Impairment of financial assets (IAS 39)

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows that were estimated at the transaction date, where the borrower is unable or will be unable to meet its obligations in time or form, or when the asset's carrying amount may not be fully recovered. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net profit or loss due to a change" in the statement of profit or loss for the period in which the impairment becomes evident. The reversal, if any, of previously recognised impairment losses is recognised in the same item in the statement of profit or loss for the period in which the impairment no longer exists or has decreased.

For the case of debt instruments at amortised cost, the categories specified in section 2.7 remain, although the calculation of the hedges is based on the provisions of IAS 39. The calculated hedging or provision is defined as the difference between the gross carrying amount of the transaction and the estimated value of future expected cash flows, discounted at the original effective interest rate of the transaction. Effective guarantees received are taken into consideration. For the purposes of estimating hedging, the amount of the risk for debt instruments is the gross carrying amount, and for off-balance exposures, the estimated value of the disbursements.

Both transactions classified as not bearing appreciable risk and those that, due to their type of collateral, are classified as not bearing appreciable risk, could have 0% hedging. This percentage will only be applied to the hedged risk.

The accounting policy referring to the recognition of losses due to impairment of the categories of available-for-sale instruments is described below:

- Debt securities classified as available for sale: the market value of quoted debt securities is deemed to be a reliable estimate of the present value of their future cash flows.

  When there is objective evidence that the negative differences arising on measurement of these assets are due to impairment, they are removed from "Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Available-for-sale financial assets" and the cumulative amount considered impaired at that date is recognised in the statement of profit or loss. If all or part of the impairment loss is subsequently reversed, the reversed amount is recognised in the statement of profit or loss for the period in which the reversal occurs.

- Equity instruments classified as available for sale: When there is objective evidence of impairment, such as a fall of 40% of its fair value or a situation of continued losses over a period of more than 18 months, the unrealised losses are recognised in accordance with the impairment loss recognition criteria applied to debt securities classified as available for sale, with the exception that any recovery arising on these losses is recognised under "Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Available-for-sale financial assets".

  When testing for impairment, the Group considers whether there are any legal, market, technological or other factors in the environment in which the assessed entity operates that could suggest the cost of the investment will not be recovered. The price volatility of each security is also individually considered to determine what share may be recovered through the sale thereof on the market. These considerations may result in different thresholds for certain securities or sectors to those mentioned in the previous paragraph.

- Equity instruments measured at cost: the impairment loss on equity instruments measured at cost is the positive difference between the carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities. In estimating the impairment of this type of asset, account is taken of the equity of the investee, except for “Accumulated other comprehensive income” due to cash flow hedges, determined on the basis of the latest approved balance sheet, adjusted for the unrealised gains at the measurement date. Impairment losses are recognised in the statement of profit or loss for the period in which they arose, as a direct reduction of the cost of the instrument.

Assets under insurance and reinsurance contracts

Furthermore, the chapter "Assets under the insurance business – under insurance and reinsurance contracts" of the balance sheet also covers the amounts that the consolidated companies have the right to receive that originate from reinsurance contracts that they hold with third parties, and more specifically, the share of the reinsurance in the technical provisions constituted by the consolidated insurance companies.

Insurance contract liabilities

The chapter "Liabilities under the insurance business" of the balance sheet covers the technical provisions of the direct insurance and of the accepted reinsurance recorded by the consolidated companies to cover the obligations originating from insurance contracts that they hold that are in force at the close of the period. The main components of technical provisions are as follows:

- Unconsumed premiums and risk in progress:
  - The provision for unearned premiums includes the proportion of premiums written in the year that must be allocated to the period between the close of the reporting period and the expiry of the policy period.
  - The provision for unexpired risks is designed to complement the provision for unearned premiums by the amount which is not sufficient to cover the measurement of all the risks and expenses corresponding to the coverage period not elapsed at the end of the period.
- Life insurance provision: consists mainly of the mathematical provisions of the insurance contracts and the provision for unearned premiums of insurance contracts with a period of coverage equal to or less than one year. Mathematical provisions represent the excess of the current actuarial value of the future obligations of subsidiary insurance companies over that of the premiums which the policyholder must satisfy.
- Relating to life insurance when the policyholder assumes the investment risk: they correspond to the technical provisions of insurance contracts where the investment risk is born by the policyholder.
- Claims: this represents the total amount of outstanding liabilities on claims occurring before the end of the reporting period. The Group calculates this provision as the difference between the total estimated or exact cost of the claims that have occurred and are pending declaration, settlement or payment, including external and internal expenses for handling and processing the files, and the combined amount of the amounts already paid as a result of the claims.
- Provisions for bonuses and rebates: these include the benefits accrued to the policyholders or beneficiaries and not yet assigned at the end of the reporting period. Not included is the effect of allocating part of the unrealised gains on the investment portfolio to policyholders.

Technical provisions linked to risks assigned to reinsurers are calculated on the basis of the reinsurance contracts entered into and by applying criteria similar to those used for direct insurance.

Additionally, the Group has applied the accounting option provided for in IFRS 4 named "shadow accounting", whereby the insurer is permitted to change its accounting policies so that a recognised but unrealised gain or loss on an asset related to insurance contracts affects those measurements of liabilities under insurance contracts in the same way as a realised gain or loss does. The related adjustment to the insurance liability (or deferred acquisition costs or intangible assets) shall be recognised in the statement of profit or loss in other comprehensive income if, and only if, the unrealised gains or losses are recorded in other recognised income and expense.

The Group carries out an annual liability adequacy test in order to identify any provision shortfall and to make the related provision. Otherwise, if the result of the liability adequacy test shows that the provisions recognised were adequate or that excess provisions were recognised, the Group adopts the principle of prudence as established in IFRS 4. The liability adequacy test consists of assessing liabilities under insurance contracts based on the most up-to-date estimates of future cash flows from their contracts in relation to the assets covered. In this respect, it determines:

- The difference between the carrying amount of the insurance contracts less any related deferred acquisition costs and any related intangible assets, and the present value of contractual cash flows from the insurance contracts and any related cash flows, such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- The difference between the carrying amount and the present value of projected cash flows from the financial assets related to the insurance contracts.

The future estimated cash flows arising from insurance contracts and affected financial assets are discounted subject to a yield curve of assets with high credit quality (Spanish sovereign debt). In order to estimate future cash flows arising from insurance contracts, the surrender rates observed in the portfolio in accordance with the average over the last three years for Pensión 2000 and PPA, and the average observed over the last five years for other products are taken into consideration. In addition, sensitivity exercises are carried out with regard to the discount curve used. This sensitivity analysis consists of entering a drop in the interest rate of 100, 150 and 200 basis points of the discount curve used, and an increase of 80, 100 and 200 basis points.

The Group does not unbundle any deposit component of insurance contracts. This unbundling is voluntary. In addition, the fair value of the policyholders' option to surrender insurance contracts is estimated to be zero, otherwise it is measured as part of the value of the insurance contract liabilities.

2.22. Statement of cash flows

The following terms are used in the presentation of the statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the indirect method is used to present cash flows from operating activities, which are the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition, sale or other disposal of long-term assets, such as equity investments and strategic investments, and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that do not form part of operating activities, such as subordinated financial liabilities. The issues placed on the institutional market are classified as financing activities, whereas the issues placed on the Spanish retail market are classified as operating activities.

2.23. Statement of changes in equity. Part A) Statement of recognised income and expense

This statement presents the income and expense recognised as a result of the Group's activity in the period, with a distinction between those taken to profit or loss in the statement of profit or loss and other comprehensive income directly in equity.

2.24. Statement of changes in equity. Part B) Statement of total changes in equity

This statement presents all changes in the Group's consolidated equity, including those due to accounting policy changes and error corrections. This statement presents a reconciliation between the carrying amount of each component of equity at the beginning and the end of the period, grouping movements by nature under the following headings:

- Adjustments due to accounting policy changes and error corrections: includes changes in equity as a result of the retrospective restatement of financial statement balances on account of changes in accounting policies or for correction of errors.
- Total comprehensive income: represents the aggregate of all items recognised in the statement of changes in equity part A) Comprehensive income, outlined above.
- Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

Particularly, the headings 'Accumulated gains' and 'Other reserves' contain:

- The shareholder equity heading, 'Accumulated gains', includes, at year-end, undistributed gains from the appropriation of the profit/loss of the companies of the consolidated group, and income coming from the sale of investments classified in 'Financial assets at fair value with changes in other comprehensive income – Equity instruments', among others.
- The shareholder equity heading, 'Other reserves', includes, at year-end, the implications of the 1st application of accounting regulations, the application of the profit/(loss) of companies consolidated using the equity accounting method, net of the dividends distributed to companies of the consolidated group, the remuneration of issuances with certain characteristics, and gains/losses deriving from operations with own shares, among others.

3. Risk management

3.1 Risk factors and environment

The following risk factors had a significant influence on the Group's management in 2019, due to their impact during the year and their long-term implications for the Group:

- **Macroeconomic environment**
  - Global economy

In 2019, the global economy has faced a considerable surge in uncertainty due to economic and geopolitical factors which, to a great extent, were already in operation in 2018. In terms of the economy, firstly, the doubts cast surrounding the speed and risks entailing the slowdown of the Chinese economy have featured prominently. Up to now, this slowdown has been gradual and the authorities still have mechanisms to temper its intensity. However, there are still concerns regarding the imbalances afflicting Spain. Similarly, the economic downturn experienced by the main developed economies results in a second factor burdening growth. This dynamic comes, on one hand, from the maturity of the economic cycle and, on the other hand, from idiosyncratic factors belonging to each country. Thus, in the US, the gradual fading of the boost from tax measures implemented at the end of 2017 and the start of 2018 is beginning to show in the economy. In the Eurozone, the manufacturing sector, and in particular the automobile sector, continues to undergo complicated circumstances.

The US's protectionist swing, which has remained active throughout 2019, has featured notably on the geopolitical front. Similarly, there has been a slight rise in tensions between the US and the European Union (EU) after the World Trade Organization's ruling in favour of the US with regard to a case of public aid granted to Airbus by the EU, which has enabled the US to impose tariffs on a range of European products. Nonetheless, it is worth stating that at the end of the year a trade agreement between the US and China now looks more likely, although only following a tough and lengthy negotiation phase that is bound to generate uncertainty until an agreement is hammered out.

These risk sources are reflected in the behaviour of the financial markets which, after the strong juncture of volatility experienced at the end of 2018, showed new aversion to risk in the summer, when the stock exchanges of the main developed economies fell due to poor financial data and to the worsening of commercial activity between the US and China. In such a context, and faced with the outlook of a more accommodative monetary policy that is sensitive to risk balance worsening, the interest rates of sovereign bonds fell significantly (to all-time lows in the case of Europe).

  - Eurozone

The Eurozone's risk context has been marked by geopolitical factors, mainly linked to the difficulties of reaching an agreement for the United Kingdom's withdrawal. These political uncertainties come in addition to the economic downturn that began in 2018, which has been exacerbated in 2019, partly due to the aforementioned plight suffered by the manufacturing sector and the automobile sector, in particular. Thus, after growing 1.9% in 2018, it is estimated that the sector will have only grown 1.1% in 2019 and that it will maintain a similar pace in 2020.

In the face of this context of a downturn in macroeconomic conditions, the main central banks have repositioned their monetary policies. Thus, given that inflationary pressures are relatively contained within the US, and faced with the outlook of an economic downturn, the Federal Reserve cut rates three times throughout 2019 and, furthermore, in order to stall possible cash-flow problems on the market, initiated new bond purchases. The ECB launched a new stimulus package in September 2019, with a 10-bp reduction in the deposit rate (supplemented by a tiering system), new bond purchases (EUR 20 billion a month), lower interest rates for TLTROs (operations offering long-term financing to the financial sector) and it was stated that the stimulus will continue until inflation approaches its target. Although the measures are of a lower magnitude than those of the past, they emphasise that the environment of low rates will be extended for a long period of time.

  - Spain

In 2019, the Spanish economy's growth rate has maintained the trend it began in 2018, and continues along a slight reduction (although it remains above the Eurozone's average rate of growth). Thus, Spain's economy has grown 2.0% in 2019 and GDP is expected to rise by 1.5% in 2020. The reason for this slowdown is, on one hand, the aforementioned decline in the international outlook, which has effected the performance of external demand, and, on the other hand, lower growth of domestic demand, as a result of the behaviour of consumers who are warier about the macroeconomic outlook. Similarly, public finances have continued to improve: the public deficit stood at 2.5% of GDP in 2018, a drop of half a point in a year, which brought Spain out of its excessive deficit situation, with the forecast further 2-tenth reduction for cyclical effects this year. However, public debt remains at high levels, close to 100% of the GDP. As this is an overview, it is worth stating that the downside risks surrounding the macroeconomic scenario are not insignificant. Those present in the international setting – such as the trade disputes between the US and China, and the UK's withdrawal process from the EU – feature most prominently. In Spain, the formation of a new coalition government after a year dominated by election dates represents a factor of stability.

- Portugal

  The Portuguese economy has slowed down to a certain extent due to reduced internal demand, in such a way that the growth rate for the whole of 2019 was 1.9%, slightly lower than in 2018 (2.4%). Nonetheless, the overall assessment of the Portuguese financial situation remains positive: the public accounts continue to improve, the job market is prospering, and consumer confidence remains at high levels. The good performance of the economy is reflected in the country's risk premium, which has fallen significantly in 2019. As regards the political arena, the Socialist Party won the elections on 6 October 2019 without reaching an absolute majority. It is expected that economic policy will be a continuation of the previous administration, and thus that public accounts will continue to improve. With this undercurrent, the strong growth rate shown by the real estate market is a source of concern. Although most indicators forecast a gradual moderation, given the importance of non-residents for the sector, the possibility of a sharper correction in the event that the declining international environment generates a risk aversion juncture entailing a withdrawal of foreign investment should not be ruled out.

- **Regulatory changes**

The regulatory outline on which the Group's business model lies is crucial to its development, whether in terms of methodological or management processes. Thus, regulatory analysis represents a key point in the Group's agenda.

The main developments and enquiries open in the field of risks during 2019 are shown below:

- On 21 February 2019 the Congress of Deputies approved the **Property Credit Contract Regulatory Act** (Ley 5/2019 reguladora de los contratos de crédito inmobiliario – LCI), reducing the expenses associated with changes in mortgage contracts and establishing measures to improve transparency in the conditions. Thus, the process of transposing the Directive 2014/17/EU of the European Parliament and of the Council closed of 4 February 2014. Similarly, on 26 April the Ministry of Economy and Business completed the CLI with the approval of a **Royal Decree** and a **Ministerial Order**[1] developing aspects as the transparency of information; calculating the financial loss and reference indexes and rates to apply; the training and skills requirements of commercial staff; and the criteria applicable to related marketing.

  CaixaBank – in due time and in a suitable manner – has fulfilled the appropriate measures, carrying out necessary adjustments to internal procedures and standards, and suitably training personnel in order to ensure the correct marketing of the products affected under the standard (see section 3.2.3. Risk Culture).

- Approval and publication in the Official Journal of the European Union (OJ) of the "**Proposal of CRDV Package**": once the trilogue was completed during first few months of the year, the review started in November 2016 by the European Commission of the "banking package" that covers the texts CRD V, CRR II, BRRD II and SRMR II was approved on 16 April in the plenary session of the European Parliament[2]. The review basically transposes the standards agreed by the Basel Committee on Banking Supervision (prior to the 2017 agreement on the completion of Basel III, the adaptation of which has begun to be addressed as of the second half of 2019). This legislative package entered into force on 27 June 2019, with December 2020 as the deadline for Spain to transpose the directives, whilst the majority of changes included in the CRR II are applicable from June 2021 (December 2020 in the case of the SRMR II).

- **Brexit, Contingency Action Plan**: the Agreement on the Withdrawal of the United Kingdom from the European Union, of 24 January 2020, entered into force on 1 February 2020. The treaty established a transition period until 31 December 2020, during which EU legislation will still be applied in the United Kingdom and allowing activities to continue with this

[1] Royal Decree 309/2019, of 26 April, which partially enacts Act 5/2019, of 15 March, which governs real estate credit contracts and adopts other financial measures, and Order ECE/482/2019, of 26 April, which amends Order EHA/1718/2010, of 11 June, which governs and controls the advertising of banking services and products, and Order EHA/2899/2011, of 28 October, on the transparency of banking services and customer protection.

[2] *The initials refer to the Capital Requirements Regulation and Directive (CRR/CRD), the Bank Recovery and Resolution Directive (BRRD), and the Single Resolution Mechanism Regulation (SRMR).*

country as they have until now. Furthermore, the European Banking Association (EBA), the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) have agreed to a memorandum of understanding (MoU) establishing the bases in terms of cooperation and exchange of information between EU authorities and the United Kingdom.

- In the context of the Action Plan to reduce NPLs by the European Council, on 19 June the **EBA** launched the consultation process on its draft **Guidelines on loan origination and monitoring** regarding the granting, monitoring and internal governance of loans, focusing on aspects such as **transparency** and **borrower affordability assessment**. The main goal of the guidelines, which is, in principle, due to come into force in June 2020, is to ensure that institutions have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality, ensuring the possibility of loans becoming non-performing in the future is reduced, while respecting consumers' rights.

  In the interest of maintaining the best standards of the market and consumer protection, CaixaBank has played a special role in analysing the implications of the guidelines subject to consultation and anticipation of the final provision of the standard.

  On 22 August **the ECB published a statement in which it updated its supervisory forecast regarding prudential provisions due to the new non-performing exposures (NPEs)**. The supervisor has adapted its Pillar 2 expectations for certain exposures converted into NPEs starting from 1 April 2018, aligning them on the calendar with the Pillar 1 requirement recently added to the CRR as regards minimum coverage for these NPEs (known as the prudential backstop).

  The Group, aligned with the aim of reducing the current and future accumulation of doubtful positions, has carried out various initiatives, such as the sale of non-productive assets, as well as activities with the aim of improving the early NPL admission and management processes in order to reduce entries and adapt RAF metrics to ensure a comfortable compliance with regulatory requirements.

- **EBA** response, on 5 August and 4 December, to the European Commission's Call of Advice on the assessment of the implementation of the finalisation of Basel III reforms by the Basel Committee on Banking Supervision. Both reports set out policy recommendations: in the fields of credit risk, operational and output floor in the first, and the Fundamental Review of the Trading Book (FRTB), the credit valuation adjustment (CVA) risk framework and an assessment of the macroeconomic impact, in the second. They notably feature, for example, the EBA's negative stance vis-a-vis the maintenance of European specifics as the factor for supporting SMEs in credit risk, and CVA scope exclusions in the field of counterparty credit risk; they are in favour of the implementation –without alterations– of the Basel Committee's proposal.

  On 10 October the European Commission began the reference period, the result of which – together with the EBA's response to the Call of Advice – will be considered in the process of transposition to European standards.

  CaixaBank maintains an active role, both internally and externally, in the debate on the standard, carrying out successive exercises on assessment and contrasting of reasonableness in congruence with the implications and demands of other regulatory deployments.

Strategic events

Strategic Events are the most relevant adverse occurrences that may represent a medium-term threat to the CaixaBank Group. Only events that the entity is exposed to due to causes that are external to its strategy are considered, even if the severity of their impact can be mitigated through management.

In order to be able to anticipate and manage their effects, in this sense, the following most relevant strategic events identified in this financial year are listed below:

- **Uncertainties in relation to the geopolitical and macroeconomic environment**

  Economic perspectives point to a gentle deceleration of economic growth in forthcoming years in Spain, but the loss of trust or the emergence or aggravation of geopolitical events could cause a stronger slowdown than expected. Among other effects, this scenario would lead to diminished demand for loans and advances and the deterioration of credit quality.

Mitigating factors: an event of this nature could have a relevant financial impact. In this regard, the Group understands that such risks are sufficiently managed by its levels of capital and liquidity, validated by compliance with both external and internal stress exercises, and reported in the annual internal capital and liquidity adequacy assessment processes.

- **Persistence of an environment of low interest rates**

Although market expectations suggest the very gradual recovery of interest rates in the years to come, we cannot rule out the possibility that the current environment of ultra-low rates may go on for longer than expected, and that they may even decrease further.

Mitigating factors: the effects of an environment of persistently low interest rates could result in the materialisation of the structural interest rate risk and the business risk. The Group manages and controls both risks by continually monitoring compliance with the budget, measuring the impact on the economic value of the balance sheet and on the financial margin, according to generally accepted methodologies within the industry, and through the permanent analysis of the offer of new products and services that are betters suited to this environment from a perspective of balancing returns and risk.

- **New competitors with the possibility to disrupt**

There is an expectation that the competence of newcomers will increase, such as Fintechs, Agile Banks, Global Asset Managers and Bigtechs with the potential to disrupt in terms of competence or services. This could lead to the disaggregation and disintermediation of the chain of value, which in turn would lead to an impact on margins and crossed sales, given that we would be competing with more agile, flexible companies with very light cost structures. All of this could be worsened if the regulatory requirements applicable to these new competitors were not the same as those in place for current credit institutions.

Mitigating factors: the Group considers new entrants a threat, whilst also seeing an opportunity for collaboration, learning and stimulus to meet the objectives of digitalisation and business transformation established in the Strategic Plan. The Group periodically monitors the main newcomers and the BigTech movements within the industry. The Group also has Imagin as a first-rate value proposal that it will continue to leverage. With respect to the competition from Bigtechs, the Group is committed to improving the customer experience with the added value resulting from its social sensitivity (bits and trust), whilst suggesting potential collaboration approaches (open banking).

- **Cybersecurity**

The volume and severity of cybersecurity events increased in 2019. In parallel, regulators and supervisors have escalated the priority of this field.

Mitigating factors: the Group is also well aware of the importance and extent of the existing threat, and thus is constantly reviews the technological environment and applications: in its aspects of integrity and confidentiality of information, as well as the availability of systems and business continuity, both with planned reviews and continuous auditing by monitoring the defined risk indicators. Furthermore, the Group is conducting the analyses needed to adapt its security protocols to new challenges, and has defined a new strategic plan for information security, so that it can remain on the cutting edge of information protection in accordance with the best market standards.

- **Risks related to climate change**

Conceptually, the risks associated with climate change are classified as physical risks and transitional risks. The former emerge as a result of climatic and geological events and changes in the balance of ecosystems, and can be gradual or abrupt. They can entail physical damage to assets (infrastructures, properties), disruptions in production or supply and/or changes in the productivity of economic activities (agriculture, energy production). Meanwhile, transitional risks are associated with the fight against climate change and the transition towards a low-carbon economy. They include factors such as regulatory changes, the development of alternative energy-efficient technologies, changes in market preferences or reputational factors associated to activities with a high impact.

Mitigating factors:

CaixaBank actively manages environmental risks and those associated to climate through the different lines of activity of its Road Map, including:

- Implementing an Environmental Risk Management Policy

- Defining and deploying environmental and climate change governance to supervise fulfilment of the Group's objectives
- Risk Metrics, ensuring that they comply with the risk appetite defined, applicable regulations and stakeholder expectations.
- External Reporting in accordance with applicable regulations and best practices.
- Communication that effectively and transparently provides the information required by stakeholders on this matter.
- Taxonomy: structure and categorise customers, products and services from an environmental and climate change perspective, in accordance with global standards and regulatory requirements currently being developed.
- Business opportunities: ensure that CaixaBank capitalises on current and future business opportunities relating to sustainable funding/investment under the framework of the Environmental Strategy, including the issuance of sustainable and/or green bonds.

Specifically, in relation to modelling physical and transitional risks, since mid-2019, CaixaBank has participated in the second pilot project of UNEP FI to implement the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures) in the banking sector (TCFD Banking Pilot Phase II) with a focus on developing methodologies and tools to analyse physical and transitional climate-related risk scenarios.

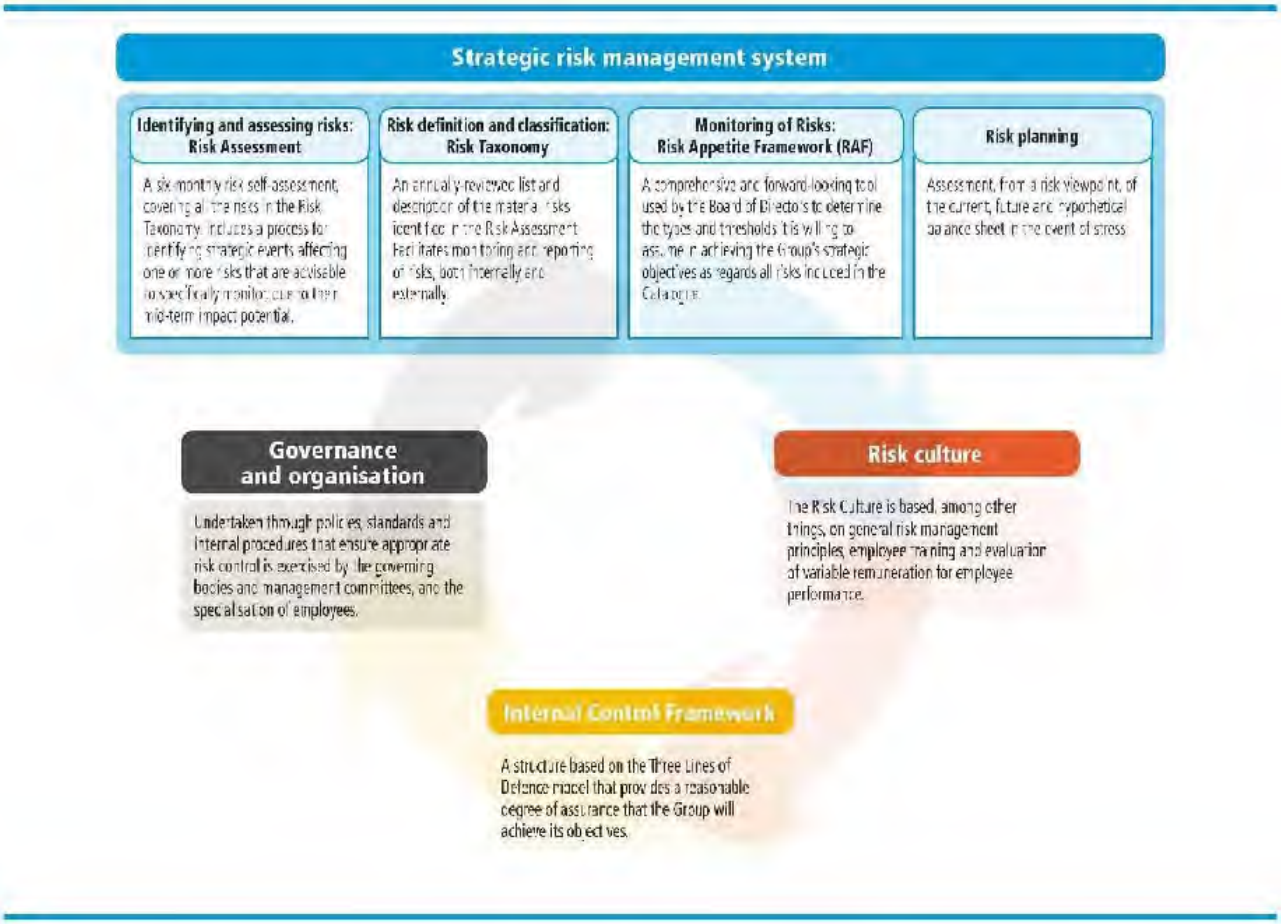
- **Pressure from the legal, regulatory or supervisory environment.**

The risk of increased pressure from the legal, regulatory or supervisory environment are some of the risks identified in the risk self-assessment that could entail a higher impact in the short-medium term. Specifically, we have observed a need to continually monitor new legislative proposals and changes to regulations in force, given the high activity of legislators and regulators in the financial sector; there is a greater concern to minimise errors in the consulting processes regarding different legal issues and regulatory interpretation; reducing the lawsuit management shortcomings; and improving the management of the requirements of regulators/supervisors and of the penalty proceedings that may be brought.

Greater concern is also placed on personal data privacy and protection and in compliance with regulations and standards related to activities carried out by employees or agents that may harm the interests and rights of our customers.

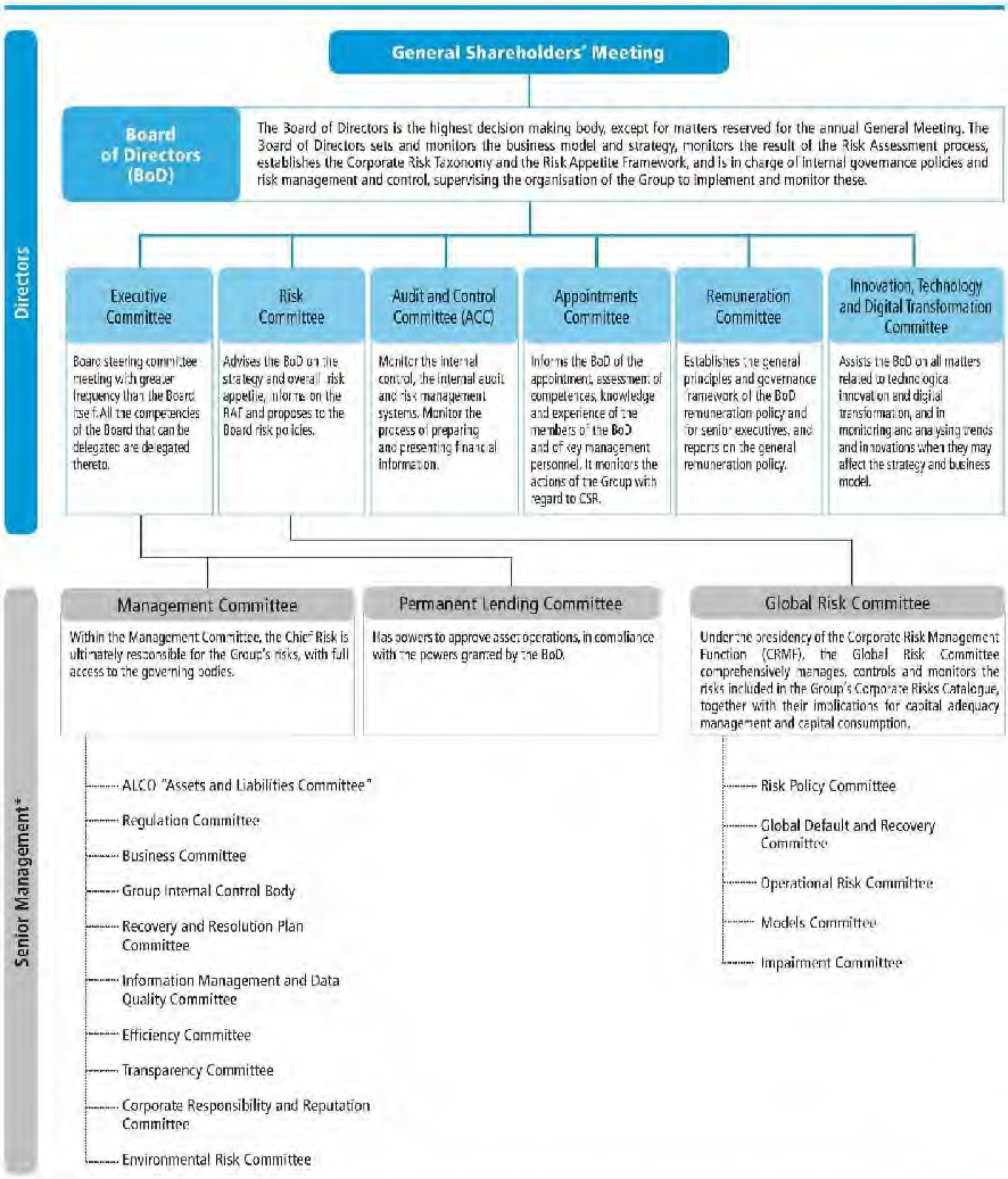
Mitigating factors: As part of the risks of the Group Taxonomy, its management and control is regularly monitored. Following on from this, the monitoring indicators of its risk appetite have also been improved by the management and governance bodies.

The main features of the Group's risk management and control framework are described below to provide a comprehensive overview thereof:



3.2.1. Governance and organisation

The organisational diagram in relation to the governance of the Group's risk management is displayed below:



* Acting within the framework of the assigned duties it comprises several committees for risk governance, management and control.
N.B. Not all the committees are shown.

The Chief Risks Officer (CRO) is a member of the Management Committee, and is the person ultimately responsible for coordinating the management, monitoring and control of the Group's risks. The CRO operates independently of the business areas and has full access to the Governing Bodies of the Group.

One of the General Management's most important missions, in collaboration with other areas of the Group, is to head up the process of implementing instruments across the entire branch network to ensure integral risk management, the ultimate aim being to attain a balance between the risks assumed and the expected returns.

The Corporate Risk Management Function, as the element responsible for the development and implementation of the risk management and control framework and the second line of defence (see Note 3.2.4.), acts independently of the risk-taking areas and has direct access to the Group’s Governing Bodies, especially the Risk Committee, reporting regularly to its members on the status of the Group’s risk profile and any expected changes thereof.

3.2.2. Strategic risk management system

The Group has a strategic risk management system in place to identify, measure, monitor, control and report risks that is based on the following processes:

Risk Assessment

The Group conducts a risk self-assessment process every six months, seeking to:

- Identify, assess, classify and internally report significant changes in inherent risks assumed in its environment and business model.
- Make a self-assessment of its risk management, control and governance capacity, as a tool to help detect best practices and weaknesses in relation to risks.

The result of this self-assessment is reported at least annually, first to the Global Risk Committee and then to the Risk Committee, before finally being submitted to the Board of Directors for approval.
The Risk Assessment is one of the main sources for identifying strategic events (see note *3.1. Environment and risk factors*).

Corporate Risk Taxonomy

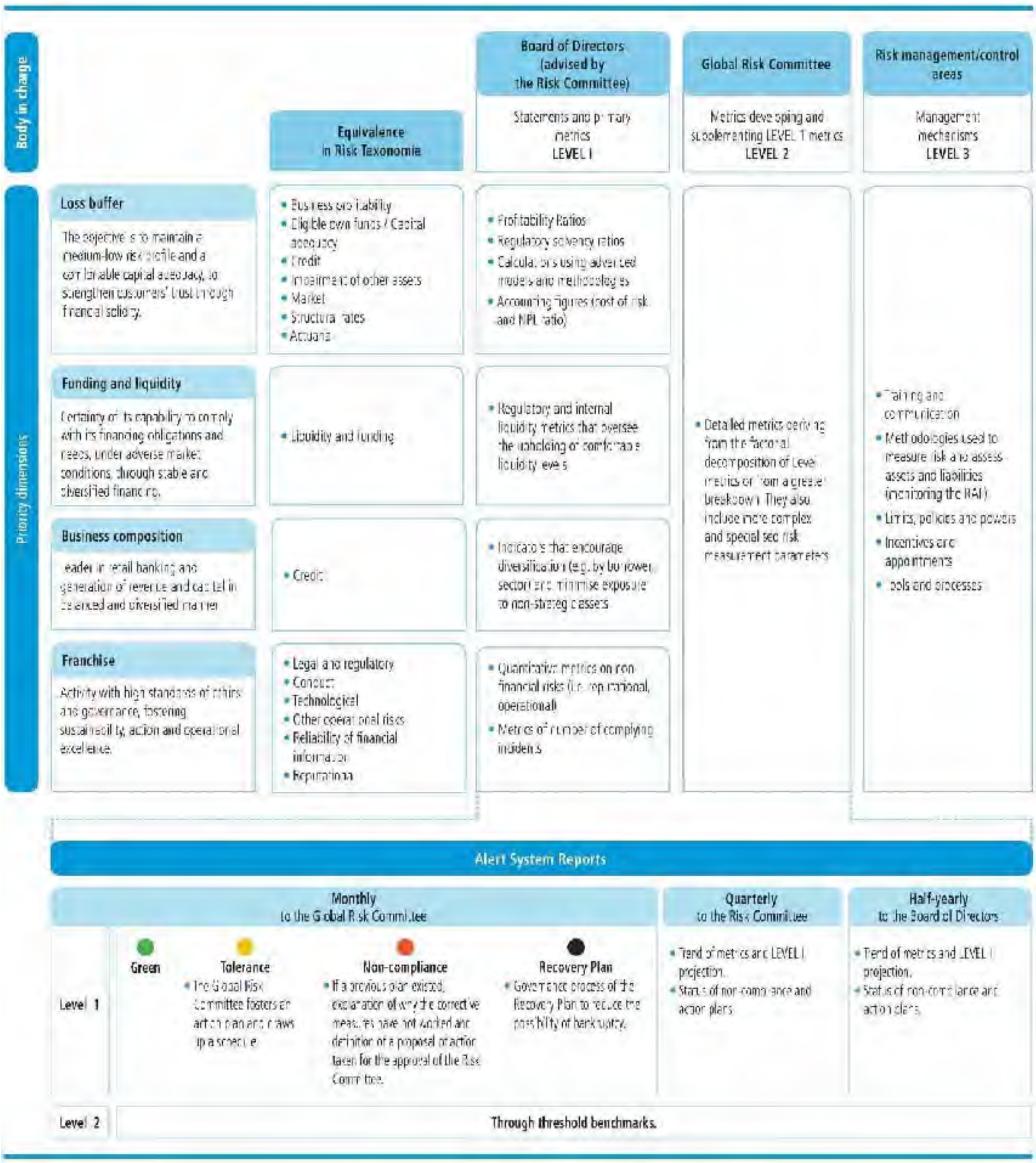
The Group has a Corporate Risk Taxonomy that facilitates the internal and external monitoring and reporting of risks:

Risks	Description
Business model risks	
Business	Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns that exceeds the cost of capital.
Eligible own funds / Capital adequacy	Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.
Liquidity and funding	Risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.
Risks affecting financial activity	
Credit	Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty about a customer's or counterparty's ability to meet its obligations to the Group.
Impairment of other assets	Reduction of the carrying amount of shareholdings and non-financial assets (tangible, intangible, tax assets and other assets) of the CaixaBank Group.
Market	The value decrease of the assets or value increase of the liabilities included in the trading portfolio, due to fluctuations in rates, exchange rates, credit spreads, external factors or prices on the markets where those assets/liabilities are traded.
Structural rates	Negative impact on the economic value of the balance sheets items or on the financial margin due to changes in the temporary structure of interest rates and its impact on asset and liability instruments and those outside of the Group's balance sheet not recorded in financial assets held for trading.
Actuarial	Risk of a loss or adverse change to the value of the commitments assumed through insurance or pension contracts with customers or employees due to the differences between the estimate for the actuarial variables used in the tariff model and reserves and the actual performance of these.
Reputation and Operational risks	
Legal/Regulatory	The potential loss or decrease in the profitability of the CaixaBank Group as a result of changes in the legislation, of the incorrect implementation of this legislation in the CaixaBank Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.
Conduct	The application of conduct criteria that run contrary to the interests of customers and stakeholders, or acts or omissions that are not compliant with the legal or regulatory framework, or with internal codes and rules, or with codes of conduct and ethical and good practice standards.
Technological	Risks of losses due to hardware or software inadequacies or failures in technical infrastructure, due to cyberattacks or other circumstances, that could compromise the availability, integrity, accessibility and security of the infrastructures and data.
Other operational risks	Losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, risk factors related to outsourcing, the use of quantitative models, the custody of securities or external fraud.
Reliability of financial information	Deficiencies in the accuracy, integrity and criteria of the process used when preparing the data necessary to evaluate the financial and equity position of the CaixaBank Group.
Reputational	The possibility that the CaixaBank Group's competitive edge could be blunted by loss of trust by some of its stakeholders, based on their assessment of real or purported actions or omissions carried out by the Group, its Senior Management or Governing Bodies, or due to the bankruptcy of related unconsolidated entities (step-in risk).

The Corporate Risk Taxonomy is subject to ongoing review, particularly on risks of a material impact. The taxonomy is reported at least annually, first to the Global Risk Committee and then to the Risk Committee, before finally being submitted to the Board of Directors for approval.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Group's strategic objectives. These goals are not only displayed through risk tolerance levels but the RAF also considers minimum risk appetite statements, such as the tax risk monitoring under legal risk covered in the Corporate Risk Taxonomy. The RAF therefore sets the risk appetite for the Bank's activities.



Risk planning

The Group has institutional processes in place for assessing – from a risk viewpoint – changes to the balance sheet (current, future and hypothetical) in stress scenarios. The Group plans the expected performance of the different factors and ratios that define the future risk profile, as part of the current Strategic Plan, the compliance of which is regularly monitored.

Additionally, changes in this profile are evaluated for potential stress scenarios, in both internal and regulatory tests (ICAAP, ILAAP, EBA stress tests). In this way, the management team and governing bodies are provided with an overview of the Group's resilience in the face of internal and/or external events.

3.2.3. Risk Culture

General risk management principles

The general principles guiding risk management in the Group can be summarised as follows:

- Risk is inherent to the Group's business
- Risk is the ultimate responsibility of the Board of Directors
- Involvement of the entire organisation
- Management throughout the full cycle of transactions
- Joint decision-making, with an authorisation system always requiring approval by two employees
- Independence of business and operating units
- Approval based on the borrower's repayment ability and an appropriate return.
- The use of standard criteria and tools
- Decentralised decision-making
- Use of advanced techniques
- Allocation of appropriate reserves
- Ongoing training and development of responsibilities.

Training

In the area of Risks, Senior Management defines the content of all training for functions supporting the Board/Senior Management covering specific matters that help high-level decision-making, as well as the rest of the organisation's functions, especially as regards branch network personnel. This is carried out to ensure: communication of the RAF throughout the whole organisation; the decentralisation of decision-making; the updating of risk analysis competencies; and optimisation of risk quality.

The Group structures its training programme through the Risk School. It sees training as a strategic tool to provide support to business areas, whilst providing a conduit for disseminating the Group's risk policies, providing training, information and tools for all of the personnel. This proposal comprises a training circuit for specialising in risk management. This is linked to the professional development of the entire workforce from Retail Banking staff through to specialists in any field.

The figures for the Group's main training initiatives in the field of promoting risk culture are as follows:

RISK CULTURE AND TRAINING

COURSE	TITLE	GROUP TRAINED	NUMBER OF INDIVIDUALS YEAR
Basic Banking Risk course *(fourth edition)*	Basic level university qualification	Generalist managers and staff from the business network of branches and other stakeholders who may need a basic knowledge of the organisation's risk management criteria to carry out their work	272
Postgraduate diploma in Banking Risk Analysis *(seventh edition)*	University diploma	Business network branch deputy managers and managers and other stakeholders who, given their role, may be involved in approving loans or may require in-depth knowledge of risk	318
Specialist training in risks for AgroBank branches *(first edition)*	Speciality	Employees that make up the AgroBank branch network	1,957
Specialist training in risks for BusinessBank branches *(first edition)*	Speciality	Employees that make up the BusinessBank branch network	277
Specialist training in risks for Private Banking branches *(first edition)*	Speciality	Employees that make up the Private Banking network	552
New training in Property Credit Contract Act 5/2019 *(first and second edition)*	University qualification	A refresher course on the new act 5/2019 intended for employees that comprise the Retail, Business and Risk network	9,842

Communication

Promoting the corporate risk culture is a key element for maintaining a robust and coherent framework in line with the Group's risk profile. The corporate risk intranet is a particularly relevant tool in this regard, providing a dynamic environment for directly communicating key updates in the risk environment. It is notable for its content on news, institutional information, sector information and training.

Performance assessment and remuneration

As described in the RAF section, the Group works to ensure that the motivation of its employees is consistent with its risk culture and compliance with the levels of risk that the Board is prepared to take on.

Along these lines, there are compensation schemes directly linked to the annual progress of the RAF metrics and which are specified in the Annual Remunerations Report.

3.2.4. Internal Control Framework

The Group has an Internal Control Framework in accordance with: i) the EBA Guidelines on Internal Governance of 21 March 2018, implementing internal governance requirements established in Directive 2013/36/EU of the European Parliament, and ii) with other regulatory guidelines on control functions applicable to financial institutions and to the recommendations of the CNMV, providing a reasonable degree of assurance that the Group will achieve its objectives.

Additionally, CaixaBank has completed the establishment – in the Group's interest – of general activity principles and criteria in practically all its activity fields, through the approval of the corresponding corporate policies. These policies have been forwarded to the subsidiaries that – within their scope of autonomy and responsibilities – have adapted, applied and developed them, taking into account their applicable specific regulatory field.

The guidelines for the Group's Internal Control Framework are set out in the Internal Corporate Control Policy and are structured around the "three lines of defence" model, in line with regulatory guidance and best practices in the sector:

Corporate risks	First line of defence[1]	Second line of defence			Third line of defence
		C	RMF[2]		
			CRMF	CIF	
Business	Accounting, Management Control and Capital EM			●	Internal audit
Eligible own funds / Capital adequacy	Accounting, Management Control and Capital EM			●	
Funding and liquidity	Finance EM		●		
Credit	Business GM, Risk GM, CIB and International Banking EM, NPL, Recoveries and Foreclosed Assets EM		●		
Impairment of other assets	Intervention, Management Control and Capital EM, Legal Advice EM and Foreclosed Assets EM		●	●	
Market	Finance EM		●		
Structural rate	Finance EM		●		
Actuarial	Insurance EM		●		
Legal and regulatory	Legal Advice EM	●			
Conduct	Business GM, Legal Advice EM, Finance EM and CIB and International Banking EM	●			
Technological	Resources EM		●		
Other operational risks	Resources EM, Business GM and CIB and International Banking EM		●		
Reliability of financial information	Accounting, Management Control and Capital EM		●	●	
Reputational	EM of Communication, Institutional Relationships, Brand and CSR and GM of Business	●			

(1) Areas of the Management Committee are identified, as well as other specific fields in particular.
(2) Risk Management Function (RMF), comprising the Corporate Risk Management Function & Planning and Internal Financial Control (IFC).
C - Compliance
GM - General Management
EM - Executive Management

First line of defence

It comprises the business lines (risk-taking areas) and supporting functions that bring about the Group's exposure to risks during the course of its activity. They take risks and are responsible for their ongoing management. They are responsible for developing and maintaining effective controls over their businesses, and for identifying, managing and measuring, controlling, mitigating and reporting the main risks that arise throughout their activity. Among other activities, their tasks include the identification, assessment and notification of exposures, considering the bank's risk appetite, the authorised risk limits and policies, procedures and controls in place.

The manner in which the business line carries out its responsibilities must reflect the Bank's current risk culture, as defined by the Board of Directors.

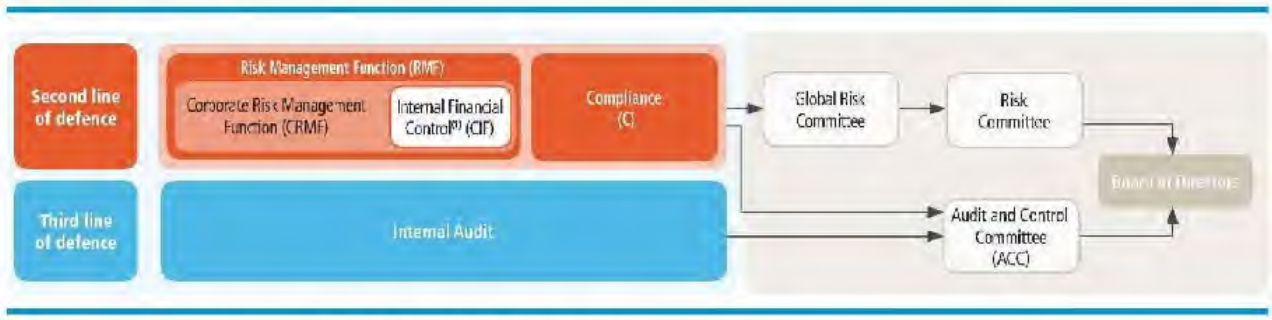
These functions may be embedded in the business units and support areas. However, when a situation's complexity, intensity or need for focus require it, specific control units with greater specialism are set up to ensure that the risks are properly controlled.

Second line of defence

The functions included in the second line of defence act independently of the business units and comprise:

- The establishment of risk management and control policies in coordination with the first line of defence, assessing their subsequent compliance.
- The identification, measurement and monitoring of the risks (including emerging risks), contributing to the definition and implementation of risk indicators aligned with the RAF.
- They coordinate the compliance and monitoring of strategic risk management processes: Risk Assessment, the Corporate Risk Taxonomy and the RAF.
- Regular monitoring of the effectiveness of first line of defence indicators and second line of defence indicators, in relation to the established risk profiles.
- Following up control weaknesses that are identified, as well as establishing and implementing Action Plans.
- Performing independent checks on the internal models.

The activities of the second line of defence, in the same way as i) the identified weaknesses, ii) the monitoring of action plans and iii) the opinion on the adequacy of the control environment in the Group, are regularly reported to the bodies responsible for the control environment, following the established hierarchy, as well as to supervisory bodies.



(1) Reports to the Financial Accounting, Control and Capital Executive Body.

The second line of defence is organised among the Risk Management Function (RMF) and Compliance. The RMF comprises the following areas:

- Corporate Risk Management Function & Planning (CRMF)

  The CRMF is responsible for identifying, measuring, assessing, managing and reporting the risks under its remit, having a comprehensive view of all the Group's risks. For that purpose, all the aspects considered as relevant for exercising its responsibilities that are implemented by second line of defence functions without hierarchical dependency will be reported to the CRMF.

  In addition, on matters that fall within its remit, the CRMF: i) monitors the internal organisation of the second line of defence, general plans and activities, and assessed their effectiveness; ii) oversees the appropriate scaling of the second line of defence in order to ensure effective management of its responsibilities, monitors its objectives as well as improvement projects relating to risk management and monitoring processes and systems; and iii) provides assurance to Management and Governing Bodies that risk control policies and procedures are in place in the organisation, and that they are designed correctly and applied effectively, evaluating the risk control environment. In addition, the CRMF must strengthen coordination mechanisms of Risk Management Units of the first, second and third lines of defence, as necessary.

Model Validation and Risk (MVR)

The CaixaBank Internal Validation Function is carried out by the Model Validation and Risk unit, which reports to the RMF. Its objective is to issue an independent technical report on the suitability of internal models used for internal management purposes, and/or of a regulatory nature, within the Group. Its scope of action includes reviewing the methodological aspects, the integration into management (adaptation of the use of models, among others), verifying the existence of an IT environment with sufficient data quality, and other transversal aspects (such as governance of the model or other documental aspects).

The Validation Function's activities are aligned with regulatory requirements of the various oversight mechanisms.

The findings of any Validation Function review activity are used as the basis for an overall opinion and issuance of recommendations, where necessary.

Additionally, since 2019, the Model Risk Function, located in the same Department, oversees deployment of the Model Risk Management Framework from a transversal perspective, including model identification, their governance and risk model monitoring as key pillars.

- Internal Financial Control (IFC)

The Internal Financial Control department, which falls within the Executive Financial Accounting, Control and Capital department, is functionally integrated into the RMF and performs functions as the second line of defence in relation to the following risks: i) business; ii) Eligible own funds/capital adequacy; iii) impairment of other assets; and iv) the reliability of the financial information.

As regards Compliance (C),

The Office of Compliance is a function that is dependent upon the CEO and reports directly, within the scope of its activities, to Senior Management, to Governance Bodies and to supervisory bodies (Bank of Spain, ECB, Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences SEPBLAC, Treasury, CNMV and other bodies).

The Compliance supervision model is based on four main management mechanisms: i) defining and maintaining a detailed taxonomy of risks in each area of activity; ii) Annual compliance plan, where the activities for overseeing and reviewing internal procedures are determined according to their criticality; iii) monitoring gaps (control deficiencies or regulatory breaches) identified, either by the first line of defence, via the activities integrated in the Compliance Plan, or by reports from external experts, reports on the inspections of the supervisory bodies, customer complaints, etc. and improvement Action Plans, which are subject to regular monitoring; iv) reporting and scaling of the relevant information, monitoring inspections or deficiencies in the area of Compliance.

Furthermore, the Compliance function carries out advisory activities on the matters that fall under its responsibility, and carries out actions to develop and transform the Compliance “culture”. This is done by redesigning technology-based processes, through awareness-raising and communication plans conducted throughout the organisation, and through training activities, establishing a compulsory regulatory training plan which is linked to the annual bonus.

Another activity that is undertaken is to ensure that best practices in integrity and rules of conduct are followed. To do this, among other things, a confidential whistle-blowing channel is provided.

Third line of defence

In order to establish and preserve the function's independence, Internal Audit Executive Management functionally reports to the Chair of the Board of Director's Audit and Control Committee, without prejudice to the fact that it must report to the Chairman of the Board of Directors for the due compliance of duties.

Internal Audit has a rule book governing how it operates, which has been approved by the Board of Directors. It establishes that it is an independent and objective assurance and consultation function, established to add value and improve operations. Its objective is to provide reasonable assurance to Senior Management and the Governing Bodies with regard to:

- The effectiveness and efficiency of internal control systems in offsetting the risks associated with the Group's activities;
- Compliance with prevailing legislation, especially the requirements of Supervisors and the appropriate application of the defined RAF.
- Compliance with internal policies and regulations, and alignment with best practices and uses in the sector, for adequate internal governance of the Group.

- The reliability and integrity of financial and operational information, including the effectiveness of Internal Control over Financial Reporting (ICFR).

Its main supervisory functions include:

- The adequacy, effectiveness and implementation of policies, regulations and procedures.
- The effectiveness of controls.
- Adequate measurement and monitoring of first line of defence and second line of defence indicators.
- The existence and correct implementation of action plans to remedy shortcomings in controls.
- The validation, monitoring and assessment of the control environment by the second line of defence.

Its functions also include: i) preparing the multi-year Annual Audit Plan based on risk assessments, which includes regulatory requirements and tasks and projects requested by Senior Management/the Management Committee and the Audit and Control Committee; ii) reporting regularly on the conclusions of the work carried out and shortcomings identified to Governing Bodies, Senior Management, external auditors, supervisors and other applicable control and management areas; and iii) adding value by preparing recommendations to address weaknesses detected in reviews and monitoring their implementation by the appropriate centres.

3.3.1. Overview

Credit risk corresponds to a decrease in the value of the CaixaBank Group's assets due to uncertainty about a customer's or counterparty's ability to meet its obligations to the Group. It is the Group's most significant risk financial activity, based on banking and insurance marketing, treasury operations and long-term equity instruments.

The maximum credit risk exposure of the financial instruments included under the financial instruments headings on the asset side of the balance sheet, including counterparty risk, are set out below:

MAXIMUM EXPOSURE TO CREDIT RISK
(Millions of euros)

	31-12-2019		31-12-2018	
	MAXIMUM EXPOSURE TO CREDIT RISK	HEDGING	MAXIMUM EXPOSURE TO CREDIT RISK	HEDGING
Financial assets held for trading (Note 11)	1,176		1,103	
Equity instruments	457		348	
Debt securities	719		755	
Financial assets not designated for trading compulsorily measured at fair value through profit or loss (Note 12)	427		704	
Equity instruments	198		232	
Debt securities	63		145	
Loans and advances	166		327	
Financial assets at fair value with changes in other comprehensive income (Note 13)	18,371		21,888	
Equity instruments	2,407		3,565	
Debt securities	15,964		18,323	
Financial assets at amortised cost (Note 14)	249,408	(4,706)	248,299	(5,717)
Debt securities	17,395	(6)	17,064	(4)
Loans and advances	232,013	(4,700)	231,235	(5,713)
Central banks	6		5	
Credit institutions	5,155	(2)	7,550	
Customers	226,852	(4,698)	223,680	(5,713)
Trading derivatives and hedge accounting	3,854		3,906	
Assets under the insurance business (Note 17)	72,683		61,688	
TOTAL ACTIVE EXPOSURE	**345,919**	**(4,706)**	**337,588**	**(5,717)**
TOTAL GUARANTEES GIVEN AND CONTINGENT COMMITMENTS (*)	**98,340**		**89,027**	**(355)**
TOTAL	**444,259**	**(4,706)**	**426,615**	**(6,072)**

(*) The CCF (Credit Conversion Factors), for guarantees given and loan commitments, at 31 December 2019 and 2018, amount to EUR 71,818 and EUR 59,416 million.

The maximum exposure to credit risk is the gross carrying amount, except in the case of derivatives, which is the exposure value according to the mark-to-market method, which is calculated as the sum of:

- Current exposure: the highest value between zero and the market value of an operation or of a portfolio of operations in a set of operations that can be offset with a counterparty that would be lost in the event of non-payment of the counterparty, assuming that none of the value of the operations will be recovered in the event of insolvency or settlement beyond the collateral received.
- Potential risk: variation of the credit exposure as a consequence of the future changes of the valuations of operations that can be offset with a counterparty during the residual term until maturity.

Regarding its ordinary business, the group gears its lending activity towards meeting the funding needs of households and businesses in an environment with a medium-low credit risk profile, in line with the RAF, while maintaining its position of leadership in loans to individuals and SMEs, as well as providing more value-added services to the large companies segment.

The following principles and policies support the credit risk management at the Group:

- An appropriate relationship between income and the expenses borne by consumers.
- Documentary proof of the information provided by the borrower and the borrower's capital adequacy.
- Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation.
- An appropriate independent assessment of real estate collateral.

3.3.2. Credit risk cycle

The full credit risk management cycle covers the entire life of the transaction, from feasibility studies and the approval of risks as per established criteria, to monitoring solvency and returns and, ultimately, to recovering non-performing assets. Diligent management of each of these stages is essential to successful recovery.

3.3.2.1. Approval and granting

The process for admitting and approving new loans is based on the analysis of four key issues: the parties involved, the purpose of the loan, the ability to repay and the characteristics of the transaction.

The electronic-file-based power system assigns an approval level by default to employees holding a position of responsibility according to the delegation established by Management as the standards associated with their position.

The authority system is based on the study of four key parameters:

- **Amount**: the amount applied for plus any risk already granted. The amount of the operation is defined through two alternative methods according to the sector to which the operations belong:
  - Product-weighted loss: based on the expected-loss calculation formula, it takes into account the risk appetite according to the nature of each product. This system is used for applications where the principal borrower is a legal person.
  - Nominal: it factors in the nominal amount and guarantees of risk operations. It applies to individuals.
- **Guarantee**: the group of assets and/or funds pledged to secure fulfilment of a repayment obligation.
- **General Risk Policy**: raft of policies identifying and assessing the relevant variables of each type of transaction. They mainly involve specific processing with reference to operations of a small relative amount, refinancing, person's alerts, risk monitoring activity, debt ratios and scoring diagnosis.
- **Term:** term of the requested transaction, correlated with the purpose of the transaction. There are specific policies according to the type of operation and its term, which require a higher level of authority for their approval.

In order to streamline the loan approval process for individuals and self-employed workers, there is a risk approval centre that handles applications from individuals and commits to providing a response within 48 hours. In addition, applications are pre-approved in certain cases through specific channels. Furthermore, applications by legal entities are distributed on a regional level via Risk Acceptance Centres (RACs), which manage the applications within their power levels, and transfer them to specialised Central Service centres in the event the application exceeds their powers. Except those that can be approved at branch level or by the Business Area Manager, the risk of operations can only be approved when countersigned by a business manager and risk manager.

In particular, the internal organisation of Business Risk Approvals at Central Services is based on the following specialised structure, according to the type of risk and marketing channel:

- **Corporate Risk**: centralises business groups with annual turnover above EUR 200 million in Corporate centres.
- **Business Risk**: legal persons or business groups with turnover up to EUR 200 million and those with turnover over EUR 200 million not managed by Corporate centres.
- **Real Estate Risk**: covers developers in any segment, regardless of turnover, and real estate investment companies.

- **Tourism and Agri-food Risk**: covers all companies and business groups that operate in the tourism and food and agriculture sectors. It also includes self-employed professionals in the farming sector.
- **Project Finance**: includes all transactions presented under the project finance scheme.
- **Institutional Banking**: comprises autonomous or central government institutions, town councils and local institutions in regional capitals or towns with more than 30,000 inhabitants, and members of economic groups or management groups whose representative/parent meets the aforementioned criteria.
- **Sovereign, Country and Financial Institution risk**: responsible for granting and managing country risk and banking risk inherent in funding transactions for the various segments.
- **Individual Risk Approval**: centralises the granting of loans to individuals (retail customers and self-employed professionals, the latter not including self-employed professionals in the farming sector).

Lastly, the Permanent Credit Committee holds the power to approve individual operations up to EUR 100 million, provided the accumulated risk with the customer is equal to or lower than EUR 150 million and, in general, it holds powers to approve operations that involve exceptions to the characteristics of those that can be approved in branches and in the RACs. In the event of exceeding the aforementioned amounts, the power of approval corresponds to the Executive Committee.

On the other hand, there are policies, methods and procedures for studying and granting loans, or responsible lending, as required in Act 2/2011 on Sustainable Economy and Order EHA/2899/2011 on transparency and protection of customers of banking services, or the more recent Property Credit Contract Regulatory Act 5/2019, of 15 March.

For pricing purposes, all the factors associated with the operation will be considered. In other words, costs involving structure, financing, customer historical profitability and expected loss of the operation. In addition to these costs, operations must provide a minimum contribution to economic capital requirements, which will be calculated net of tax.

Tools related to pricing and RAR (Risk-Adjusted Return) allow the highest standards to be reached in controlling the balance between risk and return, making it possible to identify the factors determining the returns of each customer more easily and, thus, to analyse customers and portfolios in accordance with their adjusted returns.

The Chief Business Officer is responsible for approving the prices of the operations. Following on from this, the determination of the prices is subject to a power system focused on obtaining minimum compensation and, additionally, on establishing margins according to different businesses.

3.3.2.2. Mitigation of the risk

The Group's credit risk management profile is characterised by a prudent granting policy, at a price in keeping with the conditions of the borrower and suitable hedges/guarantees. In any case, long-term operations must have more robust guarantees due to the uncertainty deriving from the passing of time. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the operation.

For accounting purposes, effective guarantees or collateral are collateral and personal guarantees that can be demonstrated as valid as risk mitigators, according to: i) the amount of time required for their enforcement; ii) the ability to realise the guarantees; and iii) the experience in realising the same. The different types of guarantees and collateral, along with the policies and procedures in their management and assessment, are as follows:

- Personal guarantees: most of these relate to risk operations with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant. For individuals, collateral is estimated on the basis of asset declarations. Where the backer is a legal entity, it is analysed as the borrower for the purposes of the approval process.
- Collateral: the main types of collateral accepted are:
  - Guarantees pledged or set up for the solvency of holders and guarantors: they notably include the pledge of operations of liabilities or the intermediated balances. To be admitted as collateral, financial instruments must, among other requirements: i) be free of liens and charges; ii) their contractual definition must not restrict their pledge; and iii) their credit quality or change in value must not be related to the borrower. The pledge remains in place until the loan matures, it is repaid early, or it is derecognised.
  - Mortgage guarantees or those affecting to specific goods: this is a real right on immovable property given as security for an obligation.

Internal policies establish the following:

- The procedure for approval of guarantees and the requirements for drawing up operations, e.g. the documentation that must be supplied to the Group and the mandatory legal certainty of this documentation.
- The review processes for the appraisals registered, in order to ensure proper monitoring and control of the guarantees. Regular processes are also carried out to check and confirm the appraisal values, in order to detect any anomalies in the procedures used by the valuation companies supplying the Group.
- The outlay policy, mainly concerning property development and self-development operations.
- The loan-to-value (LTV) of the operation. The capital to be granted in mortgage operations is limited to percentages of the value of the guarantee, which is defined as the lowest of the appraisal value and, if the transaction is a purchase, the value shown on the official deed. IT systems calculate the level of approval required for each type of transaction.
- Credit derivatives: guarantors and counterparty. The Group occasionally uses credit derivatives, contracted with entities with a high credit level and protected by collateral contracts, to hedge against credit risk.

The breakdown of guarantees received in the approval of the Group's lending transactions is as follows:

CATEGORISATION BY STAGE OF THE AFFECTED GUARANTEES AND CREDIT INVESTMENT (*)
(Millions of euros)

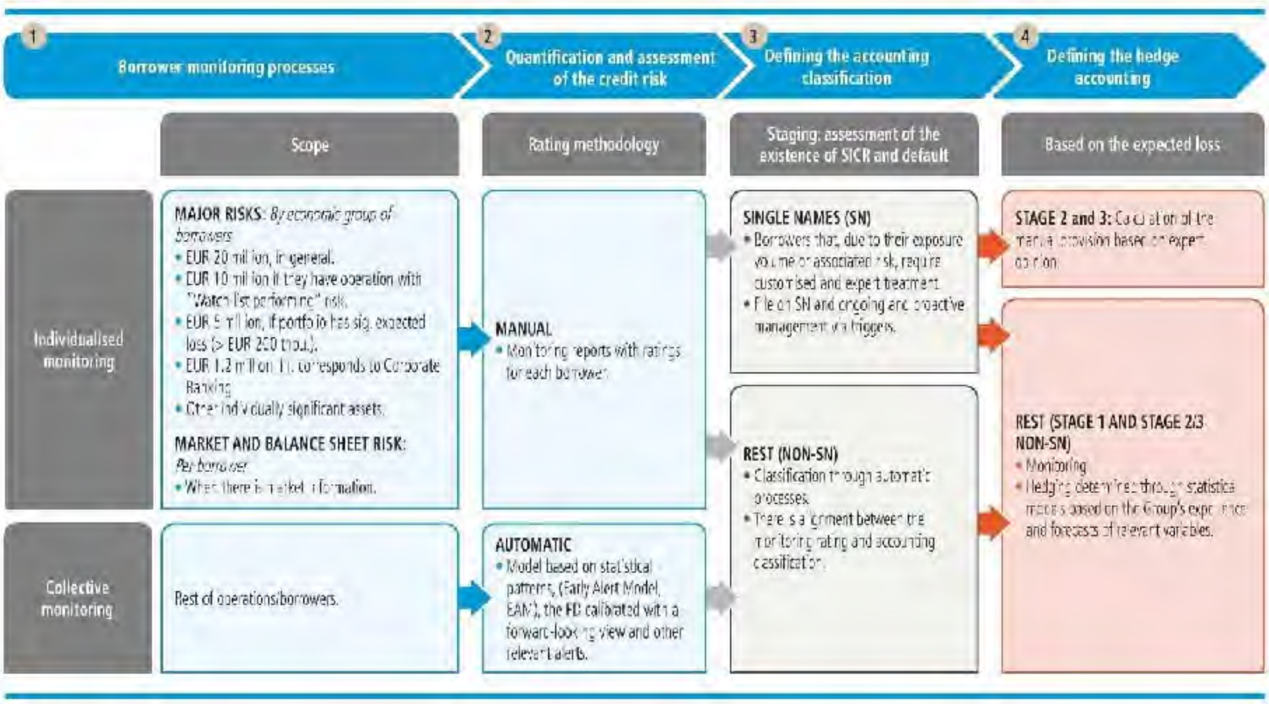
	31-12-2019			31-12-2018			01-01-2018 (**)		
	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT	VALUE OF COLLATERAL	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT	VALUE OF COLLATERAL	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT	VALUE OF COLLATERAL
Stage 1:	**201,418**	**(574)**	**288,562**	**194,618**	**(688)**	**290,246**	**191,744**	**(966)**	**317,649**
Unsecured loans	85,996	(374)	0	78,459	(320)	0	75,395	(907)	
Real estate collateral	108,218	(116)	281,058	110,276	(201)	284,512	107,094	(119)	301,993
Other collateral	7,204	(84)	7,504	5,883	(167)	5,734	9,255	60	15,656
Stage 2:	**15,541**	**(708)**	**21,552**	**16,328**	**(741)**	**24,636**	**15,663**	**(589)**	**14,415**
Unsecured loans	5,270	(378)	0	4,883	(339)	0	5,974	(445)	
Real estate collateral	9,833	(249)	21,109	10,856	(302)	24,099	9,050	(130)	14,018
Other collateral	438	(81)	443	589	(100)	537	639	(14)	397
Stage 3:	**8,387**	**(3,416)**	**9,929**	**10,733**	**(4,292)**	**15,605**	**13,781**	**(6,018)**	**15,456**
Unsecured loans	2,257	(1,658)	0	2,614	(1,550)	0	3,630	(2,946)	
Real estate collateral	5,962	(1,656)	9,831	7,897	(2,630)	15,527	9,896	(2,931)	15,352
Other collateral	168	(102)	98	222	(112)	78	255	(141)	104
LOANS	225,346	(4,698)	320,043	221,679	(5,721)	330,487	221,188	(7,573)	347,520
Stage 1:	1,672			2,015	(6)	0	1,870	(5)	
ADVANCES	1,672	0	0	2,015	(6)	0	1,870	(5)	0
TOTAL	**227,018**	**(4,698)**	**320,043**	**223,694**	**(5,727)**	**330,487**	**223,058**	**(7,578)**	**347,520**

(*) Includes loans and advances to customers under the headings "Financial assets at amortised cost" (Note 14) and "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" (Note 12)
(**) See Note 1.4 - Comparison of information

On the other hand, counterparty risk mitigation measures are specified in section 3.3.5.

3.3.2.3. Monitoring and measurement of credit risk

The Group has a monitoring and measurement system that guarantees the coverage of any borrower and/or operation through methodological procedures adapted to the nature of each holder and risk:



① *Borrower monitoring processes*

The aim is to determine the quality of the risk assumed with the borrower ("Monitoring Rating") and actions that need to be taken according to the result, including the estimation of impairment. The targets of risk monitoring are the borrowers that hold the debt instruments and off-balance sheet exposures that bear credit risk, and the profit or loss is a reference for the future granting policy.

The Credit Risk Monitoring Policy is prepared based on the type and specific nature of the exposure, segregated into differentiated areas, in accordance with the various credit risk measurement methods.

The *Monitoring Rating* is an assessment of each customer's situation and risks. The different ratings are, from best to worse: imperceptible, low, medium, medium-high and non-performing; and they can be generated manually (in the case of the scope of borrowers under individualised monitoring) or automatically (for the rest).

According to the scope of monitoring and rating relating to the borrowers, monitoring can be:

- **Individualised:** applied to exposures of a significant amount and/or that have specific characteristics. The monitoring of major risks leads to the issuance of group monitoring reports, concluding in a monitoring rating for the borrowers in the group.
- **Collective:** The ratings are obtained by combining a statistical model, referred to as the Early Alert Model (EAM), the Probability of Default (PD) calibrated with a forward-looking view (consistent with the PD used to calculate the credit risk hedges) and other relevant alerts. Both the EAM and the PD are obtained at least on a monthly basis, and daily in the case of the alerts.

Furthermore, the EAM and PD models are subject to the Model Policy of the Group and they must fulfil the requirements included therein.

② Quantification and assessment of credit risk

Credit risk quantifies losses that might derive from failure by borrowers to comply with their financial obligations, based on two concepts: expected loss and unexpected loss.

- **Expected Loss** (EL): This is the average or mathematical expectation of potential anticipated losses calculated by multiplying the three following factors: probability of default (PD), exposure at default (EAD) and loss given default (LGD).
- **Unexpected loss**: potential unforeseen loss caused by variability in losses with respect to the estimated expected loss. It can occur due to sudden changes in cycles or alterations in risk factors, and the dependence between the credit risk for the various debtors. Unexpected losses have a low probability and large amount, and should be absorbed by the Group's own funds. The calculation of unexpected loss is also mainly based on the operation's PD, EAD and LGD.

Credit risk parameters are estimated based on the historical default experience. To do so, the Bank has a set of tools and techniques for the specific needs of each type of risk, described below according to how they affect the three factors for calculating the expected loss:

- **EAD:** an estimate of the outstanding debt in the event of default by the customer. This measurement is significant for financial instruments with a repayment structure that varies according to customer drawdowns (in general, any revolving credit product).

  The estimate is based on observing internal default experience, relating the drawdown levels upon default to drawdown levels over the 12 preceding months. To build the model, several variables are considered, such as product type, term to maturity and customer characteristics.

- **PD**: the Group uses management tools covering virtually all of its lending business to help predict the probability of default associated with each borrower.

  These tools, implemented in the branch network and the risk monitoring and granting channels, were developed on the basis of NPL experience and include the measurements required to fine-tune the results both to the business cycle, with a view to securing relatively stable measures in the long term and to recent experience and future projections. The models can be classified according to their orientation toward the product or customer:

  - Product-oriented tools are used mainly within the scope of authorisation of new retail banking operations (approval scorings) and take account of the debtor’s characteristics, information deriving from the customer relationship, internal and external alerts, as well as the specific characteristics of the operation to determine its probability of default.
  - Customer-oriented tools assess the debtor’s probability of default. They comprise behavioural 'scoring' models for monitoring the risk of individuals and ratings or companies.

    Rating tools for companies are specific according to the customer segment. The rating process for micro-enterprises and SMEs, in particular, is based on a modular algorithm, which rates three different sets of data: the financial statements, the information drawn from dealings with customers, internal and external alerts and certain qualitative factors.

    As regards large corporations, the Group has models that require the expert judgment of analysts and seek to replicate and be coherent with the ratings of rating agencies. In view of the lack of sufficient frequency of internal default rates for drawing up purely statistical models, the models in this segment were built in line with the Standard & Poor’s methodology, enabling the public global default rates to be used, making the methodology much more reliable.

  The customers are scored and rated on a monthly basis in order to keep the credit rating up-to-date, except for the rating of large corporations, which is updated at least annually, or in the event significant events that can alter credit quality. For legal entities, the financial statements and qualitative information is updated periodically to achieve the maximum level of coverage of the internal rating.

- **LGD**: quantifies the unrecoverable debt in the event of customer default.

  The historic loss given default is calculated using internal information, taking into account the cash flows associated with contracts from the moment of default. The models allow different loss given defaults to be obtained based on the guarantee, the loan to value ratio (LTV), the product type, the borrower's credit quality and, for uses in which it is required by regulation, the recessional conditions of the economic cycle. An estimate is also made of the indirect expenses (office staff, infrastructure costs and similar) associated with the recovery process. In the case of large corporations, loss given default also includes elements of expert judgment, coherent with the rating model.

In addition to regulatory use to determine the Group's minimum own funds and the calculation of hedges, the credit risk parameters (PD, LGD and EAD) are used in a number of management tools, e.g. the risk-adjusted return calculation tool, pricing tools, customer pre-qualification tools, as well as in monitoring tools and alert systems.

③ *Defining the accounting classification*

The accounting classification of operations with credit risk among the different Stages of IFRS 9 is defined in the event of a default and/or significant increase in credit risk (SICR) since the operation's initial recognition.

It will be considered that there has been an SICR –and therefore the operations will be classified as Stage 2– when there are weaknesses that may involve assuming significantly higher losses than expected at the time the loan is granted. To identify weaknesses in operations and borrowers, the Group has the monitoring and rating processes described in ②. The following shall be considered a weakness: a significant deterioration in the monitoring rating or a relative increase of relevant PD with respect to the start of the operation.

In addition, the following operations will be classified as Stage 2: i) operations included in sustainability agreements that have not reached the end of their trial period; ii) refinancing, refinanced or restructured operations that should not be reclassified as non-performing and that are still in the trial period; iii) operations made by insolvent borrowers that should not be classified as Stage 3 or write-offs; and iv) operations with amounts past due of over 30 days, unless proven otherwise.

Unless they are identified as refinancing, refinanced or restructured operations, those that no longer meet the conditions to qualify for Stage 2 will be classified as Stage 1.

With respect to refinancing, refinanced or restructured operations that classify as Stage 2 due to failing to proceed to classify them as Stage 3 on the date of refinancing or restructuring or due to having been reclassified from the Stage 3 category, they will remain identified as Stage 2 for a probationary period until they meet all the following requirements: i) it is concluded that they are unlikely to have financial difficulties and therefore it is highly probable that they will meet their obligations vis-a-vis the entity in both time and form; ii) a minimum period of two years has elapsed from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from Stage 3; iii) one of the borrowers must have no other operations with past due amounts for more than 30 days at the end of the trial period; and iv) the borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from stage 3.

Furthermore, the borrower must have made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it, or when it is deemed more appropriate given the nature of the operations that the borrower complies with other objective criteria that demonstrate their payment capacity. This implies that there are no contractual clauses that may delay repayments, such as grace periods for the principal.

It will be considered that there has been a **default** and, therefore, an operation will be classified at Stage 3 when – regardless of the borrower and the guarantee – there is an amount overdue (capital, interests or contractually agreed costs) by more than 90 days, as well as the operations of all other holders when operations with past due amounts of over 90 days account for more than 20% of the amounts pending collection.

Operations classified in Stage 3 due to the customer being non-performing will be reclassified to Stage 1 or Stage 2 when, as a result of collecting part of the overdue amounts, the reasons that caused their classification as Stage 3 disappear and there remain no reasonable doubts regarding their full repayment by the borrower for other reasons.

Additionally, the following operations will be classified as Stage 3: i) operations with legally demanded balances; ii) operations in which the collateral execution process has been initiated; iii) operations made by insolvent borrowers that should not be classified as write-offs; iv) refinancing, refinanced or restructured operations classifiable as non-performing including those that having been classified as non-performing before the trial period, are refinanced or restructured or that have amounts that are more than 30 days past-due; and v) operations with borrowers who, after an individualised review, pose reasonable doubts regarding full repayment (principal and interest) in the contractually agreed terms.

Unless they are identified as refinancing, refinanced or restructured operations, those classified as Stage 3 for reasons other than the customer being non-performing can be reclassified to Stage 1 or Stage 2 if, as a result of an individualised study, the reasonable doubts regarding their full repayment by the holder in the contractually agreed terms disappear and there are no amounts overdue by more than ninety days on the date of reclassification to Stage 1 or Stage 2.

In the case of refinanced, restructured or refinancing operations, in order to consider the credit quality of the operation to have improved and, therefore, to proceed to reclassify it to Stage 2, all the following criteria must be verified in general: i) a period of one year has elapsed from the refinancing or restructuring date; ii) the borrower has covered all the principal and interest payments (i.e. the operation has no overdue amounts) thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification to the non-performing category; iii) furthermore, regular payments must have been made of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it, or when it is deemed more appropriate given the nature of the operations that the borrower complies with other objective criteria that demonstrate their payment capacity; and iv) one of the borrowers must have no other operations with past due amounts for more than 90.

The exposures of borrowers declared subject to bankruptcy proceedings without an application for liquidation shall be reclassified to Stage 2 if the borrower has paid at least 25% of the credit from the entity that is affected by the bankruptcy proceedings (once the agreed debt reduction, if any, has been deducted), or if two years have elapsed since the order approving the creditors' agreement was registered with the Commercial Register, provided that this agreement is being faithfully performed and the equity and financial situation of the corporation dispels any doubts regarding full repayment of its debts, all unless interest has been agreed that is noticeably lower than the market rate.

The process for determining the borrower's accounting classification is specified below:

- **Single Name:** These borrowers are constantly assessed as regards the existence of evidence or indications of impairment, as well as a potential significant increase in credit risk (SICR) from the initial recognition, and losses associated with the assets of this portfolio are assessed.

  In order help with the proactive management of evidence and indications of impairment and a significant increase in risk, the Group has developed triggers, for borrowers and for the operation, that are grouped according to the sector to which they belong, since the latter conditions the type of information required to analyse the credit risk and the sensitivity to the changes of variables indicative of the impairment. The triggers are an indication of impairment of the asset affecting the customer or the operations. These triggers are assessed by the analyst to determine the classification of the customer's operations in Stage 2 or Stage 3:

  - Global triggers:

    - Financial difficulties of the issuer or debtor: subjective doubtful triggers (i.e. unfavourable financial information on the debtor, measured via various ratios on their financial statements) and triggers of a minimum of Stage 2 (due to deterioration of the monitoring rating).

    - A breach of contract, such as a default or delinquency in interest or principal payments: Stage 3 triggers (i.e. non-payments exceeding 90 days) and triggers of a minimum of Stage 2 (non-payments exceeding 30 days).

    - In the event of financial difficulties, the borrowers are given concessions or advantages that would otherwise not be considered. Trigger of a minimum of Stage 2 (refinancing).

    - Probability of the borrower declaring bankruptcy or restructuring. Stage 3 trigger (declaration of insolvency).

    - Market triggers. There are triggers referring to identifying financial difficulties of the debtor or issuer, referring to breaches of contractual clauses or to the disappearance of an active market for the financial security.

  - Specific triggers: For sectors such as property developers, project finance and public administrations.

    In cases in which, in the opinion of the analyst, contracts are classified as Stage 2 or Stage 3, the expert calculation of the specific provision is used.

- **Other contracts (not Single Name):** as previously stated, when the borrower's monitoring rating has significantly deteriorated or when there is a relative increase of relevant PD with respect to the start of the operation, the Entity proceeds to classify the contract at accounting Stage 2. For these purposes, the classification is revised on a monthly basis, using the most recent monitoring rating and PD classification, which are also updated at least monthly.
  All other classification criteria in Stage 2 or Stage 3 are also revised monthly.

④ Determining the accounting hedge

The aim of the IFRS 9 requirements as regards impairment is to ensure recognition of the expected credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including forward-looking information.

Principles for measuring expected credit losses for the purpose of defining the credit risk loss hedges

The calculated accounting hedging or provision is defined as the difference between the gross carrying amount of the operation and the estimated value of future expected cash flows, discounted at the original effective interest rate of the operation, considering the effective guarantees received.

The Group estimates the expected credit losses of an operation so that these losses reflect:

- A a weighted and non-biased amount, determined through the assessment of a series of possible results;
- B the time value of the money, and
- C the reasonable and substantial information that is available at the reference date, at no disproportionate cost or effort, on past events, current conditions and forecasts of future economic conditions.

In line with applicable rules, the hedging calculation method is set according to whether the borrower is individually significant and its accounting category.

- If, in addition to being individually significant, the customer has operations that are non-performing (whether for reasons of delinquency or for other reasons) or in Stage 2, the specific allowances for the non-performing operations will be estimated through a detailed analysis of the status the borrower and the expected flows, which will be assessed using discounted future cash flow models based on forecasts that estimate the customer's capacity to generate future flows from their activities.
- In all other cases, hedging is estimated collectively using internal methodologies, subject to the Policy of Models and Parameters in force, based on past experience of portfolio defaults and recoveries, and factoring in the updated and adjusted value of the effective guarantees. Additionally, future economic condition predictions will be considered under various scenarios.

  To determine hedging for credit losses of portfolios under collective analysis, models are used to estimate the PD; probability of correcting defaulting cycles (specifically its complementary measurement, PNC); loss given loss (LGL) in the event of no correction; recoverable value models for mortgage guarantees (haircuts); and adjustments to include lifetime or forward-looking effects, according to the agreement's accounting classification.

  The models used are re-estimated or re-trained every six months, and they are executed monthly in order to properly reflect the current economic environment at any given time. This makes it possible to reduce the differences between estimated loss and recent observations. The models will include an unbiased view of the potential forward-looking evolution to determine the expected loss, taking into account further relevant macroeconomic factors: i) GDP growth, ii) the unemployment rate, iii) 12-month Euribor and iv) changes in property prices. Following on from this, the Group generates a baseline scenario, as well as a range of potential scenarios that make it possible to perform a weighted adjustment of the estimated expected loss, based on its probability.

  The calculation process is structured in two steps:

  - Setting the basis for the calculation of allowances, in two steps:

    1. Calculation of the exposure amount, which is the sum of the gross carrying amount at the time of calculation plus off-balance sheet amounts (available or exposure) expected to be disbursed when the borrower fulfils the conditions to be considered non-performing.

    2. Calculation of the recoverable value of the effective guarantees linked to the exposure. In order to establish the recoverable value of these guarantees, for real estate collateral the models estimate the amount of the future sale of the collateral, which is discounted from the total expenses incurred until the moment of the sale.

- Establishing the hedging to be applied on the basis for the calculation of allowances:

  This calculation factors in the probability of the borrower defaulting on the operation obligations, the probability of the situation being remedied or resolved and the losses that would occur if this did not happen.

  For insignificant portfolios where it is considered that the internal model approach is not suitable due to the processes involved or a lack of past experience, the Group may use the default coverage rates established in the current national regulations.

Transactions classified as not bearing appreciable risk and those that, due to their type of collateral, are classified as not bearing appreciable risk, could have 0% accounting hedging. In the case of the latter, this percentage will only be applied to the guaranteed part of the risk.

The hedges estimated individually or collectively must be consistent with the way in which the categories into which the operations can be classified are processed. In other words, the hedging level for an operation must be higher than the hedging level that would correspond to it, if it were classified in another category of a lower credit risk.

The necessary improvements detected in the backtesting and benchmarking exercises are also incorporated into the review cycles. Similarly, the models developed are documented so they can be replicated by a third party. The documentation contains key definitions, information regarding the process of acquiring samples and data processing, methodological principles and results obtained, as well as the comparison of said results with those of previous years.

CaixaBank has a total of 81 models, in order to obtain the parameters necessary to calculate the hedges using a collective analysis. For each of the risk parameters, different models can be used to adapt to each type of exposure. Specifically, the models include those indicated below:

- 18 Scoring and Rating parameter models
- 21 PD parameter models
- 10 EAD parameter models
- 19 PNC parameter models
- 9 LGL parameter models
- 3 Haircut parameter models
- 1 LT/FL (Life-time/Forward-looking) transformation parameter model

Other subsidiaries also have additional internal models. Banco BPI, SA (Banco BPI or BPI) has a total of 56 and CaixaBank Payments & Consumer has a total of 52.

Incorporation of forward-looking information into the expected loss models

The projected variables considered are as follows:

FORWARD-LOOKING MACROECONOMIC INDICATORS (*)
(% Percentages)

	SPAIN			PORTUGAL		
	2020	2021	2022	2020	2021	2022
GDP growth						
Baseline scenario	1.5	1.5	1.4	1.8	1.7	1.6
Upside range	2.3	2.6	1.9	1.8	2.8	2.4
Downside range	0.6	0.3	0.9	1.8	0.1	0.2
Unemployment rate						
Baseline scenario	12.6	11.5	10.3	6.4	6.1	6.0
Upside range	12.1	10.0	8.4	6.4	5.4	4.6
Downside range	13.6	13.7	12.9	6.4	7.9	8.3
Interest rates (**)						
Baseline scenario	(0.30)	(0.11)	0.29	(0.34)	(0.34)	(0.05)
Upside range	(0.25)	0.08	0.54	(0.34)	(0.24)	0.15
Downside range	(0.35)	(0.35)	(0.30)	(0.34)	(0.34)	(0.34)
Evolution of property prices						
Baseline scenario	3.2	3.0	2.9	7.4	6.1	3.8
Upside range	4.7	5.8	4.9	7.4	8.5	6.1
Downside range	1.2	(0.4)	0.9	7.4	1.3	0.3

(*) Source: CaixaBank Research
(**) The 12-month Euribor is used in the case of Spain (average for the period) and the 6-month Euribor for Portugal (end of the period).

The weighting of the scenarios considered in each of the financial years for each sector is as follows:

WEIGHTING OF OCCURRENCE OF THE CONSIDERED SCENARIOS
(% percentages)

	BASELINE SCENARIO	UPSIDE SCENARIO	DOWNSIDE SCENARIO
Spain	40	30	30
Portugal	40	30	30

In accordance with the principles of the applicable accounting standard, the hedging level factors in a forward-looking (12-month) or life-time vision, according to the accounting classification of the exposure.

The Group has carried out a sensitivity exercise on the expected loss based on the changes of the key hypotheses applied in isolation to calculate the expected loss. Along these lines, the estimated sensitivity to a change in the GDP growth forecast, as the most relevant macroeconomic figure, for the following twelve months is shown below:

ANALYSIS ON SENSITIVITY TO EXPOSURE
(Millions of euros)

	VARIATION IN EXPECTED LOSS IN SPAIN	VARIATION IN EXPECTED LOSS IN PORTUGAL
GDP growth *		
+0.5%	(59)	(2)
-0.5%	59	2

(*) GDP-focused sensitivity calculation which, by its nature, enables the effect of rest of the macroeconomic indicators to be gathered jointly, given their high level of interdependence.

The models and the estimates on macro-economic variations are periodically reviewed to detect possible impairment in the quality of the measurements. 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.

3.3.2.4. NPL management

Given the mechanisms of the Group's credit risk cycle, the quality in the risk approval and monitoring processes guarantees compliance with the conditions set out when operations are granted that generate exposure to this risk. Thus, although the positions requiring activation of alternative management circuits are scant, the recovery activity is a top priority in the Group's risk management, particularly in recent years, given the goal of both curtailing the current volume of non-performing positions as well as the future generation thereof. In this sense, it has strengthened the governance model and the operational framework on the management of problematic assets, and has a comprehensive view of the whole life cycle associated with the default recoveries process and management of foreclosed assets.

The branch network is responsible for managing NPLs and recoveries, starting out as a preventive activity before default or before an obligation falls due, and ends with recovery or definitive write-off. The disaggregated nature and specialisation of the branch network make it possible to gain knowledge of customers' situations and to detect the first indications of impairment in solvency, thus allowing appropriate measures to be adopted more diligently. Following on from this, the operations and their associated guarantees are monitored and, where applicable, claims are brought to recover the debt according to the following principles: i) prevention with the early detection of default risk; ii) activities intended to help the customer find solutions to situations of payment irregularities, considering its relationship; and iii) the utmost anticipation to reach a better stance to deal with the debtor and other creditors.

Knowledge of and proximity to the customer enable especially vulnerable social situations to be managed in a differentiated way, frequently caused by an adverse macroeconomic environment experienced years ago. In this respect, the Group has also adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Act 6/2012 and its subsequent amendments, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals. In this field, it has developed an Aid Plan and customised solutions for customers who are undergoing current economic hardships, who are willing to collaborate and have good historic behaviour. All these actions contribute to better progress in the default rate and strengthen the Group's connection and commitment to its customers.

The Group's policies and strategies in relation to problematic assets in the real estate development segment

The underlying criterion guiding the Group’s management of problematic assets in the real estate development segment is to help borrowers meet their obligations.

First, with the commitment of shareholders and the borrower, the Group studies the possibility of granting grace periods so that the financed land can be developed, ongoing property development can be finalized and finished units can be sold. The analysis places special importance on the feasibility of projects, thereby avoiding a higher investment for real estate whose sale is not reasonably assured.

With regard to refinancing operations, the aim is to add new guarantees to reinforce those already in place. The policy is to not exhaust the current margin of value provided by the initial guarantees with further mortgages.

Lastly, when there is no reasonable possibility that the borrower can continue to maintain its position, the mortgaged asset is acquired. The acquisition price is calculated by relying on an appraisal conducted by an appraisal firm registered on the Bank of Spain's official register. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

Foreclosed assets

BuildingCenter is the Group's company responsible for the ownership of property assets in Spain, which basically originate from streamlining of the Group's credit activity through any of the following ways: i) acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans; ii) acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts; and iii) acquisition of real estate assets of companies, mainly real estate developers, to cancel their debts.

The acquisition process includes conducting full legal and technical reviews of the properties using the committees appointed for such purpose.

In all cases, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the approved internal rules.

The strategies undertaken for the sale of these assets are as follows:

- Individual sale: through Servihabitat Servicios Inmobiliarios, with which there is a servicing contract until 31 December 2023, for multi-channel marketing activities via its own branches, the external collaboration of the network of real-estate agents and an active presence on the Internet. This marketing activity comes in addition to a key factor: support in prescribing properties generated by the branch network.
- Institutional sales: the Group takes into account institutional operations of sales of asset portfolios to other specialised companies.
- Completion of housing developments: a number of minor measures to improve some of these developments are made to ensure they can be sold. These measures are performed using the synergies of the Group.
- In-house property development: restricted to very specific transactions where the asset's quality and characteristics mean that developing the asset is the clearest and most secure means to recovering the investment.
- Rental: it is a means of benefiting from rising demand and generating recurring income, as well as creating added value on the property in the event of its future institutional sale.

The table below shows foreclosed assets by source and type of property:

FORECLOSED REAL ESTATE ASSETS 31-12-2019 (*)

(Millions of euros)

	GROSS CARRYING AMOUNT	ALLOWANCES FOR IMPAIRMENT (**)	*OF WHICH: FROM FORECLOSURE*	NET CARRYING AMOUNT
Real estate acquired from loans to real estate constructors and developers	**1,534**	**(438)**	***(199)***	**1,096**
Buildings and other completed constructions	1,396	(376)	*(174)*	1,020
Homes	1,226	(317)	(142)	909
Other	170	(59)	(32)	111
Buildings and other constructions under construction	29	(16)	*(8)*	13
Homes	15	(8)	(3)	7
Other	14	(8)	(5)	6
Land	109	(46)	*(17)*	63
Consolidated urban land	54	(16)	(6)	38
Other land	55	(30)	(11)	25
Real estate acquired from mortgage loans to homebuyers	**2,322**	**(542)**	**(237)**	**1,780**
Other real estate assets or received in lieu of payment of debt	**462**	**(143)**	**(46)**	**319**
TOTAL	**4,318**	**(1,123)**	***(482)***	**3,195**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 2,094 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 142 million, net. Excludes foreclosed assets of Banco BPI, with a gross carrying amount of EUR 4 million, as this is not included in business in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 5,450 million and total write-downs of this portfolio amounted to EUR 2,257 million, EUR 1,124 million of which are impairment allowances recognised in the balance sheet.

FORECLOSED REAL ESTATE ASSETS 31-12-2018 (*)

(Millions of euros)

	GROSS CARRYING AMOUNT	ALLOWANCES FOR IMPAIRMENT **	*OF WHICH: FROM FORECLOSURE*	NET CARRYING AMOUNT
Real estate acquired from loans to real estate constructors and developers	**1,787**	**(494)**	**(215)**	**1,293**
Buildings and other completed constructions	1,646	(435)	*(193)*	1,211
Buildings and other constructions under construction	29	(16)	*(9)*	13
Land	112	(43)	*(13)*	69
Real estate acquired from mortgage loans to homebuyers	**2,314**	**(496)**	***(201)***	**1,818**
Other real estate assets or received in lieu of payment of debt	**468**	**(146)**	***(46)***	**321**
TOTAL	**4,569**	**(1,136)**	***(462)***	**3,432**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 2,479 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 213 million, net. Excludes foreclosed assets of Banco BPI, with a gross carrying amount of EUR 27 million, as this is not included in business in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 5,852 million and total write-downs of this portfolio amounted to EUR 2,420 million, EUR 1,136 million of which are impairment allowances recognised in the balance sheet.

FORECLOSED REAL ESTATE ASSETS 31-12-2017 (*)

(Millions of euros)

	GROSS CARRYING AMOUNT	ALLOWANCES FOR IMPAIRMENT **	*OF WHICH: FROM FORECLOSURE*	NET CARRYING AMOUNT
Real estate acquired from loans to real estate constructors and developers	**9,889**	**(4,795)**	***(2,630)***	**5,094**
Buildings and other completed constructions	5,275	(1,939)	(911)	3,336
Buildings and other constructions under construction	835	(463)	(176)	372
Land	3,779	(2,393)	(1,543)	1,386
Real estate acquired from mortgage loans to homebuyers	**4,535**	**(1,342)**	**(618)**	**3,193**
Other real estate assets or received in lieu of payment of debt	**1,873**	**(778)**	**(375)**	**1,095**
TOTAL	**16,297**	**(6,915)**	***(3,623)***	**9,382**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 3,030 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 473 million, net. Excludes foreclosed assets of Banco BPI, with a gross carrying amount of EUR 53 million, as this is not included in business in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 20,083 million and total write-downs of this portfolio amounted to EUR 10,701 million, EUR 6,916 million of which are impairment allowances recognised in the balance sheet.

3.3.2.5 Refinancing policies

The Group has a detailed customer debt refinancing policy that contains the same general principles issued by the EBA for this type of operation.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions. In this regard, any transaction uncovered whose terms may need to be changed due to evidence of impairment of the borrower's solvency is marked appropriately so the associated provision for impairment at the date of the change is made. Therefore, as these transactions are correctly classified and valued according to the Group's best judgment, no additional provisions emerge in relation to the impairment of refinanced loans.

Refinancing

The breakdown of refinancing by economic sector is as follows:

REFINANCING 31-12-2019

(Millions of euros)

	WITHOUT COLLATERAL		WITH COLLATERAL				
					MAXIMUM AMOUNT OF THE COLLATERAL		IMPAIRMENT DUE TO CREDIT RISK (*)
	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	MORTGAGE COLLATERAL	OTHER COLLATERAL	
Public administrations	23	179	415	68	47	0	(5)
Other financial corporations and individual entrepreneurs (financial business)	36	3	7	1	1	0	(1)
Non-financial corporations and individual entrepreneurs (non-financial business)	4,386	1,764	10,665	1,637	1,269	14	(1,007)
Of which: Financing for real estate construction and development (including land)	256	69	3,062	587	438	0	(153)
Other households	37,143	350	86,262	4,521	3,816	8	(847)
TOTAL	**41,588**	**2,296**	**97,349**	**6,227**	**5,133**	**22**	**(1,860)**
Of which: in Stage 3							
Public administrations	13	3	137	12	7	0	(5)
Other financial corporations and individual entrepreneurs (financial business)	26	1	6	1	1	0	(1)
Non-financial corporations and individual entrepreneurs (non-financial business)	2,604	924	7,086	880	637	7	(916)
Of which: Financing for real estate construction and development (including land)	175	55	1,905	277	194	0	(118)
Other households	19,218	212	50,986	2,854	2,259	4	(771)
TOTAL STAGE 3	**21,861**	**1,140**	**58,215**	**3,747**	**2,904**	**11**	**(1,693)**

Memorandum items: Financing classified as non-current assets held for sale (*)
(*) Corresponds to "Non-current assets and disposal groups classified as held for sale".

REFINANCING OPERATIONS 31-12-2018

(Millions of euros)

	WITHOUT COLLATERAL		WITH COLLATERAL				
					MAXIMUM AMOUNT OF THE COLLATERAL		IMPAIRMENT DUE TO CREDIT RISK (*)
	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	MORTGAGE COLLATERAL	OTHER COLLATERAL	
Public administrations	51	145	445	73	40	0	(10)
Other financial corporations and individual entrepreneurs (financial business)	42	19	7	2	2	0	(13)
Non-financial corporations and individual entrepreneurs (non-financial business)	5,360	2,004	11,483	2,547	1,748	17	(1,531)
Of which: Financing for real estate construction and development (including land)	416	113	3,288	894	628	2	(294)
Other households	37,914	360	92,879	5,013	4,235	10	(947)
TOTAL	**43,367**	**2,528**	**104,814**	**7,635**	**6,025**	**27**	**(2,501)**
Of which: in Stage 3							
Public administrations	13	6	144	15	3	0	(10)
Other financial corporations and individual entrepreneurs (financial business)	29	13	6	1	1	0	(13)
Non-financial corporations and individual entrepreneurs (non-financial business)	3,207	1,174	7,481	1,661	957	8	(1,430)
Of which: Financing for real estate construction and development (including land)	289	78	2,007	559	340	2	(264)
Other households	20,507	235	53,896	3,094	2,432	5	(868)
TOTAL STAGE 3	**23,756**	**1,428**	**61,527**	**4,771**	**3,393**	**13**	**(2,321)**

Memorandum items: Financing classified as non-current assets held for sale (*)
(*) Corresponds to "Non-current assets and disposal groups classified as held for sale".

REFINANCING OPERATIONS 31-12-2017

(Millions of euros)

	WITHOUT COLLATERAL		WITH COLLATERAL				
					MAXIMUM AMOUNT OF THE COLLATERAL		
	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	NO. OF OPERATIONS	GROSS CARRYING AMOUNT	MORTGAGE COLLATERAL	OTHER COLLATERAL	IMPAIRMENT DUE TO CREDIT RISK (*)
Public administrations	54	181	466	78	53	0	(7)
Other financial corporations and individual entrepreneurs (financial business)	60	37	12	1	1	0	(26)
Non-financial corporations and individual entrepreneurs (non-financial business)	8,484	2,961	13,434	3,342	2,210	29	(1,880)
Of which: Financing for real estate construction and development (including land)	807	149	3,520	1,182	811	2	(416)
Other households	37,163	349	95,946	5,422	4,738	9	(731)
TOTAL	**45,761**	**3,528**	**109,858**	**8,843**	**7,002**	**38**	**(2,644)**
Of which: in stage 3							
Public administrations	17	64	164	19	12	0	(7)
Other financial corporations and individual entrepreneurs (financial business)	45	26	11	1	1	0	(26)
Non-financial corporations and individual entrepreneurs (non-financial business)	6,542	1,742	9,830	2,253	1,443	16	(1,792)
Of which: Financing for real estate construction and development (including land)	711	113	2,361	843	522	2	(386)
Other households	22,702	247	60,548	3,507	2,937	6	(699)
TOTAL STAGE 3	**29,306**	**2,079**	**70,553**	**5,780**	**4,393**	**22**	**(2,524)**
Memorandum items: Financing classified as non-current assets held for sale *							

(*) Corresponds to "Non-current assets and disposal groups classified as held for sale".

3.3.3. Concentration risk

In the Corporate Risk Taxonomy, concentration risk is included within credit risk, since it is the main risk source, although it covers all types of assets, as recommended by sector supervisors and they carry out best practices.

The Group has developed mechanisms to systematically identify its overall exposure with regard to a particular customer, product, industry or geographic location. Wherever it is considered necessary, limits on relative exposures have been defined, under the RAF.

Concentration in customers or in "major risks"

The Group monitors and ensures compliance with the regulatory limits (25% of eligible own funds) and the concentration risk appetite thresholds. At year-end, no breach of the defined thresholds had been observed.

Geographical and counterparty concentration

The Group monitors and reports – to the management and governance bodies – a full perspective of accounting positions, segregated by product and issuer/counterparty, classified under loans and advances, debt securities, equity instruments, derivatives and guarantees given, that complement the other positions of the Group and of the secured investment and pension funds.

Risk by geographic area is as follows:

CONCENTRATION BY GEOGRAPHICAL LOCATION 31-12-2019
(Millions of euros)

	TOTAL	SPAIN	PORTUGAL	REST OF THE EUROPEAN UNION	AMERICA	REST OF THE WORLD
Central banks and credit institutions	29,810	12,965	4,045	10,689	800	1,311
Public administrations	93,172	78,221	4,005	9,393	1,245	308
Central government	80,198	66,489	2,849	9,392	1,160	308
Other public administrations	12,974	11,732	1,156	1	85	0
Other financial corporations and individual entrepreneurs (financial business)	18,308	8,298	592	8,238	904	276
Non-financial corporations and individual entrepreneurs (non-financial business)	107,550	75,329	11,520	12,806	6,008	1,887
Real estate construction and development (including land)	6,201	5,653	540	7	0	1
Civil engineering	4,627	3,748	325	265	289	0
Other	96,722	65,928	10,655	12,534	5,719	1,886
Large corporations	61,717	37,943	6,620	10,863	4,747	1,544
SMEs and individual entrepreneurs	35,005	27,985	4,035	1,671	972	342
Other households	119,005	104,698	12,863	822	162	460
Home purchase	92,147	79,700	11,248	753	138	308
Consumer lending	16,436	15,143	1,226	25	11	31
Other	10,422	9,855	389	44	13	121
TOTAL	**367,845**	**279,511**	**33,025**	**41,948**	**9,119**	**4,242**

CONCENTRATION BY GEOGRAPHIC LOCATION 31-12-2018
(Millions of euros)

	TOTAL	SPAIN	PORTUGAL	REST OF THE EUROPEAN UNION	AMERICA	REST OF THE WORLD
Central banks and credit institutions	38,170	18,932	4,776	12,118	744	1,600
Public administrations	89,496	77,926	3,326	6,992	909	343
Other financial corporations and individual entrepreneurs (financial business)	16,159	7,154	489	7,602	726	188
Non-financial corporations and individual entrepreneurs (non-financial business)	99,032	74,371	11,041	7,377	4,597	1,646
Other households	121,950	107,273	12,304	1,819	167	387
TOTAL	**364,807**	**285,656**	**31,936**	**35,908**	**7,143**	**4,164**

CONCENTRATION BY GEOGRAPHIC LOCATION 31-12-2017
(Millions of euros)

	TOTAL	SPAIN	REST OF THE EUROPEAN UNION	AMERICA	REST OF THE WORLD
Central banks and credit institutions	37,393	21,801	13,243	776	1,573
Public administrations	83,899	72,595	10,983	26	295
Other financial corporations and individual entrepreneurs (financial business)	15,597	6,428	8,598	391	180
Non-financial corporations and individual entrepreneurs (non-financial business)	96,801	75,205	16,848	3,437	1,311
Other households	123,134	110,016	12,515	205	398
TOTAL	**356,824**	**286,045**	**62,187**	**4,835**	**3,757**

The breakdown of risk in Spain by Autonomous Community is as follows:

CONCENTRATION BY AUTONOMOUS COMMUNITY 31-12-2019

(Millions of euros)

	TOTAL	ANDALUSIA	BALEARIC ISLANDS	CANARY ISLANDS	CASTILE-LA MANCHA	CASTILE-LEON	CATALONIA	MADRID	NAVARRE	VALENCIAN COMMUNITY	BASQUE COUNTRY	OTHER (*)
Central banks and credit institutions	12,965	223			1	2	507	10,560		528	820	324
Public administrations	78,221	1,060	202	158	287	371	3,896	3,727	413	713	573	332
Central government	66,489											
Other public administrations	11,732	1,060	202	158	287	371	3,896	3,727	413	713	573	332
Other financial corporations and individual entrepreneurs (financial business)	8,298	107	2	7	2	27	1,559	6,281	31	104	142	36
Non-financial corporations and individual entrepreneurs (non-financial business)	75,329	5,862	2,577	2,415	1,202	1,549	15,908	28,492	1,202	5,380	4,224	6,518
Real estate construction and development (including land)	5,653	630	199	237	22	163	1,339	2,087	171	390	171	244
Civil engineering	3,748	242	65	100	67	68	857	1,508	107	190	178	366
Other	65,928	4,990	2,313	2,078	1,113	1,318	13,712	24,897	924	4,800	3,875	5,908
Large corporations	37,943	1,053	1,328	946	260	456	6,370	19,628	420	2,005	2,857	2,620
SMEs and individual entrepreneurs	27,985	3,937	985	1,132	853	862	7,342	5,269	504	2,795	1,018	3,288
Other households	104,698	17,112	4,068	5,989	2,572	3,624	30,657	15,705	3,164	8,315	3,445	10,047
Home purchase	79,700	12,395	3,172	4,781	2,000	2,897	22,421	12,621	2,591	6,335	2,787	7,700
Consumer lending	15,143	2,773	578	913	357	416	4,739	1,817	356	1,281	409	1,504
Other	9,855	1,944	318	295	215	311	3,497	1,267	217	699	249	843
TOTAL	**279,511**	**24,364**	**6,849**	**8,569**	**4,064**	**5,573**	**52,527**	**64,765**	**4,810**	**15,040**	**9,204**	**17,257**

CONCENTRATION BY AUTONOMOUS COMMUNITY 31-12-2018

(Millions of euros)

	TOTAL	ANDALUSIA	BALEARIC ISLANDS	CANARY ISLANDS	CASTILE-LA MANCHA	CASTILE-LEON	CATALONIA	MADRID	NAVARRE	VALENCIAN COMMUNITY	BASQUE COUNTRY	OTHER (*)
Central banks and credit institutions	18,932	133			2	1	532	16,150	1	1,244	541	328
Public administrations	77,926	1,159	145	194	192	264	4,010	3,631	533	668	659	378
Other financial corporations and individual entrepreneurs (financial business)	7,154	55	2	9	4	61	1,346	5,301	17	142	180	36
Non-financial corporations and individual entrepreneurs (non-financial business)	74,371	5,799	2,054	2,414	1,267	1,522	15,873	29,105	1,150	4,706	3,882	6,600
Other households	107,273	17,824	4,138	6,201	2,678	3,725	30,975	16,151	3,325	8,506	3,451	10,300
TOTAL	**285,656**	**24,970**	**6,339**	**8,818**	**4,143**	**5,573**	**52,736**	**70,338**	**5,026**	**15,266**	**8,713**	**17,642**

(*) Includes autonomous communities that combined represent no more than 10% of the total

CONCENTRATION BY AUTONOMOUS COMMUNITY 31-12-2017

(Millions of euros)

	TOTAL	ANDALUSIA	BALEARIC ISLANDS	CANARY ISLANDS	CASTILE-LA MANCHA	CASTILE-LEON	CATALONIA	MADRID	NAVARRE	VALENCIAN COMMUNITY	BASQUE COUNTRY	OTHER (*)
Central banks and credit institutions	21,801	59				2	475	20,109		280	636	240
Public administrations	72,595	1,302	173	316	135	140	4,136	3,115	557	1,018	675	629
Other financial corporations and individual entrepreneurs (financial business)	6,428	88	4	9	3	18	1,129	5,054	2	60	15	45
Non-financial corporations and individual entrepreneurs (non-financial business)	75,205	5,711	1,956	2,421	1,211	1,645	15,326	30,924	1,271	5,098	3,547	6,094
Other households	110,016	18,358	4,258	6,426	2,763	3,782	31,802	16,551	3,437	8,636	3,474	10,530
TOTAL	**286,045**	**25,518**	**6,391**	**9,172**	**4,112**	**5,587**	**52,868**	**75,753**	**5,267**	**15,092**	**8,347**	**17,538**

Concentration by economic sector

Risk concentration by economic sector is subject to the RAF limits, differentiating between private business economic activities and public sector financing, and the channels of the internal report defined therein. Particularly, for the private business sector, a maximum concentration limit in any economic sector is established by aggregating the accounting positions recognised, excluding treasury repo/depo operations and those of the trading portfolio.

Loans to customers by activity were as follow (excluding advances):

CONCENTRATION BY ACTIVITY OF LOANS TO CUSTOMERS 31-12-2019

(Millions of euros)

	TOTAL	OF WHICH: MORTGAGE COLLATERAL	OF WHICH: OTHER COLLATERAL	SECURED LOANS. CARRYING AMOUNT BASED ON LATEST AVAILABLE APPRAISAL (LOAN TO VALUE)				
				≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	11,066	*415*	*353*	131	184	211	167	75
Other financial corporations and individual entrepreneurs (financial business)	2,503	*340*	*835*	925	163	64	4	19
Non-financial corporations and individual entrepreneurs (non-financial business)	88,801	*21,425*	*5,340*	10,405	7,875	3,850	2,517	2,118
Real estate construction and development (including land)	5,864	*5,147*	*70*	1,494	1,828	900	637	358
Civil engineering	4,184	*479*	*75*	239	152	62	48	53
Other	78,753	*15,799*	*5,195*	8,672	5,895	2,888	1,832	1,707
Large corporations	45,068	*4,663*	*3,074*	3,153	1,591	1,207	756	1,030
SMEs and individual entrepreneurs	33,685	*11,136*	*2,121*	5,519	4,304	1,681	1,076	677
Other households	118,278	*99,814*	*1,014*	30,709	36,349	25,759	5,201	2,810
Home purchase	92,072	*90,905*	*278*	26,440	33,489	24,214	4,627	2,413
Consumer lending	16,415	*3,278*	*396*	1,767	1,066	540	202	99
Other	9,791	*5,631*	*340*	2,502	1,794	1,005	372	298
TOTAL	**220,648**	***121,994***	***7,542***	**42,170**	**44,571**	**29,884**	**7,889**	**5,022**
Memorandum items: Refinancing, refinanced and restructured transactions	6,663	5,275	101	987	1,288	1,972	640	489

CONCENTRATION BY ACTIVITY OF LOANS TO CUSTOMERS 31-12-2018

(Millions of euros)

	TOTAL	OF WHICH: MORTGAGE COLLATERAL	OF WHICH: OTHER COLLATERAL	SECURED LOANS. CARRYING AMOUNT BASED ON LATEST AVAILABLE APPRAISAL (LOAN TO VALUE)				
				≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	11,425	*438*	*387*	107	223	254	148	93
Other financial corporations and individual entrepreneurs (financial business)	1,540	*363*	*583*	617	239	79	9	2
Non-financial corporations and individual entrepreneurs (non-financial business)	81,844	*21,578*	*4,267*	9,247	7,922	3,995	2,243	2,438
Other households	121,149	*103,516*	*1,078*	30,286	37,734	28,046	6,001	2,527
TOTAL	**215,958**	***125,895***	***6,315***	**40,257**	**46,118**	**32,374**	**8,401**	**5,060**
Memorandum items: Refinancing, refinanced and restructured transactions	7,662	6,195	200	1,156	1,547	2,279	797	616

CONCENTRATION BY ACTIVITY OF LOANS TO CUSTOMERS 31-12-2017
(Millions of euros)

				SECURED LOANS. CARRYING AMOUNT BASED ON LATEST AVAILABLE APPRAISAL (LOAN TO VALUE)				
	TOTAL	*OF WHICH: MORTGAGE COLLATERAL*	*OF WHICH: OTHER COLLATERAL*	≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	11,745	*668*	*285*	153	258	378	89	75
Other financial corporations and individual entrepreneurs (financial business)	4,078	*409*	*915*	985	239	91	2	7
Non-financial corporations and individual entrepreneurs (non-financial business)	78,434	*23,681*	*3,912*	9,944	8,929	4,505	1,545	2,670
Other households	122,598	*106,574*	*1,107*	29,763	38,938	29,116	7,293	2,571
TOTAL	**216,855**	***131,332***	***6,219***	**40,845**	**48,364**	**34,090**	**8,929**	**5,323**
Memorandum items: Refinancing, refinanced and restructured transactions	9,727	7,330	325	1,286	1,894	2,323	1,215	937

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS BY TYPE
(Millions of euros)

	31-12-2019			31-12-2018			01-01-2018 *		
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
Loan type and status									
Public administrations	10,625	413	40	11,042	358	48	10,826	377	133
Other financial corporations	2,446	62	3	1,525	21	16	6,755	18	44
Loans and advances to companies and individual entrepreneurs	82,074	6,010	2,971	73,437	6,788	4,696	70,767	9,151	7,027
Real estate construction and development (including land)	8,711	1,020	680	8,351	1,211	1,147	7,184	1,744	1,877
Other companies and individual entrepreneurs	73,363	4,990	2,291	65,086	5,577	3,549	63,583	7,407	5,150
Other households	106,273	9,056	5,373	108,614	9,161	5,973	103,396	6,117	6,577
Home purchase	83,794	6,148	3,434	86,065	6,491	3,943	82,995	4,276	4,522
Other	22,479	2,908	1,939	22,549	2,670	2,030	20,401	1,841	2,055
TOTAL	**201,418**	**15,541**	**8,387**	**194,618**	**16,328**	**10,733**	**191,744**	**15,663**	**13,781**

(*) See Note 1.4 - Comparison of information

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS ACCORDING TO ARREARS STATUS
(Millions of euros)

	31-12-2019	31-12-2018	01-01-2018 *
By arrears status			
Of which: default on payment of less than 30 days or up to date on payments	219,934	215,198	213,240
Of which: default on payment between 30 and 60 days	789	725	703
Of which: default on payment between 60 and 90 days	267	304	312
Of which: default on payment between 90 days and 6 months	614	608	839
Of which: default on payment between 6 months and 1 year	800	764	1,237
Of which: default on payment of more than 1 year	2,942	4,080	4,857
By interest rate type			
Fixed	65,264	55,625	42,272
Floating	160,082	166,054	178,916

(*) See Note 1.4 - Comparison of information

BREAKDOWN OF HEDGES OF LOANS AND ADVANCES TO CUSTOMERS BY TYPE
(Millions of euros)

	31-12-2019			31-12-2018			01-01-2018 *		
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
Public administrations	(6)		(6)	(10)		(13)			(100)
Other financial corporations	(5)	(1)	(2)	(1)		(21)	(77)	(22)	(86)
Loans and advances to companies and individual entrepreneurs	(257)	(328)	(1,669)	(350)	(410)	(2,317)	(782)	(472)	(4,063)
Real estate construction and development (including land)	(34)	(65)	(264)	(41)	(69)	(503)	(27)	(39)	(845)
Other companies and individual entrepreneurs	(223)	(263)	(1,405)	(309)	(341)	(1,814)	(755)	(433)	(3,218)
Other households	(306)	(379)	(1,739)	(327)	(331)	(1,941)	(107)	(95)	(1,769)
Home purchase	(152)	(152)	(1,000)	(164)	(162)	(1,212)	(15)	(44)	(1,026)
Other	(154)	(227)	(739)	(163)	(169)	(729)	(92)	(51)	(743)
TOTAL	**(574)**	**(708)**	**(3,416)**	**(688)**	**(741)**	**(4,292)**	**(966)**	**(589)**	**(6,018)**
Of which: identified individually		(92)	(621)		(148)	(1,256)		(139)	(2,001)
Of which: identified collectively	(574)	(616)	(2,795)	(688)	(593)	(3,036)	(966)	(450)	(4,017)

(*) See Note 1.4 - Comparison of information

Concentration according to credit quality

The methodology applied to assign credit ratings to fixed income issuances is based on:

- Fixed-income instruments: the regulatory banking criteria defined in the CRD IV regulation and the CRR on capital requirements, and therefore, the second best rating of all those available is used, if more than two ratings are available.
- Loan portfolio: certification of the internal classifications to the Standard & Poor's methodology.

The rating of Spanish sovereign debt is A at 31 December 2019, while in 2018 it was A- and in 2017 it was BBB+.

The risk concentration according to credit quality of credit risk exposures associated with debt instruments for the Group, at the end of the financial year, is stated as follows:

CONCENTRATION ACCORDING TO CREDIT QUALITY - 31-12-2019
(Millions of euros)

	GROUP (EXC. INSURANCE GROUP)										INSURANCE GROUP ***		
	FA AT AMORTISED COST				FA HELD FOR TRADING *	FA NOT HELD FOR TRADING **	FA AT FV W/ CHANGES IN OTHER COMPREHENSIVE INCOME	FINANCIAL GUARANTEES, LOAN COMMITMENTS AND OTHER COMMITMENTS GIVEN			FA HELD FOR TRADING *	AVAILABLE-FOR-SALE FINANCIAL ASSETS *	LOANS AND RECEIVABLES *
	LOANS AND ADVANCES TO CUSTOMERS			DEBT SEC.									
	STAGE 1	STAGE 2	STAGE 3					STAGE 1	STAGE 2	STAGE 3			
AAA/AA+/AA/AA-	29,717	26	0		7		932	14,108	10	0	8	1,026	
A+/A/A-	26,237	108	0	10,209	369		9,774	10,105	23	0	927	52,118	15
BBB+/BBB/BBB-	28,108	261	0	4,139	246	1	4,919	19,726	286	0	131	5,413	161
INVESTMENT GRADE	**84,062**	**395**	**0**	**14,348**	**622**	**1**	**15,625**	**43,939**	**319**	**0**	**1,066**	**58,557**	**176**
Allowances for impairment	(257)	(3)	0	0			(2)	(13)	0	0			
BB+/BB/BB-	39,130	2,565	1	300	7	56	29	16,965	597	0		133	
B+/B/B-	12,439	6,279	10	0	0		0	6,002	1,190	1			
CCC+/CCC/CCC-	527	2,281	70	5	0		0	310	326	56			
No rating	66,766	4,021	8,306	2,742	90	6	312	27,637	447	551		73	174
NON-INVESTMENT GRADE	**118,862**	**15,146**	**8,387**	**3,047**	**97**	**62**	**341**	**50,914**	**2,560**	**608**	**0**	**206**	**174**
Allowances for impairment	(317)	(705)	(3,416)	(6)				(33)	(16)	(158)			
TOTAL	**202,350**	**14,833**	**4,971**	**17,389**	**719**	**63**	**15,964**	**94,853**	**2,879**	**608**	**1,066**	**58,763**	**350**

CONCENTRATION ACCORDING TO CREDIT QUALITY - 31-12-2018
(Millions of euros)

	GROUP (EXC. INSURANCE GROUP)										INSURANCE GROUP ***		
	FA AT AMORTISED COST				FA HELD FOR TRADING *	FA NOT HELD FOR TRADING **	FA AT FV W/ CHANGES IN OTHER COMPREHENSIVE INCOME	FINANCIAL GUARANTEES, LOAN COMMITMENTS AND OTHER COMMITMENTS GIVEN			FA HELD FOR TRADING *	AVAILABLE-FOR-SALE FINANCIAL ASSETS *	LOANS AND RECEIVABLES *
	LOANS AND ADVANCES TO CUSTOMERS			DEBT SEC.									
	STAGE 1	STAGE 2	STAGE 3					STAGE 1	STAGE 2	STAGE 3			
AAA/AA+/AA/AA-	29,414	67	0	0	0	0	880	13,121	14	00	0	918	0
A+/A/A-	27,146	262	0	10,191	623	0	10,187	10,386	33	00	392	45,452	0
BBB+/BBB/BBB-	26,595	318	0	3,269	121	1	7,181	15,640	41	10	553	4,744	264
INVESTMENT GRADE	**83,155**	**647**	**0**	**13,460**	**744**	**1**	**18,248**	**39,147**	**88**	**1**	**945**	**51,114**	**264**
Allowances for impairment	(262)	(6)	0	0	0	0	0	(10)	0	00	0	0	0
BB+/BB/BB-	39,503	1,504	1	575	0	54	37	16,493	194	10	0	192	0
B+/B/B-	15,011	4,064	7	30	0	0	0	5,902	611	30	0	0	8
CCC+/CCC/CCC-	621	2,791	71	0	0	0	0	278	308	530	0	0	0
No rating	58,344	7,322	10,639	3,000	11	90	38	24,109	1,174	6650	0	39	382
NON-INVESTMENT GRADE	**113,479**	**15,681**	**10,718**	**3,605**	**11**	**144**	**75**	**46,782**	**2,287**	**722**	**0**	**231**	**390**
Allowances for impairment	(433)	(735)	(4,277)	(5)	0	0	0	(59)	(27)	(259)0	0	0	0
TOTAL	**195,939**	**15,587**	**6,441**	**17,060**	**755**	**145**	**18,323**	**85,929**	**2,375**	**723**	**945**	**51,345**	**655**

(*) DEBT SEC.: Debt securities
(**) Compulsorily measured at fair value through profit or loss
(***) Financial assets designated at fair value through profit or loss are not included, since they mainly include investments linked to life insurance products where the investment risk is borne by the policyholder (Unit-links).

CONCENTRATION ACCORDING TO CREDIT QUALITY 31-12-2017
(Millions of euros)

	LOANS AND RECEIVABLES - CUSTOMERS - LOANS AND ADVANCES AND FINANCIAL GUARANTEES	LOANS AND RECEIVABLES - DEBT SEC.	FINANCIAL ASSETS HELD FOR TRADING	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS
AAA/AA+/AA/AA-	43,189	17	0	588	0
A+/A/A-	38,658	70	221	1,902	0
BBB+/BBB/BBB-	51,630	482	1,787	63,727	11,071
INVESTMENT GRADE	**133,477**	**569**	**2,008**	**66,217**	**11,071**
BB+/BB/BB-	49,359	101	8	306	0
B+/B/B-	21,734	359	0	1	14
CCC+/CCC/CCC-	4,498	59	0	113	0
No rating	74,455	1,488	16	35	0
NON-INVESTMENT GRADE	**150,046**	**2,007**	**24**	**455**	**14**
TOTAL	**283,523**	**2,576**	**2,032**	**66,672**	**11,085**

DEBT SEC.: Debt securities

Concentration according to sovereign risk

The Group's position in sovereign debt is subject to the general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile:

- The position in public, regional and local debt is subject to the general concentration and country risk limits established. Regular control procedures are in place for preventing new positions in countries in which there is a high risk concentration, unless express approval is given by the pertinent authority.

- For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographic location of all of the fixed-income issues and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.

- Public debt positions held on the Treasury Desk are subject to the framework for market risk control and limits.

The carrying amounts of the main items related to sovereign risk exposure for the Group are set out below:

SOVEREIGN RISK EXPOSURE - 31-12-2019
(Millions of euros)

		GROUP (EXC. INSURANCE GROUP)					INSURANCE GROUP (***)	
COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD FOR TRADING	FA AT FV W/ CHANGES IN OTHER COMPREHENSIVE INCOME	FA NOT DESIGNATED FOR TRADING*	FL HELD FOR TRADING - SHORT POSITIONS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	FA HELD FOR TRADING
Spain	Less than 3 months	904	39	97			168	
	Between 3 months and 1 year	5,415	50	159		(61)	672	487
	Between 1 and 2 years	4,575	65	2,701		(78)	1,921	
	Between 2 and 3 years	4,810	57	5,069	112	(103)	1,765	
	Between 3 and 5 years	2,277	48	1,428		(42)	4,303	
	Between 5 and 10 years	2,535	98	719		(54)	12,025	
	Over 10 years	1,739	8			(10)	29,123	
	TOTAL	**22,255**	**365**	**10,173**	**112**	**(348)**	**49,977**	**487**
Italy	Less than 3 months		1					
	Between 1 and 2 years	501	2				206	
	Between 2 and 3 years					(3)	30	
	Between 3 and 5 years		59	268		(10)	910	
	Between 5 and 10 years		16	1,182		(14)	1,001	
	Over 10 years		30	1,059		(26)	3,354	
	TOTAL	**501**	**108**	**2,509**		**(53)**	**5,501**	
Portugal	Less than 3 months	5	4					
	Between 3 months and 1 year	53		426			26	494
	Between 1 and 2 years	543	1				1	
	Between 2 and 3 years	78	1				19	
	Between 3 and 5 years	94		135			12	
	Between 5 and 10 years	446		29			108	12
	Over 10 years	652						
	TOTAL	**1,871**	**6**	**590**			**166**	**506**
US	Between 3 and 5 years			923				
	TOTAL			**923**				
Other **	Less than 3 months	101		1				
	Between 3 months and 1 year	2					5	
	Between 1 and 2 years	41					9	
	Between 2 and 3 years	7					1	
	Between 3 and 5 years	63					2	
	Between 5 and 10 years	180					15	
	Over 10 years	78					33	
	TOTAL	**472**		**1**			**65**	
TOTAL COUNTRIES		**25,099**	**479**	**14,196**	**112**	**(401)**	**55,709**	**993**
Of which: Debt securities		17,389	479	14,196	63		55,709	993

FA: Financial assets; FL: Financial liabilities; FV: Fair value
(*) Compulsorily measured at fair value through profit or loss
(**) Exposure to the United Kingdom is not significant
(***) Financial assets designated at fair value through profit or loss are not included, since they mainly include investments linked to life insurance products where the investment risk is borne by the policyholder (Unit-links).

SOVEREIGN RISK EXPOSURE - 31-12-2018
(Millions of euros)

	GROUP (EXC. INSURANCE GROUP)					INSURANCE GROUP (***)	
COUNTRY	FA AT AMORTISED COST	FA HELD FOR TRADING	FA AT FV W/ CHANGES IN OTHER COMPREHENSIVE INCOME	FA NOT DESIGNATED FOR TRADING*	FL HELD FOR TRADING - SHORT POSITIONS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	FA HELD FOR TRADING
Spain	22,106	605	14,194	273	(331)	44,262	393
Italy	502	17	1,342		(16)	3,959	2
Portugal	1,093	8	791			17	547
US			880				
Other **	380		1			67	
TOTAL COUNTRIES	**24,081**	**630**	**17,208**	**273**	**(347)**	**48,305**	**942**
Of which: debt securities	17,060	630	17,208	273	(347)	48,305	942

FA: Financial assets; FL: Financial liabilities; FV: Fair value
(*) Compulsorily measured at fair value through profit or loss
(**) Exposure to the United Kingdom is not significant
(***) Financial assets designated at fair value through profit or loss are not included, since they mainly include investments linked to life insurance products where the investment risk is borne by the policyholder (Unit-links).

SOVEREIGN RISK EXPOSURE - 31-12-2017
(Millions of euros)

	GROUP (EXC. INSURANCE GROUP)					INSURANCE GROUP ***	
COUNTRY	LOANS AND RECEIVABLES	FA HELD FOR TRADING - DEBT SEC.	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	FL HELD FOR TRADING - SHORT POSITIONS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	FA HELD FOR TRADING
Spain	10,725	706	12,381	9,697	(639)	42,112	608
Italy		124	1,397		(31)	3,934	
Portugal	1,054	93	3,311		(59)		3
Other **	310		1		(10)	71	341
TOTAL COUNTRIES	**12,089**	**923**	**17,090**	**9,697**	**(739)**	**46,117**	**952**

FA: Financial assets
FL: Financial liabilities
(**) Exposure to the United Kingdom is not significant
(***) Financial assets designated at fair value through profit or loss are not included, since they mainly include investments linked to life insurance products where the investment risk is borne by the policyholder (Unit-links).

3.3.4. Information regarding financing for real estate construction and development, home purchasing, and foreclosed assets

The main data regarding financing for real estate development, home purchasing and foreclosed assets are discussed below.

Financing for real estate construction and development

The tables below show financing for real estate developers and developments, including developments carried out by non-developers, business in Spain:

FINANCING FOR REAL ESTATE CONSTRUCTION AND DEVELOPMENT 31-12-2019

(Millions of euros)

	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT LOSSES	CARRYING AMOUNT	EXCESS OVER THE MAXIMUM RECOVERABLE VALUE OF COLLATERAL
Financing for real estate construction and development (including land)	**5,766**	**(208)**	**5,558**	**848**
Of which: Non-performing	*442*	*(135)*	*307*	*148*
Memorandum items: Asset write-offs	*2,387*			
Memorandum items: Loans to customers excluding public administrations (business in Spain) (carrying amount)	*186,645*			

FINANCING FOR REAL ESTATE CONSTRUCTION AND DEVELOPMENT 31-12-2018

(Millions of euros)

	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT LOSSES	CARRYING AMOUNT	EXCESS OVER THE MAXIMUM RECOVERABLE VALUE OF COLLATERAL
Financing for real estate construction and development (including land)	**6,004**	**(428)**	**5,576**	**897**
Of which: Non-performing	*862*	*(347)*	*516*	*354*
Memorandum items: Asset write-offs	2,784			
Memorandum items: Loans to customers excluding public administrations (business in Spain) (carrying amount)	185,670			

FINANCING FOR REAL ESTATE CONSTRUCTION AND DEVELOPMENT 31-12-2017

(Millions of euros)

	GROSS AMOUNT	ALLOWANCES FOR IMPAIRMENT LOSSES	CARRYING AMOUNT	EXCESS OVER THE MAXIMUM RECOVERABLE VALUE OF COLLATERAL
Financing for real estate construction and development (including land)	**6,830**	**(637)**	**6,193**	**1,418**
Of which: Non-performing	*1,481*	*(549)*	*931*	*602*
Memorandum items: Asset write-offs	3,816			
Memorandum items: Loans to customers excluding public administrations (business in Spain) (carrying amount)	185,257			

The tables below show the breakdown of financing for real estate developers and developments, including developments carried out by non-developers (business in Spain), by collateral:

FINANCING FOR REAL ESTATE DEVELOPERS AND DEVELOPMENTS BY COLLATERAL

(Millions of euros)

	GROSS AMOUNT		
	31-12-2019	31-12-2018	31-12-2017
Without mortgage collateral	**562**	**477**	**814**
With mortgage collateral	**5,204**	**5,527**	**6,016**
Buildings and other completed constructions	3,370	3,774	4,336
Homes	2,277	2,556	2,811
Other	1,093	1,218	1,525
Buildings and other constructions under construction	1,370	1,185	931
Homes	1,306	1,056	840
Other	64	129	91
Land	464	568	749
Consolidated urban land	351	346	423
Other land	113	222	326
TOTAL	**5,766**	**6,004**	**6,830**

The following table presents financial guarantees given for real estate construction and development, including the maximum level of exposure to credit risk (i.e. the amount the Group could have to pay if the guarantee is called on).

FINANCIAL GUARANTEES

(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Financial guarantees given related to real estate construction and development	**107**	**93**	**175**
Amount recognised under liabilities		0	55

The table below provides information on guarantees received from real estate development loans by classification of customer insolvency risk:

GUARANTEES RECEIVED FOR REAL ESTATE DEVELOPMENT TRANSACTIONS *

(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Value of collateral	**13,362**	**13,471**	**14,883**
Of which: Guarantees non-performing risks	*810*	*1,383*	*2,520*

(*) The value of the guarantee is the lower amount of the collateral and the loan value, except for non-performing loans, in which it is fair value.

Financing for home purchases

The breakdown of home-purchase loans (business in Spain), as well as the annual financing granted to purchase homes from credit streamlining at the end of these financial years, is as follows:

LOANS GRANTED TO BUYERS OF FORECLOSED HOMES

(Millions of euros)

	2019	2018	2017
Financing granted in the year	190	527	344
Average percentage financed	92%	90%	87%

Home purchase loans with mortgage at these dates by the loan-to-value (LTV) ratio, based on the latest available appraisal, are as follows:

HOME PURCHASE LOANS BY LTV (*)

(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	GROSS AMOUNT	*OF WHICH: NON-PERFORMING*	GROSS AMOUNT	*OF WHICH: NON-PERFORMING*	GROSS AMOUNT	*OF WHICH: NON-PERFORMING*
Not real estate mortgage secured	**662**	**11**	**762**	**12**	**767**	**15**
Real estate mortgage secured, by LTV ranges (**)	**76,658**	**2,719**	**79,917**	**3,103**	**82,495**	**3,530**
LTV ≤ 40%	21,717	207	21,374	224	21,111	228
40% < LTV ≤ 60%	28,491	367	30,022	412	31,420	517
60% < LTV ≤ 80%	18,964	543	20,668	595	22,425	800
80% < LTV ≤ 100%	4,002	519	4,348	591	4,462	699
LTV > 100%	3,484	1,083	3,505	1,281	3,077	1,285
TOTAL	**77,320**	**2,730**	**80,679**	**3,115**	**83,262**	**3,545**

(*) Includes financing for home purchases granted by subsidies Unión de Créditos para la Financiación Inmobiliaria, EFC, SAU (Credifimo) and Corporación Hipotecaria Mutual.
(**) LTV calculated according to the latest available appraisals. The ranges for non-performing transactions are updated in accordance with prevailing regulations.

3.3.5. Counterparty risk generated by transactions with derivatives, repos, securities lending and deferred settlement transactions

3.3.5.1. Monitoring and measurement of counterparty risk

Counterparty risk, being part of credit risk, quantifies the losses derived from the counterparty's potential default before the cash flows are definitively settled. It is calculated for transactions involving derivative instruments, repo agreements, securities lending and deferred settlement.

The approval of new transactions involving counterparty risk in CaixaBank is subject to an internal framework that enables rapid decision-making about assuming such risk, for both financial and other counterparties. Accordingly, in its business with financial institutions, the Group has a credit approval system in place, in which the maximum authorised exposure to credit risk with an institutions (including counterparty risk) is determined by a complex calculation, mainly based on the institution's ratings and an analysis of its financial statements. In transactions with other counterparties, including retail customers, derivative transactions relating to asset applications (loan interest rate risk hedging) are approved jointly with the application. All other transactions are approved depending on whether the assigned risk limit is met, or depending on individual analysis. Approval of transactions corresponds to the risk areas responsible for loan analysis and approval.

CaixaBank has put in place a specific internal framework for risk with Central Counterparties (CCPs), specifying how the limits for such entities are determined, and how exposure is calculated to determine the available balance on this limit.

The definition of limits for counterparty risk is complemented by internal concentration limits, mainly for country and large exposure risks.

Counterparty risk relating to derivative transactions is quantitatively associated with the related market risk. Similarly, the equivalent credit exposure for derivatives is understood as the maximum potential loss over the life of an operation that the bank might incur should the counterparty default at any time in the future. This is calculated using Monte Carlo simulation with portfolio effect and offsetting of positions, as applicable, at a 95% confidence interval, based on stochastic models incorporating the volatility of the underlying and all of the characteristics of the operations.

Counterparty risk exposure for repos and securities lending is calculated in CaixaBank as the difference between the market value of the securities/cash granted to the counterparty and the market value of the securities/cash received from the counterparty as collateral, considering the applicable volatility adjustments in each case.

It also considers the mitigating effect of collateral received under Framework Collateral Agreements. In general, the methodology for calculating counterparty risk exposure described above is applied during the acceptance of new operations and in recurrent calculations on subsequent days.

Counterparty risk in the Group for financial counterparties is controlled through an integrated system that provides real-time data on the available exposure limit for any counterparty, product and maturity. For the remaining counterparties, counterparty risk is controlled through corporate applications, which contain both the limits of the lines of derivatives risk (if any) and credit exposure of derivatives and repos.

3.3.5.2. Mitigation techniques for counterparty risk

The main risk mitigation policies and techniques employed for counterparty risk with financial entities involve:

- ISDA/CMOF contracts. Standardised contracts for global derivative operations with a counterparty. These explicitly provide for the possibility of offsetting the flows of outstanding collections and payments between the parties for all derivatives trading hedged by the contracts.
- CSA contracts / CMOF appendix III. Agreements whereby each of the parties undertake to provide collateral (usually a cash deposit) as security for the net counterparty risk position arising from the derivatives traded between them, on the basis of a prior close-out netting agreement included in the clauses of the ISDA/CMOF contracts.
- GMRA/ CME/ GMSLA contracts (repo agreements and securities lending). Agreements whereby the parties undertake to deliver collateral to each other for the net counterparty risk exposure arising from differences between the value of the sum accrued by simultaneous buying and selling of securities and the market value of the securities.
- Break-up clauses. Such clauses provide for early termination of the agreement by one of the parties of its own free will, at a certain point in a contract. This mitigates counterparty risk by reducing the effective duration of the operations subject to the clause, or reducing the counterparty's counterparty risk exposure.
- Delivery-versus-payment in securities settlement systems. Systems that eliminate settlement risk with a counterparty, since clearing and settlement occur simultaneously and in an inseparable fashion. One major system is the CLS system for delivery-versus-payment in the case of simultaneous collection and payment flows in different currencies.
- Central Counterparties (CCPs). The use of CCPs in derivatives and repo transactions can mitigate the associated counterparty risk, as these entities act as intermediaries on their own account between the two parties to the transaction, thus absorbing the counterparty risk. The EMIR regulations set forth an obligation to clear certain OTC derivative contracts through these Central Counterparties, as well as to give notification of all transactions conducted.

For non-financial counterparties, the mitigation techniques for counterparty risk involve: ISDA/CMOF contracts, CSA contract/CMOF Appendix III and break-up clauses, pledges of financial guarantees and guarantees issued by counterparties with higher credit quality than the original counterparty in the operation.

Risk is often quantified by marking to market all outstanding transactions (normally on a daily basis). This entails revision and modification, as necessary, of the collateral delivered by the debtor. Meanwhile, the impact on collateral of a hypothetical downgrade to CaixaBank's rating would not be significant, as most of the collateral agreements do not include surcharges related to its rating.

3.3.6. Risk associated with the investee portfolio

The risk associated with equity investments (or "investees"), which in terms of regulations is included under credit risk for investments that are not classified in the held-for-trading portfolio, but which is individually included in the Corporate Taxonomy as a component of the Risk of Impairment of Other Assets, entails the possible loss or reduction in the Group's solvency through equity instruments caused by adverse movements in market prices, potential sales or investee insolvency with a medium to long-term horizon.

The way in which each share is methodologically processed for capital consumption will depend on: 1) the accounting classification of the share, for investments classified in the portfolio at fair value with changes in other comprehensive income, the calculation is carried out using the internal VaR model; and 2) the longevity strategy, for investments intended to be held on a long-term basis and, in some cases, there is a long-term link in their management, the most significant risk is credit risk, and, therefore, the PD/LGD approach is used whenever possible. If the requirements for applying the aforementioned methods are not met and/or there is not sufficient information, the simple risk-weight approach is applied in accordance with current regulations. In any case, for certain cases laid down in the regulation, the capital consumption will be subjected to potential deductions from own funds or a fixed weighting of 250%, as is the case for the significant financial investments.

As regards management, controlling and financial analysis of the main investees are performed through specialists exclusively responsible for monitoring changes in economic and financial data and for understanding and issuing alerts in the event of changes in regulations and fluctuations in competition in the countries and sectors in which the investees operate. These financial analysts also liaise with listed investees' investor relations departments and gather the information, including reports by third parties (e.g. investment banks, rating agencies) needed for an overall outlook of possible risks to the value of the shareholdings.

In general, with the most significant shareholdings, both the estimates of and actual data on investees’ contributions to income and shareholders’ equity (where applicable) are updated regularly. In these processes, the outlook for securities markets and analysts’ views (e.g. recommendations, target prices, ratings, etc.) are shared with Senior Management for regular comparison with the market.

3.4. Market risk

3.4.1. Overview

The Group identifies market risk as the loss in value of assets or the increase in value of liabilities including in the trading portfolio due to fluctuations in interest rates, exchange rates, credit spread, external factors or prices on the markets where said assets/liabilities are traded.

Market risk encompasses almost all the Group's trading portfolio, as well as the deposits and repos arranged by trading desks for management.

Risk factors are managed according to the return-risk ratio determined by market conditions and expectations, the limits structure and the authorised operating framework.

3.4.2. Market risk cycle

3.4.2.1. Monitoring and measurement of market risk

On a daily basis, the responsible departments monitor the contracts traded, calculate how changes in the market will affect the positions held (daily marked-to-market results), quantify the market risk taken, monitor compliance with global limits and analyse the ratio of actual return to the risk undertaken. With the results obtained from these activities, they produce a daily report on position, risk quantification and the utilisation of risk thresholds, which is distributed to Senior Management, the officers in charge of its management, Model Validation and Risk and the Internal Audit division.

As a general rule, there are two types of measurements which constitute a common denominator and market standard for the measurement of market risk:

Sensitivity

Sensitivity represents risk as the impact a slight change in risk factors has on the value of positions, without providing any assumptions about the probability of such a change.

Value-at-risk (VaR)

The benchmark market risk measurement is VaR at 99% with a one-day time horizon for which the RAF defines a limit for trading activities of EUR 20 million (excluding the economic hedging CDS for the CVA, recognised for accounting purposes in the held-for-trading portfolio). Daily VaR is defined as the highest of the following three calculations:

- Parametric VaR with a covariance matrix deriving from a 75-day window of history, giving more weight to recent observations. The parametric VaR technique is based on volatilities and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio.
- Parametric VaR with a covariance matrix arising from historical performance over one year and equal weightings.
- The historical VaR technique, which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes observed over the last year are taken into account, with a confidence interval of 99%. 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 behaviour of risk factors. The parametric VaR technique assumes fluctuations that can be modelled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors.

Moreover, since a downgrade in the credit rating of asset issuers can also give rise to adverse changes in market prices, quantification of risk is completed with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income and credit derivative positions (spread VaR), which constitutes an estimate of the specific risk attributable to the security issuers. This calculation is made using a historical method while taking into account the potentially lower liquidity of these assets, with a confidence interval of 99%, and assuming absolute weekly variations in the simulation of credit spreads.

Total VaR results from the aggregation of VaR arising from fluctuations in interest rates, exchange rates (and the volatility of both) and from the spread VaR, which are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors, and the addition of VaR of the equities portfolio and VaR of the commodities portfolio (currently with no position), assuming in both cases a correlation of one with the other risk factor groups.

The table below shows the average 1-day VaR at 99% attributable to the various risk factors at CaixaBank. The consumption levels are moderate and are concentrated on corporate debt spread, risk in the interest rate curve, which includes the credit spread on sovereign debt, and share price volatility risk. The risk amounts for other factors have less significance.

PARAMETRIC VaR BY RISK FACTOR
(Millions of euros)

	TOTAL	INTEREST RATE	EXCHANGE RATE	SHARE PRICE	INFLATION	COMMODITY PRICE	CREDIT SPREAD	INTEREST RATE VOLATILITY	EXCHANGE RATE VOLATILITY	SHARE PRICE VOLATILITY
Average VaR 2019	1.23	0.37	0.14	0.23	0.25	0.00	0.46	0.07	0.11	0.35

The highest levels, up to a maximum of EUR 2.2 million, were reached in November, due to the punctual increase in the sensitivity of the portfolio from variations in inflation levels.

At BPI, the standard measurement for market risk is 10-day parametric VaR at 99%. In 2019, the average 1-day VaR and maximum 1-day VaR at 99% for BPI trading activities was EUR 0.06 million and EUR 0.16 million, respectively.

Additional measures to VaR

As an analysis measurement, the Group completes the VaR measurements with the following risk metrics, updated weekly:

- **Stressed VaR** indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The stressed VaR calculation is leveraged by the same methodology and infrastructure as the historical VaR, with the only significant difference being the historical window selected.
- The **incremental default and migration risk** reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9%, a one-year time horizon, and a quarterly liquidity horizon, which is justified by the high liquidity of portfolio issuances. The estimate is made using Monte Carlo simulation of possible future states of external rating of the issuer and the issuance, based on transition matrices published by the main ratings agencies, where dependence between credit quality variations between the different issuers is modelled using Student's t-distribution.

The maximum, minimum and average values of these measurements in this year, as well as their value at the close of the period of reference, are shown in the following table.

SUMMARY OF RISK MEASUREMENTS
(Millions of euros)

	MAXIMUM	MINIMUM	AVERAGE	LAST
1-day VaR	2.2	0.7	1.2	1.2
1-day Stressed VaR	10.5	2.7	5.5	5.2
Incremental risk	28.2	5.5	15.0	12.7

Capital requirements for market risk are determined using internal models as the sum of the 3 previous measurements, with a time horizon of 10 market days. It is displayed below:

CAPITAL REQUIREMENTS
(Millions of euros)

	LAST VALUE	60-DAY AVERAGE	EXCEEDED	MULTIPLIER	CAPITAL
10-day VaR	3.9	4.9	0	3	14.7
10-day Stressed VaR	16.4	16.6	0	3	49.9
Incremental risk	12.7	14.8	-	-	14.8
TOTAL (*)					**79.3**

(*) Charges for VaR and stressed VaR are identical and correspond to the maximum between the last value and the arithmetic mean of the last 60 values, multiplied by a factor depending on the number of times the actual daily result was less than the estimated daily VaR. Similarly, capital for Incremental Risk is the maximum of the last value and the arithmetic mean of the preceding 12 weeks.

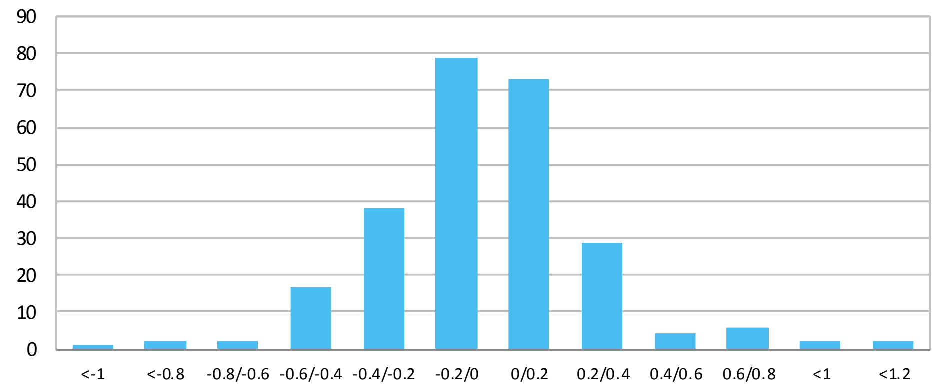
Backtesting

To confirm the suitability of the estimates of the internal model, daily results are compared against the losses estimated under the VaR technique, which is what is referred to as backtesting. The risk estimate model is checked in two ways:

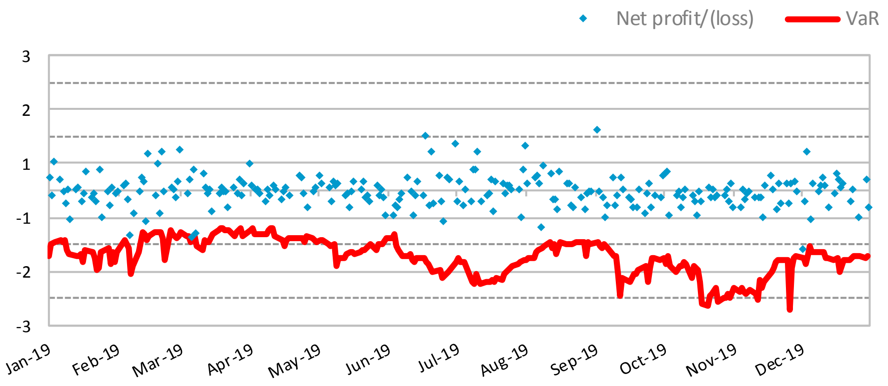
- Through net or hypothetical backtesting, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to estimated VaR over a one-day time horizon, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology.
- Gross (or actual) backtesting, which compares the total result obtained during the day (including intraday transactions) to 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 estimating the risk.

The daily result used in both backtesting exercises does not include mark-ups, reserves, fees or commissions.

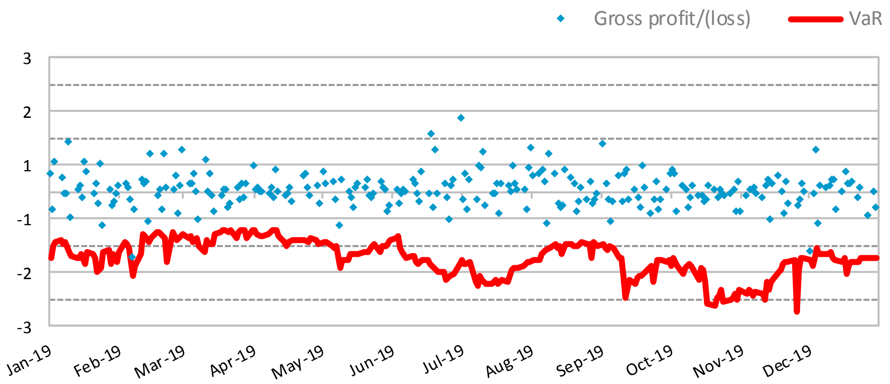
During the year, there were no excesses in the gross and net backtesting exercises:



Distribution of the profit/(loss) of trading activities in 2019
(Frequency in number of days. Millions of euros)



Distribution of the daily net profit/(loss) vs daily VaR
(Millions of euros)



Distribution of the daily gross profit/(loss) vs daily VaR
(Millions of euros)

Stress test

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

- **Systematic stress**: 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); variation of the spread between the instruments subject to credit risk and government debt securities (bond-swap spread); shifts in the EUR/USD curve differential; higher and lower volatility of interest rates; variation of the euro with respect to the USD, JPY and GBP; variation in exchange rate volatility, share prices; and higher and lower volatility of shares and commodities.
- **Historical scenarios**: this technique addresses the potential impact of actual past situations on the value of the positions held.
- **Reverse stress test**: a technique that assumes a high-vulnerability scenario given the portfolio's composition and determines what variations in the risk factors lead to this situation.

Based on the set of measures described above, the management of market risk on trading positions in markets is in accordance with the methodological and monitoring guidelines.

3.4.2.2. Mitigation of market risk

As part of the required monitoring and control of the market risks taken, there is a structure of overall VaR limits complemented by the definition sublimits, stressed VaR and incremental default and migration risk, Stress Test and Stop Loss results and sensitivities for the various management units that could assume market risk.

The risk factors are managed using economic hedges on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits.

Beyond the trading portfolio, fair-value hedge accounting is used, which eliminates potential accounting mismatches between the balance sheet and statement of profit or loss caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, limits for each hedge are established and monitored, in this case expressed as ratios between total risk and the risk of the hedged items.

3.5. Operational risk

3.5.1. Overview

In a regulatory context, operational risk is defined as the possibility of incurring losses due to the failure or unsuitability of processes, people, internal systems and external events. Given the heterogeneity of the nature of operational events, CaixaBank does not record operational risk as a single element in the Corporate Risk Taxonomy, but rather it has included the following risks of an operational nature: Legal/Regulatory, Conduct, Technology, Reliability of financial information and Other operational risks. For each of these risks in the Taxonomy, the Group upholds the corresponding specific management frameworks, without prejudice to the additional existence of a comprehensive operational risk management framework.

The purpose of this comprehensive framework is to improve the quality of business management, supplying relevant information to allow decisions to be made that ensure the organisation's long-term continuity, the optimisation of processes and the quality of both internal and external customer service. To achieve this, various lines of work have been established:

- To adopt measures to sustainably mitigate and reduce operational losses.
- To ensure the organisation's long-term continuity.
- To promote the establishment of systems for the ongoing improvement of the operating process and of the control structure.
- To exploit operational risk management synergies.
- To promote an operational risk management culture.
- To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

3.5.2. Operational risk cycle

Although the standardised method is used to calculate regulatory capital, the Group's operational risk measurement and management is based on policies, processes, tools and methodologies that are risk-sensitive, in line with market best practices.

Operational risks are structured into four categories or hierarchical tiers, from the most generic to the most specific and detailed:

- Tier 1 and 2: of the regulations. Tier 1 comprises 7 subcategories (Internal Fraud, External Fraud, Employment practices and security in workplace, Customers, products and business practices, Damages to physical assets, business interruptions and system faults, Execution and Delivery and process management) and Tier 2 comprises 20 subcategories.
- Tier 3: Internal Group level based on identification of the risks detailed.
- Tier 4: Individual risks, obtained after assignment of a Tier 3 risk to a process or activity.

Operational risk is measured with the following aspects:

- **Qualitative measurement**

  Operational risks are subjected to self-assessments on an annual basis, which make it possible to: i) obtain greater knowledge of the operational risk profile and the new critical risk; and ii) maintain a standardised update process for the taxonomy of operational risks, which is the foundation upon which this risk's management is defined.

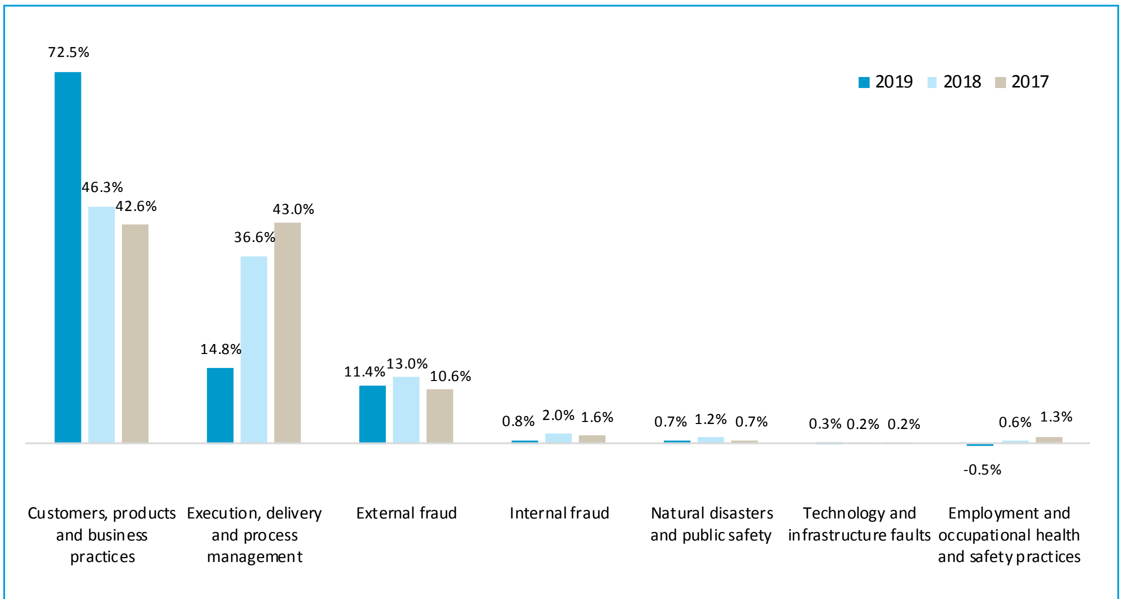
  A series of expert workshops and meetings are also held to generate hypothetical extreme operational loss scenarios. The purpose is for these scenarios to be used to detect areas of improvement in the management and to supplement the available external and internal historical data on operational losses.

- **Quantitative measurement**

  The internal operational loss database is one of the key aspects for managing operational risk (and the future calculation of the capital for operational risk). With this aim in mind, the technological environment of the operational risk system provides all the functionality required and is fully integrated into the bank's transactional and information systems.

  An **operational event** is the implementation of an identified operational risk, an event that causes an operational loss. It is the concept around which the entire data model revolves in the Internal Database. Loss events are defined as each individual economic impact related to an operational loss or recovery.

  Gross losses by type of risk are broken down as follows:



Distribution of gross loss by category of Operational Risk
(Percentage)

The internal historical data on operational losses is supplemented by external data. For this reason, the Group is registered with the ORX (Operational Riskdata eXchange) consortium, which anonymously exchanges operational loss information from banks on a worldwide level, and allows geographical subgrouping, among other functions, to manage risks (news service, working groups, methodological initiatives on operational risk). ORX requires its members to classify operational loss data using a series of parameters, both regulatory and proprietary. As a result, all of the parameters required by ORX are reported in events in the database.

- Additionally, measurement using Operational Risk indicators (KRIs) is a quantitative/qualitative methodology that: i) enables us to anticipate the development of operational risks, taking a forward-looking approach to their management and ii) provide information on development of the operational risk profile and the reasons for this. A KRI is a metric that detects and anticipates changes in said risk; its monitoring and management is integrated in the operational risk corporate management tool. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage operational risk.

3.5.3. Mitigation of operational risk

With the aim of mitigating the operational risk, the following have been defined: action plans that entail appointing a centre to be in charge, setting out the actions to be undertaken to mitigate the risk covered by the plan, the percentage or degree of progress, which is updated regularly, and the final commitment date. This allows mitigation through i) decreasing the frequency at which the events occur, as well as their impact; ii) holding a solid structure of sustained control in policies, methodologies, processes and systems and iii) integrating – into the everyday management of the Group – the information provided by operational risk management levers.

In addition, the corporate insurance programme for dealing with operational risk is designed to cover certain risks, and it is updated annually. Risk transfer depends on risk exposure, tolerance and appetite at any given time.

3.6. Legal and regulatory risk

Legal and regulatory risk is defined as the potential loss or decrease in the profitability of the Group as a result of changes in the legislation, of the incorrect implementation of this legislation in the Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.

It is managed according to certain operational principles, with a view to ensure that the appetite and risk tolerance limits defined in the Group's Risk Appetite Framework are respected.

In this regard, the entity constantly **monitors and tracks regulatory changes**, in pursuit of better legal security and legitimate interests. Here we highlight the main regulatory initiatives and consultation processes that the entity has participated in, given their relevance:

- European Commission review of various Directives, specifically: i) the Consumer Credit Directive (CCD), ii) the Directive on Distance marketing of financial services: consumer protection, iii) the Directive and Regulations on capital requirements (CRD5 and CRR2), iv) the Bank Recovery and Resolution Directive (BRRD2), v) the Benchmarks Regulation (BMR), vi) the Markets in Financial Instruments Directive (MiFID 2) and the Insurance Distribution Directive (IDD) for the integration of sustainability factors and risks. The entity has also monitored the finalisation of Basel III agreements and their implementation, and the advances of a legislative framework used to drive sustainable finance within the European Union.
- Within Spain, public consultations were carried out regarding the modification of the circular on the advertising of banking products and services, and the modification of the Order on Banking Transparency with respect to the obligation to report open-end credit associated with payment instruments, as well as the transposition of the Directive to promote the long-term involvement of shareholders.
- The EBA Guidelines on security and technology (ICT) risk management are notable as regards technological hazards.
- In terms of taxation, the bank addressed the consultation regarding the tax measures of the General State Budgets and the amendment to the General Tax Act, transposing the EU DAC 6 directive into Spanish law.

These activities are coordinated in the Regulation Committee, the body responsible for defining the Group's strategic stance in financial-regulation-related matters, driving the representation of the Entity's interests and coordinating the regular assessment of the regulatory initiatives and proposals that may affect the Group.

On the other hand, the Entity seeks to ensure the **suitable implementation of standards**. Thus, the following are noteworthy:

- **Property Credit Contract Regulatory Act** (Ley reguladora de los contratos de crédito inmobiliario – LCI) 5/2019, of 15 March.
- Royal Decree-Law 19/2018, of 23 November, concerning payment services and other urgent financial measures (PSD2).
- Royal Decree-Law 19/2017, of 24 November, on **basic payment accounts**, payment account relocation and comparability of fees (PAD).

Along the same lines, the Legal Advisory service coordinates a set of committees (Transparency Committee, Privacy Committee), the purpose of which is the monitoring – in each of the bank's initiatives – of its adaptation to consumer protection and privacy standards.

In order to ensure the correct interpretation of the standards, in addition to work on the study of jurisprudence, and decisions of the statutory authorities, in order to adjust the bank's activity to such criteria, it also enquires as to when it is necessary for the relevant administrative authorities. For example:

- In matters relating to tax, the Group has presented various binding tax enquiries for the ratification of interpretative criteria on Personal Income Tax deductibility of the fee for the administration and custody of shares in investment funds that meet certain requirements, determining the tax basis for VAT of the non-independent advisory service and simplified advice on funds, and VAT treatment of brokering in relation to certain financial services.
- In matters relating to data protection, it has presented various enquiries to the Spanish Data Protection Agency on the status of Data Controller for the provision of financial services and the need to view Robinson Lists in the case of processing based on legitimate interest.

With regard to judicial processes, and taking into account the existing litigiousness, the Group has policies, criteria, analysis and monitoring procedures for these disputes. These enable the Entity to manage the defence of each of them individually, and to identify and update the provisions necessary to cover a hypothetical outflow of economic resources, provided their occurrence is considered probable as a result of unfavourable rulings and administrative penalties against the Group, in or out of court (i.e. customer complaints) administrative sanctions, brought against the Group in the civil, criminal, tax, administrative and labour jurisdictions.

3.7. Conduct risk

Insofar as operational risk is concerned, according to the regulatory definition, conduct risk is defined as the Group's risk arising from the application of conduct criteria that run contrary to the interests of its customers and stakeholders, or acts or omissions that are not compliant with the legal or regulatory framework, or with internal codes and rules, or with codes of conduct and ethical and good practice standards. The objective of the Group is: i) to minimise the probability of this risk occurring and ii) if it does, to detect, report and address the weaknesses promptly.

The management of conduct risk is not limited to any specific area, but rather the entire Group. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage conduct risk, the bank encourages the awareness-raising and promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its members and other employees and Senior Management must ensure that they are compliant as a core criterion guiding their day-to-day activities. Therefore, as the first line of defence, the areas whose business is subject to conduct risk implement and manage first-level indicators and controls to detect potential sources of risk and act effectively to mitigate them.

3.8. Technology risk

Also within the framework of the regulatory operational risk, technology risk is defined as the risk of losses due to hardware or software inadequacies or failures in technical infrastructure, due to cyberattacks or other circumstances, which could compromise the availability, integrity, accessibility and security of the infrastructures and data. The risk is broken down into 5 categories that affect ICT (Information and Communications Technology): i) availability; ii) information security; iii) operation and management of change; iv) data integrity; and v) governance and strategy.

Its current measurement is included in a monthly-monitored RAF indicator, calculated using individual indicators linked to the governance of information technologies, information security and technological contingencies. Regular reviews are carried out by sampling, which check the quality of the information and validate the methodology used in creating the indicators reviewed.

The governance frameworks available address this measurement, and have been designed according to leading international standards, applied in the areas of:

- IT governance, designed and developed under the ISO 38500 standard.
- Information security, designed and developed under the ISO 27001 standard.
- Information Technology contingency, designed and developed under the ISO 27031 standard.

Specifically, business continuity refers to the capability of an organisation to continue delivery of products or services at acceptable predefined levels following a disruptive incident. Its management consists of identifying potential threats to the organisation and their impact on operations. It provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand, and value-creating activities.

Within this scope, CaixaBank has adopted and maintained a Business Continuity Management System (BCMS) based on the international ISO 22301 standard and certified by the British Standards Institution (BSI), with number BCMS 570347. Similarly, CaixaBank has been designated a critical infrastructure operator by virtue of the provisions of Act 8/2011 and is under the supervision of the National Centre for the Protection of Critical Infrastructures dependent on the State Secretary of Home Office Security.

Furthermore, CaixaBank holds a general emergency plan and various internal regulations on security measures, which include priority aspects such as: i) cybersecurity strategy; ii) the fight against customer fraud and internal fraud; iii) data protection; iv) security governance and disclosure; and v) supplier security.

3.9. Other operational risks

Within the Risk Taxonomy, this means losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, risk factors related to outsourcing, the use of quantitative models (model risk), the custody of securities or external fraud.

All of the Group's areas and companies are responsible for the set of other operational risks that arise within their respective remits. This implies identifying, assessing, managing, controlling and reporting the operational risks of their activity and helping the Group's Operational Risk Division to implement the management model.

The Corporate Policy on the management of outsourcing and its risks was approved in 2019, which covers the latest regulatory requirements with regard to these operations and provides significant support to the corporate governance of risks in outsourcing processes.

3.10. Financial information reliability risk

Financial information reliability risk is defined in the Corporate Risk Taxonomy as the risk of potential damage or loss, whether financial or other, stemming from possible deficiencies in the accuracy, integrity and approach to compiling the data needed to evaluate the financial position and assets of the Group. It is part of the set of regulatory operational risks.

The Group has Corporate Policies approved by the Board of Directors that establish the risk management and control framework, including:

- the Corporate policy on disclosure and verification of financial information, that establishes the framework of control on the Group's relevant financial information disclosed to market.
- the Corporate policy of Internal Control over Financial Reporting, that establishes the framework of governance, design, implementation and correct operation of the ICFR.
- the Corporate Policy on Information Governance and Data Quality, that regulates data governance and filing of reports.

This risk is mainly managed by assessing whether the group's financial information complies with the following principles:

- The transactions, facts and other events presented in the financial information in fact exist and were recorded at the right time (existence and occurrence).
- The information includes all transactions, facts and other events in which the Group is the affected party (completeness).
- The transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
- The transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
- The 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).

In order to manage and monitor the risk, the Group has implemented an internal control structure based on the aforementioned 3 lines of defence model:

- The activities of 1st line of defence in the accounting closing process – a key pillar for preparing the financial information – include, among others, i) defining accounting criteria to apply in the Group as well as the processing of the unique corporate operations and transactions; ii) reviewing the reasonableness of the judgments and estimates as well as of the rest of the changes in accounting figures; iii) monitoring the implementation of new accounting circuits and standards as well as analysing the differences between estimated and actual impacts; iv) working on and controlling the applications and other manual processes; and v) coordinating the Group's companies to prepare the consolidated accounting closings.
- The activities of 2nd line of defence include, among others, i) the monitoring and management of the Internal Control over Financial Reporting (ICFR); ii) advising on and/or defining criteria for the identification, monitoring, implementation and assessment of internal control over financial reporting; iii) reviewing compliance with the policies and iv) identifying and monitoring the internal control weaknesses identified.
- The activities of 3rd line of defence include, among others, reviewing the reliability and integrity of financial reporting, including the effectiveness of the ICFR.

3.11.1. Structural interest rate risk

Risk defined as the negative impact on the economic value of balance sheet items or on financial income due to changes in the temporary structure of interest rates and their impact on asset and liability instruments and those off the Group's balance sheet not recognised in the trading book.

The management of this risk by the Group seeks to i) optimise the net interest margin and ii) maintain the economic value of the balance sheet, while at all times taking into account the metrics and thresholds of the risk appetite framework in terms of volatility of the financial margin and value sensitivity.

This risk is analysed considering a broad set of market-type scenarios, including the potential impact of all possible sources of interest rate risk in the banking book, i.e. repricing risk, curve risk, basis risk and optionality risk. Optionality risk considers automatic optionality related to the behaviour of interest rates and the optionality of customer behaviour, which is not only dependent on interest rates.

The Group applies best practices in the market and the recommendations of regulators in measuring interest rate risk, using various measurement techniques that make it possible to analyse the Group's positioning and its risk situation. These notably include:

- Static gap: it shows the contractual distribution of maturities and interest rate reviews for applicable balance sheet and/or off-balance aggregates at a particular date. GAP analysis is based on comparing the values of the assets and liabilities reviewed or that mature in a particular period.
- Sensitivity of net interest income: it shows the impact on the net income caused by changes in the interest rate curve as a result of the review of balance sheet transactions This sensitivity is determined by comparing a net interest income simulation in the event of various interest rate scenarios (immediate parallel and progressive movements of different intensities, as well as changes in slope). The most likely scenario, which is obtained using the implicit market rates, including the business trend and hedge management forecasts, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The difference between these stressed net interest income figures compared to the baseline scenario give us a measure of the sensitivity, or volatility, of net interest income.
- Balance sheet economic value: it is calculated as the sum of i) the fair value of net interest-rate sensitive assets and liabilities on the balance sheet; ii) the fair value of off-balance sheet products (derivatives); and iii) the net carrying amounts of non-interest-rate sensitive asset and liability items.
- Economic value sensitivity: The economic value of sensitive balances on and off the balance sheet is reassessed under the various stress scenarios considered by the Group. The difference between this value and the economic value calculated at current market rates gives us a numeric representation of the sensitivity of economic value to the various scenarios employed.
- Balance sheet VaR: defined as the maximum economic value that could be lost from the balance sheet in a certain period of time, applying market prices and volatilities as well as correlation effects using a specific confidence level and time horizon.

The sensitivities of net interest income and economic value are measurements that complement each other and provide an overview of the interest rate risk in the banking book, 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.

The tables below show – using a static gap – the breakdown of maturities and interest rate maturities and revaluations of sensitive items on the Group's balance sheet, at the close of the financial year:

MATRIX OF MATURITIES AND REVALUATIONS OF THE BALANCE SHEET SENSITIVE TO INTEREST RATES

(Millions of euros)

	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	>5 YEARS	TOTAL
ASSETS							
Interbank and Central Banks	15,808	0	1,104	80	0	45	17,037
Loans and advances to customers	166,695	16,621	5,559	4,949	3,215	18,960	215,999
Fixed income portfolio	6,845	7,932	8,625	1,132	1,512	4,979	31,025
TOTAL ASSETS	189,348	24,553	15,288	6,161	4,727	23,984	264,061
LIABILITIES							
Interbank and Central Banks	20,293	684	239	73	34	247	21,570
Customer deposits	105,879	22,884	15,435	10,109	8,111	56,511	218,929
Issuances	6,532	2,641	2,416	6,050	5,497	13,227	36,363
TOTAL LIABILITIES	132,704	26,209	18,090	16,232	13,642	69,985	276,862
ASSETS LESS LIABILITIES	**56,644**	**(1,656)**	**(2,802)**	**(10,071)**	**(8,915)**	**(46,001)**	**(12,801)**
HEDGES	(22,324)	6,365	2,998	4,077	3,201	5,711	28
TOTAL DIFFERENCE	**34,320**	**4,709**	**196**	**(5,994)**	**(5,714)**	**(40,290)**	**(12,773)**

Below is the sensitivity of the net interest income and economic value to sensitive balance sheet assets and liabilities for a scenario of rising and falling interest rates of 100 basis points:

INTEREST RATE SENSITIVITY

(incremental % with respect to the market baseline scenario / implicit rates)

	+100 BP	-100 BP (3)
Net interest income (1)	6.8%	-3.0%
Economic value of equity for sensitive balance sheet aggregates (2)	6.1%	-5.3%

(1) Sensitivity of the 1-year NII of sensitive balance sheet aggregates.
(2) Sensitivity of economic value for sensitive balance sheet aggregates on Tier 1.
(3) In the case of falling-rate scenarios the applied internal methodology enables the interest rates to be negative. At the current level of rates, this methodology enables the falling shock to reach approximately -1%. For example, if the interest rates of the EONIA curve are -0.40% the interest rate levels that this curve could reach, in the shock of -100 basis points, is -1.40%.

With regard to measurement tools and systems, relevant information is obtained at the transaction level of the sensitive balance sheet transactions from each computer application used to manage the various products. This information is used to produce databases with a certain amount of aggregation in order to speed up the calculations without impairing the quality or reliability of the information or results.

The assets and liabilities management application is parameterised in order to include the financial specifics of the products on the balance sheet, using behavioural customer models based on historical information (pre-payment models). The sensitivity to interest rates – conditioned by the speed with which market rates are transposed and the expected terms to maturity – have been analysed for items without a contractual maturity date (demand accounts) on the basis of past experience of customer behaviour, including the possibility that the customer may withdraw the funds invested in this type of product. For other products, in order to define the assumptions for early termination, internal models are used which include behavioural variables of customers, products, seasonality and interest rate fluctuations.

The projection tool is also fed with growth data budgeted in the financial plan (volumes, products and margins) and information on the various market scenarios (interest and exchange rate curves), in order to perform a reasonable estimate of the risks associated with the net interest income and economic value of sensitive balance sheet aggregates.

To mitigate the interest rate risk in the banking book, the Group actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementarity between the sensitivity to fluctuations in interest rates on deposits and on lending transactions arranged with customers or other counterparties.

The interest rate risk in the banking book assumed by the Group is substantially below levels considered significant under current regulations.

3.11.2. Exchange rate risk in the banking book

Exchange rate risk in the banking book corresponds to the potential risk in the assets affected by adverse movements in exchange rates.

The Group has foreign currency assets and liabilities in its balance sheet as a result of its commercial activity and its shares in foreign currencies, in addition to the foreign currency assets and liabilities deriving from the Group's measures to mitigate exchange rate risk.

The equivalent euro value of all foreign currency assets and liabilities in the Group's balance sheet is as follows:

FOREIGN CURRENCY POSITIONS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Cash and cash balances at central banks and other demand deposits	419	524	512
Financial assets held for trading	2,314	1,852	1,124
Financial assets with changes in other comprehensive income	1,352	1,458	101
Financial assets at amortised cost	11,206	8,573	7,762
Equity Investments	108	94	668
Other assets	1,060	1,612	72
TOTAL FOREIGN CURRENCY ASSETS	**16,459**	**14,113**	**10,239**
Financial liabilities at amortised cost	8,878	7,899	8,113
Deposits	7,857	7,009	7,249
Central banks	1,385	1,402	2,389
Credit institutions	1,469	1,269	1,034
Customers	5,003	4,338	3,826
Debt securities issued	945	847	807
Other financial liabilities	76	43	57
Other liabilities	2,489	1,919	(193)
TOTAL FOREIGN CURRENCY LIABILITIES	**11,367**	**9,818**	**7,920**

The Group hedges its foreign currency risk by arranging cash transactions of financial derivatives, which mitigate the risk of asset and liability positions on the balance sheet. However, the nominal amount of these instruments is not reflected directly on the balance sheet but rather as memorandum items for financial derivatives. This risk is managed by seeking to minimise the level of exchange rate risk assumed in commercial activity, which explains why the Group's exposure to this market risk is low.

The remaining minor foreign currency positions in the banking book and of the treasury activity are chiefly held with credit institutions in major currencies. The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The currency detail of the main balance sheet headings is as follows:

BREAKDOWN OF THE MAIN BALANCE SHEET ITEMS BY CURRENCY - 31-12-2019
(Millions of euros)

	CASH*	FA HELD FOR TRADING	FA WITH CHANGES IN OCI	FA AT AMORTISED COST	FL AT AMORTISED COST	OTHER LIABILITIES
USD	183	1,512	933	7,494	7,864	1,613
JPY	19	1	0	483	9	1
GBP	45	870	4	1,474	378	899
PLN (Polish Zloty)	31	0	0	748	15	3
CHF	24	0	0	261	1	2
Other	117	(69)	415	746	611	(29)
TOTAL	**419**	**2,314**	**1,352**	**11,206**	**8,878**	**2,489**

FA: Financial assets; FL: Financial liabilities

(*) Cash and cash balances at central banks and other demand deposits

BREAKDOWN OF THE MAIN BALANCE SHEET ITEMS BY CURRENCY - 31-12-2018
(Millions of euros)

	CASH*	FA HELD FOR TRADING	FA WITH CHANGES IN OCI	FA AT AMORTISED COST	FL AT AMORTISED COST	OTHER LIABILITIES
USD	213	1,794	931	5,950	7,028	1,806
JPY	16	1	0	563	9	1
GBP	51	155	4	930	393	137
PLN (Polish Zloty)	85	0	0	442	12	2
CHF	28	0	0	235	0	2
Other	131	(98)	523	453	457	(29)
TOTAL	**524**	**1,852**	**1,458**	**8,573**	**7,899**	**1,919**

FA: Financial assets; FL: Financial liabilities
(*) Cash and cash balances at central banks and other demand deposits

BREAKDOWN OF THE MAIN BALANCE SHEET ITEMS BY CURRENCY - 31-12-2017
(Millions of euros)

	CASH*	FA HELD FOR TRADING	FA WITH CHANGES IN OCI	FA AT AMORTISED COST	FL AT AMORTISED COST	OTHER LIABILITIES
USD	257	1,157	96	5,331	7,458	(131)
JPY	12	1	0	606	2	0
GBP	48	13	4	823	332	(26)
PLN (Polish Zloty)	54	0	0	316	10	7
CHF	37	31	0	255	0	42
Other	104	(78)	1	431	311	(85)
TOTAL	**512**	**1,124**	**101**	**7,762**	**8,113**	**(193)**

FA: Financial assets; FL: Financial liabilities
(*) Cash and cash balances at central banks and other demand deposits

Given the reduced exposure to exchange rate risk and considering the existing hedges, the sensitivity of the balance sheet's economic value is not significant.

3.12. Liquidity and funding risk

3.12.1. Overview

Liquidity and funding risk refers to insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.

The Group manages this risk to maintain sufficient levels so that it can comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, at all times within the risk appetite framework. The strategic principles that are followed to meet this objective are:

- A decentralised liquidity management system across two units (the CaixaBank subgroup and the BPI subgroup), which includes a segregation of duties to ensure optimal management, control and monitoring of risks.
- Maintaining an efficient level of liquid funds in order to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Actively manage liquidity; this entails continuous monitoring of liquid assets and the balance sheet structure.
- Sustainability and stability, these being principles of the funding source strategy, which is based on i) the customer deposit-based funding structure and ii) capital market funding, complementing the funding structure.

The liquidity risk strategy and appetite for liquidity and funding risk involves:

- Identifying significant liquidity risks for the Group;
- formulating the strategic principles the Group must observe in managing each of these risks;
- defining significant metrics for each risk;

- setting appetite, tolerance, limit and – as the case may be – recovery thresholds within the RAF;
- setting up management and control procedures for each of the risks, including mechanisms for internal and external systematic monitoring;
- defining a stress testing framework and a Liquidity Contingency Plan to ensure that liquidity risk is managed accordingly in situations of moderate and serious crisis;
- and a Recovery Planning framework, in which scenarios and measures are devised for stress conditions.

In particular, the Group holds specific strategies with regard to: i) management of intraday liquidity risk; ii) management of the short-term liquidity; iii) management of sources of financing/concentrations; iv) management of liquid assets; and v) management of collateralised assets. Similarly, the Group has procedures to minimise liquidity risks in stress conditions through i) the early detection of the circumstances through which it can be generated; ii) minimising negative impacts; and iii) sound management to overcome a potential crisis situation.

3.12.2. Mitigation techniques for liquidity risk

On the basis of the principles mentioned in the previous section, a Contingency Plan has been drawn up defining an action plan for each of the established crisis scenarios. This sets out measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using the liquidity reserves or extraordinary sources of finance. In the event of a situation of stress, the liquid asset buffer will be managed with the objective of minimising liquidity risk.

The measures in place for liquidity risk management and anticipatory measures feature:

- Authority from the Annual General Meeting to issue securities.

- Availability of several facilities open with i) the ICO, under credit facilities – mediation, ii) the EIB and iii) the Council of Europe Development Bank (CEB). In addition, there are financing instruments with the ECB for which a number of guarantees have been posted to ensure that liquidity can be obtained immediately:

AVAILABLE IN ECB FACILITY
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Value of guarantees delivered as collateral	**51,455**	**53,652**	**50,149**
CaixaBank	46,001	46,698	43,484
BPI	5,454	6,954	6,665
Drawn down	**(12,934)**	**(28,183)**	**(28,820)**
TLTRO II – CaixaBank	(3,409)	(26,819)	(26,819)
TLTRO III – CaixaBank	(8,145)		
TLTRO II – BPI	(500)	(1,364)	(2,001)
TLTRO III – BPI	(880)		
Accrued interest	**49**	**279**	
Accrued interest - CaixaBank	44	268	
Accrued interest - BPI	6	11	
TOTAL AVAILABLE BALANCE IN ECB FACILITY	**38,571**	**25,748**	**21,329**

- Maintaining issuance programmes aimed at expediting formalisation of securities issuances in the market

DEBT ISSUANCE CAPACITY - 31-12-2019
(Millions of euros)

	TOTAL ISSUANCE CAPACITY	TOTAL ISSUED
CaixaBank promissory notes programme (CNMV 10-07-2019) (1)	1,000	0
CaixaBank fixed-income programme (CNMV 10-07-2019)	15,000	0
Structured retail fixed-income programme (CNMV 14-06-2018) CaixaBank Notas Minoristas (2)	0	999
CaixaBank EMTN ("Euro Medium Term Note") programme (Ireland 26-04-2019)	15,000	11,632
BPI EMTN ("Euro Medium Term Note") programme (Luxembourg 28-06-2019)	7,000	583
CaixaBank ECP ("Euro Commercial Paper") programme (Ireland 18-12-2019) (3)	3,000	703
BPI mortgage covered bonds programme (CMVM Portugal 19-02-2019)	9,000	7,300
BPI public sector covered bonds programme (CMVM Portugal 19-03-2019)	2,000	600

(1) Programme extendible to EUR 3,000 million
(2) The brochure matured on 14 June 2019 and it has not been renewed
(3) Programme extendible to EUR 5,000 million

- Capacity to issue backed bonds (mortgage covered and public sector covered bonds, etc.)

COVERED BOND ISSUANCE CAPACITY - 31-12-2019
(Millions of euros)

	ISSUANCE CAPACITY	TOTAL ISSUED
Mortgage covered bonds	2,633	49,859
Public sector covered bonds	1,094	5,000

- To facilitate access to short-term markets, CaixaBank currently maintains the following:
    - Interbank facilities with a significant number of (domestic and foreign) banks, as well as central banks.
    - Repo facilities with a number of domestic and foreign counterparties.
    - Access to central counterparty clearing houses for repo business (LCH SA – Paris, Meffclear – Madrid and EUREX – Frankfurt).
- The Contingency Plan and Recovery Plan contain a wide range of measures that allow for liquidity to be generated in diverse crisis situations. These include potential issuances of secured and unsecured debt, use of the repo market, and so on. For all these, viability is assessed under different crisis scenarios and descriptions are provided of the steps necessary for their execution and the expected period of execution.

3.12.3. Liquidity situation

The following table presents a breakdown of the Group's liquid assets based on the criteria established for determining high-quality liquid assets to calculate the LCR (HQLA) and assets available in facility not considered HQLAs:

LIQUID ASSETS
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	MARKET VALUE	APPLICABLE WEIGHTED AMOUNT	MARKET VALUE	APPLICABLE WEIGHTED AMOUNT	MARKET VALUE	APPLICABLE WEIGHTED AMOUNT
Level 1 assets	53,098	53,021	54,841	54,771	51,773	51,773
Level 2A assets	42	36	51	43	333	283
Level 2B assets	3,670	1,960	4,308	2,279	2,858	1,554
TOTAL HIGH-QUALITY LIQUID ASSETS (HQLAS) (1)	**56,810**	**55,017**	**59,200**	**57,093**	**54,964**	**53,610**
Assets available in facility not considered HQLAs		34,410		22,437		19,165
TOTAL LIQUID ASSETS		**89,427**		**79,530**		**72,775**

(1) Assets under the calculation of the LCR (Liquidity Coverage Ratio). It corresponds to high-quality liquid assets available to meet liquidity needs for a 30 calendar day stress scenario.

The Group's liquidity and funding ratios are set out below:

LCR AND NSFR
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
High-quality liquid assets - HQLAs (numerator)	55,017	57,093	53,610
Total net cash outflows (denominator)	30,700	28,602	26,571
Cash outflows	36,630	33,819	31,634
Cash inflows	5,931	5,217	5,063
LCR (LIQUIDITY COVERAGE RATIO) (%) (1)	**179%**	**200%**	**202%**
NSFR (NET STABLE FUNDING RATIO) (%) (2)	**129%**	**117%**	**112%**

(1) LCR: The aim of this regulatory ratio is to maintain an adequate level of high-quality asset availability to meet liquidity needs within a time horizon of 30 days under a stress scenario that involves a combined crisis of the financial system and of the name.
According to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the liquidity coverage requirement for credit institutions. The established regulatory limit for the LCR is 100%.
(2) NSFR - Regulatory balance sheet structure ratio that measures the ratios between the amount of available stable funding (ASF) and the amount of required stable funding (RSF). Available stable funding is defined as the proportion of own funds and customer funds that are expected to be stable in the time horizon of one year. The amount of stable funding required by an institution is defined in accordance with its liquidity and the residual maturities of its assets and its balance sheet positions.
Calculation at 31-12-2019 applying the regulatory criteria established as per Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20 May 2019, to enter into force as of June 2021. The aforementioned calculations follow the criteria laid down by Basel. The regulatory limit established for the NSFR is 100% from June 2021.

Key credit ratings are displayed below:

CAIXABANK CREDIT RATING

	LONG-TERM DEBT	SHORT-TERM DEBT	OUTLOOK	REVIEW DATE	MORTGAGE COVERED BONDS
Moody's Investors Service	Baa1	P-2	Stable	17-05-2019	Aa1
Standard & Poor's Global Ratings	BBB+	A-2	Stable	31-05-2019	AA
Fitch Ratings	BBB+	F2	Stable	27-09-2019	
DBRS Ratings Limited	A	R-1(low)	Stable	29-03-2019	AAA

In the event of a downgrade of the current credit rating, additional collateral must be delivered to certain counterparties, or there are early redemption clauses. The breakdown of the impact on liquidity deriving from 1, 2 and 3-notch downgrading is shown below:

SENSITIVITY OF LIQUIDITY TO VARIATIONS IN THE CREDIT RATING

(Millions of euros)

	1-NOTCH DOWNGRADE	2-NOTCH DOWNGRADE	3-NOTCH DOWNGRADE
Trading in derivatives (CSA agreements) (*)	0	2	5
Deposits taken with credit institutions (*)	0	1,274	1,274

(*) The balances presented are accumulated for each rating reduction

3.12.4. Asset encumbrance – assets received and delivered under guarantee

Assets securing certain financing transactions and unencumbered assets are as follows:

ASSETS SECURING FINANCING OPERATIONS AND UNENCUMBERED ASSETS

(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	CARRYING AMOUNT OF COMMITTED ASSETS	CARRYING AMOUNT OF NON-COMMITTED ASSETS	CARRYING AMOUNT OF COMMITTED ASSETS	CARRYING AMOUNT OF NON-COMMITTED ASSETS	CARRYING AMOUNT OF COMMITTED ASSETS	CARRYING AMOUNT OF NON-COMMITTED ASSETS
Equity instruments	0	3,063	0	4,144	0	3,288
Debt securities (1)	5,248	28,887	8,314	27,969	11,071	20,157
Of which: covered bonds	*2*	*9*	*5*	*4*	*17*	*5*
Of which: asset-backed securities	*0*	*92*	*0*	*0*	*0*	*0*
Of which: issued by public administrations	*4,584*	*24,161*	*7,222*	*24,564*	*10,207*	*17,643*
Of which: issued by financial corporations	*417*	*1,396*	*906*	*1,272*	*847*	*1,121*
Of which: issued by non-financial corporations	*245*	*3,228*	*181*	*2,129*	*0*	*1,388*
Loan portfolio (2)	49,146	191,368	69,543	173,810	81,208	160,678
Other assets (3)	5,071	45,574	4,580	47,292	3,588	55,028
TOTAL	**59,464**	**268,892**	**82,437**	**253,215**	**95,867**	**239,151**

(1) Mainly corresponds to assets provided in repurchase agreements and ECB financing transactions.

(2) Mainly corresponds to assets pledged for securitisation bonds, mortgage covered bonds and public sector covered bonds.

(3) Mainly corresponds to cash delivered as collateral on derivative transactions.

The following table presents the assets received under guarantee, segregating those unencumbered from those that may be pledged to raise finance:

ASSETS SECURING FINANCING OPERATIONS AND UNENCUMBERED ASSETS
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	FV OF COMMITTED ASSETS	FV OF NON-COMMITTED ASSETS	FV OF COMMITTED ASSETS	FV OF NON-COMMITTED ASSETS	FV OF COMMITTED ASSETS	FV OF NON-COMMITTED ASSETS
Collateral received (1)	1,790	15,841	2,097	13,323	3,397	17,228
Equity instruments	0	0	0	0	0	0
Debt securities	1,780	14,737	2,085	11,977	3,387	15,631
Other guarantees received	10	1,103	12	1,346	10	1,597
Own debt securities other than covered bonds or own asset-backed securities (2)	0	12	0	251	0	858
Issued and unpledged covered bonds and own asset-backed securities (3)	0	53,787	0	42,821	0	34,161
TOTAL	**1,790**	**69,640**	**2,097**	**56,395**	**3,397**	**52,247**

(1) Mainly corresponds to assets received in reverse repurchase agreements, securities lending transactions, and cash operations received as a guarantee of derivatives operations.
(2) Senior debt treasury shares
(3) Corresponds to treasury shares issued in the form of securitisations and covered bonds (mortgage / public sector)
FV: Fair value

The asset encumbrance ratio is as follows:

ASSET ENCUMBRANCE RATIO
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Encumbered assets and collateral received (numerator)	**61,255**	**84,534**	**99,263**
Debt securities	7,027	10,399	14,457
Loans and receivables	49,156	69,555	81,218
Other assets	5,071	4,580	3,588
Total assets + Total assets received (denominator)	**345,988**	**351,071**	**355,643**
Equity instruments	3,063	4,144	3,288
Debt securities	50,652	50,345	50,246
Loan portfolio	240,524	243,364	241,896
Other assets	51,748	53,218	60,214
ASSET ENCUMBRANCE RATIO	**17.70%**	**24.08%**	**27.91%**

During 2019, the asset encumbrance ratio has improved with respect to the 2018 ratio, down by 6.37 percentage points, due to reduced use of TLTRO II and the repo market, and a lower balance of secured issuances placed on the market.

Secured liabilities and the assets securing them are as follows:

SECURED LIABILITIES
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	LIABILITIES HEDGED, CONTINGENT LIABILITIES OR SECURITIES CEDED	ASSETS, GUARANTEES RECEIVED AND TREASUREY INSTRUMENTS ISSUED *	LIABILITIES HEDGED, CONTINGENT LIABILITIES OR SECURITIES CEDED	ASSETS, GUARANTEES RECEIVED AND TREASUREY INSTRUMENTS ISSUED *	LIABILITIES HEDGED, CONTINGENT LIABILITIES OR SECURITIES CEDED	ASSETS, GUARANTEES RECEIVED AND TREASUREY INSTRUMENTS ISSUED *
Financial liabilities	49,543	57,063	69,819	81,472	82,021	95,664
Derivatives	5,653	5,945	5,197	5,592	4,314	4,594
Deposits	26,281	30,322	45,517	51,321	57,152	64,275
Issuances	17,609	20,796	19,105	24,559	20,555	26,795
Other sources of charges	3,861	4,191	2,697	3,062	3,183	3,599
TOTAL	**53,404**	**61,255**	**72,516**	**84,534**	**85,205**	**99,263**

(*) Excluding encumbered covered bonds and asset-backed securities

3.12.5. Residual maturity periods

The breakdown, by contractual term to maturity of the balances of certain items on the balance sheets, in a scenario of normal market conditions, is as follows:

RESIDUAL MATURITY PERIODS 31-12-2019
(Millions of euros)

	DEMAND DEPOSITS	<1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	> 5 YEARS	TOTAL
CAIXABANK GROUP (EXC. INSURANCE BUSINESS)							
Cash and cash balances at central banks and other demand deposits *	14,947						14,947
Financial assets held for trading – Derivatives		46	58	126	972	4,992	6,194
Financial assets held for trading – Debt securities		40	21	74	371	213	719
Financial assets compulsorily measured at fair value through profit or loss	167			1		115	283
Financial assets designated at fair value through profit or loss	1						1
Financial assets at fair value through equity	1,729	34	547	676	11,139	3,568	17,693
Financial assets at amortised cost	3,866	14,011	10,824	20,242	52,014	143,745	244,702
Loans and advances	3,866	13,569	10,527	15,788	42,940	140,624	227,314
Debt securities		442	297	4,454	9,074	3,121	17,388
Derivatives - Hedge accounting	28	1	11	69	770	1,254	2,133
TOTAL ASSETS	**20,738**	**14,132**	**11,461**	**21,188**	**65,266**	**153,887**	**286,672**
Financial liabilities held for trading – Derivatives	6	16	36	40	257	1,512	1,867
Financial liabilities at amortised cost	198,952	7,985	5,939	21,467	31,285	15,125	280,753
Deposits	191,588	7,727	5,617	19,733	15,356	1,170	241,191
Central banks		150	894	3,859	9,516		14,419
Credit institutions	2,268	2,555	103	55	95	617	5,693
Customers	189,320	5,022	4,620	15,819	5,745	553	221,079
Debt securities issued	609	24	140	1,527	15,574	13,511	31,385
Other financial liabilities	6,755	234	182	207	355	444	8,177
Derivatives - Hedge accounting				9	215	290	514
TOTAL LIABILITIES	**198,958**	**8,001**	**5,975**	**21,516**	**31,757**	**16,927**	**283,134**
Of which are wholesale issues net of treasury shares and multi-issuers			*229*	*1,151*	*13,939*	*17,397*	*32,716*
ASSETS LESS LIABILITIES	**(178,220)**	**6,131**	**5,486**	**(328)**	**33,509**	**136,960**	**3,538**

RESIDUAL MATURITY PERIODS 31-12-2019
(Millions of euros)

	DEMAND DEPOSITS	<1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	> 5 YEARS	TOTAL
INSURANCE BUSINESS							
Financial assets under the insurance business - Debt securities		156	235	785	9,423	48,163	58,762
Liabilities under insurance contracts	20,702	430	890	4,021	14,589	52,733	72,663

The transaction maturities are projected according to their contractual and residual maturity, irrespective of any assumption that the assets and/or liabilities will be renewed. In order to assess the negative gap in the short term, the following aspects must be considered:

- The Group has high and stable retail financing with probable renewal.
- Additional guarantees are available at the European Central Bank, and there is the capacity to generate new deposits through asset securitisation and the issuance of mortgage- and/or public sector-covered bonds.

The calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market. The monetisation of available liquid assets is also not included.

As regards issuances, the Group’s policies take into account a balanced distribution of maturities, preventing concentrations and diversifying financing instruments. In addition, its reliance on wholesale markets is limited.

3.13. Reputational risk

Reputational risk is the possibility that the Group's competitive edge could be blunted by loss of trust by some of its stakeholders, based on their assessment of actions or omissions, whether real or purported, by the Bank, its Senior Management or Governance Bodies, or because of related unconsolidated financial institutions going bankrupt (step-in risk).

Some areas of risk identified by CaixaBank in which such confidence could be impaired are, among others, those related to the design and commercialization of products, to systems and information security, to the need to promote ESG aspects (Environmental, Social and Good Governance) in the business, including due to its increasing relevance the risks related to climate change; the development of talent, conciliation, diversity and occupational health.

The risk is monitored using internal and external selected reputational indicators from various sources of stakeholder expectations and perception analysis. The measurement indicators are weighted according to their strategic importance and are grouped in a balanced reputation scorecard that enables a Global Reputation Index (GRI) to be obtained. This metric enables the positioning to be monitored quarterly by sector and time, and the tolerated ranges and metrics to be set in the RAF.

The main instrument that enables formal monitoring of reputational risk management is the Reputational Risk taxonomy. This enables the risks to be identified and organised into a hierarchy according to their criticality, and also enables monitoring indicators to be set up for each risk (KRI) and coverage and mitigation policies to be established.

A number of policies that cover different scopes of the Group impact on the control and mitigation of reputational risk. In addition, there are specific procedures and activities by the areas most directly implicated in managing the main reputational risks, which enable the implementation of the risk to be prevented and/or mitigated.

Similarly, the Internal Reputational Risk Management Polices also include developing in-house training to mitigate the appearance and effects of reputational risks, establishing protocols to deal with those affected by the Bank's actions, or defining crisis and/or contingency plans to be activated if the various risks arise.

3.14.1 General description

The European regulatory framework of reference for insurance companies, known as Solvency II, is transposed into to the Spanish legal system through Act 20/2015 and Royal Decree 1060/2015, which are known, respectively, as LOSSEAR and ROSSEAR. This framework is supplemented by the technical standards approved by the European Commission (ITS), which are directly applicable, and guidelines published by EIOPA, which have been adopted by the Directorate General for Insurance and Pension Funds (DGSFP) as their own.

In addition to other risks, the insurance business is exposed actuarial risk, defined as the risk of loss or adverse change to the value of commitments contracted through insurance or pension contracts with customers or employees, as a result of the deviation between the estimate for actuarial variables used in setting the rates and reserves versus their actual evolution.

For credit and liquidity risk incurred in the insurance business, the Group has management frameworks that establish credit quality and diversification levels (see the risk structure of the insurance business in these fields, presented in a segmented way in Notes 3.3 and 3.12).

Similarly, in relation to interest rate risk, the Group – through its insurance company VidaCaixa – manages insurance contract commitments and the affected assets jointly using financial immunisation techniques envisaged in the provisions of the DGSFP.

3.14.2 Actuarial risk cycle

3.14.2.1. Actuarial risk monitoring and measurement

Actuarial risk management, established in policies approved by the risk management bodies, seeks the long-term stability of the actuarial factors that affect the technical evolution of marketed insurance products. The actuarial risk factors notably feature mortality and longevity risk in the field of life insurance, and the accident rate ratio in the fields of insurance policies other than life insurance.

Thus, for each line of business, the policy of underwriting and provision of reserves – which is updated at least annually – identifies various parameters for risk approval, measurement, rate-setting and, lastly, to calculate and set aside reserves covering underwritten policies. General operating procedures are also in place for underwriting and the provision of reserves.

Systems for measuring actuarial risk, from which the sufficiency of the technical reserves are quantified and assessed policy-by-policy, are integrated into the management of the insurance business. In this sense, production operations, irrespective of the channel, are recorded in the systems using the various contracting, benefits management and provision calculation applications (e.g. TAV for individual and ACO or Avanti for group insurance). Investment management software is used to manage and control the investments backing the company's insurance activity. All of the applications are accounted for automatically in the accounting support software.

There is a series of applications that perform management support tasks within these integrated and automated systems. It is worth noting applications for data processing that are used for preparation of reporting information and risk management. In addition, there is a solvency and risk datamart, which serves as a support tool for compliance with all the requirements of the Solvency II Directive.

3.14.2.2. Mitigation of actuarial risk

One of the Group's elements used to mitigate the assumed actuarial risk consists of transferring part of the risk to other companies, through reinsurance contracts. To do so, the Group – and specifically its insurance company – has a policy which is updated at least annually, which identifies the extent to which risk is passed on, taking into account the risk profile of direct insurance contracts, and the type, suitability and effectiveness of the various reinsurance agreements.

By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

Through the insurance company VidaCaixa, the Group establishes the following via its reinsurance policy:

- The disclosure of the reinsurance types.
- The risk management and reporting process.
- The criteria in order to select reinsurance companies.
- Disclosure of the types of reinsurance to be contracted and aggregate exposure by type of business.

In this respect, through the insurance company VidaCaixa, the Group has established limits on the net risk retained per business line, by risk or event (or a combination of both factors). These limits are set in accordance with the desired risk profile and reinsurance cost.

3.15. Business risk

Business risk refers to obtaining results lower than market expectations or the Group's targets which prevent the Group from reaching a profitability level that is higher than the cost of capital.

The profitability objectives, backed by financial planning and monitoring process, are set out in the Group's Strategic Plan, over three years, and are specified annually in the Group's budget and in the Business network challenges.

CaixaBank's business risk management system is based on 4 foresights of management:

- Group vision: the overall aggregated return at the level of the CaixaBank Group.
- Business/Region vision: the return from businesses/territories.
  - Financial-Accounting vision: the return from different corporate businesses.
  - Commercial-Management vision: the return from the management of the CaixaBank commercial network.
- Pricing vision: the return from setting prices for CaixaBank products and services.
- Project vision: the return from relevant Group projects.

3.16. Risk of impairment of other assets

Risk of impairment of other asserts is defined as the risk of a reduction in the carrying amount of shareholdings and in non-financial assets of the Group, specifically:

- Investee risk: positions in the Group’s investee portfolio, except those over which it exercises control. These positions may originate in explicit management decisions to take a position or from the integration of other entities, or they may result from the restructuring or execution of guarantees within what was initially a credit transaction (see Note 3.3.6).
- Tangible assets: this mainly comprises real estate assets, both from own use and foreclosed assets available for sale and rental. A majority of these foreclosed assets are owned by the Group’s real estate subsidiary, BuildingCenter, S.A.U. In terms of appraisal of the foreclosed assets, prevailing regulations are fulfilled.
- Intangible assets: mainly includes goodwill generated in business combination processes, assigned to one of the Group's cash-generating units, the software, as well as to other intangible assets with a defined useful life.
- Tax assets: mainly deferred tax assets generated by the time differences between the balance sheet entry criteria for accounting and tax results, as well as tax credits through deductions and tax loss carryforwards generated both in the Group and in integration processes (including those that come from the integrated company itself, as well as those generated in Purchase Price Allocation exercises).

For risk management, the fulfilment of the policies is reviewed, as well as the ongoing monitoring of the various metrics, risk limits and the effective execution of the controls set out. In addition, impairment and recoverability tests and reviews are carried out, using generally accepted methodologies.

3.17. Risk of own funds and capital adequacy

The risk of own funds and capital adequacy responds to the potential restriction of the CaixaBank Group's to adapt its volume of own funds to regulatory requirements or a change to its risk profile.

The Group has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position. Capital adequacy to cover eventual unexpected losses is measured from two different perspectives and using different methodologies: regulatory capital and economic capital.

The regulatory capital of financial institutions is regulated by the CRR and Directive 2013/36/EU of the European Parliament and of the Council, which implemented the Basel III regulatory framework (BIS III) in the European Union. Regulatory capital is the metric i) required by regulators and ii) used by analysts and investors to compare financial institutions. Similarly, following the transposition to European legislation in 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital. This means that procedures are constantly being updated, and therefore the Group continuously adapts its processes and systems to ensure the calculation of capital consumption and deductions from own funds are fully aligned with the new established requirements.

Furthermore, the economic capital forms the basis of the internal estimate of own fund requirements, which acts as a supplement to the regulatory view of capital adequacy and corresponds to the metrics used for i) the self-assessment of capital, subject to presentation and review in the Group's corresponding bodies; ii) updating the Economic Capital Ratio, as a monitoring and control tool; and iii) calculating the Risk Adjusted Return (RAR) and the Pricing. In contrast with regulatory capital, economic capital is an internal estimate which is adjusted according to the Group's level of tolerance to risk, volume, and type of business activity. Hence, economic capital is a supplement which is used to better offset the risk assumed by the Group and it includes risks that have not been factored in at all or only partially, by the regulatory measures.

In addition to the risks referred to in Pillar 1 (credit, market and operational risk), it includes others also included in the Risk Taxonomy, (e.g. structural rates, liquidity and funding, business and actuarial risk, etc.).

The Group has a Corporate Policy for Own Funds and Capital Adequacy Risk, the purpose of which is lay down the principles on which capital objectives are determined in the CaixaBank Group, as well as to lay down a common set of guidelines in relation to the monitoring, control and management of capital that allow this risk to be mitigated, among other aspects.

These capital objectives are public and are currently specified in the 2019-2021 Strategic Plan, placing the CET1 ratio around 12%, constituting an additional buffer of 1 percentage point as a prudential cushion within the Plan's horizon to face future regulatory changes.

4. Capital adequacy management

The composition of the Group's eligible own funds is as follows:

ELIGIBLE OWN FUNDS
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	AMOUNT	AS %	AMOUNT	AS %	AMOUNT	AS %
Net equity	**25,151**		**24,058**		**24,683**	
Shareholders' equity	26,247		25,384		24,722	
Capital	5,981		5,981		5,981	
Profit/(loss)	1,705		1,985		1,684	
Reserves and other	18,561		17,418		17,057	
Minority interests and OCI	(1,096)		(1,326)		(39)	
Other CET1 instruments	**(1,037)**		**(801)**		**(710)**	
Adjustments applied to the eligibility of minority interests and OCI	6		(43)		(93)	
Other adjustments (1)	(1,043)		(758)		(617)	
CET1 Instruments	**24,114**		**23,257**		**23,973**	
Deductions from CET1	**(6,327)**		**(6,457)**		**(6,650)**	
Intangible assets	(4,232)		(4,250)		(4,206)	
Deferred tax assets	(1,875)		(1,977)		(1,876)	
Other deductions from CET1	(220)		(230)		(568)	
Common Equity Tier 1 (CET1)	17,787	12.0%	16,800	11.5%	17,323	11.7%
AT1 instruments	2,236		2,233		999	
AT1 Deductions						
TIER 1	20,023	13.5%	19,033	13.0%	18,322	12.3%
T2 instruments	3,224		3,295		5,023	
T2 Deductions						
TIER 2	3,224	2.2%	3,295	2.3%	5,023	3.4%
TOTAL CAPITAL	**23,247**	**15.7%**	**22,328**	**15.3%**	**23,345**	**15.7%**
Other eligible subordinated instruments. MREL (5)	5,680		2,303		1,608	
SUBORDINATED MREL	**28,927**	**19.6%**	**24,631**	**16.9%**	**24,953**	**16.8%**
Other eligible instruments. MREL (3)	3,362		2,943			
MREL (4)	**32,289**	**21.8%**	**27,574**	**18.9%**		
RISK WEIGHTED ASSETS (RWA)	**147,880**		**145,942**		**148,695**	

(*) From 01-01-2019 the regulatory and fully-loaded data are the same. The figures at 31-12-2018 and 31-12-2017 are those expected for the end of the transitional period (fully-loaded) of the COREP statuses of each period.
(1) Mainly the forecast for dividends payable.
(2) Five senior non-preferred debt issuances have been made this year for a nominal amount of EUR 3,382 million.
(3) A senior preferred debt issuance has been made this year for a nominal amount of EUR 1,000 million.
(4) On 24 April 2019, the Bank of Spain notified CaixaBank about the MREL requirement. In accordance with this notification, CaixaBank must reach as of 1 January 2021 a volume of equity and eligible liabilities of approximately 22.5% of the RWA at a consolidated level.

At the individual level, CaixaBank has ratios of 13.8% CET1, 15.4% Tier 1 and 17.8% Total Capital, with RWAs of EUR 135,725 million.

The following chart sets out a summary of the minimum requirements of eligible own funds:

MINIMUM REQUIREMENTS
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	AMOUNT	AS %	AMOUNT	AS %	AMOUNT	AS %
BIS III minimum requirements						
CET1 (*)	12,983	8.78%	12,770	8.75%	13,011	8.75%
Tier 1	15,201	10.28%	14,959	10.25%	15,241	10.25%
Total capital	18,159	12.28%	17,878	12.25%	18,215	12.25%

(*) Includes the minimum requirement of Pillar I of 4.5%; the requirement of Pillar II of 1.5%; the capital conservation buffer of 2.5%, the O-SII (Other Systemically Important Institution) buffer of 0.25%. The specific countercyclical risk buffer of 0.03% is also added during 2019.
The same requirements for 2019 are upheld in 2020, with the difference being that the countercyclical capital buffer for exposure to third-party countries must be updated quarterly.

The following chart provides a breakdown of the leverage ratio:

LEVERAGE RATIO
(Millions of euros)

	31-12-2019	31-12-2018 *	31-12-2017 *
Exposure	341,681	344,485	343,484
Leverage ratio (Tier 1/Exposure)	5.9%	5.5%	5.3%

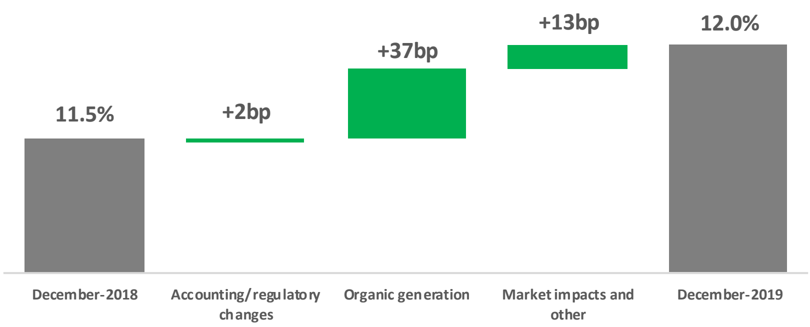
(*) The figures are those expected for the end of the transitional period (fully-loaded).

The changes in eligible own funds are as follows:

CHANGES IN ELIGIBLE OWN FUNDS
(Millions of euros)

	31-12-2019		31-12-2018	
	AMOUNT	AS %	AMOUNT	AS %
CET1 AT THE START OF THE YEAR	16,800	11.5%	17,323	11.7%
Changes in CET1 instruments	**856**		**(715)**	
Benefit	1,705		1,985	
Expected dividends	(897)		(1,016)	
Reserves	303		(455)	
Minority interests	0		(318)	
Valuation adjustments and other	(255)		(911)	
Changes in deductions from CET1 (1)	**131**		**192**	
Intangible assets	18		(44)	
Deferred tax assets	102		(101)	
Other deductions from CET1	11		337	
AT1 deductions covered by CET1	0		0	
CET1 AT THE END OF THE YEAR	**17,787**	**12.0%**	**16,800**	**11.5%**
ADDITIONAL TIER 1 AT THE START OF THE YEAR	2,233	1.5%	999	0.6%
Changes in AT1 instruments	**3**		**1,234**	
Changes in deductions from CET1	**0**		**0**	
ADDITIONAL TIER 1 AT THE END OF THE YEAR	**2,236**	**1.5%**	**2,233**	**1.5%**
TIER 2 AT THE START OF THE YEAR	3,295	2.3%	5,023	3.4%
Changes in Tier 2 instruments	**(71)**		**(1,728)**	
Subordinated issuances	0		1,000	
Redemption of issuances	0		(2,822)	
Other	(71)		94	
Changes in Tier 2 deductions	**0**			
TIER 2 AT THE END OF THE YEAR	**3,224**	**2.2%**	**3,295**	**2.3%**

The causative details of the main aspects of the financial year that have influenced the CET1 ratio are set out below:



Change in CET1

The **Common Equity Tier 1 (CET1) ratio amounts to 12.0%** at 31 December 2019. The organic capital generation of the year has been +37 basis points, regulatory and accounting changes have had an impact of +2 basis points (of which -11 basis points of first application of IFRS 16, +18 basis points by the change in the accounting of the commitments defined with employees and -5 basis points for the adjustment of credit risk requirements for real estate financing in accordance with applicable regulations (see Article 128 of Regulation 575/2013 "Capital Requirements Regulation" (CRR))) and +13 basis points due to the evolution of markets and other impacts.

These levels of CET1 lay the foundations for achieving the capital objective set in the 2019-2021 Strategic Plan, which stands at approximately 12%, with an additional 1 percentage point prudential buffer being established until the end of 2021 to cover any future regulatory changes, including the end of the Basel 3 framework.

Information on capital requirements by risk calculation method is presented below:

BREAKDOWN OF RISK-WEIGHTED ASSETS BY METHOD

(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Credit risk (1)	113,947	77.0%	111,740	76.6%	110,819	74.5%
Standardised approach	62,069	42.0%	60,612	41.5%	64,172	43.2%
IRB approach	51,878	35.0%	51,128	35.0%	46,647	31.4%
Shareholder risk	18,309	12.4%	19,177	13.1%	22,614	15.2%
PD/LGD method	5,915	4.0%	7,436	5.1%	9,907	6.7%
Simple method	12,394	8.4%	11,709	8.0%	12,443	8.4%
VaR method	0	0.0%	32	0.0%	264	0.2%
Market risk	2.224	1.5%	1,916	1.3%	2,279	1.5%
Standardised approach	1,232	0.8%	1,177	0.8%	1,229	0.8%
Internal models (IMM)	992	0.7%	739	0.5%	1,050	0.7%
Operational risk	13,400	9.1%	13,109	9.0%	12,983	8.7%
Standardised approach	13,400	9.1%	13,109	9.0%	12,983	8.7%
TOTAL	**147,880**	**100.0%**	**145,942**	**100.0%**	**148,695**	**100.0%**

(1) Includes credit valuation adjustments (CVA), deferred tax assets (DTAs) and securitisations.

5. Appropriation of profit

The appropriation of profits of CaixaBank, SA from the 2019 financial year, which the Board of Directors agrees to propose to the General Shareholders' Meeting for approval, based on the information available to elaborate these financial statements, is presented below:

APPROPRIATION OF PROFITS OF CAIXABANK ,SA
(Millions of euros)

	2019
Basis of appropriation	
Profit/(loss) for the year	2,074
Appropriation:	
To dividends (1)	897
To reserves	1,177
To legal reserve (2)	0
To voluntary reserve (3)	1,177
NET PROFIT FOR THE YEAR	**2,074**

(1) Includes the proposal of a dividend of 0.15 euros per share, to be paid in April 2020. The total distributable amount is the estimated maximum, which will be reduced in accordance with the number of treasury shares held by CaixaBank at the date of payment of the dividend.
(2) It is not necessary to transfer part of the 2019 profit to the legal reserve, as this reserve has reached 20% of the share capital (art. 274 of the Spanish Corporate Enterprises Act).
(3) Estimated amount allocated to the voluntary reserve. This amount will increase by the same amount as the amount earmarked for payment of the final dividend decreases (see Note 1 above). Remuneration of AT1 capital instruments corresponding to 2019 issued by CaixaBank, totalling EUR 133 million, will be deemed to have been paid, with this amount charged to voluntary reserves.

6. Shareholder remuneration and earnings per share

6.1. Shareholder remuneration

The following dividends were distributed in this year:

DIVIDENDS PAID - 2019
(Millions of euros)

	EUROS PER SHARE	AMOUNT PAID IN CASH	ANNOUNCEMENT DATE	PAYMENT DATE
Final dividend for 2018	0.10	598	31-01-2019	15-04-2019
TOTAL	**0.10**	**598**		

6.2. Earnings per share

Basic and diluted earnings per share of the Group are as follows:

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE
(Millions of euros)

	2019	2018	2017
Numerator	1,572	1,902	1,658
Profit attributable to the Parent	1,705	1,985	1,684
Less: Preference share coupon amount (AT1)	(133)	(83)	(26)
Denominator (thousands of shares)	5,978	5,979	5,978
Average number of shares outstanding (1)	5,978	5,979	5,978
Adjusted number of shares (basic earnings per share)	5,978	5,979	5,978
Basic earnings per share (in euros) (2)	0.26	0.32	0.28
Diluted earnings per share (euro) (3)	0.26	0.32	0.28

(1) Number of shares outstanding at the beginning of the year, excluding average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.
(2) Including CaixaBank's non-consolidated profit for 2019, 2018 and 2017, basic earnings per share would be EUR 0.32, 0.19 and 0.24, respectively.
(3) Preference shares did not have any impact on the calculation of diluted earnings per share, since their capacity to be convertible was unlikely. Additionally, equity instruments associated with remuneration components were not significant.

7. Business combinations, acquisition and disposal of ownership interests in subsidiaries

There were no significant business combinations during 2019 and 2018.

Banco BPI

The business combination with Banco BPI was implemented in 2017. The takeover of Banco BPI entailed a change in the nature of this investment, from an investment in an associate to an investment in a Group company. From an accounting perspective, the change in the nature of the investment led to a revaluation of the previous stake of 45.5% in BPI to the bid price, generating a gross loss of EUR 186 million under Gains/(losses) on derecognition of non-financial assets and investments (net) in the Group's consolidated statement of profit or loss for 2017, and a simultaneous recognition of 100% of the assets and liabilities comprising the stake in Banco BPI as part of the purchase price allocation (PPA) required under IFRS 3. The accounting of the Purchase Price Allocation (PPA) resulted in a negative difference arising on consolidation of EUR 442 million under "Negative goodwill recognised in profit or loss" in the 2017 consolidated statement of profit or loss.

In view of the foregoing, at the date of acquisition of control, the total impact – on the 2017 income statement – of the business combination reached EUR 256 million.

On 6 May 2018 CaixaBank announced the acquisition of an 8.42% stake of the share capital of Banco BPI, S.A. owned by Allianz group, for a total price of EUR 178 million (EUR 1.45 per share), becoming the holder of 92.93% of the share capital of Banco BPI. This price represented a premium of 22.67% on the share price and a premium of 22.16% with respect to the average price weighted by the price volume of the last 6 months.

With a majority of 99.26% of the votes issued, on 29 June 2018 the Banco BPI General Shareholder's Meeting approved the delisting and the purchase offered by CaixaBank to the shareholders that did not vote in favour, at a price of EUR 1.45 per share. Subsequently, on 12 July 2018, Banco BPI requested its delisting from the CMVM.

Between 5 May and 23 August, CaixaBank purchased shares in BPI on the market for a price equal to or lower than EUR 1.45 per share, until reaching 94.9% of its share capital.

Finally, on 27 December 2018, after the delisting and the combination of the offer intended for the shareholders who had not voted in favour of the delisting and the takeover offer in the area of article 490 of the Company Code, CaixaBank exercised its sell-out right on the Banco BPI shares which it did not yet hold at a price of EUR 1.47 per share, and thus, became the holder of 100% of the Banco BPI share capital.

The sell-out right was settled at the beginning of January 2019. The disbursement in order to acquire 5.1% of the share capital after the delisting from the stock exchange and to reach 100% of the Banco BPI share capital amounted to EUR 108 million and did not affect the consolidated statement of profit or loss.

8. Segment information

The objective of business segment reporting is to allow internal supervision and management of the Group's activity and profits. The information is broken down into several lines of business according to the Group's organisation and structure. The segments are defined and segregated taking into account the inherent risks and management characteristics of each one, based on the basic business units which have accounting and management figures.

The following is applied to create them: i) the same presentation principles are applied as those used in Group management information, and ii) the same accounting principles and policies as those used to prepare the financial statements.

After the sale of 80% of the real estate business in December 2018, starting from 2019 the non-core real estate business will no longer be reported separately, integrating the remaining assets in the Banking and Insurance business, with the exception of the stake in Coral Homes, SLU (Coral Homes), which is assigned to the Equity Investment business. For comparative purposes, the 2018 and 2017 information is presented aggregating both segments.

As a result, the Group is made up of the following business segments:

Banking and insurance: includes the results of the banking business (retail, corporate and institutional banking, cash management and markets), together with the insurance business and asset management, primarily carried out in Spain through the branch network and the other complementary channels. It covers the activity and results generated by the Group's customers, as well as management of liquidity and the Assets and Liabilities Committee, income from financing the other businesses and the corporate centre. In addition, it includes the businesses acquired by CaixaBank from BPI during 2018 (i.e. insurance, asset management, and cards).

The insurance and banking business is presented in a unified way consistent with the joint business and risk management, since it is a comprehensive business model within a regulatory framework that shares similar monitoring and accounting objectives. The Group markets insurance products, in addition to the other financial products, through its business network with the same client base, because the majority of the insurance products offer savings alternatives (life-savings and pensions) to the banking products (savings and investment funds).

Equity investments: includes income from dividends and/or profit from banks accounted for using the equity method, net of financing costs, from the interests and gains/(losses) on financial assets and liabilities held in Erste Group Bank, Repsol SA (Repsol), Telefónica SA (Telefónica), Banco Fomento de Angola, SA (BFA) and Banco Comercial e de Investimentos, SA (BCI). From 1 January 2019 the 20% stake in Coral Homes is added to this segment, after the sale of the real estate business at the end of December 2018. Similarly, it includes the significant impacts on income of other relevant stakes acquired in various sectors.

It includes the stakes in BFA, which after reassessing the significant influence at year-end 2018 is classified as Financial assets at fair value with changes in other comprehensive income, and in Repsol, until completing its sale in the second quarter of 2019.

BPI: covers the income from the BPI's domestic banking business, essentially in Portugal. The income statement includes the reversion of the adjustments resulting from the application of fair value to the assets and liabilities in the business combination. Furthermore, it excludes the financial statement and equity capital associated with BPI's assets assigned to the aforementioned equity business (essentially BFA and BCI).

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

In 2019, the allocation of capital to the equity investment business has been adapted to the Group's capital corporate objective of maintaining a fully-loaded Common Equity Tier 1 (CET1) ratio of 12%, taking into account both the 12% consumption of capital for risk-weighted assets (11% in 2018) and any applicable deductions.

The allocation of capital to BPI is at sub-consolidated level, i.e. taking into account the subsidiary's own funds. The capital consumed in BPI by the investees allocated to the investment business is allocated consistently to this business.

The difference between the Group's total shareholders' equity and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

The performance of the Group by business segment is shown below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE CAIXABANK GROUP - BY BUSINESS SEGMENT
(Millions of euros)

	BANKING AND INSURANCE BUSINESS *						INVESTMENTS			BPI		
	2019		2018		2017							
		OF WHICH: INSURANCE		*OF WHICH: INSURANCE*		*OF WHICH: INSURANCE*	2019	2018	2017	2019	2018	2017
NET INTEREST INCOME	4,659	*316*	4,659	*305*	4,532	*306*	(124)	(149)	(168)	416	397	382
Dividend income and share of profit/(loss) of entities accounted for using the equity method **	232	*192*	220	*171*	223	*156*	335	746	416	21	6	14
Net fee and commission income	2,340	*(68)*	2,303	*(124)*	2,223	*(103)*				258	280	276
Gains/(losses) on financial assets and liabilities and others	239	*57*	219	*1*	304	*64*	35	11	(44)	24	48	23
Income and expenses under insurance and reinsurance contracts	556	*556*	551	*551*	471	*472*						
Other operating income and expense	(369)	*79*	(498)	*51*	(412)	*31*				(17)	(26)	(18)
GROSS INCOME	7,657	*1,132*	7,454	*955*	7,341	*926*	246	608	204	702	705	677
Administrative expenses	(4,803)	*(99)*	(3,813)	*(87)*	(3,644)	*(73)*	(4)	(4)	(4)	(397)	(436)	(502)
Depreciation and amortisation	(479)	*(22)*	(368)	*(21)*	(391)	*(41)*				(67)	(37)	(36)
PRE-IMPAIRMENT INCOME	2,375	*1,011*	3,273	*847*	3,306	*812*	242	604	200	238	232	139
Impairment losses on financial assets and other provisions	(811)		(673)	*1*	(1,744)				4	200	106	29
NET OPERATING INCOME/(LOSS)	1,564	*1,011*	2,600	*848*	1,562	*812*	242	604	204	438	338	168
Gains/(losses) on disposal of assets and others	(169)		(179)	*1*	160			(607)	5	2	51	(1)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	1,395	*1,011*	2,421	*849*	1,722	*812*	242	(3)	209	440	389	167
Income tax	(332)	*(216)*	(695)	*(186)*	(381)	*(178)*	71	90	49	(108)	(107)	(46)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	1,063	*795*	1,726	*663*	1,341	*634*	313	87	258	332	282	121
Profit/(loss) attributable to minority interests	3		57		6			33	13		20	17
PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,060**	***795***	**1,669**	***663***	**1,335**	***634***	**313**	**54**	**245**	**332**	**262**	**104**
Total assets	355,416	*76,116*	350,783	*66,244*	347,425	*64,016*	4,554	4,685	6,894	31,444	31,078	28,817
Of which: positions in sovereign debt	*91,549*	*56,702*	*87,786*	*49,247*	*81,254*	*47,068*				*4,637*	*3,307*	*3,727*

(*) In 2017 this segment includes the impact of the business combination resulting from the acquisition of Banco BPI, as it derived from a corporate operation.
(**) Insurance business includes the contribution of the stake in SegurCaixa Adeslas.

The banking and insurance businesses have an integrated Banking-Insurance management model. Under a regulatory framework with similar accounting and supervision objectives, sales and risks are managed jointly, as the model is integrated. The results of the Banking-Insurance business are presented as a single business segment in the segment reporting because of this integrated Banking-Insurance management model.

The income of the Group by segment, geographical area and distribution of ordinary income is as follows:

DISTRIBUTION OF INTEREST AND SIMILAR INCOME BY GEOGRAPHICAL AREA

(Millions of euros)

	CAIXABANK			CAIXABANK GROUP		
	2019	2018	2017	2019	2018	2017
Domestic market	4,104	4,266	4,277	6,540	6,458	6,551
International market	48	23	20	515	488	420
European Union	43	19	16	510	484	403
Eurozone	9	0	0	476	465	387
Non-eurozone	34	19	16	34	19	16
Other countries	5	4	4	5	4	17
TOTAL	**4,152**	**4,289**	**4,297**	**7,055**	**6,946**	**6,971**

DISTRIBUTION OF ORDINARY INCOME *

(Millions of euros)

	ORDINARY INCOME FROM CUSTOMERS			ORDINARY INCOME BETWEEN SEGMENTS			TOTAL ORDINARY INCOME		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Banking and insurance	**11,345**	**11,071**	**10,964**	**138**	**160**	**176**	**11,483**	**11,231**	**11,140**
Spain	11,170	10,981	10,941	138	160	176	11,308	11,141	11,117
Other countries	175	90	23				175	90	23
Equity Investments	**370**	**758**	**372**				**370**	**758**	**372**
Spain	106	347	239				106	347	239
Other countries	264	411	133				264	411	133
BPI	**757**	**820**	**776**	**64**	**60**	**5**	**821**	**880**	**781**
Portugal/Spain	749	812	734	64	60	5	813	872	739
Other countries	8	8	42				8	8	42
Ordinary adjustments and eliminations between segments				(202)	(220)	(181)	(202)	(220)	(181)
TOTAL	**12,472**	**12,649**	**12,112**	**0**	**0**	**0**	**12,472**	**12,649**	**12,112**

(*) Corresponding to the following items in the Group's public statement of profit or loss.

1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
6. Gains/(losses) on financial assets and liabilities held for trading, net
7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net
8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net
9. Gains/(losses) from hedge accounting, net
10. Other operating income
11. Income from assets under insurance and reinsurance contracts

9. Remuneration of key management personnel

9.1. Remuneration of the Board of Directors

At the Ordinary Annual General Meeting of CaixaBank held in April 2019, the remuneration policy for the Board of Directors was approved for the year 2019, in conformance with the remuneration scheme set out in the By-laws and the Regulations of the Board of Directors, as well as the provisions of the Corporate Enterprises Act and Act 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions (LOSS).

Article 34 of CaixaBank's By-laws stipulates that the position of Director shall be remunerated and that this remuneration shall consist of a fixed annual sum with a maximum amount determined by the Annual General Meeting and which shall remain in force until the General Meeting agrees to modify it. This maximum amount shall be used to remunerate all the Directors in their condition as such and shall be distributed as deemed appropriate by the Board of Directors, following the proposal of the Remuneration Committee, both in terms of remuneration to members, especially the Chairman, who receives additional fixed remuneration for carrying out his duties, and according to the duties and position of each member and to the positions they hold in the various Committees. Likewise, in conformance with the agreement and subject to the limits determined by the Annual General Meeting, Directors may be remunerated with Company shares or shares in another publicly traded Group company, options or other share-based instruments or of remuneration referenced to the value of the shares.

Non-executive Directors maintain an organic relationship with CaixaBank and consequently do not have contracts established with the Company for exercising their functions or do not have any type of recognized payment for the termination of the Director position; it only consists of fixed components.

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

In addition, given the enormous practical issues involving an individual policy, Executive Directors are covered by the civil liability policy for Directors and executives of the Group to cover any third-party liabilities they may incur when carrying out their duties. The amounts corresponding to the part of the premium attributable are considered remuneration in kind.

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body in those years are as follows:

REMUNERATION OF THE BOARD OF DIRECTORS

(Thousands of euros)

		FIXED COMPONENTS					VARIABLE COMPONENTS						
	POSITION	SALARY	REMUNERATION FOR BOARD MEMBERSHIP	REMUNERATION FOR MEMBERSHIP ON BOARD COMMITTEES	REMUNERATION FOR POSITIONS HELD AT GROUP COMPANIES *	REMUNERATION FOR MEMBERSHIP ON COMMITTEES OUTSIDE THE GROUP (5)	VARIABLE REMUNERATION IN CASH	SHARE-BASED REMUNERATION SCHEMES (6)	LONG-TERM SAVINGS SYSTEM	OTHER ITEMS (4)	TOTAL 2019	TOTAL 2018	TOTAL 2017
Gual, Jordi	Chairman		1,090	60		235					1,385	1,503	1,161
Masanell, Antonio (1)											0	0	1,939
Muniesa, Tomás (1)	Deputy Chairman		90	50	435	11					586	1,027	0
Gortázar, Gonzalo **	CEO	1,561	90	50	560		381	552	509	59	3,762	3,547	3,209
Vives, Francesc Xavier	Lead Director		128	72							200	178	157
Armenter, Marcelino (3)	Director		49	13							62		
Bassons, Maria Teresa	Director		90	30							120	123	143
Fisas, M. Verónica	Director		90	72							162	140	111
Fundación Cajasol (2)											0	0	14
Fundación CajaCanarias, represented by Natalia Aznarez Gómez	Director		90	50							140	136	74
Gabarró, Salvador (2)													36
García-Bragado, Alejandro	Director		90	30							120	118	90
Garmendia, Cristina (3)	Director		48	13							61		
Garralda, Ignacio	Director		90	13							103	136	55
Ibarz, Javier (2)			24	13	18						55	217	280
Minc, Alain (2)			24	23							47	180	180
Moraleda, María Amparo	Director		90	104							194	183	256
Reed, John S.	Director		90	36							126	123	90
Rosell, Juan (2)			24	8	16						48	190	230
Sáinz de Vicuña, Antonio (2)			24	28							52	203	236
Sanchiz, Eduardo Javier	Director		90	107							197	182	25
Serna, José	Director		90	50							140	140	129
Usarraga, Koro	Director		90	107							197	186	140
TOTAL		**1,561**	**2,491**	**929**	**1,029**	**246**	**381**	**552**	**509**	**59**	**7,757**	**8,512**	**8,555**

(*) Registered in the income statement of the respective companies.

(**) In 2019 only Gonzalo Gortázar has had executive duties

(1) Antonio Masanell relinquished his role as Deputy Chairman on 21 December 2017, effective 31 December 2017. Tomás Muniesa was appointed on 26 April 2018, and he was Executive Deputy Chairman from said date to 22 November 2018, when he was appointed Proprietary Deputy Chairman.

(2) Salvador Gabarró and Fundación Cajasol ceased to be directors in 2017 and Alain Minc, Juan Rosell, Antonio Sáinz de Vicuña and Javier Ibarz ceased to be directors in 2019.

(3) Marcelino Armenter and Cristina Garmendia were appointed as directors on 5 April 2019.

(4) Includes remuneration in kind (health and life insurance premiums paid in favour of Executive Directors), interest accrued on deferred variable remuneration, other insurance premiums paid and other benefits.

(5) Remuneration received for representing the Company on Boards of Directors of listed companies and others in which the Company has a presence, outside of the consolidated group

(6) It includes EUR 170 thousand of financial instruments granted during the year 2019 corresponding to the provisional incentive of the 1st cycle of the Annual Conditional Incentive linked to the 2019-2021 Strategic Plan.

At the Ordinary Annual General Meeting of 5 April 2019, shareholders voted to set the number of Board members at 16. At 31 December 2019 the Board of Directors had 16 members and at 31 December 2018 and 2017 it had 18 members.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such.

9.2. Remuneration of Senior Management

The breakdown and details of remuneration received by Senior Management of the Group are as follows:

REMUNERATION OF SENIOR MANAGEMENT
(Thousands of euros)

	2019	2018	2017
Salary (1)	9,288	8,698	9,924
Post-employment benefits (2)	1,576	1,313	1,233
Other long-term benefits	125	96	110
Other positions in Group companies	1,173	423	774
TOTAL	**12,162**	**10,530**	**12,041**
Remuneration received for representing the bank on Boards of Directors of listed companies and others in which the bank has a presence, outside of the consolidated group (3)	132	98	22
TOTAL REMUNERATION	**12,294**	**10,628**	**12,063**
Composition of Senior Management	11	10	11
General Managers	*3*	*3*	*4*
Deputy General Managers	*-*	*1*	*1*
Executive Managers	*7*	*5*	*5*
General Secretary and Secretary to the Board of Directors	*1*	*1*	*1*

(1) This amount includes fixed remuneration, remuneration in kind and total variable remuneration received by members of the Senior Management. Variable remuneration corresponds to the proportional part of the bonus set for the period, estimating 100% achievement, and includes the accrued portion of the long-term share-based variable remuneration plan (see Note 34). It includes EUR 755 thousand of financial instruments granted during the year 2019 corresponding to the provisional incentive of the 1st cycle of the Annual Conditional Incentive linked to the 2019-2021 Strategic Plan.
(2) Includes insurance premiums and discretionary pension benefits.
(3) Registered in the income statement of the respective companies.

All the contracts of Senior Management members and the CEO have post-contractual non-competition commitments of one annual payment of their fixed components (payable in 12 monthly payments) and indemnity clauses equivalent to one annual payment of the fixed components, or the amount payable by law, whichever is higher.

The CEO has a compensation clause of 1 annuity of the fixed components of the remuneration. For members of Senior Management, there are 8 for whom the compensation provided for by legal imperative is greater than 1 annuity and for the remaining 3, the compensation provided by legal imperative is still less than 1 annuity.

The value of obligations accrued as defined contribution post-employment commitments with Executive Directors and Senior Management are as follows:

POST-EMPLOYMENT COMMITMENTS WITH EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT
(Thousands of euros)

	31-12-2019	31-12-2018	31-12-2017
Post-employment commitments	15,130	15,904	44,604

9.3. Other information on the Board of Directors

Article 30 of the Regulations of the Board of Directors of CaixaBank governs the situations of conflict applicable to all directors, establishing that the director must avoid situations that could entail a conflict of interest between the Company and the Director or its related persons, adopting the measures necessary in this regard.

Directors bear certain obligations in their duty to avoid situations of conflicts of interest, such as: i) directly or indirectly carrying out transactions with CaixaBank unless they are ordinary operations, carried out under standard conditions for all customers and of little significance; ii) using the Company name or relying on their status as director of the Company to unduly influence private transactions; iii) making use of the Company's assets or availing themselves of their position at the Company to obtain an economic advantage or for any private purposes; iv) taking advantage of the company's business opportunities; v) obtaining advantages or remuneration from third parties other than the Company and its group in association with the performance of their duties, with the exception of mere courtesies; and vi) performing activities on their own behalf or via third parties that constitute direct, actual or potential competition with the company or which, by any other means, put them in a position of permanent conflict with the interests of CaixaBank.

The aforementioned obligations may be waived in one-off cases, in some cases require the approval by the General Meeting.

The Regulations of the Board of Directors are publicly available on the CaixaBank website (www.caixabank.com).

In any case, the advisers must notify the CaixaBank Board of Directors of any situation of conflict – direct or indirect, that the directors or persons related to them may be involved in – with the interests of the Group, which will be subject to reporting in the financial statements, as established in article 229.3 of the Corporate Enterprises Act.

During 2019, no director has notified any situation that places them in a conflict of interest with the Group. However, on the following occasions, directors abstained from intervening and voting in the deliberation of issues in sessions of the Board of Directors:

CONFLICTS OF INTEREST

DIRECTOR	CONFLICT
Jordi Gual Solé	Abstention from the deliberation and voting on the resolution regarding the sale of properties to the 'la Caixa' Banking Foundation.
Tomás Muniesa Arantegui	Abstention from the deliberation and voting on the resolution regarding the sale of properties to the 'la Caixa' Banking Foundation.
	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
Gonzalo Gortázar Rotaeche	Abstention from the deliberation and voting on the resolution regarding remuneration corresponding to 2019.
	Abstention from the deliberation and voting on the resolution regarding compliance with the 2018 individual and corporate objectives.
	Abstention from the deliberation and voting on the resolution regarding the 2019 challenges.
	Abstention from the deliberation and voting on the resolution regarding reappointment as CEO.
	Abstention from the deliberation and voting on the resolution regarding reappointment as a member of the Board of Directors' Executive Committee.
	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
Xavier Vives Torrents	Abstention from the deliberation and voting on the resolution regarding appointment as member of the Appointments Committee.
Fundación CajaCanarias represented by Natalia Aznárez Gómez	Abstention from the deliberation and voting on the resolution regarding the acquisition of property owned by the Fundación CajaCanarias.
Natalia Aznárez Gómez (representative of the director of Fundación CajaCanarias)	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
María Teresa Bassons Boncompte	Abstention from the deliberation and voting on the resolution regarding the sale of properties to the 'la Caixa' Banking Foundation.
	Abstention from the deliberation and voting on the resolution regarding reappointment as a member of the Appointments Committee.

CONFLICTS OF INTEREST

DIRECTOR	CONFLICT
María Verónica Fisas Vergés	Abstention from the deliberation and voting on the resolution regarding appointment as member of the Remuneration Committee.
	Abstention from the deliberation and voting on the resolution regarding the proposal to hold events between a related company and CaixaBank.
	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
Alejandro García-Bragado Dalmau	Abstention from the deliberation and voting on the resolution regarding the sale of properties to the 'la Caixa' Banking Foundation.
	Abstention from the deliberation and voting on the agreement regarding extending the limit of their credit card.
Ignacio Garralda Ruiz de Velasco	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
Amparo Moraleda Martínez	Abstention from the deliberation and voting on the resolution regarding reappointment as a member of the Board of Directors' Executive Committee.
	Abstention from the deliberation and voting on the resolution regarding reappointment as a member of the Remuneration Committee.
	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.
John S. Reed	Abstention from the deliberation and voting on the resolution regarding reappointment as a member of the Appointments Committee.
José Serna Masià	Abstention from the deliberation and voting on the resolution regarding the sale of properties to the 'la Caixa' Banking Foundation.
Koro Usarraga Unsain	Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party.

The Internal Rules of Conduct on Matters relating to the Stock Market regulates conflicts of interest, establishing the obligation to inform Regulatory Compliance of any conflict of interest affecting the director of his or her related parties.

There is no family relationship between the members of the CaixaBank Board of Directors and the group of key personnel comprising CaixaBank's Senior Management.

Prohibition of competition

Specifically, article 229.1f) of the Corporate Enterprises Act establishes that Board members may not carry out – on their own behalf or on the behalf of others – activities which actually or potentially constitute effective competition with those carried out by the Company or which, in any other way, permanently conflict with the Company's interests. Article 230 of the Corporate Enterprises Act stipulates that this prohibition can be lifted if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. Express and separate approval of the exemption must be obtained from shareholders at the Annual General Meeting.

In this regard, Ignacio Garralda was appointed proprietary director at the Annual General Meeting of 6 April 2017, representing the shareholder Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija ("Mutua Madrileña"). Mr Garralda is Chairman and CEO of Mutua Madrileña, the parent of a business group which, much like the CaixaBank Group, operates in numerous sectors of the insurance universe, with a presence also in pension fund management, investment fund management and the real estate business. Both entities maintain their strategic alliance through SegurCaixa Adeslas, a company owned by Mutual Madrileña (50%) and the CaixaBank Group (49.92%) and engaged in the exclusive development, marketing, sale and distribution of general insurance products in Spain, this despite the fact that Mutual Madrileña competes with SegurCaixa Adeslas in all insurance sectors except Health. This situation is expressly addressed in the Shareholders' Agreement signed by both companies.

In view of the scant relevance of the level of competition between both groups in the insurance, pension fund and investment fund management, and real estate business sectors – which, after reviewing the situation, is the case to this date – and of the advantages that Mr Garralda would contribute to the CaixaBank Board of Directors arising from his long-standing experience and qualifications, in addition to facilitating greater development of the current strategic alliance between both groups, a motion was laid before the Annual General Meeting of 6 April 2017 agreeing to exempt him from the non-competition obligation set out in article 229.1 f) of the Spanish Corporate Enterprises Act, and allowing him, within the framework provided, to hold office and discharge functions at companies belonging to the group at which Mutua Madrileña is the parent and in direct and indirect investee companies of Mutua Madrileña that arise from the interest or the discharge of functions in Mutua Madrileña. Similarly, within the scope of the exemption, the Board of Directors approved a specific protocol to ensure that CaixaBank is not exposed to any damage as a result of the exercising of his duties as a board member, which is subject to monitoring by the Company.

Meanwhile, Marcelino Armenter was appointed a proprietary director in the Annual General Meeting of 5 April 2019, representing the shareholder Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, 'la Caixa" and Criteria Caixa, S.A.U. (CriteriaCaixa). From January 2017 to November 2019, Mr Armenter was a member of the Board of Directors of Grupo Financiero Inbursa, a Mexican company specialised in providing financial services, primarily in Mexico. Therefore, at the time of his appointment as director of CaixaBank, Mr Armenter was a non-executive proprietary director of Grupo Financiero Inbursa. He was appointed at the proposal of CriteriaCaixa, as the latter holds a significant stake in Grupo Financiero Inbursa. CaixaBank has entered collaboration agreements with Grupo Financiero Inbursa, whereby both entities act directly in geographic areas that do not overlap, but rather complement one another. Despite considering that Mr Armenter's roles and functions in Grupo Financiero Inbursa did not represent effective competition with the Company, given that article 229 of the Corporate Enterprises Act refers to 'potential' competition, to avoid any risk of not adhering to the terms of said Act and, insofar that there was no reason to expect any damage for the Company and that his incorporation into the CaixaBank Board of Directors would provide relevant benefits derived from his vast experience and qualifications in the banking sector, another motion was laid before the Annual General Meeting to, as well as appoint Mr Armenter as a director, agree to exempt him from the non-compete obligation established in article 229.1.f) of the Corporate Enterprises Act, allowing him to hold office and discharge any roles and positions in Grupo Financiero Inbursa. This proposal was approved at the General Meeting held on 5 April 2019.

9.4. Voting rights of "Key management personnel"

At year-end, the (direct and indirect) voting rights held by "key management personnel" in the share capital of the Entity are as follows:

VOTING RIGHTS OF BOARD MEMBERS

*(Percentage *)*

	% OF SHARES CARRYING VOTING RIGHTS		% OF VOTING RIGHTS THROUGH FINANCIAL INSTRUMENTS		% OF TOTAL VOTING RIGHTS
	DIRECT	INDIRECT	DIRECT	INDIRECT	
Jordi Gual Solé	0.002				0.002
Tomás Muniesa Arantegui	0.003		0.001		0.004
Gonzalo Gortázar Rotaeche	0.016		0.007		0.023
Francesc Xavier Vives Torrents					
Marcelino Armenter Vidal	0.003				0.003
Mª Teresa Bassons Boncompte					
Maria Verónica Fisas Vergés					
Caja Canarias Foundation	0.639				0.639
Alejandro García-Bragado Dalmau					
Cristina Garmendia Mendizábal					
Ignacio Garralda Ruiz de Velasco					
Amparo Moraleda Martínez					
John S. Reed					
Eduardo Sanchiz Irazu					
José Serna Masiá					
Koro Usarraga Unsain					
TOTAL	**0.663**		**0.008**		**0.671**

(*) % calculated on issued capital at 31 December 2019.

VOTING RIGHTS OF SENIOR MANAGEMENT

*(Percentage *)*

	% OF SHARES CARRYING VOTING RIGHTS		% OF VOTING RIGHTS THROUGH FINANCIAL INSTRUMENTS		% OF TOTAL VOTING RIGHTS
	DIRECT	INDIRECT	DIRECT	INDIRECT	
Juan Antonio Alcaraz García	0.003		0.005		0.008
Iñaki Badiola Gómez	0.001		0.002		0.003
Matthias Bulach			0.001		0.001
Óscar Calderón de Oya	0.001		0.001		0.002
Francesc Xavier Coll Escursell	0.001		0.002		0.003
Jorge Fontanals Curiel			0.002		0.002
Luisa Martínez Gistau			0.001		0.001
Jordi Mondéjar López	0.001		0.002		0.003
Javier Pano Riera	0.002		0.002		0.004
Marisa Retamosa Fernández			0.001		0.001
Javier Valle T-Figueras					
TOTAL	**0.009**	**0.000**	**0.019**		**0.028**

(*) % calculated on issued capital at 31 December 2019.

10. Cash and cash balances at central banks and other demand deposits

The breakdown of this heading is as follows:

BREAKDOWN OF CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Cash	2,700	2,468	2,177
Cash balances at central banks	11,836	15,783	17,092
Other demand deposits	574	907	886
TOTAL	**15,110**	**19,158**	**20,155**

Cash balances at central banks includes balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities. The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

11. Financial assets and liabilities held for trading

11.1. Trading derivatives

The breakdown of this heading is as follows:

BREAKDOWN OF TRADING DERIVATIVES (PRODUCT AND COUNTERPARTY)
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Unmatured foreign currency purchases and sales	**247**	**251**	**405**	**407**	**457**	**410**
Purchases of foreign currencies against euros	121	53	222	33	67	294
Purchases of foreign currencies against foreign currencies	47	58	138	131	94	100
Sales of foreign currencies against euros	79	140	45	243	296	16
Acquisitions and sales of financial assets				**1**		
Acquisitions						
Sales				1		
Financial futures on shares, interest rates and currencies					**113**	**116**
Bought					113	
Sold						116
Share options	**221**	**228**	**203**	**253**	**195**	**211**
Bought	221		203		195	
Issued		228		253		211
Interest rate options	**95**	**99**	**103**	**119**		
Bought	95		103			
Issued		99		119		
Foreign currency options	**48**	**22**	**131**	**84**	**113**	**142**
Bought	48		131		113	
Issued		22		84		142
Other share and interest rate transactions	**4,171**	**865**	**4,670**	**5,449**	**4,576**	**4,837**
Share swaps	49	90	120	67	17	58
Future rate agreements (FRAs)					1	
Interest rate swaps	4,122	775	4,550	5,382	4,558	4,779
Credit derivatives				**12**		**34**
Sold				12		34
Commodity derivatives and other risks	**1,412**	**402**	**3,195**	**2,291**	**2,708**	**2,111**
Swaps	1,408	397	3,190	2,283	2,698	2,097
Bought	4	5	5	8	10	14
TOTAL	**6,194**	**1,867**	**8,707**	**8,616**	**8,162**	**7,861**
Of which: contracted in organised markets	*27*	*34*	*32*	*78*	*13*	*33*
Of which: contracted in non-organised markets	*6,167*	*1,833*	*8,675*	*8,538*	*8,149*	*7,828*

For the most part, the Group hedges the market risk related to derivatives arranged with customers individually by arranging symmetric derivatives on the market, recognising both in the trading portfolio. In this way, the market risk arising from these operations is not significant.

11.2. Equity instruments

The breakdown of this heading is as follows:

BREAKDOWN OF EQUITY INSTRUMENTS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Shares in Spanish companies	370	267	268
Shares in foreign companies	87	81	135
TOTAL	**457**	**348**	**403**

11.3. Debt securities

The breakdown of this heading is as follows:

BREAKDOWN OF DEBT SECURITIES **
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Spanish government debt securities *	365	605	1,313
Foreign government debt securities *	114	25	561
Issued by credit institutions	97	46	65
Other Spanish issuers	76	37	52
Other foreign issuers	67	42	41
TOTAL	**719**	**755**	**2,032**

(*) See Note 3.3.3., section 'Concentration according to sovereign risk'.

(**) See ratings classification in Note 3.3.3, section "Concentration according to credit quality".

11.4. Short positions

The breakdown of this heading is as follows:

BREAKDOWN OF SHORT POSITIONS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
On overdrafts on repurchase agreements	471	399	744
Debt securities - public debt (*)	401	347	739
Debt securities - other issuers	70	52	5
TOTAL	**471**	**399**	**744**

(*) See Note 3.3.3., section 'Concentration according to sovereign risk'.

Overdrafts on repurchase agreements of debt securities are short-term transactions arranged to offset off-balance sheet positions that have been sold or are subject to a repurchase agreement.

12. Financial assets not designated for trading compulsorily measured at fair value through profit or loss

The breakdown of this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS NOT DESIGNATED FOR TRADING COMPULSORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
(Millions of euros)

	31-12-2019	31-12-2018	01-01-2018
Equity instruments (1)	198	232	284
Debt securities	63	145	147
Loans and advances	166	327	390
Customers	166	327	390
TOTAL	**427**	**704**	**821**

(1) In February 2018, the subsidiary company Banco BPI reported that, together with the Fundo de Pensões do Banco BPI, it signed a contract agreeing the sale to Violas SGPS, S.A. of its shareholdings in the company Viacer - Sociedad Gestora de Participaciones Sociales, Lda (Viacer), which holds 56% of the share capital of Super Bock Group, SGPS, SA. Banco BPI held a 14% stake of the share capital of Viacer, which it agreed to sell for an amount of EUR 130 million and Fundo de Pensões do Banco BPI held 11% of the share capital of Viacer, which it agreed to sell for EUR 103 million. This operation involved a EUR 60 million profit recorded under "Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss (net)" in the 2018 statement of profit or loss.

The changes in the valuation of these financial assets as a result of variations of credit risk are not significant, because of their credit quality (Note 3.3.3).

13. Financial assets at fair value with changes in other comprehensive income

The breakdown of this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017 (*)
Equity instruments	**2,407**	**3,565**	**2,883**
Shares in listed companies	1,618	2,697	2,230
Shares in non-listed companies	789	868	449
Ownership interests in mutual funds and other listed investments		0	204
Debt securities	**15,964**	**18,323**	**66,672**
Spanish government debt securities	10,173	14,194	54,492
Foreign government debt securities	4,023	3,014	8,715
Issued by credit institutions	211	144	2,679
Other Spanish issuers	38	36	49
Other foreign issuers	1,519	935	737
TOTAL	**18,371**	**21,888**	**69,555**
Equity instruments			
Of which: gross unrealised gains	110	75	236
Of which: gross unrealised losses	(1,155)	(965)	(489)
Debt securities			
Of which: gross unrealised gains	503	368	540
Of which: gross unrealised losses	(5)	(3)	(2)

(*) Corresponds to balances recognised under "Available-for-sale financial assets" (see Note 1).

13.1. Equity instruments

The breakdown of the changes under this heading is as follows:

CHANGES IN EQUITY INSTRUMENTS - 2019
(Millions of euros)

	31-12-2018	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	GAINS (-) / LOSSES (+) TRANSFERRED TO RESERVES	ADJUSTMENTS TO MARKET VALUE AND EXCHANGE DIFFERENCES	TRANSFERS AND OTHER	31-12-2019
Telefónica (Note 15)	1,905				(288)		1,617
Repsol (Note 16)	786		(943)	106	51		0
Banco Fomento de Angola (Note 16)	522				(108)		414
Other	352	2	(12)	(7)	35	6	376
TOTAL	**3,565**	**2**	**(955)**	**99**	**(310)**	**6**	**2,407**

CHANGES IN EQUTY INSTRUMENTS - 2018
(Millions of euros)

	31-12-2017	1st APPLICATION OF IFRS 9 (NOTE 1)	01-01-2018	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	GAINS (-) / LOSSES (+) TRANSFERRED TO RESERVES	ADJUSTMENTS TO MARKET VALUE AND EXCHANGE DIFFERENCES	TRANSFERS AND OTHER	31-12-2018
Telefónica	2,109		2,109				(204)		1,905
Repsol (Note 16)					(337)	4	(161)	1,280	786
Banco Fomento de Angola (Note 16)								522	522
Other	774	(243)	531	11	(70)	(30)	(97)	7	352
TOTAL	**2,883**	**(243)**	**2,640**	**11**	**(407)**	**(26)**	**(462)**	**1,287**	**3,565**

CHANGES IN EQUTY INSTRUMENTS - 2017
(Millions of euros)

	31-12-2016	ADDITIONS DUE TO BUSINESS COMBINATIONS (NOTE 7)	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	AMOUNTS TRANSFERRED TO PROFIT OR LOSS	ADJUSTMENTS TO MARKET VALUE AND EXCHANGE DIFFERENCES	TRANSFERS AND OTHER	IMPAIRMENT LOSSES *	31-12-2017
Telefónica	2,288	0	1	0	0	(180)	0	0	2,109
Other	658	254	7	(61)	(4)	49	11	(140)	774
TOTAL	**2,946**	**254**	**8**	**(61)**	**(4)**	**(131)**	**11**	**(140)**	**2,883**

(*) This impairment primarily included EUR 128 million from Sociedad de Gestión de Activos procedentes de la Restructuración Bancaria, SA (Sareb) and was part of the EUR 154 million write down recognised during the period for all exposures, including subordinated debt recognised under "Loans and receivables".

The estimate of the recoverable value of BFA is based on a dividend discount model (DDM), subsequently compared to comparison multiple methodologies. The main assumptions used in the dividend discount model are set out below:

ASSUMPTIONS USED
(Percentage)

	BFA	
	31-12-2019	31-12-2018
Forecast periods	5 years	5 years
Discount rate (1)	20.6%	23.3%
Objective capital ratio	15%	15%

(1) Calculated on the yield for the Angolan 10-year bond, plus a risk premium.

For the stake in BFA, the exercise to determine the fair value considers the sensitivity with respect to the objective capital ratio [-1.0%; +1.0%] and the discount rate [-1.0%; +1.0%] with no significant variations concluded in the estimated fair value in the baseline scenario.

The relevant financial information of the most relevant equity instruments classified in this section is as follows:

FINANCIAL INFORMATION ON KEY INVESTMENTS
(Millions of euros)

CORPORATE NAME	REGISTERED ADDRESS	% OWNERSHIP	% VOTING RIGHTS	EQUITY	LATEST PUBLISHED PROFIT/(LOSS)
Telefónica (1)	Madrid - Spain	5.00%	5.00%	25,235	1,344
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria (Sareb) (2)	Madrid - Spain	12.24%	12.24%	(5,135)	(878)
Caser (2)(3)	Madrid - Spain	11.51%	11.51%	1,189	87
Banco de Fomento Angola	Angola	48.10%	48.10%	1,025	596

(1) Listed company. The information on equity and the last published profit/(loss) is at 30-09-2019.
(2) Non-listed companies. The information on equity and the last published profit/(loss) is at 31-12-2018.
(3) On 23 January 2020, the CaixaBank Group reached an agreement to sell its direct and indirect holding of 11.51% of Caser for an estimated price of EUR 128 million. There will be no material impact on equity for the Group from this operation.

13.2. Debt securities

The breakdown of the changes under this heading is as follows:

CHANGES IN DEBT SECURITIES - 2019
(Millions of euros)

	FROM STAGE 1:	FROM STAGE 2:	FROM STAGE 3:	TOTAL
Opening balance	**18,323**			**18,323**
Plus:				**0**
Additions due to business combinations				0
Acquisitions	10,579			10,579
Interest	0			0
Gains/(losses) recognised with adjustments to equity (Note 24.2)	225			225
Less:				
Sales and redemptions	(12,816)			(12,816)
Implicit interest accrued	(184)			(184)
Amounts transferred to statement of profit or loss (Note 32) *	(163)			(163)
CLOSING BALANCE	**15,964**	**0**	**0**	**15,964**

(*) In 2019 there have been fixed income portfolio sales with a nominal amount of EUR 7,036 million and a profit of EUR 171 million, including the profit due to the cancellation of associated hedges.

CHANGES IN DEBT SECURITIES - 2018
(Millions of euros)

	FROM STAGE 1:	FROM STAGE 2:	FROM STAGE 3:	TOTAL
Balance at the start of the year - Available-for-sale financial assets	**66,672**			**66,672**
1st application IFRS 9 (Note 1)	(49,454)			(49,454)
Adjusted balance at start of the year	**17,218**			**17,218**
Plus:				**0**
Additions due to business combinations				0
Acquisitions	9,234			9,234
Interest	51			51
Gains/(losses) recognised with adjustments to equity (Note 24.2)	(194)			(194)
Less:				**0**
Sales and redemptions *	(7,938)			(7,938)
Amounts transferred to the statement of profit or loss (Note 32)	(48)			(48)
CLOSING BALANCE	**18,323**			**18,323**

(*) In 2018 there were fixed income portfolio sales with a nominal amount of EUR 4,540 million and a profit of EUR 126 million, including the profit due to the cancellation of associated hedges.

CHANGES IN DEBT SECURITIES - 2017
(Millions of euros)

Balance at the start of the year - Available-for-sale financial assets	**62,131**
Plus:	
Additions due to business combinations (Note 7)	3,582
Acquisitions	34,085
Gains/(losses) recognised with adjustments to equity (Note 24.2)	126
Less:	
Sales and redemptions	(33,093)
Amounts transferred to the statement of profit or loss (Note 32)	(73)
CLOSING BALANCE	**66,672**

14. Financial assets at amortised cost

The breakdown of this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS AT AMORTISED COST 31-12-2019
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	IMPAIRMENT ALLOWANCES	ACCRUED INTEREST	FEE AND COMMISSION INCOME	OTHER	OUTSTANDING AMOUNT
Debt securities	**17,286**	**(6)**	**109**			**17,389**
Loans and advances	**231,450**	**(4,700)**	**501**	**(373)**	**435**	**227,313**
Central banks	6					6
Credit institutions	5,141	(2)	14			5,153
Customers	226,303	(4,698)	487	(373)	435	222,154
TOTAL	**248,736**	**(4,706)**	**610**	**(373)**	**435**	**244,702**

BREAKDOWN OF FINANCIAL ASSETS AT AMORTISED COST 31-12-2018
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	IMPAIRMENT ALLOWANCES	ACCRUED INTEREST	FEE AND COMMISSION INCOME	OTHER	OUTSTANDING AMOUNT
Debt securities	**16,956**	**(4)**	**108**			**17,060**
Loans and advances	**230,864**	**(5,713)**	**490**	**(373)**	**254**	**225,522**
Central banks	5					5
Credit institutions	7,546		4			7,550
Customers	223,313	(5,713)	486	(373)	254	217,967
TOTAL	**247,820**	**(5,717)**	**598**	**(373)**	**254**	**242,582**

BREAKDOWN OF LOANS AND RECEIVABLES 31-12-2017 *
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	IMPAIRMENT ALLOWANCES	ACCRUED INTEREST	FEE AND COMMISSION INCOME	OTHER	OUTSTANDING AMOUNT
Debt securities	**2,628**	**(53)**	**1**			**2,576**
Loans and advances	**230,154**	**(6,816)**	**547**	**(349)**	**161**	**223,697**
Central banks	5					5
Credit institutions	7,369		5			7,374
Customers	222,780	(6,816)	542	(349)	161	216,318
TOTAL	**232,782**	**(6,869)**	**548**	**(349)**	**161**	**226,273**

(*) Corresponds to balances classified under the heading "Loans and receivables" and "Maturity portfolio", which have been reclassified through applying IFRS 9, mainly to the heading "Financial assets at amortised cost" (see Note 1).

14.1. Debt securities

The breakdown of the net balances under this heading is as follows:

BREAKDOWN OF DEBT SECURITIES
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017 *
Spanish government debt securities	12,699	13,947	141
Other Spanish issuers	1,246	1,270	862
Other foreign issuers	3,444	1,843	1,573
TOTAL	**17,389**	**17,060**	**2,576**

(*) Corresponds to the balances of "Loans and receivables - Debt securities"

The breakdown of changes in the gross carrying amount (amount on balance sheet without considering allowances for impairment of assets) of debt securities at amortised cost is as follows:

CHANGES IN DEBT SECURITIES - 2019
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**17,035**	**16**	**13**	**17,064**
Transfers		(1)	1	0
From stage 2:		(1)	1	
New financial assets	1,296			1,296
Financial asset disposals (other than write-offs)	(875)	(9)		(884)
Changes in interest accrual	(81)			(81)
CLOSING BALANCE	**17,375**	**6**	**14**	**17,395**
Impairment allowances*	(2)		(4)	(6)

(*) There were no significant changes in the period

CHANGES IN DEBT SECURITIES - 2018
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**2,616**		**13**	**2,629**
1st application IFRS 9 (Note 1)	10,172	9		10,181
Adjusted balance at start of the year	**12,788**	**9**	**13**	**12,810**
New financial assets	6,195	8	0	6,203
Financial asset disposals (other than write-offs)	(1,840)	(9)	(13)	(1,862)
Changes in contractual cash flows	0	8	13	21
Changes in interest accrual	(108)	0	0	(108)
CLOSING BALANCE	**17,035**	**16**	**13**	**17,064**
Impairment allowances*	(1)	0	(3)	(4)

(*) The 1st application of IFRS 9, entailed a movement to release EUR 31 million on 1 January 2018.

Loans and advances – Credit institutions

The breakdown of the gross balances of this heading is as follows:

BREAKDOWN OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS BY TYPE
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Demand	**3,581**	**6,154**	**5,099**
Other accounts	3,581	6,154	5,099
Term	**1,560**	**1,392**	**2,270**
Deposits with agreed maturity	1,560	1,380	1,297
Reverse repurchase agreement			961
Assets in stage 3 (non-performing assets in 2017)		12	12
TOTAL	5,141	7,546	7,369

Loans and advances - Loans and advances to customers

The breakdown of changes in the gross carrying amount (amount on balance sheet without considering allowances for impairment of assets) of loans and advances to customers is as follows:

CHANGES IN LOANS AND ADVANCES TO CUSTOMERS - 2019
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**196,634**	**16,328**	**10,718**	**223,680**
Transfers	(1,643)	745	898	**0**
From stage 1:	(4,555)	4,044	511	0
From stage 2:	2,873	(3,855)	982	0
From stage 3:	39	556	(595)	0
New financial assets	48,829	1,386	502	50,717
Financial asset disposals (other than write-offs)	(40,896)	(2,918)	(1,627)	(45,441)
Write-offs			(2,104)	(2,104)
CLOSING BALANCE	202,924	15,541	8,387	226,852

CHANGES IN LOANS AND ADVANCES TO CUSTOMERS - 2018
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**209,337**	**0**	**13,797**	**223,134**
1st application IFRS 9 (Note 1)	*(16,113)*	*15,664*	*(16)*	*(465)*
Adjusted balance at start of the year	**193,224**	**15,664**	**13,781**	**222,669**
Transfers	**(2,254)**	**1,794**	**460**	**0**
From stage 1:	(4,718)	4,150	568	0
From stage 2:	2,437	(3,211)	774	0
From stage 3:	27	855	(882)	0
New financial assets	45,675	1,795	871	48,341
Financial asset disposals (other than write-offs)	(40,011)	(2,925)	(3,015)	(45,951)
Write-offs	0	0	(1,379)	(1,379)
CLOSING BALANCE	196,634	16,328	10,718	223,680

The movement of hedges of "Financial assets at amortised cost – Loans and advances to customers" is as follows:

CHANGES IN IMPAIRMENT ALLOWANCES OF LOANS AND ADVANCES TO CUSTOMERS - 2019
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**695**	**741**	**4,277**	**5,713**
Net allowances	21	(13)	400	408
From stage 1:	(116)	32	219	135
From stage 2:	(19)	(105)	142	18
From stage 3:	(8)	(21)	(125)	(154)
New financial assets	183	112	344	639
Disposals	(19)	(31)	(180)	(230)
Amounts used			(1,308)	(1,308)
Transfers and other	(142)	(20)	47	(115)
CLOSING BALANCE	**574**	**708**	**3,416**	**4,698**

CHANGES IN IMPAIRMENT ALLOWANCES OF LOANS AND ADVANCES TO CUSTOMERS - 2018
(Millions of euros)

	TO STAGE 1:	TO STAGE 2:	TO STAGE 3:	TOTAL
Opening balance	**1,412**	**-**	**5,404**	**6,816**
1st application IFRS 9 (Note 1)	(440)	589	614	763
Adjusted balance at start of the year	**972**	**589**	**6,018**	**7,579**
Net allowances	(203)	(204)	475	68
From stage 1:	52	23	180	255
From stage 2:	(10)	(60)	(38)	(108)
From stage 3:	(4)	(27)	55	24
New financial assets	134	77	415	626
Disposals	(375)	(217)	(137)	(729)
Amounts used			(1,777)	(1,777)
Transfers and other	(74)	356	(439)	(157)
CLOSING BALANCE	**695**	**741**	**4,277**	**5,713**

CHANGES IN IMPAIRMENT ALLOWANCES OF LOANS AND ADVANCES TO CUSTOMERS - 2017
(Millions of euros)

	BALANCE AT 31-12-2016	ADDITIONS DUE TO BUSINESS COMBINATIONS	NET ALLOWANCES	AMOUNTS USED	TRANSFERS AND OTHER	BALANCE AT 31-12-2017
Credit risk allowance of the borrower	**6,679**	**1,088**	**554**	**(971)**	**(544)**	**6,806**
Loans and advances	6,679	1,088	554	(971)	(544)	6,806
Credit institutions	0	0	4	0	(4)	0
Public sector	4	0	62	0	11	77
Other sectors	6,675	1,088	488	(971)	(551)	6,729
Country risk allowance	**10**	**0**	**0**	**0**	**0**	**10**
Loans and advances to customers	**10**	**0**	0	0	0	10
TOTAL	**6,689**	**1,088**	**554**	**(971)**	**(544)**	**6,816**

15. Derivatives - Hedge accounting (assets and liabilities)

The breakdown of the balances of these headings is as follows:

BREAKDOWN OF HEDGING DERIVATIVES (PRODUCT AND COUNTERPARTY)
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rates	2,070	351	1,752	363	2,201	302
Equity instruments	58				108	
Currencies and gold	(6)	2	(4)	2	(1)	2
Other		40	95	88	93	97
TOTAL FAIR VALUE HEDGES	2,122	393	1,843	453	2,401	401
Interest rates	11		3		15	14
Equity instruments			63		19	
Currencies and gold			0	0	0	0
Other		122	147	340	162	378
TOTAL CASH FLOW HEDGES	11	122	213	340	196	392
TOTAL	**2,133**	**515**	**2,056**	**793**	**2,597**	**793**
Memorandum items						
Of which: OTC - credit institutions	499	254	897	560	1,223	721
Of which: OTC - other financial corporations	1,634	261	1,157	233	1,369	67
Of which: OTC - other			2		5	5

The details of the schedule of the nominal amount of interest rate hedging items and their average interest rate is as follows:

MATURITY SCHEDULE OF HEDGING ITEMS AND AVERAGE INTEREST RATE
(Millions of euros)

	HEDGED ITEM VALUE						AVERAGE INTEREST RATE
	< 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	>5 YEARS	TOTAL	
Asset interest-rate hedges	215	466	140	2,909	12,185	15,915	(0.25%)
Liability interest-rate hedges	282	637	2,130	18,471	11,412	32,932	1.74%
TOTAL FAIR VALUE HEDGES	497	1,103	2,270	21,380	23,597	48,847	1.29%
Asset interest-rate hedges		32		1,679	3,399	5,110	0.99%
TOTAL CASH FLOW HEDGES	0	32	0	1,679	3,399	5,110	0.99%

HEDGING ITEMS - FAIR VALUE HEDGES
(Millions of euros)

				31-12-2019		2019		31-12-2018		31-12-2017	
				VALUE OF HEDGING INSTRUMENT		CHANGE IN FV USED TO CALCULATE THE INEFFECTIVENESS OF THE HEDGE (NOTE 32)	INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS (NOTE 32)	VALUE OF HEDGING INSTRUMENT		VALUE OF HEDGING INSTRUMENT	
	HEDGED ITEM	HEDGED RISK	HEDGING INSTRUMENT USED	ASSETS	LIABILITIES			ASSETS	LIABILITIES	ASSETS	LIABILITIES
Macrohedges	Issuances (*)	Transformation from fixed to floating	Interest-rate swaps and options	1,863	22	212	(3)	1,710	123	2,045	232
	Fixed-rate loans	Transformation from fixed to floating	Interest-rate swaps and options	182	286	133	1	18	193	69	36
	Floating-rate loans	Transformation from 12M Euribor floating rate to EONIA floating rate	Interest-rate swaps			(6)		7		18	
	Deposits with agreed maturity	Transformation from fixed to floating	Interest-rate swaps and options	19	5	9	3	13	16	10	35
	TOTAL			**2,064**	**313**	**348**	**1**	**1,748**	**332**	**2,142**	**303**
Microhedges	Public debt OCI portfolio	Transformation from fixed to floating	Interest-rate swaps		6	(2)			3	65	1
	Public debt OCI portfolio	Transformation of inflation-linked debt to fixed-rate to floating-rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options		40	(21)		88	108	87	97
	Public debt OCI portfolio	Transformation from fixed-rate debt in foreign currency to floating-rate debt in foreign currency	Interest-rate swaps		34	(24)			10		
	Equity instruments portfolio changes in OCI **	Value of the instrument	Equity Swap	58		58				107	
	Other					(9)	(1)	7			
	TOTAL			**58**	**80**	**2**	**(1)**	**95**	**121**	**259**	**98**

FV: Fair value

(*) In 2018, a subordinated bond issuance with a nominal amount of EUR 2,072 million was repaid early, for which a profit of EUR 110 million has been recorded, recognised under "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" in the accompanying consolidated statement of profit or loss, deriving from the hedge operation associated with this issuance (Note 32).

(**) Corresponds to the hedge on 1% of Telefónica

HEDGED ITEMS - FAIR VALUE HEDGES
(Millions of euros)

				31-12-2019				2019			31-12-2018		31-12-2017	
				HEDGED INSTRUMENT		ACCUMULATED FAIR VALUE ADJUSTMENTS IN THE HEDGED ITEM		ACCUMULATED AMOUNT OF FV HEDGING ADJUSTMENTS OF HEDGED ITEMS **	CHANGE IN VALUE USED TO CALCULATE THE INEFFECTIVENESS OF THE HEDGE (NOTE 32)	LINE ON THE BALANCE SHEET WITH THE HEDGED ITEM	HEDGED INSTRUMENT		HEDGED INSTRUMENT	
	HEDGED ITEM	HEDGED RISK	HEDGING INSTRUMENT USED	ASSETS	LIABILITIES	ASSETS	LIABILITIES				ASSETS	LIABILITIES	ASSETS	LIABILITIES
Macrohedges	Issuances	Transformation from fixed to floating	Interest-rate swaps and options		27,726		1,470	89	(215)	Financial liabilities at amortised cost		22,179		24,846
	Fixed-rate loans	Transformation from fixed to floating	Interest-rate swaps and options	13,681		106		(781)	(132)	Financial assets at amortised cost	12,211	0	10,837	
	Floating-rate loans	Transformation from 12M Euribor floating rate to EONIA floating rate	Interest-rate swaps	660					6	Financial assets at amortised cost	3,615	0	3,715	
	Deposits with agreed maturity	Transformation from fixed to floating	Interest-rate swaps and options		5,206		4		(6)		493	5,085	516	4,892
	TOTAL			**14,341**	**32,932**	**106**	**1,474**	**(692)**	**(347)**		**16,319**	**27,264**	**15,068**	**29,738**
Microhedges	Public debt OCI portfolio	Transformation from fixed to floating	Interest-rate swaps	69		N/A	N/A		2	Financial assets at fair value	64	0	4,610	
	Public debt OCI portfolio	Debt transformation from inflation-linked fixed to floating rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options	468		N/A	N/A		21	Financial assets at fair value	434	0	425	
	Public debt OCI portfolio	Transformation of fixed-rate debt in foreign currency to floating-rate in foreign currency	Interest-rate swaps	1,037		N/A	N/A		24	Financial assets at fair value	880	0		
	Equity instruments portfolio changes in OCI	Value of the instrument	Equity Swap	323		N/A	N/A		(58)	Financial assets at fair value	0	0	479	
	Other			3					8		34	0	34	
	TOTAL			**1,900**	**0**	**0**	**0**	**0**	**(3)**		**1,412**	**0**	**5,548**	**0**

(*) with changes in other comprehensive income
(**) See Note 20.

HEDGING ITEMS - CASH FLOW HEDGES
(Millions of euros)

				31-12-2019				31-12-2018		31-12-2017	
				VALUE OF HEDGING INSTRUMENT				VALUE OF HEDGING INSTRUMENT		VALUE OF HEDGING INSTRUMENT	
	HEDGED ITEM	HEDGED RISK	HEDGING INSTRUMENT USED	ASSETS	LIABILITIES	AMOUNT RECLASSIFIED FROM EQUITY TO PROFIT OR LOSS	INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Macrohedges	Floating-rate loans	Transformation from floating to fixed	Interest-rate swaps			3		3		15	
	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps	11		11					14
	TOTAL			**11**		**14**		**3**		**15**	**14**
Microhedges	Inflation-linked public debt	Transformation from inflation-linked floating to fixed rate	Inflation-linked swaps and inflation-linked options		122	4		145	340	161	378
	Corporate bonds to floating	Transformation from floating to fixed	Interest rate swaps								
	Currency-linked public debt	Transformation from floating rate in foreign currency to floating rate in euros	Currency swaps			(1)					
	Equity instruments portfolio associates*	Value of the instrument	Equity Swap			49		63			
	Other							2		20	
	TOTAL				**122**	**52**		**210**	**340**	**181**	**378**

(*) The hedge on 1.36% of the stake in Erste Bank has been cancelled in 2019, generating a profit of EUR 49 million, registered under the heading "Gains/(losses) from hedge accounting, net" of the statement of profit or loss.

HEDGED ITEMS - CASH FLOW HEDGES
(Millions of euros)

				31-12-2019			31-12-2018		31-12-2017	
	HEDGED ITEM	HEDGED RISK	HEDGING INSTRUMENT USED	RESERVE OF CASH FLOW HEDGES	PENDING AMOUNT IN RESERVE OF CASH FLOW HEDGES OF HEDGING RELATIONSHIPS FOR WHICH RECOGNISING HEDGES NO LONGER APPLIES	LINE ON THE BALANCE SHEET INCLUDING THE HEDGED ITEM	RESERVE OF CASH FLOW HEDGES	PENDING AMOUNT IN RESERVE OF CASH FLOW HEDGES OF HEDGING RELATIONSHIPS FOR WHICH RECOGNISING HEDGES NO LONGER APPLIES	RESERVE OF CASH FLOW HEDGES	PENDING AMOUNT IN RESERVE OF CASH FLOW HEDGES OF HEDGING RELATIONSHIPS FOR WHICH RECOGNISING HEDGES NO LONGER APPLIES
Macrohedges	Floating-rate loans	Transformation from floating to fixed	Interest-rate swaps			Financial assets at amortised cost	2		6	
	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps	2						
	Fixed-rate term deposits	Transformation from fixed to floating	Interest-rate swaps		25	Financial assets at amortised cost		26	(14)	46
	TOTAL			**2**	**25**	**0**	**2**	**26**	**(8)**	**46**
Microhedges	Inflation-linked public debt	Transformation from inflation-linked floating debt to fixed rate	Inflation-linked swaps and inflation-linked options	(75)		Financial assets at fair value *	(55)		(56)	
	Corporate bonds to floating	Transformation from floating to fixed	Interest-rate swaps	0		Financial assets at fair value *				
	Currency-linked public debt	Transformation from floating rate in foreign currency to floating rate in euros	Currency swaps			Financial assets at fair value *				
	Equity instruments of investments in associates	Value of the instrument	Equity Swap			Investments in joint ventures and associates	61			
	Other						2	(4)	41	(1)
	TOTAL			**(75)**	**0**		**8**	**(4)**	**(15)**	**(1)**

(*) with changes in other comprehensive income

16. Investments in joint ventures and associates

The breakdown of the changes of the balance under this heading is as follows:

CHANGES IN INVESTMENTS - 2019
(Millions of euros)

	31-12-2018						31-12-2019	
	CARRYING AMOUNT	*STAKE%*	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	MEASURED USING THE EQUITY METHOD	TRANSFERS AND OTHER	CARRYING AMOUNT (**)	*STAKE%*
UNDERLYING CURRENT AMOUNT	3,368		1	(2)	204	(142)	3,429	
Erste Group Bank (*)	1,381	*9.92%*			92	(3)	1,470	*9.92%*
Coral Homes	1,082	*20.00%*				(134)	948	*20.00%*
SegurCaixa Adeslas	624	*49.92%*			73	(2)	695	*49.92%*
Associates BPI subgroup	168				35	(3)	200	
Other	113		1	(2)	4		116	
GOODWILL	362		0	0	0	0	362	
SegurCaixa Adeslas	300						300	
Associates BPI subgroup	43						43	
Other	19						19	
IMPAIRMENT ALLOWANCES	(19)		0	2	0	1	(16)	
Other	(19)			2		1	(16)	
TOTAL ASSOCIATES	**3,711**		**1**	**0**	**204**	**(141)**	**3,775**	
UNDERLYING CURRENT AMOUNT	167		4	(1)	1	(4)	167	
Comercia Global Payments	123	*49.00%*			(1)		122	*49.00%*
Joint ventures BPI subgroup	35				2		37	
Other	9		4	(1)		(4)	8	
GOODWILL	1		0	(1)	0	0	0	
Other	1			(1)			0	
IMPAIRMENT ALLOWANCES	0		0	0	0	(1)	(1)	
Other	0					(1)	(1)	
TOTAL JOINT VENTURES	**168**		**4**	**(2)**	**1**	**(5)**	**166**	

(*) At 31 December 2019, the market value of 9.92% of the stake was EUR 1,431 million.

(**) Includes EUR 55 million in intangible assets generated at the time of the purchase, which are being repaid in the corresponding term.

CHANGES IN INVESTMENTS - 2018
(Millions of euros)

	31-12-2017						31-12-2018	
	CARRYING AMOUNT	*STAKE%*	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	MEASURED USING THE EQUITY METHOD	TRANSFERS AND OTHER	CARRYING AMOUNT ***	*STAKE%*
UNDERLYING CURRENT AMOUNT	5,689		60	(1,534)	136	(983)	3,368	
Repsol	2,705	*9.64%*	36	(1,416)	133	(1,458)		
Erste Group Bank *	1,353	*9.92%*			28		1,381	*9.92%*
Coral Homes (Note 1.8)	0				1	1,080	1,081	*20.00%*
SegurCaixa Adeslas **	715	*49.92%*		(113)	23		625	*49.92%*
Associates BPI subgroup	748				(63)	(517)	168	
Other	168		24	(5)	14	(88)	113	
GOODWILL	361		0	0	0	0	361	
SegurCaixa Adeslas	300						300	
Associates BPI subgroup	42						42	
Other	19						19	
IMPAIRMENT ALLOWANCES	(13)		0	2	0	(7)	(18)	
Other	(13)			2		(7)	(18)	
TOTAL ASSOCIATES	**6,037**		**60**	**(1,532)**	**136**	**(990)**	**3,711**	
UNDERLYING CURRENT AMOUNT	186		4	(38)	15	0	167	
Comercia Global Payments	105	*49.00%*			19		123	*49.00%*
Joint ventures BPI subgroup	35				0	0	35	
Other	46		4	(38)	(4)		9	
GOODWILL	1		0	0	0	0	1	
Other	1					0	1	
IMPAIRMENT ALLOWANCES	0		0	0	0	0	0	
Other	0					0	0	
TOTAL JOINT VENTURES	**187**		**4**	**(38)**	**15**	**0**	**168**	

(*) At 31 December 2018, the market value of 9.92% of the stake was EUR 1,239 million.
(**) Arising from a distribution of the investment's share premium, with no variation in the ownership percentage.
(***) Includes EUR 64 million in intangible assets generated at the time of the purchase, which are being repaid in the corresponding term.

CHANGES IN INVESTMENTS - 2017
(Millions of euros)

	31-12-2016		ADDITIONS DUE TO BUSINESS COMBINATIONS	ACQUISITIONS AND CAPITAL INCREASES	DISPOSALS AND CAPITAL DECREASES	MEASURED USING THE EQUITY METHOD	TRANSFERS AND OTHER	31-12-2017	
	CARRYING AMOUNT	*STAKE%*						CARRYING AMOUNT **	*STAKE%*
UNDERLYING CURRENT AMOUNT	6,163		605	663	(3)	(97)	(1,642)	5,689	
Repsol	2,904	*10.05%*				(199)		2,705	*9.64%*
Erste Group Bank *	1,272	*9.92%*				85	(4)	1,353	*9.92%*
SegurCaixa Adeslas	753	*49.92%*				54	(92)	715	*49.92%*
BPI	1,096	*45.50%*		645		(201)	(1,540)	0	*100.00%*
Associates BPI subgroup			605	12	0	137	(6)	748	
Other	138			6	(3)	27		168	
GOODWILL	667		37	7	0	0	(350)	361	
SegurCaixa Adeslas	300							300	
BPI	350						(350)	0	
Associates BPI subgroup			37	5				42	
Other	17			2			0	19	
IMPAIRMENT ALLOWANCES	(551)		0	0	0	0	538	(13)	
Other	(551)						538	(13)	
TOTAL ASSOCIATES	**6,279**		**642**	**670**	**(3)**	**(97)**	**(1,454)**	**6,037**	
UNDERLYING CURRENT AMOUNT	141		32	7	0	5	0	185	
Comercia Global Payments	91	*49.00%*				13		104	*49.00%*
Joint ventures BPI subgroup			32			3		35	
Other	50			7		(11)		46	
GOODWILL	2			0	0	0	0	2	
Other	2							2	
IMPAIRMENT ALLOWANCES	0			0	0	0	0	0	
Other	0						0	0	
TOTAL JOINT VENTURES	**143**		**32**	**7**	**0**	**5**	**0**	**187**	

(*) At 31 December 2017, the market value of 9.92% of the stake was EUR 1,539 million.

(**) Includes EUR 72 million in intangible assets generated at the time of the purchase, which are being repaid in the corresponding term.

Repsol SA

On 20 September 2018, the Group began disposal of the current shareholding in Repsol, in line with the guidelines set out in the current strategic plan.

The impact deriving from the loss of significant influence in the shareholding in Repsol, after the execution of the equity-swap contracts and the reclassification of the residual shareholding to the financial heading "Financial assets at fair value with changes in other comprehensive income" of the consolidated balance sheet stood at a gross loss of EUR 453 million, registered under the heading "Gains/(losses) on derecognition of non-financial assets, net" of the 2018 income statement.

The divestment of the residual holding recorded under "Financial assets at fair value with changes in other comprehensive income" finalised in 2019 (see note 13).

Banco de Fomento de Angola, SA (BFA)

Loss of significant influence

On 5 January 2017, Banco BPI sold 2% of BFA to Unitel SA. This transaction gave rise to a net loss of EUR 212 million for Banco BPI, EUR 97 million of which was attributable to CaixaBank because of its 45.5% stake at that date, which was recognised under "Share of profit/(loss) of entities accounted for using the equity method" in the consolidated statement of profit or loss for said year.

After the sale of 2% of BFA to Unitel in 2017, BPI's stake in BFA stood at 48.1% of the share capital and a contract was entered into between the two BFA shareholders, whereby BPI had the right to designate two members out of a maximum of 15 on the board of directors, as well as a member on the Conselho Fiscal and a member on the Risk Committee and the Remuneration Committee. BPI's stake in the share capital of BFA and its presence on the governing bodies of BFA, albeit a minority representation and not proportional to its holding, afforded it a significant influence in BFA in accordance with the provisions of IAS 28 and as a result, after the aforementioned sale of 2% of BFA, BPI classified its ownership interest in BFA as an associate. This classification remained in the consolidated financial statements of the Group after the takeover of BPI in February 2017.

As specified in Note 1, at every close, the Group assesses the most relevant judgments and estimates used to prepare the financial information. Following on from this, due to the existence of indications of a possible significant loss of influence at year-end 2018, the Group proceeded to classify BFA as an associate. It is worth stressing, among the main matters considered, that the absence of BPI representatives on the BFA executive body – its executive committee, which is the body that oversees the bank's operational management – ultimately determined a lack of actual capacity of BPI to participate in decisions on the financial policy and operations of the entity in the terms set out in paragraph 6 of IAS 28. BPI's minority position on the board of directors, together with the presence of a controlling shareholder, also prevented it, in practice, from having a real ability to influence the management of BFA. In this context, the weight of the BPI stake on BFA's operational and financial decisions has been far from the initial expectations based on the experience of many years of shareholding relations, where BPI played a key role in the development of BFA.

In accordance with the regulatory framework for accounting, the loss of significant influence resulted in the reclassification, in 2018, of the stake in BFA from associate to "Financial assets at fair value with changes in other comprehensive income - equity instruments" of the consolidated balance sheet, at its fair value at the date of its reclassification. This involved reclassifying – in the income statement – the valuation adjustments that remained recorded in the Group's equity until now. This has resulted in recording a net loss in the consolidated income statement amounting to EUR 154 million (EUR 139 million, net) under the heading "Gains/(losses) on derecognition of non-financial assets, net" of the accompanying income statement. Until the date of reclassification, the total net contribution of BFA as an associate to the Group's profit or loss for 2018 recognised under "Share of profit/(loss) of entities accounted for using the equity method", after deducting profit/(loss) attributable to non-controlling interests and related taxes, came to EUR 190 million net. The total contribution to the Group's profit or loss after deducting the loss linked to the reclassification of this holding was EUR 51 million net.

Hyperinflation

Angola was classified as a hyperinflationary economy during 2017 by the main international audit firms, considering the fact that it had a cumulative inflation rate near to 100% over the last three years, as well as the changes recorded prices, wages and interest rates.

Until the date on which our holding in BFA was reclassified under the heading "Financial assets at fair value with changes in other comprehensive income - equity instruments", the heading "Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Foreign currency exchange" included any changes arising from the requirements of IAS 29. In 2017 and 2018, the effect of IAS 29 resulted in a credit to this heading in of EUR 76 million and EUR 78 million respectively, while in turn resulting in a negative impact of EUR 76 million and EUR 90 million, respectively, on "Share of profit/(loss) of entities accounted for using the equity method" in the statement of profit or loss. As a consequence of the several devaluations of the Angolan kwanza, a decrease of EUR 293 million net was recorded in "Accumulated other comprehensive income", arising from the conversion of BFA's financial statements into euros in accordance with IAS 21.

Impairment of the portfolio of investments

At year-end, there were no agreements to provide additional financial support or any other contractual commitment made by the parent company or subsidiaries with associates and joint ventures of the Group not recognised in the financial statements. Likewise, there are no contingent liabilities related to these investments.

For the purpose of assessing the recoverable amount of investments in associates and joint ventures, the Group regularly monitors the impairment indicators related to its investees. Particularly, the following items are considered, among others: i) business performance; ii) share prices throughout the period; and iii) the target prices published by renowned independent analysts.

The methodology of determining the recoverable value for the stakes in Erste Group Bank and SegurCaixa Adeslas is based on dividend discount models (DDM).

A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS
(Percentage)

	ERSTE GROUP BANK (3)			SEGURCAIXA ADESLAS		
	31-12-2019	31-12-2018	31-12-2017	31-12-2019	31-12-2018	31-12-2017
Forecast periods	5 years	5 years	5 years	5 years	5 years	5 years
Discount rate (1)	10.10%	10.10%	10.10%	8.13%	8.57%	8.34%
Growth rate (2)	2.50%	2.50%	2.50%	2%	2%	2%
Sensitivity	[-0.5%; +0.5%]	[-0.5%; +0.5%]	[-0.5%; +0.5%]	[-0.5%; +0.5%]	[-0.5%; +0.5%]	[-0.5%; +0.5%]

(1) Calculated on the yield for the Spanish 10-year bond, plus a risk premium.
(2) Corresponds to the normalised growth rate used to calculate the fair value.
(3) For the banking sector, the determination of the recoverable value considers the sensitivity with respect to the interest margin and the cost of risk of [0.05%; +0.05%]

As regards the stake in Coral Homes, the recoverable value is determined based on the book value per share of the investee based on the best estimate of equity at the close of the financial year, corrected by the goodwill net of its tax effect.

Financial information of associates

Below selected information is displayed on significant investments in entities accounted for using the equity method, which is additional to the information presented in Appendices 2 and 3:

SELECTED INFORMATION OF ASSOCIATES

	ERSTE GROUP BANK	SEGURCAIXA ADESLAS	CORAL HOMES
Nature of the company's activities	Has strong deposits business and offers retail products, corporate products and investment banking services.	Strategic alliance with Mutua Madrileña for the development, marketing and distribution of the general non-life insurance cover.	Purchasing, holding, managing, administrating, swapping, leasing and selling all kinds of real estate assets, with their associated or accompanying furnishing elements, as well as promoting and carrying out all kinds of real estate developments.
Country of incorporation and countries of operation	Austria, the Czech Republic, Hungary, Croatia, Slovakia, Romania and Serbia	Spain	Spain
Restrictions on dividend payments	Regulatory restrictions or limitations according to the level of capital, return or growth outlook of the business	Constraints on the allocation of dividends based on solvency level of the company, in order to ensure that the existing regulatory and contractual requirements are met.	

17. Assets and liabilities under the insurance business

The breakdown of the balances linked to the insurance business is as follows:

ASSETS AND LIABILITIES UNDER THE INSURANCE BUSINESS
(Millions of euros)

	31-12-2019		31-12-2018		01-01-2018 ***	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Financial assets under the insurance business *	**72,683**		**61,688**		**58,194**	
Financial assets held for trading	**1,066**		**945**		**956**	
Equity instruments			0		0	
Debt securities	1,066		945		956	
Financial assets designated at fair value through profit or loss **	**12,150**		**7,990**		**6,494**	
Equity instruments	7,704		5,265		4,293	
Debt securities	3,980		2,343		2,101	
Loans and advances - Credit institutions	466		382		100	
Available-for-sale financial assets	**58,763**		**51,345**		**49,394**	
Debt securities	58,763		51,345		49,394	
Loans and receivables	**530**		**1,183**		**1,074**	
Debt securities	350		655		786	
Loans and advances - Credit institutions	180		528		288	
Assets under insurance and reinsurance contracts	174		225		276	
Liabilities under the insurance business		**70,807**		**61,519**		**59,239**
Contracts designated at fair value through profit or loss		12,248		9,053		8,241
Liabilities under insurance contracts		58,559		52,466		50,998
Unearned premiums		4		4		4
Mathematical provisions		57,830		51,772		50,390
Claims		687		668		567
Bonuses and rebates		38		22		37
Other technical provisions		0		0		0

(*) The Group's insurance companies (VidaCaixa and BPI Vida y Pensiones) have decided to make use of the temporary exemption from IFRS 9, which is why its financial instruments are presented in accordance with IAS 39 in the heading "Assets under the insurance business" of the accompanying balance sheet (see Note 1)
(**) Includes i) the investments linked to the operations of life insurance products when the risk of the investment is assumed by the policyholder, called unit-linked, as well as ii) the investments under the product Immediate Flexible Life Annuity, in which part of the commitments with the policyholders are calculated by referencing the reasonable value of the affected assets, the nature of which is similar to unit-linked operations.
(**) See note 1.4 - Comparison of information

17.1. Available-for-sale financial assets

The breakdown of the balances of this section is as follows:

BREAKDOWN OF AVAILABLE-FOR-SALE FINANCIAL ASSETS
(Millions of euros)

	31-12-2019	31-12-2018	01-01-2018 *
Equity instruments	**0**	**0**	**0**
**Debt securities ** **	**58,763**	**51,345**	**49,394**
Spanish government debt securities	49,977	44,262	42,811
Foreign government debt securities	5,732	4,043	3,306
Issued by credit institutions	2,629	2,411	2,596
Other foreign issuers	425	629	681
TOTAL	**58,763**	**51,345**	**49,394**
Debt securities			
Of which: gross unrealised gains	13,362	8,069	8,026
Of which: gross unrealised losses			

(*) See Note 1.4 - Comparison of information

The breakdown of the changes under this section is as follows:

CHANGES IN DEBT SECURITIES
(Millions of euros)

	2019	2018	2017
Opening balance	51,345	49,394	47,576
Plus:			
Additions due to business combinations		17	
Acquisitions	15,388	16,678	24,543
Gains/(losses) recognised with adjustments to equity (Note 24.2)	3,710	28	(859)
Less:			
Sales * and redemptions (*)	(11,383)	(14,117)	(21,699)
Implicit accrued interest	(297)	(655)	(167)
CLOSING BALANCE	**58,763**	**51,345**	**49,394**

(*) In 2019 there have been fixed income portfolio sales with a nominal amount of EUR 656 million and a profit of EUR 56 million.

17.2. Assets under insurance and reinsurance contracts

The breakdown of the changes under this section is as follows:

CHANGES IN ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS
(Millions of euros)

	2019	2018	2017
Opening balance	225	276	391
Provision	174	225	276
Amounts used	(225)	(276)	(391)
FINAL BALANCE	**174**	**225**	**276**

This balance sheet heading mainly covers mathematical provisions relating to Berkshire Hathaway Life Insurance Company of Nebraska, assumed as a result of the reinsurance agreement signed in 2012 by VidaCaixa to mitigate longevity risk associated with its life annuities savings portfolio.

17.3. Liabilities under insurance contracts

The breakdown of the changes under this section is as follows:

CHANGES IN LIABILITIES UNDER INSURANCE CONTRACTS
(Millions of euros)

	2019	2018	2017
Opening balance	**61,519**	**50,998**	**46,946**
1st application IFRS 9 (Note 1)		*8,241*	
Adjusted opening balance	**61,519**	**59,239**	**46,946**
Additions due to business combinations			2,058
Provision	70,807	61,519	48,940
Amounts used	(61,519)	(59,239)	(46,946)
FINAL BALANCE	**70,807**	**61,519**	**50,998**
Of which: Unearned premiums and unexpired risks	4	4	5
Of which: Life insurance – risk	506	525	422
Of which: Life insurance – saving	57,324	51,247	41,640
Of which: Life insurance – other	12,248	9,053	8,241
Of which: Claims	687	668	664
Of which: Provisions for bonuses and rebates	38	22	26
Of which: Technical provisions	0	0	0

As a result of the analysis on the sufficiency of liabilities, the following amounts corresponding to unrealised gains of the financial assets under the insurance business are reclassified from "Equity – Accumulated other comprehensive income" to "Liabilities under the insurance business":

TACIT ACCOUNTING ADJUSTMENT
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Gains/(losses) reclassified as "Liabilities under the insurance business"	3,263	2,056	2,140

The following table shows the key cases at the close of the financial year for calculating the mathematical provisions of insurance in Spain and Portugal:

ACTUARIAL ASSUMPTIONS FOR MEASURING PROVISIONS

	BIOMETRIC TABLES	AVERAGE TECHNICAL INTEREST RATE
Life annuities - PVI	According to the different types, the tables GR-80, GR-80 less two years, GR-95 and GK-95 are used. From 21/12/2012, according to the type, the tables PASEM 2010 Unisex (sector mix), GR-95 Unisex (company mix, savings portfolio), PER2000P Unisex (company mix, savings portfolio) or PER2000P Women (from 70 years) are used.	2.08%
Life annuities - Pension 2000	According to different types, the tables GR-70, GR-80, GK-80, GR-95 and GK-95 are used. From 21/12/2012 the GR-95 Unisex (company mix, savings portfolio) tables are used.	6.84%
GBPs/ISPs	According to different types, the tables GR-80, GR-80 less two, GR-70, GR-95 and PER2000P are used. From 21/12/2012, according to the type, the PER2000P Unisex or PASEM2010 Unisex tables are used.	0.07%
Group insurance	Policies opened before 01/01/2009 use the GKM-80/GKF-80 tables. Policies opened between 01/01/2009 and 20/12/2012 use the INE 2004-2005 tables. Policies opened from 21/12/2012 use the PASEM 2010 Unisex (sector mix) tables.	Floating
PPA (Insured Pension Plan)	According to the types, the tables GR-80 less two years, GR-95 and GK-95 are used. For the new production from 21/12/2012 the tables PASEM 2010 Unisex (sector mix) are used.	2.58%
Unit Link	According to different types, the tables GK-80, GK-95 and INE 2005 are used. From 21/12/2012 the PASEM 2010 Unisex (sector mix) tables are used.	-

17.4. Select information on financial assets under the insurance business

In addition to applying the temporary exemption from IFRS 9 to insurance companies controlled by the Group, the disclosure requirements of which are shown below, and in Notes 3 and 40.1, the aforementioned deferral has also been applied to SegurCaixa Adeslas (affiliated company of the Group). The impact on the value of financial instruments associated with the application of IFRS 9 in this company is not deemed significant, due to the low credit risk of the counterparties of its financial instruments.

The following table shows the fair value at the end of the year, differentiating between assets with cash flows that would solely represent payments of principal and interest (SPPI) in accordance with IFRS 9, and those managed by their fair value (non-SPPI):

COMPLIANCE WITH SPPI TEST
(Millions of euros)

	SPPI*	NON-SPPI **	TOTAL
Financial assets not held for trading and not managed by their fair value	58,763		58,763
Financial assets held for trading or managed by their fair value	Not applicable	Not applicable	

AMOUNT OF THE CHANGE IN THE FAIR VALUE DURING 2019
(Millions of euros)

	SPPI*	NON-SPPI **	TOTAL
Financial assets not held for trading and not managed by their fair value	7,418		7,418
Financial assets held for trading or managed by their fair value	Not applicable	Not applicable	

(*) The insurance companies use a combination of financial instruments in the financial immunisation strategies to cover the risks to which their activities are exposed. For these purposes, in the investment operations of the Group's insurance business, different fixed-income securities include financial swaps which, in accordance with the sector practice and the applicable monitoring criteria, are recognised jointly, whether it is in "Available-for-sale financial assets" or in the amortised cost portfolio, and the fair value is shown in the top table.
These financial swaps individually assessed only taking into account their legal form will not pass the SPPI test considered in IFRS 9. Following on from this, within the framework of the project to implement IFRS 9 which is ongoing in the insurance companies, the Group has analysed the different accounting alternatives considered in the regulatory framework (including hedge accounting) jointly with the main changes that will be introduced by IFRS 17 Insurance Contracts in the assessment of technical provisions; the ultimate aim of all the foregoing is to avoid asymmetries in the income statement and assets of the Group.
As regards the fixed-income instruments, the insurance companies have not estimated as 'material' the expected loss which, in the first application of IFRS 9, would be recorded under reserves.
(**) The change of the balance of assets that have not passed the SPPI test is explained by maturities occurring at the end of the year, as well as the adaptation of the financial instruments portfolio to the probable flows of the liabilities.

18. Tangible assets

The breakdown of the changes of the balance under this heading is as follows:

CHANGES IN TANGIBLE ASSETS
(Millions of euros)

	2019			2018		2017	
	LAND AND BUILDINGS	FURNITURE, FACILITIES AND OTHER	RIGHTS OF USE*	LAND AND BUILDINGS	FURNITURE, FACILITIES AND OTHER	LAND AND BUILDINGS	FURNITURE, FACILITIES AND OTHER
Cost							
Opening balance	2,615	4,223		2,657	4,044	2,620	3,568
Additions due to BC** (Note 7)						91	341
1st application IFRS 16 (Note 1)			1,409				
Additions	130	384	120	83	361	18	259
Disposals	(13)	(194)	(31)	(35)	(188)	(12)	(134)
Transfers ***	(138)	71	127	(90)	6	(60)	10
CLOSING BALANCE	2,594	4,484	1,625	2,615	4,223	2,657	4,044
Accumulated depreciation							
Opening balance	(543)	(3,052)		(547)	(3,046)	(472)	(2,687)
Additions due to BC** (Note 7)						(69)	(313)
Additions	(33)	(181)	(132)	(32)	(163)	(24)	(150)
Disposals	12	158	1	19	137	11	67
Transfers ***	17	(6)	1	17	20	8	37
CLOSING BALANCE	(547)	(3,081)	(130)	(543)	(3,052)	(546)	(3,046)
Impairment allowances							
Opening balance	(19)	(14)		(19)	(13)	(12)	(11)
Allowances (Note 37)	(3)			(1)		(6)	
Provisions (Note 37)	5	2		2	1	3	3
Transfers ***	(1)			(1)	(2)	(5)	(5)
Amounts used							
CLOSING BALANCE	(18)	(12)		(19)	(14)	(20)	(13)
OWN USE, NET	**2,029**	**1,391**	**1,495**	**2,053**	**1,157**	**2,091**	**985**
Cost							
Opening balance	3,857	106		4,701	105	4,626	90
Additions	4	6		60	8	71	8
Disposals (Note 1.8)	(369)	(5)		(1,064)	(11)	(343)	(4)
Transfers ***	(178)	(3)		160	4	347	11
CLOSING BALANCE	3,314	104		3,857	106	4,701	105
Accumulated depreciation							
Opening balance	(187)	(32)		(199)	(26)	(172)	(15)
Additions	(41)	(7)		(51)	(11)	(52)	(9)
Disposals (Note 1.8)	23	1		64	5	20	1
Transfers ***	13	3		(1)		5	(3)
CLOSING BALANCE	(192)	(35)		(187)	(32)	(199)	(26)
Impairment allowances							
Opening balance	(932)			(1,177)		(1,097)	
Allowances (Note 37)	(111)			(249)		(294)	
Provisions (Note 37)	66			253		271	
Transfers ***	53			(23)		(142)	
Amounts used	100			264		85	
CLOSING BALANCE	(824)			(932)		(1,177)	
REAL ESTATE INVESTMENTS	**2,298**	**69**		**2,738**	**74**	**3,325**	**79**

(*) Corresponds to the rights of use of land and buildings. With regard to right-of-use assets, the heading "Other financial liabilities - Liabilities associated to right-of-use assets" (see Note 22.4) includes the current value of future lease payments during the mandatory period of the contract

(**) BC: Business combination

(**) They mainly include the value of real estate reclassified from other balance sheet headings: from “Own use” when a branch is closed or from “Non-current assets and disposal groups classified as held for sale” when the asset is put up for rent (see Note 21).

Property, plant and equipment for own use

Property, plant and equipment for own use are allocated to the Banking Business cash-generating unit (CGU) and at year-end they do not present any indication of impairment (see Note 19). In addition, the Group carries out regular individualised valuations of certain property for own use classified as "Land and buildings". At year-end, the available valuations do not indicate the existence of any impairment.

Selected information about property, plant and equipment for own use is presented below:

OTHER INFORMATION ABOUT PROPERTY, PLANT AND EQUIPMENT FOR OWN USE
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Fully amortised assets still in use	2,263	2,478	2,498
Commitments to acquire tangible assets*	Insignificant	Insignificant	Insignificant
Assets with ownership restrictions	Insignificant	Insignificant	Insignificant
Assets covered by an insurance policy	100% **	100% **	100% **

(*) Sales made in previous years with sale and leaseback agreements include buy options that may be exercised by the Group on termination of the lease agreement at the market value of the offices at that date, to be determined where appropriate by independent experts (see Note 35).
(**) Some of the insurance policies have an excess

19. Intangible assets

19.1. Goodwill

The breakdown of this heading is as follows:

BREAKDOWN OF GOODWILL
(Millions of euros)

	CGU	31-12-2019	31-12-2018	31-12-2017
Acquisition of Banca Cívica	Banking	2,020	2,020	2,020
Acquisition of Banca Cívica Vida y Pensiones	Insurance	137	137	137
Acquisition of Cajasol Vida y Pensiones	Insurance	50	50	50
Acquisition of Cajacanarias Vida y Pensiones	Insurance	62	62	62
Acquisition of Banca Cívica Gestión de Activos	Banking	9	9	9
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance *	402	402	402
Acquisition of Bankpime	Banking	40	40	40
Acquisition of VidaCaixa	Insurance	331	331	331
TOTAL		**3,051**	**3,051**	**3,051**

* Of which EUR 3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

19.2. Other intangible assets

The breakdown of this heading is as follows:

BREAKDOWN OF OTHER INTANGIBLE ASSETS
(Millions of euros)

	USEFUL LIFE	CGU	REMAINING USEFUL LIFE	31-12-2019	31-12-2018	31-12-2017
Software and other	4 to 15 years		1 to 15 years	641	584	459
Customer relationships (core deposits) of Barclays Bank	9 years	Banking	4 years	10	13	16
Customer relationships (core deposits) of Banca Cívica	4 to 9.5 years	Banking		0	30	72
Customer relations (core deposits) of Banco de Valencia	6,2 years	Banking		0	1	6
Insurance portfolio of Banca Cívica y Pensiones	10 years	Insurance	3.5 years	20	28	35
Insurance portfolio of CajaSol Vida y Pensiones	10 years	Insurance	3.5 years	5	6	7
Insurance portfolio of CajaCanarias Vida y Pensiones	10 years	Insurance	3.5 years	3	3	5
Customer funds of Banco de Valencia	10 years	Insurance	4 years	1	1	1
Customer funds of Barclays Bank	10 years	Insurance	6.5 years	14	16	18
Contracts with Morgan Stanley customers	11 years	Banking/ Insurance		0	1	3
Contracts with Banca Cívica Gestión de Activos customers	10 years		3.5 years	2	3	4
Contracts with Barclays Gestión de Activos customers	9 years		4 years	3	4	5
Customer relationships (core deposits) of BPI	5,8 years	Banking	2.8 years	19	25	32
BPI brand		Banking	Indefinite	20	20	20
Life insurance portfolios of BPI Vida	5 to 10 years	Insurance	2 to 7 years	8	11	14
Customer portfolios - asset management	10 years	Banking	7 years	12	14	15
Customer portfolios - Insurance brokerage	10 years	Banking	7 years	20	23	25
Deposit portfolio	6 years	Banking	3 years	10	14	17
TOTAL				**788**	**797**	**754**

The breakdown of the changes of the balance under this heading is as follows:

CHANGES IN OTHER INTANGIBLE ASSETS
(Millions of euros)

	2019		2018		2017	
	SOFTWARE	OTHER ASSETS	SOFTWARE	OTHER ASSETS	SOFTWARE	OTHER ASSETS
Gross cost						
Opening balance	1,348	637	1,220	677	989	556
Additions due to business combinations (Note 7)					94	165
Additions	201	31	191	34	200	27
Transfers and other	(29)	(33)	26	(46)	11	(12)
Write-downs (Note 37)		(147)		(24)	(62)	(58)
Other disposals	(2)	(113)	(89)	(4)	(12)	(1)
SUBTOTAL	1,518	375	1,348	637	1,220	677
Accumulated depreciation						
Opening balance	(791)	(396)	(789)	(341)	(605)	(292)
Additions due to business combinations (Note 7)					(78)	(16)
Additions	(108)	(44)	(87)	(60)	(120)	(72)
Transfers and other	7		1	3	2	(5)
Write-downs (Note 37)		124			8	43
Other disposals	1	107	84	2	3	1
SUBTOTAL	(891)	(209)	(791)	(396)	(790)	(341)
Impairment allowances						
Opening balance		(1)		(12)		(12)
Allowances (Note 37)		(4)		(5)	(1)	(4)
Recoveries (Note 37)		1		4		4
Transfers and other		(1)		12		
Amounts used					1	
CLOSING BALANCE		(5)		(1)		(12)
TOTAL	**627**	**161**	**557**	**240**	**430**	**324**

During 2018, in collaboration with an independent expert, the Group carried out an exercise to adapt the useful lives of software developed internally. As a result of the aforementioned analysis, the useful life of the software was revised to between 3-15 years – depending on its nature – and these modifications have been applied prospectively, starting from 2018, with no significant impact.

Selected information related to other intangible assets is set out below:

OTHER INFORMATION ABOUT OTHER INTANGIBLE ASSETS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Fully amortised assets still in use	859	912	551
Commitments to acquire intangible assets	Insignificant	Insignificant	Insignificant
Assets with ownership restrictions	Insignificant	Insignificant	Insignificant

Impairment test of the banking CGU

For the purpose of analysing the recoverable amount of the Banking Business CGU, the Group performs a regular allocation of the Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The recoverable amount is based on value in use, which was determined by discounting the estimated dividends over the medium term obtained from the projection of the budget with a time horizon of 5 years. In addition, the projected cash flows are updated every six months to factor in any potential deviations to the model.

The projections are determined using assumptions based on the macroeconomic data applicable to the Group's activity, contrasted by means of renowned external sources and the entities' internal information. A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

ASSUMPTIONS USED AND BANKING BUSINESS CGU SENSITIVITY SCENARIOS
(Percentage)

	31-12-2019	31-12-2018	31-12-2017	SENSITIVITY
Discount rate *	7.5%	9.0%	9.3%	[-1.5%; + 1.5%]
Growth rate **	1.0%	2.0%	2.0%	[-0.5%; + 0.5%]
Net interest income over average total assets (NII) ***	[1.21% - 1.46%]	[1.29% - 1.60%]	[1.27% - 1.60%]	[-0.05%; + 0.05%]
Cost of risk (CoR) ****	[0.26% - 0.36%]	[0.09% - 0.33%]	[0.37% - 0.39%]	[-0.1%; + 0.1%]

(*) Calculated on the yield for the German 10-year bond, plus a risk Premium.
(**) Corresponds to the normalised growth rate used to calculate the net carrying value.
(***) Net interest income over average total assets, reduced by persistence of low rates.
(****) Cost of risk in 2018 affected by one-off releases (without considering them, it would be [0.22% - 0.33%]).

At the close of the financial year, it has been confirmed that the projections used in the previous impairment test and actual figures would not have affected the conclusions of that test. Similarly, the sensitivity analyses did not uncover the need to recognise any impairment at the close of the financial year.

Impairment test of the Insurance CGU

The methodology for estimating the value of the insurance CGU in use is the same as the methodology for the banking CGU, and the results obtained have not highlighted any indications of impairment at the close of the financial year.

A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

ASSUMPTIONS USED AND INSURANCE BUSINESS CGU SENSITIVITY SCENARIOS
(Percentage)

	31-12-2019	31-12-2018	31-12-2017	SENSITIVITY
Discount rate	8.68%	8.57%	8.84%	[-0.5%; + 0.5%]
Growth rate *	2.00%	2.00%	2.00%	[-0.5%; + 0.5%]

(*) Corresponds to the normalised growth rate used to calculate the net carrying value

20. Other assets and other liabilities

The breakdown of these items in the balance sheet is as follows:

BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Inventories	**54**	**57**	**878**
Other assets	**2,928**	**2,119**	**1,627**
Prepayments and accrued income *	1,496	710	699
Ongoing transactions	271	435	427
Dividends on equity securities accrued and receivable	7	23	115
Other	1,154	951	386
TOTAL OTHER ASSETS	**2,982**	**2,176**	**2,505**
Prepayments and accrued income *	1,143	1,036	1,056
Ongoing transactions	446	1,027	951
Other	573	576	328
TOTAL OTHER LIABILITIES	**2,162**	**2,639**	**2,335**

(*) Includes the accumulated amount of the fair value hedge adjustments of hedged items that are accrued until maturity (see Note 15).

The breakdown of the changes of the balance under "Inventories" is as follows:

CHANGES IN INVENTORIES
(Millions of euros)

	2019		2018		2017	
	FORECLOSED ASSETS	OTHER ASSETS	FORECLOSED ASSETS	OTHER ASSETS	FORECLOSED ASSETS	OTHER ASSETS
Gross cost, inventories						
Opening balance	38	43	2,357	54	2,622	62
Plus:						
Acquisitions	3	215	78	245	85	175
Transfers and other	15			7		
Less:						
Sales (Note 1.8) *	(3)	(224)	(2,339)	(256)	(285)	(172)
Transfers and other **		1	(58)	(7)	(65)	(11)
CLOSING BALANCE	53	35	38	43	2,357	54
Impairment allowances, inventories						
Opening balance	(23)	(1)	(1,517)	(17)	(1,654)	(17)
Plus:						
Net allowances (Note 37)			(6)	(1)	(47)	
Transfers and other	(11)		10	17	10	
Less:						
Amounts used	1		1,490		175	
CLOSING BALANCE	(33)	(1)	(23)	(1)	(1,516)	(17)
INVENTORIES	**20**	**34**	**15**	**42**	**841**	**37**

(*) Includes the costs attributable to sales and income from the provision of non-financial services.
(**) They mainly include the value of the constructions/land fields reclassified from other balance sheet headings: from "Investment property" or "Non-current assets and disposal groups classified as held for sale" (see Notes 18 and 21).

21. Non-current assets and disposal groups classified as held for sale

The breakdown of the changes of the balance under this heading is as follows:

BREAKDOWN OF NON-CURRENT ASSETS FOR SALE
(Millions of euros)

	2019			2018			2017		
	FORECLOSED ASSETS			FORECLOSED ASSETS			FORECLOSED ASSETS		
	FORECLOSURE RIGHTS (1)	OTHER	OTHER ASSETS (2)	FORECLOSURE RIGHTS (1)	OTHER	OTHER ASSETS (2)	FORECLOSURE RIGHTS (1)	OTHER	OTHER ASSETS (2)
Gross cost									
Opening balance	267	1,033	301	570	9,401	671	681	9,929	779
Additions due to business combinations								127	
Additions	128	175	61	167	424	64	536	487	31
Transfers and other (3)	(212)	427	62	(470)	414	27	(647)	487	(41)
Disposals in the year (Note 1.8)	0	(302)	(110)	0	(9,206)	(461)	0	(1,629)	(98)
CLOSING BALANCE	183	1,333	314	267	1,033	301	570	9,401	671
Impairment allowances									
Opening balance	(55)	(280)	(27)	(97)	(4,310)	(166)	(125)	(4,641)	(218)
Additions due to business combinations				0	0	0	0	(34)	0
Allowances (Note 39)	0	(149)	(37)	(3)	(521)	(30)	(16)	(1,280)	(29)
Recoveries (Note 39)	0	45	7	0	211	8	17	1,106	27
Transfers and other (4)	14	(73)	(1)	45	(213)	148	27	(172)	35
Amounts used	0	67	13	0	4,553	13	0	711	19
CLOSING BALANCE	(41)	(390)	(45)	(55)	(280)	(27)	(97)	(4,310)	(166)
TOTAL	**142**	**943**	**269**	**212**	**753**	**274**	**473**	**5,091**	**505**

(1) Foreclosure rights are measured initially at the carrying amount at which the asset will be recognised when the definitive foreclosure occurs.
(2) Mainly includes: investments reclassified as non-current assets held for sale, assets deriving from the termination of operating lease agreements and closed branches.
(3) Mainly includes reclassifications of foreclosure rights to "Other foreclosed assets" or "Tangible assets - Investment property" when the property is put up for lease (see Note 18).
(4) Includes provisions recognised to hedge against the risk of insolvency on credit operations of CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter.

The detail, by age, of foreclosed assets, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

AGE OF FORECLOSED ASSETS +
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	No.	GROSS AMOUNT	No. OF ASSETS	GROSS AMOUNT	No. OF ASSETS	GROSS AMOUNT
Up to 1 year	3,0	318	5,794	619	11,085	1,115
Between 1 and 2 years	4,9	514	3,040	291	11,848	1,159
Between 2 and 5 years	4,3	398	2,859	244	50,367	4,898
More than 5 years	3,4	286	1,845	146	25,399	2,799
TOTAL	**15,**	**1,516**	**13,538**	**1,300**	**98,699**	**9,971**

22. Financial liabilities

The breakdown of this heading is as follows:

BREAKDOWN OF FINANCIAL LIABILITIES AT AMORTISED COST 31-12-2019
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	ACCRUED INTEREST	MICROHEDGES	TRANSACTION COSTS	PREMIUMS AND DISCOUNTS	OUTSTANDING AMOUNT
Deposits	**242,012**	**115**	**0**	**(14)**	**(378)**	**241,735**
Central banks	14,463	(45)				14,418
Credit institutions	6,230	8	0	0	0	6,238
Customers	221,319	152	0	(14)	(378)	221,079
Debt securities issued	**33,382**	**404**	**0**	**(10)**	**(128)**	**33,648**
Other financial liabilities	**8,592**					**8,592**
TOTAL	**283,986**	**519**	**0**	**(24)**	**(506)**	**283,975**

BREAKDOWN OF FINANCIAL LIABILITIES AT AMORTISED COST 31-12-2018
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	ACCRUED INTEREST	MICROHEDGES	TRANSACTION COSTS	PREMIUMS AND DISCOUNTS	OUTSTANDING AMOUNT
Deposits	**248,168**	**(53)**	**0**	**(15)**	**(460)**	**247,640**
Central banks	29,680	(274)				29,406
Credit institutions	8,023	11				8,034
Customers	210,465	210		(15)	(460)	210,200
Debt securities issued	**28,912**	**417**	**6**	**(10)**	**(81)**	**29,244**
Other financial liabilities	**5,576**					**5,576**
TOTAL	**282,656**	**364**	**6**	**(25)**	**(541)**	**282,460**

BREAKDOWN OF FINANCIAL LIABILITIES AT AMORTISED COST 31-12-2017
(Millions of euros)

		VALUATION ADJUSTMENTS				
	GROSS BALANCE	ACCRUED INTEREST	MICROHEDGES	TRANSACTION COSTS	PREMIUMS AND DISCOUNTS	OUTSTANDING AMOUNT
Deposits	**247,365**	**8**		**(18)**	**(550)**	**246,804**
Central banks	31,833	(153)				31,681
Credit institutions	11,501	15				11,515
Customers	204,031	146		(18)	(550)	203,608
Debt securities issued	**29,585**	**418**	**8**	**(19)**	**(73)**	**29,919**
Other financial liabilities	**4,175**					**4,175**
TOTAL	**281,125**	**426**	**8**	**(37)**	**(623)**	**280,898**

22.1. Deposits from credit institutions

The breakdown of the gross balances of this heading is as follows:

BREAKDOWN OF DEPOSITS FROM CREDIT INSTITUTIONS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Demand	**1,272**	**1,445**	**1,402**
Reciprocal accounts	2		0
Other accounts	1,270	1,445	1,402
Term or at notice	**4,958**	**6,578**	**10,099**
Deposits with agreed maturity	4,039	4,182	5,826
Hybrid financial liabilities	1	3	3
Repurchase agreement	918	2,393	4,270
TOTAL	**6,230**	**8,023**	**11,501**

22.2. Customer deposits

The breakdown of the gross balances of this heading is as follows:

BREAKDOWN OF CUSTOMER DEPOSITS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
By type	**221,319**	**210,465**	**204,031**
Current accounts and other demand deposits	123,410	113,062	102,238
Savings accounts	66,143	61,193	56,534
Deposits with agreed maturity	29,632	31,945	37,858
Hybrid financial liabilities	655	1,039	1,418
Repurchase agreements *	1,479	3,226	5,983
By sector	**221,319**	**210,465**	**204,031**
Public administrations	11,030	11,211	10,868
Private sector *	210,289	199,254	193,163

(*) Includes repurchase agreements in money market transactions through counterparty entities of EUR 247 million and EUR 5,076 million at 31 December 2019 and 31 December 2018, respectively.

22.3. Debt securities issued

The breakdown of the gross balances of this heading is as follows:

BREAKDOWN OF DEBT SECURITIES ISSUED
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Mortgage covered bonds	15,539	16,573	17,555
Public sector covered bonds			50
Plain vanilla bonds	8,734	4,393	3,077
Securitised bonds	1,387	1,820	2,443
Structured notes	1,619	696	448
Promissory notes	703	29	14
Preference shares	2,250	2,250	1,000
Subordinated debt	3,150	3,150	4,998
TOTAL	**33,382**	**28,911**	**29,585**

The changes in the balances of each type of securities issued is as follows:

CHANGES IN DEBT SECURITIES ISSUED - 2019
(Millions of euros)

	MORTGAGE COVERED BONDS	PUBLIC SECTOR COVERED BONDS	PLAIN VANILLA BONDS	ASSET-BACKED SECURITIES	STRUCTURED NOTES	SUBORDINATED DEBT	PREFERENCE SHARES
Gross balance							
Opening balance	56,543	5,900	4,684	37,595	741	3,459	2,250
Issuances	2,415		4,382	4,032	1,092		
Depreciation and amortisation	(4,700)		(295)	(9,720)	(51)		
Exchange differences and other	2						
CLOSING BALANCE	54,260	5,900	8,771	31,907	1,782	3,459	2,250
Repo securities							
Opening balance	(39,970)	(5,900)	(291)	(35,775)	(45)	(309)	
Buy-backs				(3,308)			
Repayments and other	1,249		254	8,563	(118)		
CLOSING BALANCE	(38,721)	(5,900)	(37)	(30,520)	(163)	(309)	
CLOSING NET BALANCE	**15,539**		**8,734**	**1,387**	**1,619**	**3,150**	**2,250**

CHANGES IN DEBT SECURITIES ISSUED - 2018
(Millions of euros)

	MORTGAGE COVERED BONDS	PUBLIC SECTOR COVERED BONDS	PLAIN VANILLA BONDS	ASSET-BACKED SECURITIES	STRUCTURED NOTES	SUBORDINATED DEBT	PREFERENCE SHARES
Gross balance							
Opening balance	53,920	7,400	4,023	38,871	554	5,361	1,000
Issuances	7,423	2,300	2,000	4,819	318	1,000	1,250
Depreciation and amortisation	(4,800)	(3,800)	(1,339)	(6,095)	(131)	(2,902)	
Exchange differences and other							
CLOSING BALANCE	56,543	5,900	4,684	37,595	741	3,459	2,250
Repo securities							
Opening balance	(36,365)	(7,350)	(946)	(36,428)	(106)	(363)	
Buy-backs	(4,858)	(2,300)		(4,819)	(32)		
Repayments and other	1,253	3,750	655	5,472	93	54	
CLOSING BALANCE	(39,970)	(5,900)	(291)	(35,775)	(45)	(309)	
CLOSING NET BALANCE	**16,573**		**4,393**	**1,820**	**696**	**3,150**	**2,250**

CHANGES IN DEBT SECURITIES ISSUED - 2017
(Millions of euros)

	MORTGAGE COVERED BONDS	PUBLIC SECTOR COVERED BONDS	PLAIN VANILLA BONDS	ASSET-BACKED SECURITIES	STRUCTU-RED NOTES	SUBORDINATED DEBT	PREFERENCE SHARES
Gross balance							
Opening balance	42,054	7,050	2,731	29,882	566	4,124	30
Additions due to business combinations (Note 7)	5,200	500	73	4,737	0	397	0
Issuances	11,468	350	2,253	5,214	109	2,450	1,000
Depreciation and amortisation	(4,802)	(500)	(1,034)	(962)	(121)	(1,610)	(30)
Exchange differences and other							
CLOSING BALANCE	53,920	7,400	4,023	38,871	554	5,361	1,000
Repo securities							
Opening balance	(23,499)	(7,000)	(1,078)	(27,538)	(36)	(34)	(20)
Additions due to business combinations (Note 7)	(5,950)	(400)	(5)	(4,258)	0	(327)	0
Buy-backs	(8,277)	(350)	(12)	(5,214)	(78)	(300)	0
Repayments and other	1,361	400	149	582	8	298	20
CLOSING BALANCE	(36,365)	(7,350)	(946)	(36,428)	(106)	(363)	0
CLOSING NET BALANCE	**17,555**	**50**	**3,077**	**2,443**	**448**	**4,998**	**1,000**

The breakdown of preference share issues are as follows:

BREAKDOWN OF PREFERENCE SHARE ISSUES
(Millions of euros)

				OUTSTANDING AMOUNT		
DATE OF ISSUE	MATURITY	NOMINAL AMOUNT	NOMINAL INTEREST RATE	31-12-2019	31-12-2018	31-12-2017
June 2017 *	Perpetual	1,000	6.75%	1,000	1,000	1,000
March 2018 *	Perpetual	1,250	5.25%	1,250	1,250	
PREFERENCE SHARES				2,250	2,250	1,000
Own securities purchased				0	0	
TOTAL				**2,250**	**2,250**	**1,000**

(*) Perpetual issuance placed for institutional investors on organised markets, with a discretionary coupon, which may be redeemed under specific circumstances at the option of the Group and, in any case, they will be converted into new-issue common shares of the Group if it reports a Common Equity Tier 1 ratio (CET1) below the ratio set in each issuance.

The breakdown of subordinated debt issues is as follows:

BREAKDOWN OF SUBORDINATED DEBT ISSUES
(Millions of euros)

				OUTSTANDING AMOUNT		
DATE OF ISSUE	MATURITY	NOMINAL AMOUNT	NOMINAL INTEREST RATE	31-12-2019	31-12-2018	31-12-2017
06-09-2007	PERPETUAL	60	E3M + 1.65%			60
09-02-2012	09-02-2022	2,072	4.00%			2,072
14-11-2013	14-11-2023	750	5.00%			750
15-02-2017	15-02-2027	1,000	3.50%	1,000	1,000	1,000
07-07-2017	07-07-2042	150	4.00%	150	150	150
14-07-2017	14-07-2028	1,000	2.75%	1,000	1,000	1,000
17-04-2018	17-04-2030	1,000	2.25%	1,000	1,000	
SUBORDINATED DEBT				3,150	3,150	5,032
Own securities purchased						(34)
TOTAL				**3,150**	**3,150**	**4,998**

22.4. Other financial liabilities

The detail of the balance of this heading in the balance sheet is as follows:

BREAKDOWN OF OTHER FINANCIAL LIABILITIES
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Payment obligations	1,475	1,970	1,710
Guarantees received	1,491	52	60
Clearing houses	1,308	906	466
Tax collection accounts	1,195	1,262	848
Special accounts	683	475	620
Liabilities associated with right-of-use assets (Note 1 and Note 18)	1,509		
Other items	931	911	471
TOTAL	**8,592**	**5,576**	**4,175**

The heading "Other financial liabilities - Liabilities associated with right-of-use assets" (see Note 18) presents the current value of future lease payments during the mandatory period of the contract. The movement corresponding to the financial year is as follows:

FUTURE PAYMENTS OF OPERATIONAL LEASE CONTRACTS
(Millions of euros)

	01-01-2019*	NET REGISTRATION	FINANCIAL UPDATE	PAYMENTS	31-12-2019
Linked to the sales contract and subsequent lease Soinmob Inmobilaria	591	29	10	(40)	590
Linked to other operational leases	818	209	10	(118)	919
TOTAL	**1,409**	**238**	**20**	**(158)**	**1,509**
Discount rate applied (according to the term) **					
Spain	[0.10%-1.66%]				[0.10%-1.66%]
Portugal	[0.20%-0.90%]				[0.20%-0.90%]

(*) See Note 1.4 "Comparison of information"
(**) The difference in the discount rate applied for businesses in Spain and Portugal is mainly due to the term of the lease agreements in each of them.

23. Provisions

The breakdown of the changes of the balance under this heading is as follows:

MOVEMENT OF PROVISIONS
(Millions of euros)

			PENDING LEGAL ISSUES AND TAX LITIGATION		COMMITMENTS AND GUARANTEES GIVEN		
	PENSIONS AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	OTHER LONG-TERM EMPLOYEE BENEFITS	LEGAL CONTINGENCIES	PROVISIONS FOR TAXES	CONTINGENT RISKS	CONTINGENT COMMITMENTS	OTHER PROVISIONS
BALANCE AT 31-12-2016	**537**	**973**	**344**	**290**	**196**	**33**	**867**
Additions due to business combinations (Note 7)	34	3	10	63	83		5
With a charge to the statement of profit or loss	5	464	221	9	28	22	124
Provision		464	336	15	69	86	96
Reversal			(115)	(6)	(41)	(64)	(78)
Personnel expenses	5						106
Actuarial (gains)/losses	7						
Amounts used	(23)	(213)	(100)	(68)			(371)
Transfers and other	38	(4)	29	5		(5)	(115)
BALANCE AT 31-12-2017	**598**	**1,223**	**504**	**299**	**307**	**50**	**510**
1st application IFRS 9 (Note 1.4)					6	4	(2)
With a charge to the statement of profit or loss	4	80	54	29	(2)	(10)	292
Provision		89	174	30	70	93	325
Reversal		(11)	(120)	(1)	(72)	(103)	(33)
Personnel expenses	4	2					
Actuarial (gains)/losses	(108)						
Amounts used	(23)	(231)	(128)	(42)			(310)
Transfers and other	(13)		(1)	(1)			(10)
BALANCE AT 31-12-2018	**458**	**1,072**	**429**	**285**	**311**	**44**	**480**
With a charge to the statement of profit or loss	2	979	115	20	(69)	18	102
Provision			148	25	76	81	207
Reversal			(33)	(5)	(145)	(63)	(105)
Personnel expenses	2	979					
Actuarial (gains)/losses	109						
Amounts used	(27)	(324)	(165)	(43)			(132)
Transfers and other	(21)	(17)	15	20	(84)		47
BALANCE AT 31-12-2019	**521**	**1,710**	**394**	**282**	**158**	**62**	**497**

23.1. Pensions and other defined benefit post-employment obligations

Provisions for pensions and similar obligations – Defined benefit post-employment plans

The Group's defined benefit post-employment benefit obligations are as follows:

- Part of the commitments with employees and former employees of CaixaBank are covered using insurance policies with Group or non-Group insurance companies, mainly from merger processes. In this case, CaixaBank is the insurance policyholder, and the contracts are managed by each insurance company, which also assumes the risks.
- The rest of the obligations vested on the business in Spain arise from the CaixaBank Employment Pension Plan, which features various subplans. These subplans are integrated into two pension funds, namely the fund Pensions Caixa 30, a pension fund that which combines a greater number of holders and beneficiaries. The pension funds insure their defined benefit commitments through different insurance contracts, the policyholder of which is the Pension Plan Control Committee, the majority of which are with VidaCaixa. CaixaBank does not control the Pension funds into which these subplans are integrated, although it holds a minority representation on the Control Committees established in each of them.
- Since most of the defined benefit commitments are covered through the pension funds or through insurance policies taken out directly by CaixaBank – the purpose of which is to ensure the provisions payable by the beneficiaries are equivalent to the provisions insured under the policies taken out – the Group is not exposed to market volatilities and unusual market movements. At different closures, the fair value of the policies taken out directly with VidaCaixa or other companies, and that of pension fund assets (mainly covered through insurance policies), is calculated with a uniform assessment methodology, as laid down in the accounting standard.

  If an insurance policy is a CaixaBank Employment Pension Plan asset and its flows exactly match the amount and timing of the benefits payable under the plan, the fair value of these insurance policies is deemed to be the present value of the related obligations. There will only be a defined benefit net liability when certain commitments are not insured by CaixaBank or the pension fund, for example, longevity queues for which the insurers have not been able to find financial instruments with a sufficiently long duration that replicate the guaranteed payments. Otherwise an asset would be produced as a net position.

  Whilst the insurance policies taken out with insurers external to the Group and the value of the assets held through the Pension Funds are presented in net form on the balance sheet, given that they are eligible assets of the plan and are used to settle the obligations assumed, the fair value of the other policies taken out directly by CaixaBank with VidaCaixa is eliminated in the consolidation process, with the integration of the financial investments of VidaCaixa under the policies in the various heading of the consolidated balance sheet.
- Meanwhile, BPI has assumed all the obligations externalised in the "Fundo de Pensoes Banco BPI" pension fund, and recognises the present value of the obligations, net of the fair value of plan assets.

The breakdown of the changes of the balance under this heading is as follows:

CHANGES IN PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS
(Millions of euros)

	DEFINED BENEFIT OBLIGATIONS (A)			FAIR VALUE OF ASSETS INVOLVED (B)			OTHER ASSETS (C)			NET (ASSET)/LIABILITY FOR LONG-TERM COMMITMENTS (A+B+C)		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
OPENING BALANCE	(3,673)	(3,759)	(2,104)	3,230	3,168	1,567	(15)	(7)		(458)	(598)	(537)
Interest cost (income)	(53)	(63)	(61)	51	59	56				(2)	(4)	(5)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	(53)	(63)	(61)	51	59	56				(2)	(4)	(5)
Actuarial (gains)/losses arising from demographic assumptions	(24)	51	(95)	179	48	145				155	99	50
Actuarial gains/(Losses) arising from financial assumptions	(356)	(7)	(80)	92	16	23				(264)	9	(57)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN EQUITY	(380)	44	(175)	271	64	168				(109)	108	(7)
Plan contributions				21	14	51				21	14	51
Plan payments	189	169	123	(162)	(146)	(100)				27	23	23
Payments	2	2	40	(2)	(2)	(41)						(1)
Additions due to business combinations (Note 7)			(1,465)			1,431						(34)
Transactions	(75)	(66)	(117)	70	73	36	5	(8)	(7)		(1)	(88)
OTHER	116	105	(1,419)	(73)	(61)	1,377		(8)	(7)	48	36	(49)
CLOSING BALANCE	**(3,990)**	**(3,673)**	**(3,759)**	**3,479**	**3,230**	**3,168**	**(15)**	**(15)**	**(7)**	**(521)**	**(458)**	**(598)**
Of which: Vested obligations	(3,286)	(3,068)	(3,147)									
Of which: Non-vested obligations	(704)	(605)	(612)									
Of which: investments in real estate assets				390	319	348						
Of which: investments in equity instruments				215	187	521						
Of which: investments in debt instruments				1,139	1,017	360						
Of which: arranged through insurance policies				1,659	1,568	1,551						
Of which: investments in other assets				76	139	388						

The present value of defined benefit obligations was calculated using the following criteria:

- The "projected unit credit" accrual method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.
- The estimated retirement age of each employee is the first age at which the employee has the right to retire or the age determined in the agreements, as applicable.
- The actuarial and financial assumptions used in the measurement are unbiased and mutually compatible.

The assumptions used in the calculations regarding business in Spain are as follows:

ACTUARIAL AND FINANCIAL ASSUMPTIONS IN SPAIN

	2019	2018	2017
Discount rate of post-employment benefits (1)	0.98%	1.64%	1.66%
Long-term benefit discount rate (1)	-0.02%	0.05%	0.12%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (2)	0% - 2%	0% - 2%	0% - 2%
Annual cumulative CPI (3)	1.90%	1.2% 2018; 1.8% 2019 onwards	1.2% 2017; 1.8% 2018; 1.8% 2019 onwards
Annual salary increase rate	CPI+0.5%	1.25% 2018 CPI + 0.5% 2019 and onwards	1.75% 2017; 2% 2018; CPI + 0.5% 2019 and onwards

(1) Using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed. Rate informed on the basis of the weighted average term of these commitments.

(2) Depending on each obligation.

(3) Using the Spanish zero coupon inflation curve in 2019. Rate informed on the basis of the weighted average term of the commitments.

The assumptions used in the calculations regarding BPI's business in Portugal are as follows:

ACTUARIAL AND FINANCIAL ASSUMPTIONS IN PORTUGAL

	31-12-2019	31-12-2018	31-12-2017
Discount rate (1)	1.34%	1.97%	2.00%
Mortality tables for males	TV 88/90	TV 88/90	TV 88/90
Mortality tables for females	TV 88/90 – 3 years	TV 88/90 – 3 years	TV 88/90 – 3 years
Annual pension review rate	0.40%	0.50%	0.50%
Annual salary increase rate	[0.9 - 1.9]%	[1 - 2]%	[1 - 2]%

(1) Rate obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

Actuarial valuation of the pension commitments attributed to businesses in Spain and Portugal is carried out by qualified actuaries independent of CaixaBank.

Additionally, in order to preserve the governance of the valuation and the management of the risks inherent to the acceptance in these commitments, CaixaBank has established an activity framework where the ALCO manages hedging proposals for these risks and the Global Risk Committee approves any changes to the criteria to measure the liabilities reflected in these commitments for businesses in Spain.

Below follows a sensitivity analysis of the value of obligations based on the main assumptions used in the actuarial valuation. To determine this sensitivity the calculation of the value of the obligations is replicated, changing the specific variable and maintaining the remaining actuarial and financial assumptions unchanged. One drawback of this method is that it is unlikely that a change will occur in one variable alone as some of the variables may be correlated:

ANALYSIS OF THE SENSITIVITY OF THE OBLIGATIONS
(Millions of euros)

	SPAIN		PORTUGAL	
	+50 bp	-50 bp	+50 bp	-50 bp
Discount rate	(29)	32	(150)	171
Annual pension review rate	10	(9)	231	(204)

The estimate of the fair value of insurance contracts linked to pensions taken out directly by CaixaBank with VidaCaixa or other companies and of the value of the pension fund assets (also mainly insurance policies) takes into account the value of future guaranteed payments discounted from the same rate curve used for the obligations. Therefore, since the expected flows of payments are matched with those deriving from the policies, the possible fair changes – at the close of the financial year – in the discount rate would have a similar effect on the value of the Group's gross obligations and on the fair value of insurance contracts linked to pensions and the fair value of assets held through pension funds.

Consistent with the provision of Note 2.12, the sensitivity of the obligations has only been calculated when certain commitments are not insured by CaixaBank or the pension fund, for example, certain aforementioned longevity queues for business in Spain.

The estimated payment of the provisions planned for the next 10 years is stated below:

ESTIMATED PAYMENTS OF POST-EMPLOYMENT
(Millions of euros)

	2020	2021	2022	2023	2024	2025-2029
Spain (1)	27	27	27	27	27	128
Portugal	56	56	56	56	55	270

(1) Excluding insured provisions to be paid directly by VidaCaixa to the Pension Funds.

23.2. Provisions for other employee remuneration

The Group has funds to cover the commitments of its discontinuation programmes, both in terms of salaries and other social costs, from the moment of termination until reaching the age established in the agreements. Funds are also in place covering length of service bonuses and other obligations with existing personnel. The main training programmes for which funds are kept are as follows:

VOLUNTARY REDUNDANCY SCHEMES
(Millions of euros)

	YEAR RECOGNISED	NUMBER OF PEOPLE	INITIAL PROVISION
Labour agreement 17-07-2014	2014	434	182
Labour agreement for Barclays Bank personnel restructuring 2015	2015	968	187
Labour agreement 29-06-2015 (territorial reorganisation of the workforce)	2015	700	284
Paid early retirements and resignations 16-04-2016	2016	371	160
Labour agreement 29-07-2016	2016	401	121
Paid early retirements and resignations 10-01-2017	2017	350	152
Labour agreement 27-04-2017 - BPI	2017	613	107
Labour agreement 28-04-2017 - Discontinuations 2017	2017	630	311
Labour agreement 28-04-2017 - Discontinuations 2018	2018	151	67
Labour agreement 08-05-2019	2019	2,023	978

On 31 January 2020, a Labour Agreement on Incentivised Voluntary Terminations was reached, which would affect a potential group of 376 employees formed of employees born in and before 1962, who work in Barcelona and Teruel. The budgetary allowance of approximately EUR 100 million outlined in the operational plan for these incentivised voluntary terminations is based on percentages of adhesion to previous incentivised voluntary termination processes, and it is estimated that 209 people would join the programme. The provision will be recorded in the first quarter of 2020.

The breakdown of the changes of the balance under this heading is as follows:

RECONCILIATION OF BALANCES OF OTHER LONG-TERM EMPLOYEE BENEFITS
(Millions of euros)

	NET (ASSET)/LIABILITY FOR DEFINED BENEFIT OBLIGATIONS		
	2019	2018	2017
OPENING BALANCE	1,072	1,223	973
Included in profit or loss			
Service cost for the current year	2	5	(2)
Past service cost	978	78	472
Interest net cost (income)	1	2	2
Revaluations (gains)/losses	(2)	(5)	(8)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	979	80	464
Other			
Plan payments	(324)	(231)	(213)
Additions due to business combinations (Note 7)			3
Transactions	(17)		(4)
TOTAL OTHER	(341)	(231)	(214)
CLOSING BALANCE	**1,710**	**1,072**	**1,223**
Of which: With pre-retired personnel	449	633	731
Of which: Termination benefits	962	229	253
Of which: Supplementary guarantees and special agreements	181	91	122
Of which: Length of service bonuses and other	60	59	56
Of which: Other commitments deriving from Barclays Bank	58	60	61

Given the nature of these obligations, the expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

Provisions for pending legal issues

The Group is subject to claims. Therefore, it is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. Accordingly, the outcome and expected schedule of outflows of funds from court proceedings must be considered uncertain.

At 31 December 2019, the Group considers that it had reliably estimated the obligations arising from each proceeding and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from these procedures will not, when considered individually, have a material adverse effect on the Group's businesses, financial position or results of operations.

Reference rate for mortgages in Spain

In relation to the reference rate for mortgages in Spain, a preliminary ruling has been submitted to the Court of Justice of the European Union (CJEU) that challenges the validity of the mortgage loan contracts subject to the official reference rate – called IRPH (Spanish reference rate for mortgages) –, due to an alleged lack of transparency.

The legal matter of the debate is the transparency test based on article 4.2 of Directive 93/13, in cases when the borrower is a consumer. Given that the IRPH is the price of the contract and it is included in the definition of the main purpose of the contract, it must be written using clear and understandable language to enable the consumer to use clear and comprehensible criteria to assess the economic consequences on them deriving from the contract.

Although the European Commission considers that transparency requires a full explanation of the characteristics of the index and how it works, comparisons shown of available or official indexes, the historical evolution and the forecast of mortgage indexes set out in detail, etc., the Kingdom of Spain, the United Kingdom and the banking institution that is part of the procedure deem an official index to be public, transparent, and supervised by the statutory authorities and the essential legal instrument required for comparing prices in Spain is the APR (annual percentage rate), comprising the total price and the financial burden of the loan that is formed by the expenses, fees, index and differential applied.

The aforementioned preliminary ruling was made by a Magistrates Court several months after the Spanish High Court passed its judgment declaring that these contracts were valid, on 14 December 2017.

On 10 September 2019 the advocate general issued an opinion which, in light of the aspirations of the European Commission, confirms the transparency of the index and the absence of the need to provide future scenarios of possible performance of the same and comparisons between different indexes, highlighting the need to contribute regulated pre-contractual information to the current regulations.

The recent opinion of the advocate general, the existence of the prior judgment made by the Spanish High Court, the fact that the IRPH is an official reference rate, published and managed by the Bank of Spain, the existence of jurisprudence of the CJEU that confirms the transparency of the contracts linked to other official reference rates, and the existence of an APR (which is compulsorily reported to consumers, and which enables an understanding of the financial burden and the comparison of different mortgage offers, regardless of the reference index applied), are facts that, with the currently available information, result in a low probability of an adverse final judgment.

Similarly, is difficult to quantify, in advance, the impact of a judgment of the CJEU which, dissociating from the opinion of the advocate general and following the thesis of the European Commission, was ultimately unfavourable, since it would depend on a set of highly uncertain factors, among which the most relevant are as follows: i) what the rule to replace the aforementioned index should be (in other words, how the loan interest should be calculated), ii) whether it should be applied retroactively or not and until what date (if the CJEU ruling concludes that it must be applied retroactively), iii) as well as any well-founded claims filed as regards the lack of transparency. In such an adverse scenario, the impact would be material.

On 31 December 2019, the total amount of mortgages up to date with payments indexed to the IRPH (mortgage base rate) with individuals is approximately EUR 6,060 million (the majority of which are with consumers).

Ongoing investigation in Spanish Central Court (Juzgado de Instrucción Central) No.2 (Preliminary Proceedings 16/18)

In April 2018, the Anti-Corruption Prosecutor's Office started legal proceedings against CaixaBank, the Entity's former head of Regulatory Compliance and 11 employees, for events that could be deemed to constitute a money laundering offence, primarily due to the activity carried out in 10 branches of CaixaBank by alleged members of certain organisations formed of Chinese nationals, who allegedly conducted fraud against the Spanish Treasury between 2011 and 2015. The procedure is currently in its investigation phase and neither CaixaBank nor its legal advisers consider the risk associated with these criminal proceedings as being likely to arise. The potential impact of these events is not currently considered material, although CaixaBank is exposed to reputational risk due to these ongoing proceedings.

Ongoing investigation in Spanish Central Court (Juzgado de Instrucción Central) No.5 (Preliminary Proceedings 67/18)

As a result of a private prosecution, a set of corporate transactions in 2015 and 2016, together with an asset transaction, as alleged by the referred prosecution, are under investigation, being the later however non-existent (since it was never granted).Without prejudice to the reputational damage resulting from any judicial investigation, it is not considered as probable that an economical risk linked to this criminal proceeding would materialise or cause a negative effect.

Provisions for taxes

The detail of the balance of this heading in the balance sheet is as follows:

BREAKDOWN FOR PROVISIONS FOR TAXES

(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Income tax assessments for years 2004 to 2006	33	33	33
Income tax assessments for years 2007 to 2009	12	12	12
Income tax assessments for years 2010 to 2012	13	13	15
Tax on deposits	18	18	53
Other	206	209	186
TOTAL	**282**	**285**	**299**

The main tax procedures ongoing at 2019 year-end are as follows:

- In 2017, the review actions for 2010 to 2012 were completed with no significant impact. Disputed Corporation Tax assessments are under appeal with the National Criminal Court, and disputed value-added tax assessments have been subject to an appeal against the decision of the tax authorities with the Central Economic-Administrative Court.
- In 2011, the Tax Inspection Bureau started to review 'la Caixa' in relation to financial years 2007 to 2009 for the main taxes applicable, which was completed in 2013. Disputed tax assessments are under appeal with the Spanish High Court.
- In 2008, the Tax Inspection Bureau started to review 'la Caixa' in relation to financial years 2004 to 2006 for the main taxes applicable, which was completed in 2010. Disputed tax assessments are under appeal with the Spanish High Court.

The Group has allocated provisions to cover the maximum contingencies that may arise in relation to income tax and VAT assessments signed under protest.

23.4. Provision for guarantees and commitments given

This heading includes the provisions for credit risk of the guarantees and contingent commitments given (Note 26).

The content of the main sections of this heading is set out below. The expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

Losses from agreements not formalised and other risks

Class action brought by the ADICAE association (floor clauses)

The legal procedure in which class action for discontinuance was carried out by ADICAE (the Association of Banking and Insurance Consumers) in application of the floor causes that exist in some of the entity's mortgages, are currently in the phase of Reversal and Procedural Infringement before the Spanish Supreme Court.

As stated in the previous financial statements, the risk associated with this matter was managed with specific coverage of EUR 625 million, and a team and specific procedures were developed to comply with the requests filed under the framework of Royal Decree-Law 1/2017, of 20 January, on urgent measures to protect consumers against floor causes.

The disbursements accumulated in 2019 and associated with this procedure have reached EUR 102 million.

With the available information, the risk derived from the disbursements that could arise due to these litigation proceedings is reasonably covered by the corresponding provisions.

Procedures of the Portuguese Resolution Fund (PRF)

On 3 August 2014, the Bank of Portugal applied a resolution procedure to Banco Espírito Santo, SA (BES) through the transfer of its net assets and under the management of Novo Banco, SA (Novo Banco). Within the framework of this procedure, the PRF completed a capital increase in Novo Banco for an amount of EUR 4,900 million, becoming the sole shareholder. The increase was financed through loans to the FRP for an amount of EUR 4,600 million, EUR 3,900 million of which was granted by the Portuguese State and EUR 700 million granted by a banking syndicate through the Portuguese financial institutions, including BPI with EUR 116 million.

On 19 December 2015, the Bank of Portugal initiated a procedure to put Banco Internacional do Funchal (Banif) into resolution, which came to a head with i) the partial sale of its assets for EUR 150 million to Banco Santander Totta, S.A.; and ii) the contribution of the rest of its assets that were not sold to Oitante, SA. The resolution was financed through the issuance of EUR 746 million of debt, guaranteed by the PRF and the Portuguese State as a counter-guarantee. The operation also included the ultimate guarantee of the Portuguese State amounting to EUR 2,255 million intended to cover future contingencies.

For the reimbursement of the PRF obligations with the Portuguese State (in the form of loans and guarantees) in relation to resolution measures adopted, the FRP has contributed ordinary instruments through the various contributions of the banking sector. Along these lines, the conditions of the loans with the PRF have been amended to bring them in line with the collection of the aforementioned contributions; there is no foreseen need to turn to additional contributions from the banking sector.

In 2017, the Bank of Portugal chose Lone Star to conclude the sale of Novo Banco, after which the PRF would hold 25% of the share capital and certain contingent capital mechanisms would be established by the shareholders. To cover the contingent risk, the PRF has the financial means of the Portuguese State, the reimbursement of which – where applicable – would have repercussions on the contributory efforts of the banking sector.

At this time, it is not possible to estimate the possible effects for the Resolution Funds deriving from: i) the sale of the shareholding in Novo Bank; ii) the application of the principle that none of the creditors of a credit institution under resolution may assume a loss greater than that which it would have assumed if that entity had gone into liquidation; iii) the guarantee granted to the bonds issued by Oitante and iv) other liabilities that – it is concluded – must be assumed by PRF.

Notwithstanding the possibility considered in the applicable law for the collection of special contributions, given the renegotiation of the terms of the loans granted to the PRF, which include BPI, and the public statement made by the PRF and the Office of the Minister of Finance of Portugal, declaring that this possibility will not be used, the consolidated financial statements of 2019 reflect the expectation of the Administrators that the Bank will not have make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liabilities assumed by the PRF.

Any change in this regard may have material implications for the financial statements of the Group.

24. Equity

24.1. Shareholders' equity

Share capital

Selected information on the figures and type of share capital figures is presented below:

INFORMATION ABOUT SHARE CAPITAL

	31-12-2019	31-12-2018	31-12-2017
Number of fully subscribed and paid up shares (units) (1)	5,981,438,031	5,981,438,031	5,981,438,031
Par value per share (euros)	1	1	1
Closing price at year-end (euros)	2,798	3,164	3.889
Market cap at year-end, excluding treasury shares (2)	16,727	18,916	23,262

(1) All shares have been recognised by book entries and provide the same rights.
(2) CaixaBank's shares are traded on the continuous electronic trading system, forming part of the Ibex-35.

On 23 April 2015, the Company's General Meeting approved authorisation of the Board of Directors to increase share capital one or more times and at any moment, over the course of five years starting from the date of said Meeting, by a maximum amount of EUR 2,857,477,950, through the issue of new shares – with or without a premium and with or without a vote –, the equivalent value of new shares to be issued consisting in cash contributions, and with the ability to establish the terms and conditions of the capital increase and the characteristics of the shares, and to freely offer new unsubscribed shares during the period or periods of pre-emptive subscription, establishing that, if the subscription is incomplete, the capital will only be increased by the quantity of subscriptions carried out, and resulting in a rewrite of the By-laws pertaining to capital and shares.

The Board of Directors is authorised to exclude, in full or in part, the pre-emptive subscription right on a maximum total amount of EUR 1,142,991,180 (equivalent to 20% of share capital at the date of the motion, 12 March 2015). Notwithstanding the foregoing, capital increases approved by the Company's Board of Directors to accommodate the conversion of bonds whose issuance has excluded the pre-emptive subscription right, under the framework of the agreement to delegate the power to issue convertible bonds approved by the General Shareholders' Meeting on 28 April 2016, under point 12 of the agenda, will not be subject to said limitation, whereby the limit applicable is half of share capital (EUR 2,857,477,950). The instruments specified in Note 22.3 - Preference shares, have been issued under this delegation agreement.

Retained earnings, revaluation reserves and other reserves

The breakdown of the balances of these headings is as follows:

BREAKDOWN OF RESERVES
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Reserves attributable to the parent company of the CaixaBank Group	**11,947**	**11,360**	**10,905**
Legal reserve (1)	1,196	1,196	1,196
Restricted reserves for financing the acquisition of treasury shares	2	3	4
Other restricted reserves (2)	509	509	509
Unrestricted reserves	1,088	1,165	1,225
Other consolidation reserves assigned to the parent	9,152	8,487	7,971
Reserves of fully-consolidated subsidiaries	**(5,806)**	**(5,789)**	**(5,813)**
Reserves of companies accounted for using the equity method	**373**	**224**	**352**
TOTAL	**6,514**	**5,795**	**5,444**

(1) At 2019 year-end, the legal reserve has reached the minimum amount required by the Spanish Corporate Enterprises Act.
(2) Mainly includes reserves associated with the goodwill of Morgan Stanley, Bankpime and Banca Cívica.

Other equity instruments

The value of shares included in variable share-based remuneration plans (see Note 34) not delivered is as follows:

BREAKDOWN OF OTHER EQUITY INSTRUMENTS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Value of shares not delivered	24	19	10

Treasury shares

The breakdown of the changes of the balance under this heading is as follows:

CHANGES IN TREASURY SHARES - 2019
(Millions of euros)

	2018	ACQUISITION AND OTHER	DISPOSAL AND OTHER **	2019 ***
Number of treasury shares	2,805,039	2,602,477	(2,285,938)	3,121,578
% of share capital *	0.047%	0.044%	(0.038%)	0.052%
Cost / Sale	10	8	(8)	10

CHANGES IN TREASURY SHARES - 2018
(Millions of euros)

	2017	ACQUISITION AND OTHER	DISPOSAL AND OTHER **	2018 ***
Number of treasury shares	3,565,959	374,732	(1,135,652)	2,805,039
% of share capital *	0.060%	0.006%	(0.019%)	0.047%
Cost / Sale	12	2	(4)	10

CHANGES IN TREASURY SHARES - 2017
(Millions of euros)

	2016	ACQUISITION AND OTHER	DISPOSAL AND OTHER **	2017
Number of treasury shares	4,335,865	59,634	(829,540)	3,565,959
% of share capital *	0.072%	0.001%	(0.014%)	0.060%
Cost / Sale	14	0	(2)	12

(*) Percentage calculated on the basis of the total number of CaixaBank shares at the end of the respective years.

(**) In 2019, 2018 and 2017, the results of treasury share transactions generated were not significant, being recognised under "Other reserves".

(***) at 31 December 2019 and 2018, does not include 7,515 VidaCaixa shares associated with unit-links, registered under the heading "Financial assets designated at fair value through profit or loss".

Additionally, the number of treasury shares accepted as financial guarantees given by the Group and treasury shares owned by third parties and managed by a Group company were as follows:

TREASURY SHARES ACCEPTED AS FINANCIAL GUARANTEES AND OWNED BY THIRD PARTIES
(Millions of shares / Millions of euros)

	PORTFOLIO OF TREASURY SHARES ACCEPTED AS FINANCIAL GUARANTEES			PORTFOLIO OF TREASURY SHARES OWNED BY THIRD PARTIES MANAGED BY THE GROUP		
	31-12-2019	31-12-2018	31-12-2017	31-12-2019	31-12-2018	31-12-2017
Number of treasury shares	13	12	12	12	19	12
% of share capital (*)	0.217%	0.201%	0.201%	0.201%	0.318%	0.201%
Nominal amount	13	12	12	12	19	12

24.2. Other comprehensive income

The changes to this heading are as follows:

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME - 2019
(Millions of euros)

	31-12-2018	AMOUNTS TRANSFERRED TO THE INCOME STATEMENT (AFTER TAXES)	AMOUNTS TRANSFERRED TO RESERVES	DEFERRED TAX ASSETS/LIABILITIES	VALUATION GAINS/(LOSSES) (BEFORE TAX)	31-12-2019
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(1,336)		101	45	(378)	(1,568)
Actuarial gains/(losses) on pension plans (Note 23.1)	(396)			46	(124)	(474)
Share of other recognised income and expense of investments in joint ventures and associates	(75)				(8)	(83)
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income	(865)		101	(1)	(246)	(1,011)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	287	(261)		(158)	575	443
Foreign currency exchange	2				2	4
Hedging derivatives. Reserve of cash flow hedges	22	(63)		(2)	9	(34)
Fair value changes of debt instruments measured at fair value with changes in other comprehensive income	317	(198)		(156)	523	486
Share of other recognised income and expense of investments in joint ventures and associates	(54)				41	(13)
TOTAL	**(1,049)**	**(261)**	**101**	**(113)**	**197**	**(1,125)**

24.3. Minority interests

The breakdown of the balance under this heading is as follows:

BREAKDOWN OF MINORITY INTERESTS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Reserves of minority interests	26	(26)	416
Profit/(loss) attributable to minority interests	3	55	35
Valuation adjustments attributable to non-controlling interests			(17)
TOTAL	**29**	**29**	**434**
Of which: Banco BPI (Note 7)			402
Of which: Telefónica Consumer Finance	19	20	21
Of which: Inversiones Inmobiliarias Teguise Resort	8	8	8
Of which: Other	2	1	3

The following table shows the Group subsidiaries in which certain non-controlling interests held a stake of 10% or more:

SUBSIDIARIES WITH MINORITY SHAREHOLDERS WITH STAKES GREATER THAN 10%
(Percentage)

		STAKE OF MINORITY SHAREHOLDER		
SUBSIDIARY	MINORITY SHAREHOLDERS	31-12-2019	31-12-2018	31-12-2017
Inversiones Inmobiliarias Teguise Resort	Metrópolis Inmobiliarias y Restauraciones	40%	40%	40%
Grupo Riberebro Integral	Inversiones Cuevas Villoslada Hermanos		10%	10%
	Hermanos Ayensa Ambrosi		10%	10%
	Other individuals	20%	20%	20%
Coia Financiera Naval	Construcciones Navales P. Freire	21%	21%	
El Abra Financiera Naval	Astilleros Zamakona	21%	21%	
Caixabank Electronic Money	Erste Group Bank	10%	10%	10%
Telefonica Consumer Finance	Telefonica	50%	50%	50%

25. Tax position

25.1. Tax consolidation

The consolidated tax group for Income Tax includes CaixaBank, as the parent, and subsidiaries include Spanish companies in the commercial group that comply with the requirements for inclusion under regulations, including the ”la Caixa” Banking Foundation and CriteriaCaixa. The other companies in the commercial group file taxes in accordance with applicable tax legislation.

Similarly, CaixaBank and some of its subsidiaries have belonged to a consolidated tax group for value added tax (VAT) since 2008, the parent company of which is CaixaBank.

25.2. Exercises subject to tax inspection

On 24 July 2018, the Spanish tax authorities notified CaixaBank of the beginning of an inspection for the main taxes applicable to it for the years 2013 to 2015, inclusive.

Accordingly, CaixaBank has the year 2016 and following years open for review for the main taxes applicable, and BPI has the year 2017 and following years open for review for the main taxes applicable. Furthermore, as the successor of Banca Cívica and the savings banks that formerly contributed their assets comprising the financial activity to Banca Cívica, Banco de Valencia and Barclays Bank, these institutions are open to inspection for the main taxes applicable to them from 2010 and beyond.

The various interpretations that can be drawn from the tax regulations governing transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Group’s management considers that the provision under “Provisions - Pending legal issues and tax litigation” in the balance sheet is sufficient to cover these contingent liabilities.

25.3. Reconciliation of accounting profit to taxable profit

The Group's reconciliation of accounting profit to taxable profit is presented below:

RECONCILIATON OF ACCOUNTING PROFIT TO TAXABLE PROFIT
(Millions of euros)

	2019	2018	2017
Profit/(loss) before tax (A)	**2,077**	**2,807**	**2,098**
Adjustments to profit/(loss)	**(581)**	**(960)**	**(881)**
Return on equity instruments (1)	(156)	(134)	(99)
Share of profit/(loss) of entities accounted for using the equity method (1)	(425)	(826)	(526)
Negative goodwill	0	0	(256)
Taxable income/(tax loss)	**1,496**	**1,847**	**1,217**
Tax payable (taxable income * 30%)	**(449)**	**(554)**	**(365)**
Adjustments:	**74**	**(165)**	**(28)**
Changes in taxation of sales and gains/(losses) of portfolio assets	22	(155)	(5)
Changes in portfolio provisions excluding tax effect and other non-deductible expenses	0	(55)	(18)
Cancellation of deferred tax assets and liabilities	51	(1)	17
Recognition of deferred tax assets and liabilities	(13)	63	1
Effect on tax expense of jurisdictions with different tax rates (2)	11	7	4
Tax	40	0	0
Withholdings from foreign dividends and other	(37)	(24)	(27)
Income tax (B)	**(369)**	**(712)**	**(378)**
Income tax for the year (revenue/(expense))	(374)	(719)	(393)
Tax rate (3)	25.0%	38.9%	32.2%
Income tax adjustments (2018/2017/2016)	5	7	16
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS (A) + (B)	**1,708**	**2,095**	**1,720**

(1) Income to a large extent exempt from tax due to already having been taxed at source.
(2) Practically all of CaixaBank's income and expense is taxed at the general Corporation Tax rate of 30% in the case of the businesses in Spain, and around 27% for the businesses in Portugal.
(3) The effective tax rate is calculated by dividing income tax for the year by taxable income.

25.4. Deferred tax assets and liabilities

The changes in the balance of these headings is as follows:

CHANGES IN DEFERRED TAX ASSETS
(Millions of euros)

	31-12-2016	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS	DISPOSALS	31-12-2017	1ST APPLICATION OF IFRS 9	REGULARISATIONS	ADDITIONS	DISPOSALS	31-12-2018	REGULARISATIONS	ADDITIONS	DISPOSALS	31-12-2019
Pension plan contributions	**471**	25	96		(9)	**583**		18		(7)	**594**			(19)	**575**
Allowances for credit losses	**4,103**	76	123		(57)	**4,245**	(8)	(24)		(88)	**4,125**			(11)	**4,114**
Allowances for credit losses (IFRS 9)						**0**	251			(84)	**167**	(62)		(52)	**53**
Early retirement obligations	**42**				(15)	**27**				(9)	**18**			(8)	**10**
Provision for foreclosed property	**1,186**	25			(176)	**1,035**		11		(102)	**944**			(2)	**942**
Credit investment fees	**11**	(2)			(1)	**8**		(1)			**7**			(2)	**5**
Unused tax credits	**1,221**	(23)			(135)	**1,063**		(139)			**924**	20		(34)	**910**
Tax loss carryforwards	**1,179**	348	30	43	(9)	**1,591**		54			**1,645**	19		(16)	**1,648**
Assets measured at fair value through equity	**33**		15	8		**56**			48		**104**			(8)	**96**
Others from business combinations	**50**		164		(19)	**195**		2		(54)	**143**			(51)	**92**
Other *	**1,307**	74	173	500	(652)	**1,402**		30	145	(207)	**1,370**	(17)	140	(102)	**1,391**
TOTAL	**9,603**	**523**	**601**	**551**	**(1,073)**	**10,205**	**243**	**(49)**	**193**	**(551)**	**10,041**	**(40)**	**140**	**(305)**	**9,836**
Of which: monetisable	5,802					5,891					5,680				5,641

CHANGE IN DEFERRED TAX LIABILITIES
(Millions of euros)

	31-12-2016	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS	DISPOSALS	31-12-2017	1ST APPLICATION OF IFRS 9	REGULARISATIONS	ADDITIONS	DISPOSALS	31-12-2018	REGULARISATIONS	ADDITIONS	DISPOSALS	31-12-2019
Revaluation of property on first time application of IFRS	**242**				(6)	**236**		(4)		(17)	**215**			(13)	**202**
Assets measured at fair value through equity	**223**		6		(37)	**192**				(116)	**76**		136		**212**
Intangible assets from business combinations	**57**				(14)	**43**				(10)	**33**			(20)	**13**
Mathematical provisions	**271**				(67)	**204**					**204**				**204**
Others from business combinations	**251**		61		(32)	**280**		4		(51)	**233**			(32)	**201**
Other (*)	**207**	5	52	56	(53)	**267**			87		**354**	15	4	(147)	**226**
TOTAL	**1,251**	**5**	**119**	**56**	**(209)**	**1,222**	**0**	**0**	**87**	**(194)**	**1,115**	**15**	**140**	**(212)**	**1,058**

(*) Includes, inter alia, eliminations from intra-group operations and those corresponding to different provisions, and other adjustments due to differences between accounting and tax rules.

The Group does not have any significant unrecognised deferred tax assets.

Twice per year, in collaboration with an independent expert, the Group assesses the recoverable amount of its recognised deferred tax assets in the balance sheet, on the basis of a budget consisting in a 5-year horizon with the forecasted results used to estimate the recoverable value of the different CGU of the Group (see Note 19) and forecast, subsequently, applying a sustainable net interest income (NII) to the average total assets and a normalised cost of risk (CoR) of 1.6% and 0.39%, respectively.

The type of deferred tax assets segregated by jurisdiction of origin are set out below:

TYPE OF DEFERRED TAX ASSETS RECOGNISED IN THE BALANCE SHEET
(Millions of euros)

	TIMING DIFFERENCES	*OF WHICH: MONETISABLE **	TAX LOSS CARRYFORWARDS	UNUSED TAX CREDITS
Spain	7,038	*5,532*	1,628	910
Portugal	240	*109*	20	
Other				
TOTAL	**7,278**	***5,641***	**1,648**	**910**

(*) These correspond to monetisable timing differences with the right to conversion into a credit with the Treasury.

The Group estimates that deferred tax assets registered arising from tax credits from tax loss carryforwards, deductions and non-monetisable timing differences corresponding to Spanish jurisdiction, will have recovered in a maximum period of 15 years.

The Company carries out sensitivity analyses on the key flow projection assumptions of the recovery model (see Note 19) with no significant variations concluded in the estimated term in the baseline scenario.

The predictability of exercises to evaluate the recoverability of tax assets, which have been carried out since 2014, is strengthened by backtesting exercises, which result in high explainability.

In light of the existing risk factors (see Note 3) and the reduced deviation with respect to the estimates used to elaborate the budgets, the Administrators consider that, despite the limitations for applying different monetisable timing differences, tax loss carryforwards and unused tax credits, the recovery of all activated tax credits is still probable with future tax benefits.

25.5. Other

As per Article 42 of the consolidated text of the Corporation Tax Law, the tax credit for reinvestment of profit is provided in Appendix 4.

26. Guarantees and contingent commitments given

The breakdown of "Guarantees and contingent commitments given" included as memorandum items is set out below:

BREAKDOWN OF EXPOSURE AND HEDGING ON GUARANTEES AND CONTINGENT COMMITMENTS AT 31-12-2019
(Millions of euros)

	OFF-BALANCE SHEET EXPOSURE			HEDGING		
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
Financial guarantees given	5,574	190	218	(7)	(4)	(77)
Loan commitments given	68,702	2,216	214	(27)	(4)	(31)
Other commitments given	20,577	473	176	(12)	(8)	(50)

BREAKDOWN OF EXPOSURE AND HEDGING ON GUARANTEES AND CONTINGENT COMMITMENTS AT 31-12-2018
(Millions of euros)

	OFF-BALANCE SHEET EXPOSURE			HEDGING		
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
Financial guarantees given	5,329	182	224	(38)	(24)	(135)
Loan commitments given	62,004	1,691	258	(24)	(2)	(18)
Other commitments given	18,596	502	241	(7)	(1)	(106)

BREAKDOWN OF EXPOSURE AND HEDGING ON GUARANTEES AND CONTINGENT COMMITMENTS at 01-01-2018
(Millions of euros)

	OFF-BALANCE SHEET EXPOSURE			HEDGING		
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
Financial guarantees given	5,636	199	180	(34)	(18)	(66)
Loan commitments given	59,215	1,587	388	(21)	(2)	(31)
Other commitments given	18,613	500	348	(7)	(1)	(187)

The Group only needs to pay the amount of contingent liabilities if the guaranteed counterparty breaches its obligations. It believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, the Group has an undertaking to facilitate funds to customers through drawables on lines of credit and other commitments, whenever it receives a request and subject to compliance with certain conditions by the counterparties. It believes that a large portion of them will fall due prior to drawdown, either because they will not be requested by customers or because the drawdown conditions will not be met. The details of "Loan commitments given" included as memorandum items in the balance sheet, are set out below:

LOAN COMMITMENTS GIVEN
(Millions of euros)

	31-12-2019		31-12-2018		31-12-2017	
	DRAWABLE	LIMITS	DRAWABLE	LIMITS	DRAWABLE	LIMITS
Drawable by third parties						
Credit institutions	213	244	93	232	37	90
Public administrations	3,729	4,711	1,960	2,608	1,814	2,647
Other sectors	67,190	121,994	61,900	117,820	59,339	107,861
TOTAL	**71,132**	**126,949**	**63,953**	**120,660**	**61,190**	**110,598**
Of which: conditionally drawable	3,751		4,098		3,790	

The table below details the contractual maturities of the loan commitments given:

CONTRACTUAL MATURITIES
(Millions of euros)

	< 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	> 5 YEARS	TOTAL
Drawable by third parties	1,172	1,610	10,277	22,976	35,097	71,132

27. Other significant disclosures

27.1. Operations for the account of third parties

The breakdown of off-balance sheet funds managed for the account of third parties is as follows:

BREAKDOWN OF CUSTOMER FUNDS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Assets under management	102,316	93,951	96,552
Mutual funds, portfolios and SICAVs	68,584	64,541	66,883
Pension funds	33,732	29,410	29,669
Other (*)	4,698	5,108	5,363
TOTAL	**107,014**	**99,059**	**101,915**

(*) Includes temporary funds associated with transfers and collections, in addition to other funds distributed by CaixaBank and Banco BPI.

27.2. Transferred financial assets

The Group converted a portion of their homogeneous loan and credits into fixed-income securities by transferring the assets to various securitisation special purpose vehicles set up for this purpose. In accordance with current regulations, securitisations in which substantially all the risk is retained may not be derecognised.

The balances classified in “Financial assets at amortised cost” corresponding to the outstanding amounts of securitised loans are as follows:

BREAKDOWN OF SECURITISED LOANS
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Securitised mortgage loans	**24,054**	**26,738**	**29,366**
Other securitised loans	**7,687**	**10,753**	**9,450**
Loans to companies	4,648	7,772	7,018
Leasing arrangements	1,535	241	307
Consumer financing	1,503	2,738	2,123
Other	1	2	2
TOTAL	**31,741**	**37,491**	**38,816**

Details of securitisations arranged, with the amounts outstanding and the amounts corresponding to credit enhancements granted to the securitisation funds are provided below:

LOAN SECURISATION - ISSUES ON DERECOGNISED SECURITISED LOANS

(Millions of euros)

			INITIAL EXPOSURE	SECURITISED LOAN			REPO SECURISATION BONDS			CREDIT ENHANCEMENTS		
DATE OF ISSUE		ACQUIRED BY:	SECURITISED	2019	2018	2017	2019	2018	2017	2019	2018	2017
June	2001	TDA 14 Mixto, FTA	122	2	3	4	0	0	0	1	1	1
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA	269	1	1	2	0	0	0	4	4	4
October	2002	AyT 11, FTH (*)	120	0	0	13	0	0	0	0	0	1
May	2003	TDA 16 Mixto, FTA (*)	152	0	0	19	0	0	0	0	0	3
May	2003	TDA 16 Mixto, FTA (*)	100	0	0	5	0	0	0	0	0	1
June	2003	AyT Hipotecario III, FTH	130	0	0	10	0	0	5	0	0	1
November	2004	TDA 22 Mixto, FTH (*)	150	21	24	26	0	0	0	1	1	1
April	2005	AyT Hipotecario Mixto III, FTH	170	0	0	39	0	0	0	0	0	0
November	2005	TDA 24, FTA (*)	144	33	36	40	0	0	0	1	1	1
November	2005	TDA 24, FTA (*)	51	6	6	7	0	0	0	0	0	0
July	2006	TDA 25, FTA (*)	205	66	72	77	0	0	0	1	1	1
December	2006	TDA 27, FTA (*)	187	61	65	71	0	0	0	2	2	2
July	2007	TDA 28, FTA (*)	200	85	90	97	0	0	0	2	2	2
TOTAL			**2,000**	**275**	**297**	**410**	**0**	**0**	**5**	**12**	**12**	**18**

(*) In accordance with the regulations in force at the time of issue, the securitised loans were derecognised when the bonds were issued, given that circumstances arose that substantially allowed all risks and rewards relating to the underlying securitised financial asset to be transferred. They mainly relate to the securitisation funds of Credifimo, acquired in a business combination with Banca Cívica.

Currently, the Group does not have any continued involvement in the derecognised assets, and only as an agreement with the securitisation fund to manage the loans in market conditions.

LOAN SECURISATION - ISSUES ON ON-BALANCE-SHEET SECURITISED LOANS

(Millions of euros)

DATE OF ISSUE		ACQUIRED BY:	INITIAL EXPOSURE SECURITISED	SECURITISED LOAN 2019	SECURITISED LOAN 2018	SECURITISED LOAN 2017	REPO SECURISATION BONDS 2019	REPO SECURISATION BONDS 2018	REPO SECURISATION BONDS 2017	CREDIT ENHANCEMENTS 2019	CREDIT ENHANCEMENTS 2018	CREDIT ENHANCEMENTS 2017
June	2003	AyT Génova Hipotecario II, FTH	800	82	98	115	29	34	40	8	8	8
July	2003	AyT Génova Hipotecario III, FTH	800	91	108	127	35	42	40	8	8	8
February	2004	AyT Hipotecario Mixto, FTA	140	16	18	20				8	8	8
March	2004	AyT Génova Hipotecario IV, FTH	800	106	125	146	13	20	24	8	8	8
April	2004	Valencia Hipotecario 1, FTA	472			50			1			5
June	2004	AyT Hipotecario Mixto II, FTA	160			1	1	1	1	2	2	2
November	2004	TDA 22 Mixto, FTH	120	28	31	34	14	17	18	2	2	2
June	2005	AyT Hipotecario Mixto IV, FTA	200	28	34	39	18	15	18	1	1	1
June	2005	AyT Génova Hipotecario VI, FTH	700	124	144	166	78	91	105	5	5	5
November	2005	FonCaixa FTGENCAT 3, FTA	650			62			27			7
November	2005	AyT Génova Hipotecario VII, FTH	1,400	294	339	390	119	137	136	8	9	10
November	2005	Douro Mortgages no. 1	1,500		257	292		148	135			
December	2005	Valencia Hipotecario 2, FTH	940	135	159	186	41	31	40	5	5	10
June	2006	AyT Génova Hipotecario VIII, FTH	2,100	428	493	568	232	267	309	9	9	11
July	2006	FonCaixa FTGENCAT 4, FTA	600	61	72	86	19	20	20	5	5	6
July	2006	AyT Hipotecario Mixto V, FTA	318	64	72	82	46	55	64	2	2	2
September	2006	Douro Mortgages no. 2	1,500		367	416		283	315			
November	2006	Valencia Hipotecario 3, FTA	901	201	230	262	70	81	91	5	5	6
November	2006	AyT Génova Hipotecario IX, FTH	1,000	279	317	357	107	121	125	6	7	8
June	2007	AyT Génova Hipotecario X, FTH	1,050	314	356	401	316	357	403	10	11	12
July	2007	Douro Mortgages no. 3	1,500		568	636		516	416			
November	2007	FonCaixa FTGENCAT 5, FTA	1,000	181	211	243	38	38	38	27	27	27
December	2007	AyT Génova Hipotecario XI, FTH	1,200	383	429	479	388	435	485	37	39	40
July	2008	FonCaixa FTGENCAT 6, FTA	750	134	155	179	23	23	23	19	19	19
July	2008	AyT Génova Hipotecario XII, FTH	800	273	307	345	273	306	346	30	30	30
March	2009	AyT ICO-FTVPO I, FTA	129			20			41			3
April	2009	Bancaja BVA-VPO 1, FTA	55	12	16	34	16	19	23	3	3	5
December	2010	AyT Goya Hipotecario III, FTA	4,000	1,787	1,984	2,196	1,781	1,980	2,192	178	200	208
February	2011	Douro SME Series 2	3,472		3,348	3,392		3,348	3,392			
April	2011	AyT Goya Hipotecario IV, FTA	1,300	583	648	718	596	662	735	66	66	67
December	2011	AyT Goya Hipotecario V, FTA	1,400	649	728	811	670	748	833	72	76	77
March	2013	FonCaixa Leasings 2, FTA	1,217		241	307		243	313		112	112
October	2015	FonCaixa PYMES 6, FTA	1,119			583			623			45
November	2015	FonCaixa PYMES 7, FTA	2,529			942			973			88
February	2016	CaixaBank RMBS 1, FT	14,200	10,919	11,800	12,678	10,944	11,846	12,742	568	568	568
June	2016	CaixaBank Consumo 2, FT	1,300	324	488	738	350	534	812	52	52	53
November	2016	CaixaBank Pymes 8, FT	2,250	899	1,242	1,680	973	1,343	1,796	84	93	93
March	2017	CaixaBank RMBS 2, FT	2,720	2,256	2,419	2,598	2,294	2,459	2,639	129	130	130
July	2017	CaixaBank Consumo 3, FT	2,450	911	1,408	2,099	931	1,457	2,162	42	99	99
November	2017	CaixaBank Pymes 9, FT	1,850	977	1,375	1,806	1,007	1,413	1,850	44	85	85
December	2017	CaixaBank RMBS 3, FT	2,550	2,122	2,325	2,532	2,135	2,344	2,550	88	115	116
May	2018	CaixaBank Consumo 4, FT	1,700	835	1,347		944	1,494		43	69	
November	2018	CaixaBank Pymes 10, FT	3,325	2,322	3,232		2,525	3,325		159	159	
June	2019	CaixaBank Leasings 3, FT	1,830	1,535			1,581			90		
November	2019	CaixaBank Pymes 11, FT	2,450	2,388			2,451			116		
TOTAL			**73,247**	**31,741**	**37,491**	**38,816**	**31,058**	**36,253**	**36,896**	**1,939**	**2,037**	**1,984**

Securitisation bonds placed in the market are recognised under "Financial liabilities at amortised cost - Debt securities issued" in the accompanying balance sheets, and they are the difference between the carrying amount of securitised bonds and the carrying amount of repo bonds.

Furthermore, the Group maintains the following synthetic securitisation transactions, by means of which it partially transfers the credit risk of a group of borrowers classified under the heading "Financial assets at amortised cost – Loans and advances" of the balance sheet:

SYNTHETIC SECURITISATION TRANSACTIONS
(Millions of euros)

				CARRYING AMOUNT SECURITISED		
ISSUE DATE		FUND	INITIAL EXPOSURE SECURITISED	31-12-2019	31-12-2018	31-12-2017
February	2016	Gaudí I	2,025	356	920	2,021
August	2018	Gaudí II	2,025	2,019	2,025	
April	2019	Gaudí III	1,282	1,281		
TOTAL			**5,332**	**3,656**	**2,945**	**2,021**

The transfer of credit risk takes the form of a financial guarantee and it is not considered a substantial transfer of risk and profit. Therefore, the underlying exposure is maintained on the balance sheet.

27.3. Securities deposits and investment services

The detail, by type, of the securities deposited by customers with the Group and third parties is as follows:

SECURITIES DEPOSITED BY THIRD PARTIES
(Millions of euros)

	31-12-2019	31-12-2018	31-12-2017
Book entries	**175,526**	**159,417**	**173,267**
Securities recorded in the market's central book-entry office	122,890	112,109	129,249
Equity instruments. - quoted	54,355	50,113	65,005
Equity instruments. - unquoted	2,771	2,873	3,454
Debt securities. - quoted	65,764	59,123	60,790
Securities registered at the Entity	0	29	13
Debt securities. - quoted	0	29	13
Securities entrusted to other depositories	52,636	47,279	44,005
Equity instruments. - quoted	20,608	16,728	16,896
Equity instruments. - unquoted	8	32	13
Debt securities. - quoted	30,710	25,902	27,038
Debt securities. - unquoted	1,310	4,617	58
Securities	**3,538**	**3,212**	**3,691**
Held by the Entity	3,018	3,174	3,651
Equity instruments	3,001	3,174	3,651
Debt securities	17	0	0
Entrusted to other entities	520	38	40
Equity instruments	520	38	40
Other financial instruments	72,397	**77,940**	**18,291**
TOTAL	**251,461**	**240,569**	**195,249**

27.4. Financial assets derecognised from the balance sheet due to impairment

Changes in the items derecognised from the balance sheet because recovery was deemed remote are summarised below. These financial assets are recognised under "Suspended assets" in the memorandum accounts supplementing the balance sheet:

CHANGES IN WRITTEN-OFF ASSETS
(Millions of euros)

	2019	2018	2017
OPENING BALANCE	**14,639**	**15,823**	**15,457**
Additions:	**1,937**	**1,953**	**3,204**
Of which are due to business combinations (Note 7)	*0*	*0*	*1,284*
Disposals:	**2,665**	**3,137**	**2,838**
Cash recovery of principal (Note 36)	784	455	298
Cash recovery of past-due receivables	23	36	75
Disposal of written-off assets *	635	1,843	1,505
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	1,223	803	960
CLOSING BALANCE	**13,911**	**14,639**	**15,823**
Of which: interest accrued on the non-performing loans *	4,112	4,463	4,497

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.
(**) Corresponds to the sale of non-performing and written-off assets and includes interest related to these portfolios.

28. Interest income

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF INTEREST INCOME
(Millions of euros)

	2019	2018	2017
Central banks	**0**	**0**	**0**
Credit institutions	**47**	**31**	**31**
Debt securities	**2,101**	**1,993**	**2,169**
Financial assets held for trading	7	13	18
Financial assets designated at fair value through profit or loss		0	0
Financial assets compulsorily measured at fair value through profit or loss	5	5	0
Financial assets at fair value with changes in other comprehensive income	1,966	1,856	0
Available-for-sale financial assets			2,082
Financial assets at amortised cost	123	119	0
Loans and receivables		0	21
Investment portfolio at maturity		0	48
Loans and advances to customers and other financial income	**4,808**	**4,762**	**4,657**
Public administrations	75	97	132
Trade credits and bills	175	176	185
Mortgage loans	1,921	2,018	2,063
Personal loans	2,089	1,910	1,668
Credit accounts	434	428	468
Other	114	133	141
Adjustments to income due to hedging transactions	**(28)**	**5**	**(67)**
Interest income - liabilities	**127**	**155**	**181**
TOTAL	**7,055**	**6,946**	**6,971**
Of which: interest on exposures in stage 3 (non-performing loans in 2017)	196	293	281

The average effective interest rate of the various financial assets categories calculated on average net balances (excluding rectifications) is set out below:

AVERAGE RETURN ON ASSETS
(Percentage)

	2019	2018	2017
Deposits at central banks	0.00%	0.00%	0.00%
Financial assets held for trading – debt securities	0.39%	0.64%	0.67%
Financial assets compulsorily measured at fair value through profit or loss - Debt securities	4.46%	3.61%	
Financial assets measured at fair value with changes in other comprehensive income / Available-for-sale financial assets - Debt securities	2.61%	2.71%	3.21%
Financial assets at amortised cost			
Loans and advances to credit institutions	1.07%	0.64%	0.92%
Loans and advances to customers	2.25%	2.28%	2.17%
Debt securities	0.68%	0.70%	0.85%
Held-to-maturity investments - debt securities			0.51%

29. Interest expense

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF INTEREST EXPENSE
(Millions of euros)

	2019	2018	2017
Central banks	(48)	(39)	(37)
Credit institutions	(98)	(70)	(74)
Customer deposits and other finance costs	(303)	(350)	(409)
Debt securities issued (excluding subordinated liabilities) *	(616)	(686)	(739)
Adjustments to expenses as a consequence of hedging transactions	511	552	582
Finance cost of insurance products	(1,426)	(1,319)	(1,434)
Asset interest expense	(97)	(91)	(79)
Lease liability interest (Note 1.4 and 22.4)	(20)		
Other	(7)	(36)	(35)
TOTAL	**(2,104)**	**(2,039)**	**(2,225)**

(*) Excluding interest from preference shares accountable as Additional Tier 1 capital (recognised in shareholders' equity)

The average effective interest rate of the various financial liabilities categories calculated on average net balances (excluding rectifications) is set out below:

AVERAGE RETURN ON LIABILITIES
(Percentage)

	2019	2018	2017
Deposits from central banks	0.21%	0.13%	0.11%
Deposits from credit institutions	0.86%	0.54%	0.54%
Customer deposits	0.13%	0.16%	0.20%
Debt securities issued (excluding subordinated liabilities)	1.93%	2.26%	2.35%
Subordinated liabilities	1.75%	2.45%	3.68%

30. Dividend income

The breakdown of this item in the accompanying statement of profit or loss is as follows:

DIVIDEND INCOME
(Millions of euros)

	2019	2018	2017
Telefónica	104	104	104
Other	59	42	23
TOTAL	**163**	**146**	**127**

31. Fees and commissions

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF FEE AND COMMISSION INCOME
(Millions of euros)

	2019	2018	2017
Contingent liabilities	162	156	127
Credit facility drawdowns	51	50	53
Exchange of foreign currencies and banknotes	94	97	110
Collection and payment services	1,023	1,028	914
Of which: credit and debit cards	*506*	*529*	*444*
Securities services	81	96	98
Marketing of non-banking financial products	1,120	1,121	989
Other fees and commissions	409	350	469
TOTAL	**2,940**	**2,898**	**2,760**

BREAKDOWN OF FEE AND COMMISSION EXPENSES
(Millions of euros)

	2019	2018	2017
Assigned to other entities and correspondents	(99)	(104)	(97)
Of which: transactions with cards and ATMs	*(88)*	*(97)*	*(84)*
Securities transactions	(25)	(24)	(18)
Other fees and commissions	(218)	(187)	(146)
TOTAL	**(342)**	**(315)**	**(261)**

32. Gains/(losses) on financial assets and liabilities

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES
(Millions of euros)

	2019	2018	2017
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**240**	**126**	**169**
Financial assets at amortised cost / Loans and receivables	2	(25)	1
Debt securities	2	1	
Loans and advances		(26)	1
Financial liabilities at amortised cost (Note 15)		102	88
Financial assets at fair value with changes in other comprehensive income / Available-for-sale financial assets	235	48	77
Debt securities	235	48	73
Equity instruments			4
Other	3	1	3
Gains/(losses) on financial assets and liabilities held for trading (net)	**139**	**40**	**47**
Equity instruments	29	(29)	106
Debt securities		(1)	1
Financial derivatives	110	70	(60)
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss (net)	**(74)**	**61**	
Equity instruments (Note 12)	(7)	66	
Debt securities	(54)	(5)	
Loans and advances	(13)		
Gains/(losses) from hedge accounting, net	**45**	**39**	**(9)**
Ineffective portions of cash flow hedges (Note 15)			(24)
Ineffective portions of fair value hedges		2	15
Valuation of hedging derivatives (Note 15)	292	(442)	(366)
Valuation of hedged items (Note 15)	(292)	444	380
Other	45	37	
TOTAL	**350**	**266**	**207**

33. Other operating income and expenses and assets and liabilities under insurance or reinsurance contracts

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF OTHER OPERATING INCOME
(Millions of euros)

	2019	2018	2017
Income from investment property and other income	119	142	145
Sales and income from provision of non-financial services	289	297	241
Other income	247	189	312
TOTAL	**655**	**628**	**698**

BREAKDOWN OF OTHER OPERATING EXPENSES
(Millions of euros)

	2019	2018	2017
Contribution to the Deposit Guarantee Fund/National Resolution Fund	(345)	(325)	(309)
Operating expenses from investment property and other *	(127)	(320)	(358)
Changes in inventories and other expenses of non-financial activities	(249)	(263)	(211)
Expenses associated with regulators and supervisors	(14)	(12)	(11)
Other items	(306)	(232)	(239)
TOTAL	**(1,041)**	**(1,152)**	**(1,128)**

(*) Includes expenses related to leased investment property.

BREAKDOWN OF INCOME AND EXPENSES OF ASSETS AND LIABILITIES UNDER THE INSURANCE OR REINSURANCE BUSINESS
(Millions of euros)

	2019	2018	2017
Income			
Insurance and reinsurance premium income *	952	987	815
Reinsurance income	(68)	(48)	8
TOTAL	**884**	**939**	**823**
Expenses			
Paid provisions and other expenses related to insurance activity *	(61)	(107)	(117)
Net technical provisions *	(242)	(261)	(212)
Insurance and reinsurance premiums paid	(25)	(20)	(23)
TOTAL	**(328)**	**(388)**	**(352)**

(*) Net of the portion relating to financial expenses.

34. Personnel expenses

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF PERSONNEL EXPENSES
(Millions of euros)

	2019	2018	2017
Wages and salaries	(2,207)	(2,187)	(2,137)
Social security contributions	(517)	(482)	(472)
Contributions to pension plans (saving and risk) *	(145)	(139)	(136)
Transfers to defined benefit plans	3	3	2
Other personnel expenses	(1,090)	(153)	(238)
Of which: Labour agreement 8-5-2019 (Note 23.2)	*(978)*		
TOTAL	**(3,956)**	**(2,958)**	**(2,981)**

(*) Includes premiums paid

The expense recognised in 'Transfers to defined contribution plans' includes mainly mandatory contributions stipulated which are made to cover retirement, disability and death obligations of serving employees. To cover retirement, CaixaBank makes a monthly contribution equal to a percentage of pensionable wage items ranging from 0% to 8.5% depending on the length of service at the Group and other agreed terms and conditions.

“Other personnel expenses” includes, inter alia, training expenses, education grants and indemnities and other short term benefits. The cost of share-based payment plans, is also recognised under this heading, recorded with a balancing entry under 'Shareholders' equity — Other equity items' of the accompanying balance sheet, net of the corresponding tax effect. The amounts accrued from the share-based compensation plans are set out below:

SHARE-BASED REMUNERATION
(Millions of euros)

	2019 (**)	2018	2017
Format variable compensation package bonus - Executive Director, Senior Executive and other members of the group identified	9	8	7
Variable remuneration of the Long-Term Incentives Plan related to the SP 2015-2018 *		2	3
Variable remuneration of the Annual Consolidable Incentives Plan related to the SP 2019-2021	3		
TOTAL	**12**	**10**	**10**
Beneficiaries of the Annual Consolidable Incentives Plan (people):	90		

(*) With respect to the Long-Term Incentives Plan linked to the SP 2015-2018, the estimated maximum number of authorised Beneficiaries of the Plan stood at 80 people. The earned amount in 2017 is the target, which has been adjusted in 2018 for the achievement of the plan.
(**) In accordance with that established in the Policy of Remunerations approved in the agreements of the General Committee of Shareholders of 6 April 2019, the reference for the calculation of the stock equivalent to the variable compensation package based on instruments for 2019 is the average of the CaixaBank, SA share price between 1 and 15 February of 2020.

The characteristics of the variable components in place that entail remunerations paid in shares are detailed below:

SHARE-BASED REMUNERATION

REMUNERATION IN SHARES*	GROUP IDENTIFIED	ACCRUAL PERIOD	PAYMENT SCHEME	PARAMETERS EVALUATED	COMPLETION LEVEL
Variable remuneration in bonus format	Executive Directors **, Senior Management *** and other members of the identified collective ***	Yearly	Upon each settlement, the payment is made in shares [50%] and cash [50%]	i) Individual challenges (50%) linked to strategic objectives.	Min [80%] and Max [120%] A final qualitative adjustment will be considered [+/- 25%]
				ii) Corporate challenges (50%) linked to the following parameters: - ROTE (10%) - Core cost-to-income ratio (10%) - Variation of problematic assets (10%) - Risk Appetite Framework (RAF) (10%) - Quality (5%) - Conduct and compliance (5%)	Min [60%] and Max [120%]
Annual Conditioned Incentives Plan related to the SP 2019-2021 **	Executive Directors, Senior Management, and other key management personnel of the Group	From 2019 to 2023: - 1st cycle: 2019-2021 - 2nd cycle: 2020-2022 - 3rd cycle: 2021-2023	Executive Directors and Management Committee members: - 1st cycle: 1/3 in 2023, 2024 and 2025 - 2nd cycle: 1/3 in 2024, 2025 and 2026 - 3rd cycle: 1/3 in 2025, 2026 and 2027 Other key management personnel of the Group - 1st cycle: 100% in 2023 - 2nd cycle: 100% in 2024 - 3rd cycle: 100% in 2025	i) Provisional incentive based on the following metrics: - Core cost-to-income ratio (40%) - ROTE (40%) - Customer experience index (20%)	Min [80%] and Max [120%] The granting of the provisional incentive depends on meeting a minimum ROTE for each cycle.
				ii) Definitive incentive: ex post adjustment to the provisional incentive based on the following metrics: - RAF (60%) - Total Shareholder Return (TSR) (30%) - Global Reputation Index (IGR) (10%)	Additional conditions are established according to CaixaBank's position with respect to the metrics indicated.

(*) The Annual Remunerations Report regarding the directors of listed limited companies this year includes the terms and conditions related to said payment schemes.

(**) Executive Directors receive variable remuneration in the form of a bonus, determined by a target compensation established by the Board at the proposal of the Remuneration Committee, with a level of achievement adjusted to the risk and the measurement of performance. It will be approved by the Board at the proposal of the Remuneration Committee.

(***) The challenge of the members of Senior Management and other members of the identified collective is calculated in line with the CEO, although the weighting of the RAF and of the variation of problematic assets is 15% and 5%, respectively.

The average number of employees, by professional category and gender, is set out below:

AVERAGE NUMBER OF EMPLOYEES *
(Number of employees)

	2019			2018			2017		
	MEN	WOMEN	*OF WHICH: WITH A DISABILITY ≥ 33%*	MEN	WOMEN	*OF WHICH: WITH A DISABILITY ≥ 33%*	MEN	WOMEN	*OF WHICH: WITH A DISABILITY ≥ 33%*
Directors	3,716	2,366	*26*	3,769	2,216	*0*	3,927	2,182	
Middle management	3,454	4,035	*32*	3,262	3,939	*29*	3,247	3,945	*64*
Agents	9,650	13,376	*285*	10,365	13,765	*312*	10,342	13,643	*151*
TOTAL	**16,820**	**19,777**	***343***	**17,396**	**19,920**	***341***	**17,516**	**19,770**	***215***

(*) The distribution, by professional category and gender, at any given time is not significantly different from that of the average number of employees.

35. Other administrative expenses

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF OTHER ADMINISTRATIVE EXPENSES
(Millions of euros)

	2019	2018	2017
IT and systems	(435)	(373)	(298)
Advertising and publicity *	(190)	(174)	(143)
Property and fixtures	(114)	(115)	(113)
Rent **	(44)	(185)	(178)
Communications	(71)	(70)	(60)
Outsourced administrative services	(86)	(109)	(142)
Tax contributions	(38)	(40)	(31)
Surveillance and security carriage services	(34)	(33)	(32)
Representation and travel expenses	(55)	(57)	(50)
Printing and office materials	(16)	(12)	(15)
Technical reports	(58)	(56)	(56)
Legal and judicial	(16)	(15)	(16)
Governing and control bodies	(10)	(10)	(8)
Other expenses	(81)	(47)	(27)
TOTAL	**(1,248)**	**(1,296)**	**(1,169)**

* Includes advertising in media, sponsorships, promotions and other commercial expenses.
** The short-term amount of rental expenses in which IFRS 16 has not been applied is immaterial.

"Technical reports" relates to fees and expenses, excluding the related VAT, paid to the auditor, broken down as follows:

EXTERNAL AUDITOR FEES *
(Thousands of euros)

	2019	2018	2017
Auditor of the Group (PwC in 2019 and 2018; Deloitte in 2017)	**4,974**	**4,862**	**11,028**
Audit	3,817	3,762	3,766
Audit	3,285	2,817	2,879
Limited review	532	945	887
Other services	1,157	1,100	7,262
Financial due diligence			438
Comfort letters for issues	350	179	450
Agreed procedural reports	804	707	948
Other work	3	214	758
Support works in inspection activities			661
Regulatory advice			2,964
Cybersecurity services			995
Tax advisory services			48
Other auditors **		**40**	**4,205**
Audit		40	188
Other services			4,017
TOTAL	**4,974**	**4,902**	**15,233**

(*) The services contracted with our auditors comply with the Spanish Auditing Act's requirements of independence, and none of the work performed is incompatible with auditing duties.

(**) Furthermore, in 2019, the accounts auditor of a Group company that is not deemed a Public Interest Entity, invoices an amount of EUR 80 thousand for its audit (EUR 85 thousand in 2018). Furthermore, the fees for other services invoiced by this auditor and its network to the Group in 2019 amount to EUR 9,661 thousand (EUR 7,823 thousand in 2018).

Information on the average payment period to suppliers

The following tables provide a breakdown of the required information relating to payments made and pending at the balance sheet date:

PAYMENTS MADE AND OUTSTANDING AT THE BALANCE SHEET DATE
(Millions of euros)

	2019
Total payments made	2,807
Total payments pending	42
TOTAL PAYMENTS IN THE YEAR	**2,849**

AVERAGE SUPPLIER PAYMENT PERIOD AND RATIOS
(Day)

	2019
Average payment period to suppliers	23.20
Ratio of transactions paid	23.33
Ratio of transactions pending payment	16.93

In accordance with the Second Transitional Provision of Act 15/2010, the general maximum statutory period is 30 days, which may be extended to 60 days upon agreement of the parties.

36. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF THE IMPAIRMENT OR REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
(Millions of euros)

	2019	2018	2017
Financial assets at amortised cost / Loans and receivables	**(425)**	**(124)**	**(805)**
Loans and advances	(425)	(125)	(775)
Net allowances (Note 14)	(410)	(68)	(554)
Of which - Credit institutions	*(2)*		*3*
Of which - Customers	*(408)*	*(68)*	*(557)*
Write-downs (Note 27.4)	(799)	(512)	(519)
Recovery of loans written off (Note 27.4)	784	455	298
Debt securities (Note 14)		1	(30)
Financial assets at fair value with changes in other comprehensive income / Available-for-sale financial assets		**(2)**	**(144)**
Write-downs		(2)	(144)
Equity instruments			(140)
Debt securities		(2)	(4)
TOTAL	**(425)**	**(126)**	**(949)**

37. Impairment/(reversal) of impairment on non-financial assets

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF THE IMPAIRMENT/(REVERSAL) OF IMPAIRMENT ON NON-FINANCIAL ASSETS
(Millions of euros)

	2019	2018	2017
Tangible assets	**(80)**	**(17)**	**(53)**
Property, plant and equipment for own use	(35)	(21)	(30)
Allowances (Note 18)	(3)	(1)	(6)
Reversals (Note 18)	7	3	6
Write-downs	(39)	(23)	(30)
Investment property (Note 18)	(45)	4	(23)
Allowances	(111)	(249)	(294)
Releases	66	253	271
Intangible assets (Note 19)	**(25)**	**(25)**	**(70)**
Allowances	(4)	(5)	(5)
Releases	1	4	4
Write-downs	(22)	(24)	(69)
Other (Note 20)	**(1)**	**(7)**	**(47)**
Inventories		(7)	(47)
Allowances	(2)	(18)	(315)
Releases	2	11	268
Other	(1)		
TOTAL	**(106)**	**(49)**	**(170)**

38. Gains/(losses) on derecognition of non-financial assets

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF GAINS/(LOSSES) ON DERECOGNITION OF NON-FINANCIAL ASSETS
(Millions of euros)

	2019			2018			2017		
	GAINS	LOSSES	NET PROFIT/(LOSS)	GAINS	LOSSES	NET PROFIT/(LOSS)	GAINS	LOSSES	NET PROFIT/(LOSS)
On disposals of tangible assets	85	(36)	49	95	(66)	29	106	(72)	34
Due to sale of investments (Note 16)	1	4	5	9	(608)	(599)	1	(188)	(186)
On disposals of other assets *	1	0	1	99	(5)	94	41	(3)	37
TOTAL	**87**	**(32)**	**55**	**203**	**(679)**	**(476)**	**148**	**(263)**	**(115)**

(*) Corresponds to gains or losses on selling real estate classified as inventories (see Note 20).

39. Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The breakdown of this item in the accompanying statement of profit or loss is as follows:

BREAKDOWN OF THE GAINS/(LOSSES) OF NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE
(Millions of euros)

	2019	2018	2017
Impairment losses on non-current assets held for sale (Note 21)	(134)	(335)	(175)
Profit/(loss) on disposal of non-current assets held for sale *	18	186	177
TOTAL	**(116)**	**(149)**	**2**

(*) The total profit/(loss) on the disposal of non-current assets relate to real estate to satisfy loans, none of which were for significant amounts individually.

40. Information on the fair value

40.1. Fair value of financial assets and liabilities

All financial instruments are classified into one of the following levels using the following hierarchy for determining fair value by valuation technique:

- Level 1: the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price") is used. In general, this level includes debt securities with a liquid market, quoted equity securities, derivatives traded on organised markets and mutual funds.
- Level 2: valuation techniques are used in which the assumptions correspond to directly or indirectly observable market data or to quoted prices on organised markets.

  The fair value of the instruments classified in Level 2, for which there is no market price, is estimated on the basis of the quoted prices of similar instruments and valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

- Tier 3: valuation techniques are used in which certain of the significant assumptions are not supported by directly observable market inputs.

  The fair value of the rest of the financial instruments classified in Level 3, for which there are no directly observable market data, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters corresponding to instruments with a risk profile that can be equated to that of the instrument being measured, adjusted to reflect the different intrinsic risks.

  For unquoted equity instruments, classified in Level 3, acquisition cost less any impairment loss determined based on available information is considered the best estimate of fair value.

The process for determining fair value ensures that its assets and liabilities are measured appropriately. A committee structure has been put in place on which the process for proposing and approving the arrangement of financial instruments on the market is based:

- The market inputs and other risk quantification and measurement parameters and methodologies, together with the conditioning factors for registering trades and their potential accounting, legal and tax impacts, are analysed by the areas responsible prior to authorisation.
- An independent unit is responsible for issues related to the measurement of derivatives and fixed-income securities. It reports organisationally to the Risk Area, which discloses the decisions made to the management area where the new product should be arranged.

Without reducing its freedom and independence when making decisions about risk evaluation and quantification, this analysis does entail a process of comparing, reconciling and, where possible, obtaining the consensus of the business areas.

The fair value of the financial instruments recognised in the balance sheet, excluding the insurance business, broken down by associated carrying amount and level is as follows:

FAIR VALUE OF FINANCIAL ASSETS (FA)
(Millions of euros)

	31-12-2019					31-12-2018					31-12-2017				
	CARRYING AMOUNT	FAIR VALUE				CARRYING AMOUNT	FAIR VALUE				CARRYING AMOUNT	FAIR VALUE			
		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
FA held for trading (Note 11)	**7,370**	**7,370**	**1,189**	**6,169**	**12**	**9,810**	**9,810**	**1,119**	**8,682**	**9**	**10,597**	**10,597**	**2,433**	**8,150**	**14**
Derivatives	6,194	6,194	27	6,167		8,707	8,707	32	8,675		8,162	8,162	13	8,149	
Equity instruments	457	457	457			348	348	348			403	403	403		
Debt securities	719	719	705	2	12	755	755	739	7	9	2,032	2,032	2,017	1	14
FA not designated for trading compulsorily measured at fair value through profit or loss (Note 12)	**427**	**427**	**54**	**59**	**314**	**704**	**704**	**223**		**480**					
Equity instruments	198	198	54	2	142	232	232	223		8					
Debt securities	63	63		57	6	145	145			145					
Loans and advances	166	166			166	327	327			327					
Customers	166	166			166	327	327			327					
FA at fair value through profit or loss	**1**	**1**	**1**								**6,500**	**6,500**	**6,500**		
Equity instruments											4,299	4,299	4,299		
Debt securities	1	1	1								2,101	2,101	2,101		
Loans and advances											100	100	100		
FA at fair value with changes in other comprehensive income (Note 13)	**18,371**	**18,371**	**17,414**	**245**	**712**	**21,888**	**21,888**	**20,871**	**145**	**873**					
Equity instruments	2,407	2,407	1,617	78	712	3,565	3,565	2,686	11	868					
Debt securities	15,964	15,964	15,797	167		18,323	18,323	18,185	134	5					
Available-for-sale FA											**69,555**	**69,555**	**65,569**	**3,451**	**535**
Equity instruments											2,883	2,883	2,427	7	449
Debt securities											66,672	66,672	63,142	3,444	86
FA at amortised cost (Note 14)	**244,702**	**264,355**	**11,593**	**1,968**	**250,794**	**242,582**	**259,358**	**11,653**	**638**	**247,067**					
Debt securities	17,389	17,878	11,593	1,968	4,317	17,060	17,295	11,653	638	5,004					
Loans and advances	227,313	246,477			246,477	225,522	242,063			242,063					
Central banks	6	6			6	5	5			5					
Credit institutions	5,153	5,536			5,536	7,550	8,263			8,263					
Customers	222,154	240,935			240,935	217,967	233,795			233,795					
Loans and receivables											**226,273**	**241,075**		**257**	**240,818**
Debt securities											2,576	2,585		257	2,328
Loans and advances											223,697	238,490			238,490
Central banks											5	5			5
Credit institutions											7,374	7,957			7,957
Customers											216,318	230,529			230,529
Held-to-maturity investments											**11,085**	**11,207**	**9,530**	**1,677**	
Derivatives - Hedge accounting (Note 15)	**2,133**	**2,133**		**2,133**		**2,056**	**2,056**		**2,056**		**2,597**	**2,597**		**2,597**	

FAIR VALUE OF FINANCIAL LIABILITIES
(Millions of euros)

	31-12-2019					31-12-2018					31-12-2017				
	CARRYING AMOUNT	FAIR VALUE				CARRYING AMOUNT	FAIR VALUE				CARRYING AMOUNT	FAIR VALUE			
		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Financial liabilities held for trading (Note 11)	**2,338**	**2,338**	**505**	**1,833**		**9,015**	**9,015**	**477**	**8,538**		**8,605**	**8,605**	**777**	**7,828**	
Derivatives	1,867	1,867	34	1,833		8,616	8,616	78	8,538		7,861	7,861	33	7,828	
Short positions	471	471	471			399	399	399			744	744	744		
Financial liabilities designated at fair value through profit or loss (Note 1)	**1**	**1**	**1**								**8,241**	8,241	**8,241**		
Deposits											8,241	8,241	8,241		
Other financial liabilities	1	1	1												
Financial liabilities at amortised cost (Note 22)	**283,975**	**286,577**	**31,589**		**254,988**	**282,460**	**283,017**	**26,941**		**256,076**	**280,898**	**282,191**	**28,497**		**253,694**
Deposits	241,735	242,664			242,664	247,640	247,458			247,458	246,804	246,568			246,568
Central banks	14,418	14,458			14,458	29,406	29,669			29,669	31,681	31,827			31,827
Credit institutions	6,238	6,246			6,246	8,034	7,993			7,993	11,515	11,426			11,426
Customers	221,079	221,960			221,960	210,200	209,796			209,796	203,608	203,315			203,315
Debt securities issued	33,648	35,321	31,589		3,732	29,244	29,982	26,941		3,041	29,919	31,448	28,497		2,951
Other financial liabilities	8,592	8,592			8,592	5,576	5,577			5,577	4,175	4,175			4,175
Derivatives - Hedge accounting (Note 15)	**515**	**515**		**515**		**793**	**793**		**793**		**793**	**793**		**793**	

The measurements obtained using internal models may differ if other techniques were applied or assumptions used regarding interest rates, credit risk spreads, market risk, exchange rate risk, or the related correlations and volatilities. Nevertheless, the Group's Directors consider the models and techniques applied appropriately reflect the fair values of financial assets and financial liabilities recognised in the balance sheet, and the gains and losses on these financial instruments.

The breakdown of the fair value compared to the carrying amount of financial assets under the insurance business (see Note 17) is as follows:

FAIR VALUE OF ASSETS AND LIABILITIES UNDER THE INSURANCE BUSINESS (*)
(Millions of euros)

	31-12-2019					31-12-2018				
	CARRYING AMOUNT	FAIR VALUE				CARRYING AMOUNT	FAIR VALUE			
		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3		TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS										
Financial assets held for trading	**1,066**	**1,066**	**1,066**			**945**	**945**	**943**		**2**
Debt securities	1,066	1,066	1,066			945	945	943		2
Financial assets designated at fair value through profit or loss	**12,150**	**12,150**	**12,150**			**7,990**	**7,990**	**7,990**		
Equity instruments	7,704	7,704	7,704			5,265	5,265	5,265		
Debt securities	3,980	3,980	3,980			2,343	2,343	2,343		
Loans and advances - Credit institutions	466	466	466			382	382	382		
Available-for-sale financial assets	**58,763**	**58,763**	**58,710**		**53**	**51,345**	**51,345**	**51,344**	**1**	
Debt securities	58,763	58,763	58,710		53	51,345	51,345	51,344	1	
Loans and receivables	**530**	**530**			**530**	**1,183**	**1,183**			**1,183**
Debt securities	350	350			350	655	655			655
Loans and advances - Credit institutions	180	180			180	528	528			528
FINANCIAL LIABILITIES										
Contracts designated at fair value through profit or loss	**12,248**	**12,248**	**12,248**			**9,053**	**9,053**	**9,053**		

(*) At 31 December 2017 they are included by financial asset category (IAS 39), see previous table.

The main valuation techniques, assumptions and inputs used in fair value estimation for levels 2 and 3 by type of financial instruments are as follows:

Heading	Instrument type		Assessment techniques	Main assumptions
Financial assets and liabilities held for trading	Derivatives	Swaps	Present value method	• Interest rate curves • Correlations (equities) • Dividends (equities) • Probability of default for the calculation CVA and DVA
		Exchange rate options Models	Black-Scholes, Local Stochastic Volatility, Vanna-Volga	
		Interest rate options	Normal Black model	
		Index and equity options	Black-Scholes, Local Volatility models	
		Inflation rate options	Normal Black model	
		Credit	Present Value and Default Intensity method	
	Debt securities		Present value method	• Interest rate curves • Risk premiums • Market peers • Prices observed on the market
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	Equity instruments		Present value method	• Interest rate curves • Risk premiums • Market peers • Prices observed on the market
	Debt securities			
	Loans and receivables		Present value method	• Interest rate curves • Early cancellation ratios • Credit loss ratios (internal models)
Financial assets at fair value with changes in other comprehensive income	Equity instruments		Present value method	• Interest rate curves • Risk premiums • Market peers • Prices observed on the market • Net Asset Value • Carrying amount
	Debt securities			
Financial assets at amortised cost	Debt securities		Present value method	• Interest rate curves • Risk premiums • Market peers • Prices observed on the market • Net Asset Value • Carrying amount
	Loans and receivables		Present value method	• Interest rate curves • Early cancellation ratiosa • Credit loss ratios (internal models)
Derivatives - Hedge accounting	Swaps		Present value method	• Interest rate curves • Correlations (equities) • Dividends (equities) • Probability of default for the CVA and DVA calculation
	Interest rate options		Black model	
Financial liabilities at amortised cost	Deposits		Present value method	• Interest rate curves • Projections of deposits with no maturity (internal model) • Credit loss ratios (internal models)
	Debt securities issued		Present value method	• Interest rate curves • Credit loss ratios (internal models)

(1) Present value method (net present value): this model uses the cash flows of each instrument, which are established in the different contracts, and deducts them to calculate the present value.

(2) Market peers (similar asset prices): market peer instrument prices, reference indices or benchmarks are employed to calculate the performance as of the entry price or its current valuation, making subsequent adjustments to take into account the differences between the measured asset and the one taken as reference. It can also be assumed that the price of an instrument is equivalent to another one.

(3) Black-Scholes model: this model applies a log-normal distribution of the securities prices in such a way that, under a neutral risk, the return expected is the risk-free interest rate. Under this assumption, the price of vanilla options can be calculated analytically, in such a way that the volatility of the price process can be obtained by inverting the BS formula for a premium quoted on the market.
(4) Black model: Black-Scholes model extended to interest rates, futures prices, exchange rates, etc.
(5) Local volatility model: in this model volatility is determined in time according to the degree of moneyness, reproducing the volatility smiles observed in the market. The volatility smile of an option is the empirical relationship observed between its implied volatility and exercise price. These models are appropriate for exotic options using Monte Carlo simulation or the resolution of differential equations for valuation purposes.
(6) Local stochastic volatility model in this model volatility follows a stochastic process in time according to the degree of moneyness, reproducing the volatility smiles observed in the market. These models are appropriate for long-term exotic options using Monte Carlo simulation or the resolution of differential equations for valuation purposes.
(7) Vanna-volga model: this model is based on building the local replica portfolio whose hedging costs of second derivatives, vanna (premium derivative with respect to the volatility and the underlying) and volga (premium's second derivative with respect to the volatility), are added to the corresponding Black-Scholes prices in order to reproduce the volatility smiles.
(8) Early cancellation ratios: early cancellation ratios calibrated to internal historical data
(9) Credit loss ratios: ratios based on expected loss estimates using IFRS methodology for Stage 2 based on internal models.
(10) Projections of deposits with no maturity: this model is employed to project the maturity of demand deposit accounts based on historical data, considering the sensitivity of the demand deposit accounts' remuneration at market interest rates and the degree of permanence of account balances on the balance sheet.

Credit risk and funding cost valuation adjustment

Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are added to the valuation of Over The Counter (OTC) derivatives due to the risk associated with the counterparty's and own credit risk exposure, respectively. In addition, Funding Valuation Adjustment (FVA) is a valuation adjustment of derivatives of customer transactions that are not perfectly collateralised that includes the funding costs related to the liquidity necessary to perform the transaction.

The CVA is calculated bearing in mind the expected exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculating by estimating exposure at default (EAD), the probability of default (PD) and loss given default (LGD) for all derivatives on any underlying at the level of the legal entity with which the CaixaBank Group has exposure. Similarly, DVA is calculated by multiplying the expected negative exposure given the probabilities of default by the Group's LGD.

The data necessary to calculate PD and LGD come from the credit markets (Credit Default Swaps). Counterparty data are applied where available. Where the information is not available, an exercise is carried out that considers – among other factors – the counterparty's sector and rating in order to assign the probability of default and the loss given default, calibrated directly to market or with market adjustment factors for the probability of default and the historical expected loss.

With FVA, the adjustment shares part of the CVA/DVA approaches, since it is also based on the future credit exposure of the derivatives, but in this case the exposures are not netted by counterparty, but rather at aggregate level in order to recognise the joint management of the liquidity. The data necessary to calculate funding cost are also based on prices taken from its issuance and credit derivatives markets.

The change in the value of the CVA/FVA and DVA/FVA adjustments are recognised in “Gains/(losses) on financial assets and liabilities held for trading, net” in the statement of profit or loss. The table below shows the changes to these adjustments:

CVA/FVA AND DVA/FVA CHANGES
(Millions of euros)

	2019		2018		2017	
	CVA/FVA	DVA/FVA	CVA/FVA	DVA/FVA	CVA/FVA	DVA/FVA
OPENING BALANCE	**(136)**	**31**	**(98)**	**27**	**(223)**	**53**
Additions/changes in derivatives	50	(12)	(36)	4	107	(26)
Cancellation or maturity of derivatives	(0)		(2)		18	
CLOSING BALANCE	**(86)**	**19**	**(136)**	**31**	**(98)**	**27**

Transfers between levels

The transfers between levels of the instruments recorded at fair value, excluding the insurance business, are specified below:

TRANSFERS BETWEEN LEVELS — 2019

(Millions of euros)

FROM:	LEVEL 1		LEVEL 2		LEVEL 3	
TO:	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 3	LEVEL 1	LEVEL 2
ASSETS						
Financial assets held for trading						
Debt securities						
Financial assets at fair value with changes in other comprehensive income	**49**					**5**
Debt securities	49					5
Financial assets at amortised cost	**114**					**1,049**
Debt securities	114					1,049
TOTAL	163					1,054

(*) Certain issuances have been reclassified from level 3 to level 2, due to a rise in the quality of the prices published.

TRANSFERS BETWEEN LEVELS — 2018

(Millions of euros)

FROM:	LEVEL 1		LEVEL 2		LEVEL 3	
TO:	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 3	LEVEL 1	LEVEL 2
ASSETS	93	5	150			
Financial assets held for trading	**2**					
Debt securities	2					
Financial assets at fair value with changes in other comprehensive income	**91**	**5**				
Debt securities	91	5				
Financial assets at amortised cost			**150**			
Debt securities			150			
TOTAL	93	5	150			

There were no transfers between levels in 2017.

Given the Group's risk profile regarding its portfolio of debt securities measured at fair value (see Note 3.3.3), the change in fair value attributable to credit risk is not expected to be significant.

Changes and transfers of financial instruments in Level 3

The change brought about in the Level 3 balance, on instruments registered at fair value, is detailed below:

CHANGES IN LEVEL 3 OF FINANCIAL INSTRUMENTS AT FAIR VALUE - 2019 **

(Millions of euros)

	CAIXABANK GROUP (EXC. INSURANCE GROUP)			INSURANCE GROUP
		FA AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME		AVAILABLE-FOR-SALE FINANCIAL ASSETS
	NON-TRADING FA* - DEBT SEC.	DEBT SEC.	EQUITY INSTRUMENTS	DEBT SEC.
OPENING BALANCE	145	5	868	0
Reclassifications to other levels		**(5)**		
Total gains/(losses)	**(85)**	**0**	**(110)**	**1**
To profit or loss	(85)			
To reserves			(27)	
To equity valuation adjustments			(83)	1
Acquisitions			**1**	**52**
Settlements and other	**(54)**		**(47)**	
CLOSING BALANCE	6	0	712	53
Total gains/(losses) in the period for instruments held at the end of the period	85	0	110	(1)

FA: Financial assets; DEBT SEC.: debt securities

(*) Compulsorily measured at fair value through profit or loss.

(**) No material impacts were recognised as a consequence of the sensitivity analyses carried out on level-3 financial instruments.

CHANGES IN LEVEL 3 OF FINANCIAL INSTRUMENTS AT FAIR VALUE - 2018

(Millions of euros)

	CAIXABANK GROUP (EXC. INSURANCE GROUP)			INSURANCE GROUP
		FA AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME		AVAILABLE-FOR-SALE FINANCIAL ASSETS
	NON-TRADING FA* - DEBT SEC.	DEBT SEC.	EQUITY INSTRUMENTS	DEBT SEC.
OPENING BALANCE		86	449	31
First application of IFRS 9 (Note 1)	**148**	**(86)**	**52**	
ADJUSTED OPENING BALANCE	148	0	501	31
Reclassifications to other levels		**5**		
Total gains/(losses)	**(4)**	**0**	**(122)**	**(1)**
To profit or loss	(3)		(21)	
To equity valuation adjustments	(1)		(101)	(1)
Acquisitions	**7**			**(30)**
Settlements and other	**(6)**		**489**	
CLOSING BALANCE	145	5	868	0
Total gains/(losses) in the period for instruments held at the end of the period	4	0	122	1

FA: Financial assets; DEBT SEC.: Debt securities

(*) Compulsorily measured at fair value through profit or loss.

CHANGES IN LEVEL 3 OF FINANCIAL INSTRUMENTS AT FAIR VALUE - 2017
(Millions of euros)

	AVAILABLE-FOR-SALE FINANCIAL ASSETS	
	DEBT SEC.	EQUITY INSTRUMENTS
OPENING BALANCE	**5**	**570**
Additions due to business combinations (Note 7)	**86**	**25**
Reclassifications to other levels		
Total gains/(losses)	**9**	**(141)**
To profit or loss	1	(139)
To equity valuation adjustments	8	(2)
Acquisitions	**1**	**3**
Settlements and other	**(15)**	**(8)**
CLOSING BALANCE	**86**	**449**
Total gains/(losses) in the period for instruments held at the end of the period	(9)	141

FA: Financial assets; DEBT SEC.: Debt securities

40.2. Fair value of real estate assets

In the particular case of property assets, fair value corresponds to the market appraisal of the asset in its current condition by independent experts:

- Statistical appraisals are used for real estate with a fair value of less than EUR 300 thousand.
- For foreclosed real estate with a fair value of EUR 300 thousand or more, appraisals have been requested in accordance with the criteria established by Order ECO/805/2003:
  - Appraisals below 2 years old are used for investment property
  - Appraisals below 1 year old are used for inventories and non-current assets held for sale and disposal groups classified as held for sale.

The fair value of real estate is measured based on Level 2 in the fair value hierarchy.

The fair value of real estate according to their accounting classification is as follows:

FAIR VALUE OF PROPERTY
(Millions of euros)

	2019		2018		2017	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Tangible assets - Investment property	2,298	2,930	2,738	3,468	3,325	4,143
Other assets - Inventories	20	20	15	15	841	1,078
Non-current assets held for sale and disposal groups classified as held for sale	1,085	1,253	965	1,114	5,564	6,733
TOTAL	**3,403**	**4,203**	**3,718**	**4,597**	**9,730**	**11,954**

The Group has a corporate policy that guarantees the professional competence and independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March.

The main companies and agencies with which the Group worked in Spain for the year are listed below:

APPRAISERS OF REAL ESTATE ASSETS
(Percentage)

	TANGIBLE ASSETS - INVESTMENT PROPERTY	OTHER ASSETS - INVENTORIES	NON-CURRENT ASSETS HELD FOR SALE
Krata, SA	9%	2%	8%
Tasaciones Inmobiliarias, SA	22%	16%	12%
Sociedad de Tasación, SA	17%	21%	12%
Gesvalt, SA	7%	4%	10%
JLL Valoraciones, SA	5%	25%	6%
Ibertasa, SA	0%	0%	0%
CBRE Valuation Advisory, SA	14%	21%	27%
Gloval Valuation, SA	18%	7%	13%
Valoraciones y Tasaciones Hipotecarias, SA	0%	0%	0%
Tecnitasa, SA	2%	0%	2%
UVE Valoraciones, SA	6%	4%	8%
Other	0%	0%	2%
TOTAL	**100%**	**100%**	**100%**

41. Related party transactions

The "key management personnel" at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including all members of the Board of Directors and Senior Management (equivalent to the Management Committee members) of CaixaBank. Given their posts, each member of key management personnel is treated as a related party.

Close relatives to 'key management personnel' are also considered related parties, understood as family members who could exercise influence, or be influenced by this person, in matters relating to the Entity, as well as the companies in which the key staff or their close relatives exercise control, joint control or significant influence, or directly or indirectly have important voting powers.

According to the Regulations of the Board of Directors, transactions between Directors and their related parties must be authorised by the Board of Directors, subject to a report by the Audit and Control Committee, except if they meet the following three conditions: i) they are governed by standard form contracts applied on an across the-board basis to a large number of clients; ii) they go through at market prices, generally set by the person supplying the goods or services; and iii) the amount of the transaction is no more than one per cent (1%) of the company's annual income. Notwithstanding the above, express authorisation by the Bank of Spain is required for the granting of loans, credits or guarantees to the "key management personnel".

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and Senior Management is governed by the provisions of the collective bargaining agreement for savings bank and financial savings institutions, as well as the internal employment regulations that implement this agreement. The breakdown of financing granted to "key management personnel and executives" is as follows:

OUTSTANDING FINANCING TO KEY PERSONNEL - DIRECTORS AND SENIOR MANAGEMENT
(Thousands of euros)

	2019	2018	2017
Outstanding financing	**6,964**	**8,109**	**8,941**
Average maturity (years)	21	21	22
Average interest rate (%)	0.34	0.29	0.38
Financing granted in the year	**32**	**8**	**15**
Average maturity (years)	5	0	4
Average interest rate (%)	0.65	5.78	0 (cards)

All other loan and deposit transactions or financial services arranged by CaixaBank with "key management personnel", in addition to related party transactions, were approved under normal market conditions. Moreover, none of those transactions involved a significant amount of money. Likewise, there was no evidence of impairment to the value of the financial assets or to the guarantees or contingent commitments held with "key management personnel".

The most significant balances between the CaixaBank Group and its related parties are set out below, complementing the other balances in the notes to this report. Details are also provided of the amounts recognised in the statement of profit or loss from transactions carried out.

RELATED PARTY BALANCES AND OPERATIONS
(Millions of euros)

	SIGNIFICANT SHAREHOLDER (1)			ASSOCIATES AND JOINT VENTURES			DIRECTORS AND SENIOR MANAGEMENT (2)			OTHER RELATED PARTIES (3)			EMPLOYEE PENSION PLAN		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
ASSETS															
Loans and advances to credit institutions				28											
Loans and advances	26	32	210	462	603	477	7	8	9	20	11	11	0	0	0
Mortgage loans	*25*	*31*	*114*		*2*	*3*	*7*	*8*	*9*	*10*	*6*	*6*			
Other	*1*	*1*	*96*	*462*	*601*	*474*				*10*	*5*	*5*			
Of which: valuation adjustments			*(1)*	*(2)*		*(4)*									
Equity instruments															
Debt securities	8		9			5									
TOTAL	**34**	**32**	**219**	**490**	**603**	**482**	**7**	**8**	**9**	**20**	**11**	**11**	**0**	**0**	**0**
LIABILITIES															
Customer deposits	165	339	799	720	431	1,802	29	39	24	58	97	19	36	36	57
Debt securities issued															
TOTAL	**165**	**339**	**799**	**720**	**431**	**1,802**	**29**	**39**	**24**	**58**	**97**	**19**	**36**	**36**	**57**
PROFIT OR LOSS															
Interest income	1	2	4	7	2	1									
Interest expense															
Fee and commission income	1			205	211	192									
Fee and commission expenses				(13)											
TOTAL	**2**	**2**	**4**	**199**	**213**	**193**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTHER															
Contingent liabilities	1	2	9	56	25	107									
Contingent commitments		0	0	443	308	300	2	1	2	4	12	7			
Assets under management (AUMs) and assets under custody (4)	14,879	14,552	17,215	1,571	1,700	1,916	224	210	275	430	458	498			
TOTAL	**14,880**	**14,554**	**17,224**	**2,070**	**2,033**	**2,323**	**226**	**211**	**277**	**434**	**470**	**505**	**0**	**0**	**0**

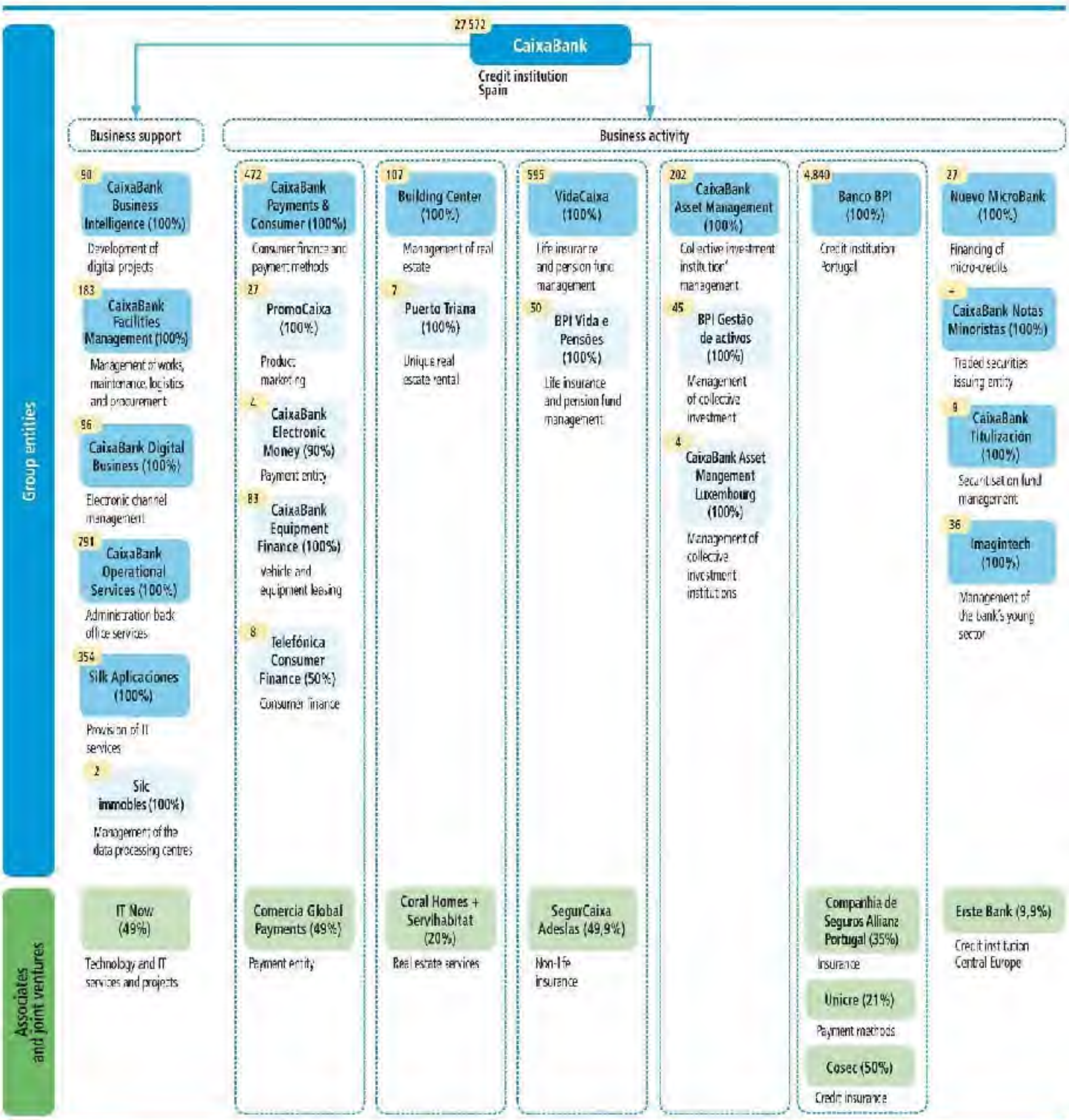
(1) "Significant shareholder" refers to any shareholder that is the parent of or has joint control of or significant influence over the Group, the latter term as defined in IAS 28, irrespective of its economic rights. Along these lines they solely refer to balances and operations made with "la Caixa" Banking Foundation, CriteriaCaixa and its subsidiaries. At 31 December 2019, 2018 and 2017, CriteriaCaixa's stake in CaixaBank is 40%.

(2) Directors and Senior Management of CaixaBank.

(3) Family members and entities related to members of the Board of Directors and Senior Management of CaixaBank.

(4) Includes collective investment institutions, insurance contracts, pension funds and securities depositary.

The table below shows the main subsidiaries, joint ventures and associates, and their type of link.



Number of employees
Subsidiaries in which CaixaBank has a direct shareholding
Subsidiaries in which CaixaBank has an indirect shareholding
N.B. Includes the most relevant companies contributing to the Group, excluding share based operations (dividends) and extraordinary.

Linked companies	Nature of the link
CaixaBank ↔ FBLC + CriteriaCaixa	CaixaBank provides the FBLC Group (including CriteriaCaixa) certain financial brokerage services, under the Internal Protocol of Relationships subscribed by the parties.
CaixaBank ↔ FBLC + CriteriaCaixa; Business activity; Business support	CaixaBank, S.A. is the parent company of the tax group for the purpose corporation tax with regard to the majority of the consolidated group's subsidiaries with a tax address in Spain. The tax group includes CriteriaCaixa and the "la Caixa" Banking Foundation, in accordance with the current legislation.
CaixaBank ↔ Business activity; Business support	CaixaBank fully or partially brokers the financial operations of the companies under its consolidated group and finances their activities. Similarly, CaixaBank holds BPI prudential issuances in its portfolio, within the framework of the management of the Group's joint liquidity.
CaixaBank ↔ Business activity	CaixaBank receives fees for the services of its subsidiaries and associates marketed via its network in Spain.
Banco BPI ↔ BPI Vida e Pensões; BPI Gestão de Activos; Companhia de Seguros Allianz Portugal; Unicre; Cosec	BPI receives fees for marketing the services marketed via its network in Portugal. Similarly it fully or partially brokers the financial operations of these companies and finances their activities.
IT Now ↔ Silk Aplicaciones ↔ FBLC + CriteriaCaixa; Business activity	IT Now (a joint venture between the Group and IBM) provides to Silk Aplicaciones technological and IT development services. In turn, Silk Aplicaciones provides computer services to the FBLC Group (including CriteriaCaixa) and to the rest the CaixaBank Group's subsidiaries.
CaixaBank Business Intelligence; CaixaBank Digital Business ↔ CaixaBank	CaixaBank Business Intelligence and CaixaBank Digital Business provide CaixaBank with digital project development services and digital channel management services, respectively.
CaixaBank Operational Services; CaixaBank Facilities Management ↔ FBLC + CriteriaCaixa; CaixaBank; Business activity; Business support	CaixaBank Operational Services and CaixaBank Facilities Management provide the companies of the identified group, administrative back-office services and works management, maintenance, logistics and procurement services, respectively.
VidaCaixa ↔ CaixaBank	CaixaBank has outsourced certain employee commitments to VidaCaixa.
Silc immobles ↔ CaixaBank	Silc Immobles maintains the real estate and carries out maintenance of the data processing centres, which are leased to CaixaBank.
Building Center ↔ CaixaBank; Business activity; Business support	BuildingCenter is the owner of real estate that is leased to subsidiaries of the Group and it receives rental income through said real estate. Similarly, BuildingCenter provides management services on certain CaixaBank assets for which it receives a fee.
Coral Homes + Servihabitat ↔ Building Center ↔ CaixaBank	Servihabitat undertakes the servicing of the BuildingCenter property portfolio. Similarly, Servihabitat receives marketing fees for sales through its real estate channels owned by BuildingCenter and CaixaBank.

Transactions between Group companies form part of the normal course of business and are carried out at arm's length.

The most significant operations carried out in 2019, 2018 and 2017 between group companies, in addition or complementary to those mentioned in the above notes in this report, are as follows:

- CaixaBank Payments & Consumer:

  On 31 January 2019, the CaixaBank Board of Directors, the sole shareholder both of CaixaBank Consumer Finance and CaixaBank Payments, unanimously agreed to conduct a corporate reorganisation with the purpose of centralising the group's activity to issue and manage cards, provide payment services and provide consumer credit.

  The reorganisation entailed the merger through absorption of CaixaBank Payments (as the absorbed company) by CaixaBank Consumer (as the absorbing company), through the en bloc conveyance of the former to the benefit of the latter, which consequently acquired, through universal succession, of the rights and obligations of the Absorbed Company and the dissolution without liquidation of the Absorbed Company.

  The company resulting from this merger was renamed CaixaBank Payments & Consumer E.F.C., E.P., S.A (hereinafter, 'CaixaBank Payments & Consumer'). The merger deed was recorded in the Mercantile Register of Madrid on 25 July 2019.

  As a result of this merger, the following restructuring of the business scope was carried out, with no impact on the Group's balance sheet or statement of profit or loss:

  - Promo Caixa, CaixaBank Payments & Consumer entered into a purchase agreement for 100% of the share capital of Promo Caixa, owned by CaixaBank, for a total price of EUR 212 million.

  - Comercia Global Payments, CaixaBank Payments & Consumer entered into a purchase agreement for 49% of the share capital of Comercia Global Payments, owned by CaixaBank, for a total price of EUR 585 million.

- The operation, signed in December 2017, to dispose of the Banco BPI merchant processing business (point of sale) to Comercia Global Payments was closed in August 2018, registering a profit of EUR 58 million under "Gains/(losses) on derecognition of non-financial assets, net" of the accompanying consolidated income statement.

- On 23 November 2017, CaixaBank Asset Management signed an agreement to acquire from Banco BPI all the share capital of the companies BPI Gestão de Activos, Sociedade Gestora de Fundos de Investimento, and BPI Global Investment Fund Management Company for EUR 75 million and EUR 8 million, respectively.

- On 23 November 2017, VidaCaixa signed an agreement to acquire from Banco BPI all the share capital of BPI Vida e Pensões, Companhia de Seguros, for a price of EUR 135 million.

The most relevant operations of 2019, 2018 and 2017 with the significant shareholder, in addition to those mentioned in the previous notes of this report, are as follows:

- On 31 December 2019, 2018 and 2017, CriteriaCaixa holds derivatives with CaixaBank to cover the interest rates of bilateral banking loans, for a nominal value of EUR 846, 1,100 and 1,100 million, respectively. The fair value of this derivative at 31 December 2019, 2018 and 2017 was EUR 10, 13 and 11 million, respectively.

- The sale to the “la Caixa” Banking Foundation of two residential plots and one equipment plot owned by CaixaBank was formalised on 7 October 2019. The sale price was EUR 12.1 million, with the sale generating a profit of EUR 5.8 million.

Description of the relations with CriteriaCaixa and the 'la Caixa' Banking Foundation

The 'la Caixa' Banking Foundation, CriteriaCaixa and CaixaBank have an Internal Protocol on Relations available on the CaixaBank website, last updated in 2018, which governs the mechanisms and criteria of relations between CaixaBank and the 'la Caixa' Banking Foundation and CriteriaCaixa, particularly in the following areas: i) management of related operations, establishing mechanisms to avoid conflicts of interest; and ii) regulation of the information flows needed to fulfil reporting obligations in terms of trading and supervision.

The last amendment to the Internal Protocol on Relations was a result of the decision of the European Central Bank's Governing Council, of 26 September 2017, to stop supervising CriteriaCaixa, as the group headed by CaixaBank is the obliged party. As a result, Criteria Caixa was no longer considered a mixed portfolio financial company, having fulfilled the conditions established by the ECB for the deconsolidation for prudential purposes of CriteriaCaixa in CaixaBank.

42. Other disclosure requirements

42.1. Environment

There is no significant environmental risk due to the activity of the Group, and therefore, it is not necessary to include any specific breakdown on environmental information in the document (Order of the Ministry of Justice JUS/471/2017).

The Group is committed to carrying out its business, projects, products and services in the most environmentally-friendly way possible (see the corresponding section in the accompanying Management Report).

The Group has not received any relevant fines or sanctions related to compliance with environmental regulations in 2019.

42.2. Customer Service Office

CaixaBank has a Customer Service Office charged with handling and resolving customer complaints and claims. This office has no connections with commercial services and performs its duties with independent judgment and according to the protection rules for financial services customers.

If complaints are not resolved satisfactorily or the regulatory period has elapsed without obtaining a reply, claimants can contact the Supervisor's Claims Services: Bank of Spain, CNMV and the Directorate-General of Insurance and Pension Funds. Reports issued by the Supervisors’ Claims Services are non-binding and the entity against which a complaint has been lodged may decide whether any rectification is needed in accordance with the Supervisor's conclusions.

Furthermore, functions of the Customer Service Office also include the execution of the adopted resolutions; identifying legal and operational risks by analysing claims received and preparing and fostering improvement proposals to mitigate identified risks; ensuring the claims system and system for reporting on claims management to the Entity's governing bodies and to the supervisory authorities is fit for purpose.

Similarly, the Customer Service Office takes part in the process of approving new products through the Products Committee, anticipating possible problem areas based on the experience of claims.

A number of potential improvements to the policies, procedures and documents for marketing the products and services of CaixaBank and its Group have been identified from an in-depth analysis of claims and, in particular, the reports issued by the Supervisors' Claims Services in 2019. These led to the Customer Service Office drawing up 20 improvement proposals respectively.

The average resolution time in 2019 is 24 calendar days, compared to 20 calendar days in 2018.

The Customer Service Office is supported by the Customer Contact Center (CCC), which reports directly to the Chief Business Officer. Its duties include attending to requests for information, managing dissatisfaction over telephone channels and written complaints related to service quality, as well as reputation-related matters from a corporate perspective. It is also responsible for offering support to branches so they can prevent and resolve any disputes with customers, sharing with other departments and subsidiaries the reasons for dissatisfaction to determine which processes to correct and helping roll out improvements reducing the likelihood of possible customer claims.

COMPLAINTS RECEIVED

(Number of complaints)

	2019	2018	2017
HANDLED BY THE CUSTOMER SERVICE OFFICE AND CUSTOMER CONTACT CENTER (CCC)	75,766	83,124	155,704
Customer Service Office (CSA) and Customer Contact Center (CCC)	75,722	83,093	154,366
Customer ombudsman (CO) (*) and investor ombudsman	44	31	1,338
TELEPHONE CLAIMS AND COMPLAINTS	10,993	11,415	8,243
Customer Contact Center (CCC)	10,993	11,415	8,243
FILED WITH THE SUPERVISORS' CLAIMS SERVICES	1,322	2,151	3,407
Bank of Spain	1,116	1,900	3,331
Comisión Nacional del Mercado de Valores (Spanish securities market regulator)	85	81	70
Directorate-General of Insurance and Pension Plans	121	170	6

(*) In April 2017, CaixaBank's Customer Ombudsman ceased operations. Until then, this offered an alternative to the Customer Service Office.

The number of reports or resolutions issued by Customer Services and the Supervisors' Claims Services was as follows:

REPORTS ISSUED BY CUSTOMER SERVICES AND SUPERVISORS' CLAIMS SERVICES

	CS AND CSO			CUSTOMER'S OMBUDSMAN			BANK OF SPAIN			CNMV			DGS (Directorate General of Insurance)		
TYPE OF RESOLUTION	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Resolved in favour of the claimant	34,811	24,032	20,376			191	193	318	406	18	23	26		4	1
Resolved in favour of the entity	25,592	45,502	108,838			330	163	187	229	17	20	29	34	22	
Acceptance						70	223	356	172	13	14	14	2	1	
Other (rejected/unresolved)	12,107	9,919	21,060			658	299	531	105	5		2	13		
TOTAL	72,510	79,453	150,274	0	0	1,249	878	1,392	912	53	57	71	49	27	1

42.3. Branches

The branches of the Group are specified below:

BRANCHES OF THE GROUP

(No. of branches)

	2019	2018	2017
Spain	4,118	4,608	4,875
Abroad	484	502	511
TOTAL	4,602	5,110	5,386

43. Statements of cash flows

The main cash flow variations corresponding to the financial year are set out below by type:

- Operating activities (EUR -6.455 million): The variation is mainly due to the decrease of deposits in central banks (EUR 14,988 million) during 2019 under the heading Financial liabilities at amortised cost, partially compensated by the flow generated by the adjusted profit/(loss) for the period.
- Investment activities (EUR -117 million): Mainly due to the payments and charges of tangible and intangible asset transactions.
- Financing activities (EUR 2,521 million): The available liquidity and resources during the financial year mainly arises from the ordinary cash flows resulting from the issue (EUR 5,382 million in other issues) and repayment of debt or equity-based instruments (EUR 2,259 million in other maturities), as well as the dividends paid (EUR 602 million).

Appendix 1 - CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

(1/2)

CORPORATE NAME	BUSINESS ACTIVITY	REGISTERED ADDRESS	% OWNERSHIP DIRECT	% OWNERSHIP TOTAL	SHARE CAPITAL	RESERVES	PROFIT/(LOSS)	COST OF THE DIRECT HOLDING (NET)
Aris Rosen, S.A.U.	Services	Barcelona-Spain	100.00	100.00	60	433	(73)	1,432
Arquitrabe Activos, S.L.	Holding company	Barcelona-Spain	100.00	100.00	98,431	(363)	6,223	94,814
Banco BPI, S.A.	Banking	Portugal	100.00	100.00	1,293,063	1,704,007	342,113	2,060,366
BPI (Suisse), S.A. (2)	Asset management	Switzerland	-	100.00	3,000	7,847	1,535	-
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Management of collective investment institutions	Portugal	-	100.00	2,500	14,953	4,076	-
BPI Vida e Pensões - Companhia de Seguros, SA	Life insurance and pension fund management	Portugal	-	100.00	76,000	55,732	4,373	-
BPI, Incorporated (3)	Banking	US	-	100.00	5	852	(5)	-
BuildingCenter, S.A.U.	Holder of real estate assets	Madrid-Spain	100.00	100.00	2,000,060	124,092	(166,443)	2,495,696
Caixa Capital Biomed S.C.R. S.A.	Venture capital company	Barcelona-Spain	90.91	90.91	1,200	2,766	13	3,400
Caixa Capital Fondos Sociedad De Capital Riesgo S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	14,325	213	15,934
Caixa Capital Micro SCR S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	579	165	1,654
Caixa Capital Tic S.C.R. S.A.	Venture capital company	Barcelona-Spain	80.65	80.65	1,209	6,428	274	6,640
Caixa Corp, S.A.	Holding company	Barcelona-Spain	100.00	100.00	361	330	21	585
Caixa Emprendedor XXI, S.A.U.	Promotion of business and entrepreneurial initiatives	Barcelona-Spain	100.00	100.00	1,007	16,525	1,034	17,954
CaixaBank Asset Management Luxembourg, S.A.	Management of collective investment institutions	Luxembourg	-	100.00	150	3,315	424	-
CaixaBank Asset Management, SGIIC, S.A.U. (4)	Management of collective investment institutions	Madrid-Spain	100.00	100.00	86,310	(42,317)	90,410	111,351
CaixaBank Brasil Escritório de Representaçao Ltda. (1)	Representative office	Brazil	100.00	100.00	1,200	1,749	590	345
CaixaBank Business Intelligence, SAU	Development of digital projects	Barcelona-Spain	100.00	100.00	100	1,199	264	1,200
CaixaBank Digital Business, S.A.	Electronic channel management	Barcelona-Spain	100.00	100.00	13,670	9,844	448	21,144
CaixaBank Electronic Money, E.D.E., S.L.	Payment entity	Madrid-Spain	-	90.00	350	4,742	1,797	-
CaixaBank Equipment Finance, S.A.U.	Vehicle and equipment leasing	Madrid-Spain	-	100.00	10,518	33,949	7,829	-
CaixaBank Facilities Management, S.A.	Project management, maintenance, logistics and procurement	Barcelona-Spain	100.00	100.00	1,803	1,871	1,272	2,053
CaixaBank Notas Minoristas, S.A.U.	Finance	Madrid-Spain	100.00	100.00	60	1,412	194	6,759
CaixaBank Operational Services, S.A.	Specialised back office administration services	Barcelona-Spain	100.00	100.00	1,803	19,546	1,840	9,579
CaixaBank Payments & Consumer, E.F.C., E.P., S.A.	Consumer finance	Madrid-Spain	100.00	100.00	135,156	1,093,534	376,632	1,571,634
CaixaBank Titulizacion S.G.F.T., S.A.	Securitisation fund management	Madrid-Spain	100.00	100.00	1,503	735	3,052	6,423
Cestainmob, S.L.	Real-estate management	Barcelona-Spain	-	100.00	120	515	(5)	-
Coia Financiera Naval, S.L.	Provision of financial services and intermediation in the shipbuilding sector	Madrid-Spain	76.00	76.00	3	6	24	2
Corporación Hipotecaria Mutual, E.F.C., S.A.	Mortgage lending	Madrid-Spain	100.00	100.00	3,005	78,337	639	76,987
El Abra Financiera Naval, S.L.	Provision of financial services and intermediation in the shipbuilding sector	Madrid-Spain	76.00	76.00	3	6	28	2

CAIXABANK INVESTMENTS IN SUBSIDIARIES OF THE CAIXABANK GROUP
(Thousands of euros)

(2/2)

			% OWNERSHIP					
CORPORATE NAME	BUSINESS ACTIVITY	REGISTERED ADDRESS	DIRECT	TOTAL	SHARE CAPITAL	RESERVES	PROFIT/(LOSS)	COST OF THE DIRECT HOLDING (NET)
Estugest, S.A.	Administrative activities and services	Barcelona-Spain	100.00	100.00	661	1,758	5	2,381
Grupo Aluminios de Precisión, S.L.U. (*)	Aluminium smelting in sand moulds	Burgos-Spain	100.00	100.00	7,500	19,539	46	3,360
Grupo Riberebro Integral, S.L. (*)	Production and marketing of agricultural products	La Rioja-Spain	-	80.00	6,940	6,719	(263)	-
HipoteCaixa 2, S.L.	Mortgage loan management company	Barcelona-Spain	100.00	100.00	3	71,769	874	73,825
Hiscan Patrimonio, S.A.	Holding company	Barcelona-Spain	100.00	100.00	46,867	194,124	672	243,115
ImaginTech, S.A.	Digital business	Barcelona-Spain	99.99	100.00	60	(5)	9	58
Inter Caixa, S.A.	Services	Barcelona-Spain	99.99	100.00	60	(17)	(3)	47
Interim Luxproject, S.A.	Holding company	Luxembourg	100.00	100.00	30	920	(694)	950
Inversiones Corporativas Digitales, S.L.	Holding company	Barcelona-Spain	-	100.00	3	(3,065)	(0)	-
Inversiones Inmobiliarias Teguise Resort, S.L.	Hotels and similar accommodation	Lanzarote-Spain	60.00	60.00	7,898	8,826	2,511	8,618
Inversiones Valencia Capital, S.A.	Holding company	Barcelona-Spain	100.00	100.00	10,557	2,273	137	9,456
Líderes de Empresa Siglo XXI, S.L.	Private security for goods and people	Barcelona-Spain	100.00	100.00	378	648	164	753
Negocio de Finanzas e Inversiones II, S.L.	Finance	Barcelona-Spain	100.00	100.00	6	443	(1)	448
Nuevo Micro Bank, S.A.U.	Financing of micro-credits	Madrid-Spain	100.00	100.00	90,186	233,665	34,704	90,186
PromoCaixa, S.A.	Product marketing	Barcelona-Spain	-	100.00	60	1,894	17,962	-
Puerto Triana, S.A.U.	Real estate developer specialised in shopping centres	Seville-Spain	100.00	100.00	124,290	32,167	(29,271)	126,940
Sercapgu, S.L.	Holding company	Barcelona-Spain	100.00	100.00	4,230	(309)	106	632
Silc Immobles, S.A.	Real-estate administration, management and operation	Madrid-Spain	-	100.00	40,070	106,946	313	0
Silk Aplicaciones, S.L.U.	Provision of IT services	Barcelona-Spain	100.00	100.00	15,003	100,565	1,443	176,211
Sociedad de Gestión Hotelera de Barcelona, S.L.	Real-estate operations	Barcelona-Spain	-	100.00	8,144	10,092	806	-
Telefónica Consumer Finance E.F.C., S.A.	Consumer finance	Madrid-Spain	-	50.00	5,000	29,608	3,069	-
Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, E.F.C., S.A.U.	Mortgage loans	Madrid-Spain	100.00	100.00	53,383	1,847	562	43,101
VidaCaixa Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U.	Insurance agency	Madrid-Spain	-	100.00	60	4,922	298	-
VidaCaixa, S.A. de Seguros y Reaseguros Sociedad Unipersonal (4)	Direct life insurance, reinsurance and pension fund management	Madrid-Spain	100.00	100.00	1,347,462	(30,445)	717,410	2,251,712

(*) Companies classified as non-current assets held for sale
(1) All data except cost are in local currency: Brazilian real (thousands).
(2) All data except cost are in local currency: Swiss franc (thousands)
(3) All data except cost are in local currency: US dollar (thousands)
(4) This company's figure for reserves includes interim dividend.
N.B. The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Appendix 2 - CaixaBank stakes in agreements and joint ventures of the CaixaBank Group

(Thousands of euros) (1 / 1)

CORPORATE NAME	BUSINESS ACTIVITY	REGISTERED ADDRESS	% OWNERSHIP DIRECT	% OWNERSHIP TOTAL	ASSETS	LIABILITIES	ORDINARY INCOME	SHARE CAPITAL	RESERVES	PROFIT/(LOSS)	TOTAL COMPREHENSIVE INCOME	COST OF DIRECT OWNERSHIP INTEREST (NET)	DIVIDENDS ACCRUED FROM THE TOTAL HOLDING
Cartera Perseidas, S.L. (2)	Holding company	Madrid-Spain	40.54	40.54	169	8	-	359	(155)	(43)	(43)	0	-
Comercia Global Payments, Entidad de Pago, S.L.	Payment entity	Madrid-Spain	-	49.00	407,842	188,269	181,923	4,425	170,601	44,548	44,548	-	28,097
Cosec - Companhia de Seguros de Crédito, S.A.	Credit insurance	Portugal	-	50.00	124,245	75,047	20,738	7,500	34,707	6,991	6,991	-	2,752
Global Payments South America, Brasil – Serviços de Pagamentos, S.A. (1)	Payment methods	Brazil	33.33	33.33	706,504	684,585	65,024	181,564	(147,143)	(12,502)	(12,502)	1,582	-
Inversiones Alaris, S.L. en liquidacion (L)	Securities Holding	Pamplona-Spain	33.33	66.67	15,559	9,035	-	11,879	(4,597)	(757)	(757)	0	-
Payment Innovation HUB, S.A.	Payment methods	Barcelona-Spain	-	50.00	826	235	1,700	60	64	467	467	-	-
Vivienda Protegida y Suelo de Andalucía, S.A.	Real estate development	Seville-Spain	-	50.00	5,608	7,152	-	60	(1,459)	(145)	(145)	-	-

(L) Companies in liquidation.

(1) All data except the cost and the dividend are in local currency: Brazilian real (thousands).

(2) Joint agreement non-material agreement for the Group.

N.B. The information on companies corresponds with the last data available (real or estimated) at the time this Report was drawn up.

Appendix 3 – Investments in associates of CaixaBank

(Thousands of euros)

CORPORATE NAME	BUSINESS ACTIVITY	REGISTERED ADDRESS	% OWNERSHIP DIRECT	% OWNERSHIP TOTAL	ASSETS	LIABILITIES	ORDINARY INCOME	SHARE CAPITAL	RESERVES	PROFIT/(LOSS)	TOTAL COMPREHENSIVE INCOME	COST OF DIRECT OWNERSHIP INTEREST (NET)	DIVIDENDS ACCRUED FROM THE TOTAL HOLDING
Abaco Iniciativas Inmobiliarias, S.L. en liquidacion (L)	Real estate development	Seville-Spain	-	40.00	57,888	79,537	-	13,222	(34,832)	(40)	(40)	-	-
Ape Software Components S.L.	Computer programming activities	Barcelona-Spain	-	25.22	2,721	2,370	2,212	12	307	33	33	-	-
Banco Comercial de Investimento, S.A.R.L. (2)	Banking	Mozambique	-	35.67	166,317,836	146,857,329	22,947,053	10,000,000	5,619,172	4,008,309	4,008,309	-	5,078
BIP & Drive, S.A.	Teletoll systems	Madrid-Spain	-	25.00	22,317	12,733	262,263	4,613	3,553	1,418	1,418	-	-
Brilliance-Bea Auto Finance Co., L.T.D. (3)	Automotive sector financing	China	-	22.50	7,747,975	6,102,732	489,777	1,600,000	7,420	37,823	37,823	-	-
Companhia de Seguros Allianz Portugal, S.A.	Insurance	Portugal	-	35.00	1,391,100	1,187,164	511,412	39,545	123,787	40,604	40,604	-	-
Coral Homes, S.L.U.	Real estate services	Madrid-Spain	-	20.00	4,980,454	129,318	621,168	270,774	4,573,890	6,472	6,472	-	-
Drembul, S.L.	Real estate development	Logroño-Spain	-	25.00	55,083	27,301	3,449	30	20,434	(514)	(514)	-	388
Ensanche Urbano, S.A.	Real estate development	Castellón de la Plana-Spain	-	49.30	37,323	68,299	179	9,225	(39,624)	(576)	(576)	-	-
Erste Group Bank AG (C)	Banking	Austria	9.92	9.92	252,101,002	231,971,249	6,337,689	859,600	13,375,328	1,222,962	1,142,223	1,363,405	59,688
Girona, S.A.	Holding company	Girona-Spain	34.22	34.22	5,825	197	834	1,200	4,541	(114)	(114)	1,642	-
Global Payments – Caixa Acquisition Corporation S.A.R.L.	Payment methods	Luxembourg	49.00	49.00	30,204	32	-	13	30,204	(45)	(45)	14,831	-
Guadapelayo, S.L. en liquidacion (L)	Real estate development	Madrid-Spain	-	40.00	312	4,948	-	1,981	(6,561)	(55)	(55)	-	-
Inter-Risco – Sociedade de Capital de Risco, S.A.	Venture capital	Portugal	-	49.00	1,162	307	1,099	400	534	(79)	(79)	-	-
Ircio Inversiones, S.L. en liquidacion (L)	Real estate development	Burgos-Spain	35.00	35.00	2,128	7,359	-	675	(5,910)	3	3	0	-
IT Now, S.A.	Services for IT technology projects	Barcelona-Spain	39.00	49.00	142,232	135,910	264,212	3,382	1,849	1,090	1,090	1,323	-
Justinmind, S.L.	Development of IT systems	Barcelona-Spain	-	16.98	1,638	396	805	5	379	(250)	(250)	-	-
Nlife Therapeutics, S.L.	Research and development in biotechnology	Granada-Spain	-	37.18	13,245	10,096	1,928	6,930	(3,974)	(1,003)	(1,003)	-	-
Numat Medtech, S.L.	Other types of research and development in natural and technical sciences	Palma-Spain	-	17.86	676	132	-	7	711	(352)	(352)	-	-
Parque Científico y Tecnológico de Córdoba, S.L.	Science park operation and management	Córdoba-Spain	15.58	35.69	29,821	19,321	631	23,422	(17,146)	(474)	(474)	-	-
Peñíscola Green, S.L.	Real estate development	Castellón de la Plana-Spain	-	33.33	11,749	4,852	-	12,000	(5,069)	(33)	(33)	-	-

CAIXABANK INVESTMENT IN ASSOCIATES OF THE CAIXABANK GROUP
(Thousands of euros)

(2/2)

			% OWNERSHIP										
CORPORATE NAME	BUSINESS ACTIVITY	REGISTERED ADDRESS	DIRECT	TOTAL	ASSETS	LIABILITIES	ORDINARY INCOME	SHARE CAPITAL	RESERVES	PROFIT/(LOSS)	TOTAL COMPREHENSIVE INCOME	COST OF DIRECT OWNERSHIP INTEREST (NET)	DIVIDENDS ACCRUED FROM THE TOTAL HOLDING
Portic Barcelona, S.A.	Other services related to information technology and telecommunications	Barcelona-Spain	-	25.81	2,306	296	2,197	291	1,616	102	102	-	-
Redsys Servicios de Procesamiento, S.L.	Payment methods	Madrid-Spain	-	20.00	127,553	56,297	192,620	5,815	53,951	11,490	11,491	-	-
SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Non-life insurance	Madrid-Spain	-	49.92	4,848,497	3,673,910	3,216,897	469,670	301,246	351,542	389,904	-	142,903
Servired, Sociedad Española de Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	22.01	30,979	3,291	5,366	16,372	7,838	1	1	-	569
Sistema de Tarjetas y Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	18.11	351,705	347,462	8,738	240	3,864	140	140	-	-
Sociedad de Procedimientos de Pago, S.L.	Payment entity	Madrid-Spain	-	22.92	3,776	1,740	3,892	2,346	(290)	(15)	(15)	-	-
Societat Catalana per a la Mobilitat S.A.	Development and implementation of the T-mobilitat project	Barcelona-Spain	23.50	23.50	75,859	67,006	5,414	9,874	(527)	(494)	(494)	1,846	-
Telefonica Factoring do Brasil, Ltda. (1)	Factoring	Brazil	20.00	20.00	252,046	214,792	53,687	5,000	1,000	31,254	31,254	2,029	1,893
Telefonica Factoring España, S.A.	Factoring	Madrid-Spain	20.00	20.00	81,282	66,799	4,652	5,109	1,740	7,634	7,634	2,525	1,398
Unicre - Institução Financeira de Crédito, S.A.	Card issuance	Portugal	-	21.01	375,284	278,813	173,790	10,000	70,252	16,218	16,218	-	5,000
Zone2Boost, S.L.	Holding company for business acquisition	Barcelona-Spain	-	40.00	2,002	67	-	3	1,999	(67)	(67)	-	-

(L) Companies in liquidation.
(C) Listed companies. Latest publicly-available data at the date of preparation of the notes to these financial statements.
(1) All data except the cost and the dividend are in local currency: Brazilian real
(2) All data except the cost and the dividend are in local currency: New Mozambique metical (thousands)
(3) All data except cost are in local currency: Renmimbi (thousands)
N.B. The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Appendix 4 – Other tax details

Profit qualifying for the tax credits set forth in Article 42 of the restated text of the Corporation Tax Law approved by Royal Decree-Law 4/2004, of 5 March (Transitional provision twenty-four of Corporation Tax Law 27/2014):

TAX CREDIT FOR REINVESTMENT OF EXTRAORDINARY PROFIT
(Thousands of euros)

	CAIXABANK				CAIXABANK GROUP			
YEAR	PROFIT QUALIFYING	DEDUCTION BASE	TAX CREDIT (1)	YEAR OF REINVESTMENT	PROFIT QUALIFYING	DEDUCTION BASE	TAX CREDIT (1)	YEAR OF REINVESTMENT
2013	54	54	6	2013	68	68	8	2013
2014	282	282	34	2014	298	298	36	2014
2015					18	18	2	2015
2016					13	13	2	2015

(1) There are unused tax credits due to a shortage of taxable income in the consolidated income tax return.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on property, plant and equipment, intangible assets and investment property relating to the business activity.

Appendix 5 – Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2019

(Article 155 of the Corporate Enterprises Act and Article 125 of the restated text of Spanish Securities Market Law).

On 1 March 2019 CaixaBank filed a notice with the CNMV, informing of exceeding the 3% threshold as a result of the disposal process of the shareholding in Repsol, previously announced on 21 September 2018.

On 30 April 2019 a notice was filed with the CNMV on the concerted action in the company General de Alquiler de Maquinaria, reporting that – within the framework of the dissolution process of this concerted action – the entirety of CaixaBank's holding in this company has been sold.

On 19 June 2019, Banco de Santander, party to the concerted action in General de Maquinaria, reported the dissolution of this concerted action.

On 18 August 2019, CaixaBank issued a statement of related party connections for the arrangement of an equity swap on 51,921,316 shares in Telefónica on 15 July 2019. Through this financial instrument, CaixaBank has arranged a fair value hedge of the underlying shares at the agreed unit price. At 15 July 2019 the definitive parameters for the instrument were established, although the instructions for the creation of the transaction had been arranged previously.

Appendix 6 – Annual banking report

In accordance with Article 87 of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, credit institutions are required to publish the following information on a consolidated basis for the last financial year ended, broken down by country where the credit institutions are established. Pursuant to the above, the information required is provided hereon:

A Name, nature and geographic location of activity

CaixaBank, with tax identification number (NIF) A08663619 and registered address at Pintor Sorolla, 2-4, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 2011 with the entry of CaixaBank in the Bank of Spain's Registry of Credit Institutions ("Registro de Entidades de Crédito") and its listing on the Spanish stock markets – as a credit institution – on 1 July 2011.

CaixaBank is also a public limited company (sociedad anónima) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market and have been included on the IBEX 35. It is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV).

CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, inter alia, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also listed on the Advanced Sustainable Performance Index (ASPI), which features the top 120 DD Euro Stoxx companies in terms of sustainable development performance.

Appendices 1, 2 and 3 of the CaixaBank Group's consolidated financial statements detail the subsidiaries, joint ventures and associates that make up the CaixaBank Group.

Appendix 5 discloses notices on the acquisition and disposal of ownership interests in 2019, in accordance with Article 155 of the Corporate Enterprises Act and Article 125 of the revised text of the Securities Market Act.

B Business volume

CaixaBank, SA is established in Spain, and has 6 foreign branches, specifically in Poland, Morocco, the UK, Germany, France and Portugal.

CaixaBank also has 18 representative offices which do not carry out banking activities but provide information on the Entity's services in the following 16 jurisdictions: Algeria, Australia, Brazil, China (3), Chile, Colombia, Egypt, United Arab Emirates, the United States of America, India, Italy, Turkey, Peru, Singapore, South Africa and Canada.

Banco BPI has 477 branches in Portugal.

Business volume by country on a consolidated basis is as follows:

GEOGRAPHIC INFORMATION: DISTRIBUTION OF ORDINARY INCOME FROM CUSTOMERS *
(Millions of euros)

	BANKING AND INSURANCE BUSINESS			INVESTMENTS			BPI			TOTAL CAIXABANK GROUP		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	11,170	10,981	10,941	106	347	239		(24)	8	11,276	11,304	11,188
Portugal	106	60				2	749	836	726	855	896	728
Poland	21	15	15							21	15	15
Morocco	7	5	4							7	5	4
United Kingdom	24	9	4							24	9	4
Germany	8									8		
France	9									9		
Angola				31						31		
Share of profit/(loss) – accounted for using the equity method – **				233	411	131				233	411	131
Other		1					8	8	42	8	9	42
TOTAL ORDINARY INCOME	**11,345**	**11,071**	**10,964**	**370**	**758**	**372**	**757**	**820**	**776**	**12,472**	**12,649**	**12,112**

(*) Correspond to the following headings of the CaixaBank Group's public statement of profit or loss calculated pursuant to Bank of Spain Circular 5/2014:
1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
6. Gains/(losses) on financial assets and liabilities held for trading, net
7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net
8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net
9. Gains/(losses) from hedge accounting, net
10. Other operating income
11. Income from assets under insurance and reinsurance contracts

(**) of international associates and others. Mainly corresponds to the share of profit/(loss) of international associates accounted for using the equity method, primarily Erste Group Bank (Austria), Banco Comercial e de Investimento (Mozambique), Banco de Fomento Angola (in 2017 and 2018) and Banco BPI (Portugal), in the case of the latter until control was taken in February 2017.

C Full-time workforce by country

At 31 December 2019, the full-time workforce by country is as follows:

FULL-TIME WORKFORCE BY COUNTRY

	31-12-2019	31-12-2018	31-12-2017
Spain	30,615	32,364	31,943
Portugal	4,956	4,934	4,871
Poland	18	18	17
Morocco	24	22	22
United Kingdom	16	14	12
Germany	12	10	8
France	11	7	13
Switzerland	21	22	28
Other countries - Representative offices	63	49	58
TOTAL FULL-TIME WORKFORCE	**35,736**	**37,440**	**36,972**

D Gross profit/(loss) before tax

Gross profit before tax on a consolidated basis in 2019 amounted to EUR 2,077 million (EUR 2,807 million and EUR 2,098 million in 2018 and 2017, respectively), and includes ordinary income from the branches set out in b) above.

E Income tax

The net income tax expense recognised on consolidated profit in 2019 amounted to EUR 369 million (EUR 712 million and EUR 378 million in 2018 and 2017, respectively), as shown in the consolidated statement of profit or loss.

Payments of income tax made during 2019 have reached EUR 88.5 million, of which EUR 83.2 million have been paid in Spain, EUR 2 million in Portugal, EUR 1.2 million in Poland, EUR 1.1 million in Switzerland, EUR 0.8 million in Morocco and EUR 0.2 million in Germany.

Income taxes actually paid in the fiscal year in each jurisdiction include the final settlements derived from the payments on account and withholdings paid, which are reduced in turn in the income tax rebates in the current year. The result of the settlements deriving from tax assessments during that year is also included.

All ordinary income generated by the CaixaBank Group is taxable.

The amount of the corporation tax payments do not correspond to the amount of the income tax expense recorded in the consolidated statement of profit or loss. The main cause of this divergence lies in the different timing of recognition of the items that make up the accrual and cash criteria in relation to income tax.

F Grants and public aid received

In 2019, the Group received the following grants and public aid:

- Grant from the Ministry of Industry, Energy and Tourism, through the department of shipbuilding, for EUR 2 million in aid for shipbuilding.
- A grant from the State Foundation for Training in Employment (FEFE) for meeting certain conditions required in employee training courses, for an amount of EUR 4.4 million.

G Indicators and ratios

The relevant indicators and ratios are shown in the "Changes in profit/(loss) and activity" section of the 2019 Management Report. The return on assets in 2019, calculated as net profit (adjusted to reflect the amount of the Additional Tier 1 coupon, after tax, reported in equity) divided by average total assets over the last twelve months, was 0.4% (0.5% in 2018 and 2017).

Appendix 7 – Reconciliation of impacts of the 1st application of IFRS 9

As stated in this note, in the "Basis of presentation" section, the Group has applied IFRS 9 from 1 January 2018. This led to changes to the classification and measurement modifications of certain items on the balance sheet at 31 December 2018 for the impacts described below:

ASSETS - RECONCILIATION OF IMPACTS OF THE 1ST APPLICATION OF IFRS 9
(Millions of euros)

	BALANCE AT 31-12-2017	HEADING NAME AMENDMENT	OTHER RECLASSIFI CATIONS	VALUATION CHANGE	DEFERRAL IN IFRS 9 APPLICATION FOR INSURANCE ACTIVITIES (a)	BALANCE AT 01-01-2018
Financial assets held for trading	10,597				(956)	9,641
Financial assets designated at fair value through profit or loss	6,500		(6)		(6,494)	
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	-		846	(25)		821
Equity instruments	-		249(d)	*35*		284
Debt securities	-		147(b) (d)			147
Loans and advances	-		450(b)	(60)		390
Available-for-sale financial assets	69,555	(69,555) (d)				
Equity instruments	2,883	(2,883)				
Debt securities	66,672	(66,672)				
Financial assets at fair value with changes in other comprehensive income	-	69,555 (d)	(303)(d)		(49,394)	19,858
Equity instruments	-	2,883	(243)			2,640
Debt securities	-	66,672	(60)		(49,394)	17,218
Loans and receivables	226,273	(226,273) (b)				
Debt securities	2,576	(2,576)				
Loans and advances	223,697	(223,697)				
Central banks	5	(5)				
Credit institutions	7,374	(7,374)				
Customers	216,318	(216,318)				
Held-to-maturity investments	11,085	(11,085) (c)				
Financial assets at amortised cost	-	237,358 (b)	(537)(b)	(768)	(1,075)	234,978
Debt securities	-	13,661 (c)	(87)	10	(787)	12,797
Loans and advances	-	223,697	(450)	(778)	(288)	222,181
Central banks	-	5				5
Credit institutions	-	7,374			(288)	7,086
Customers	-	216,318	(450)	(778) (f)		215,090
Assets under the insurance business (Note 17)	275				57,919	58,194
Tax assets	11,005			243(g)		11,248
Other assets	2,505			2		2,507
TOTAL ASSETS	**383,136**	**-**	**-(e)**	**(548)**	**-**	**382,588**

LIABILITIES - RECONCILIATION OF IMPACTS OF THE 1ST APPLICATION OF IFRS 9
(Millions of euros)

	BALANCE AT 31-12-2017	HEADING NAME AMENDMENT	OTHER RECLASSIFICATIONS	VALUATION CHANGE	DEFERRAL IN IFRS 9 APPLICATION FOR INSURANCE ACTIVITIES (a)	BALANCE AT 01-01-2018
Financial liabilities held for trading	8,605					8,605
Financial liabilities designated at fair value through profit or loss	8,241				(8,241)	-
Deposits	8,241				(8,241)	-
Customers	8,241				(8,241)	-
Other financial liabilities	-					-
Financial liabilities at amortised cost	280,898					280,898
Derivatives - Hedge accounting	793					793
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,410					1,410
Liabilities under the insurance business	50,998				8,241	59,239
Provisions	3,491			8		3,499
Pensions and other post-employment defined benefit obligations	598					598
Other long-term employee benefits	1,223					1,223
Pending legal issues and tax litigation	803					803
Commitments and guarantees given	357			10 (f)		367
Other provisions	510			(2)		508
Tax liabilities	1,417					1,417
Other liabilities	2,335					2,335
Liabilities included in disposal groups classified as held for sale	82					82
TOTAL LIABILITIES	**358,270**			**8**		**358,278**

EQUITY- RECONCILIATION OF IMPACTS OF THE 1ST APPLICATION OF IFRS 9
(Millions of euros)

	BALANCE AT 31-12-2017	HEADING NAME AMENDMENT	OTHER RECLASSIFICATIONS	VALUATION CHANGE	DEFERRAL IN IFRS 9 APPLICATION FOR INSURANCE ACTIVITIES (a)	BALANCE AT 01-01-2018
SHAREHOLDERS' EQUITY	**24,722**		**23**	**(561)**		**24,184**
Capital	5,981					5,981
Share premium	12,033					12,033
Other equity items	10					10
Retained earnings	6,038					6,038
Other reserves	(594)		23 (h)	(561)		(1,132)
Less: Treasury shares	(12)					(12)
Profit/(loss) attributable to owners of the Parent	1,684					1,684
Less: Interim dividends	(418)					(418)
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(290)**		**(23) (h)**			**(313)**
Items that will not be reclassified to profit or loss	(402)		(447)			(849)
Items that may be reclassified to profit or loss	112		424			536
MINORITY INTERESTS (non-controlling interests)	**434**			**5**		439
Accumulated other comprehensive income	26		(4)			22
Other items	408		4	5		417
TOTAL EQUITY	**24,866**	**-**	**-**	**(556)**		**24,310**
TOTAL LIABILITIES AND EQUITY	**383,136**	**-**	**-**	**(548)**		**382,588**

a) In accordance with the provisions of Note 1, applying the amendment to IFRS 4 *Application of IFRS 9 Financial Instruments*, the details of the information that follows are not considered as a change to the accounting policy with regard to investments of the Group's insurance companies, which are grouped under the heading "Assets under the insurance business" on the asset side of the balance sheet, and remain recognised and measured in accordance with IAS 39.

For the purpose of facilitating the comparison of information, the balances of the technical provisions corresponding to Unit Link and Flexible Investment Life Annuity (the part managed) have also been reclassified, in order to include them under the heading "Liabilities under the insurance business".

b) The balances classified under "Loans and receivables" are reclassified under the heading "Financial assets at amortised cost", except for certain exposures that, due to their nature, do not comply with the requirements to be classified at amortised cost and are reclassified under "Financial assets not designated for trading compulsorily measured at fair value through profit or loss".

c) The balances classified under the heading "Held-to-maturity investments" are reclassified, in their entirety, under "Financial assets at amortised cost".

d) The balances classified under "Available-for-sale financial assets" are reclassified under the heading "Financial assets at fair value with changes in other comprehensive income", except for certain securities, most notably shares in investment funds and venture capital funds, which are reclassified under the heading "Financial assets not designated for trading compulsorily measured at fair value through profit or loss".

e) As a result of the 1st application of IFRS 9, there have been no reclassifications to the "fair value at amortised cost" categories.

f) Corresponds to the incremental impact on corrections to the value of exposures at amortised cost, deriving from the change to the accounting policy (see Note 14).

g) Fiscal effect of the indicated valuation adjustments.

h) As a result of the reclassification of certain equity instruments of "Available-for-sale financial assets", as "Financial assets not designated for trading compulsorily measured at fair value through profit or loss", the valuation adjustments at 31 December 2017 associated with these positions are reclassified under the heading "Accumulated other comprehensive income", in the section "Other reserves" in shareholders' equity.

Given the impracticality of retrospectively estimating the impact of the change to the accounting policy of IFRS 9, the Group has made use of the provisions in the regulatory framework for accounting in order not to restate the opening balance at 1 January 2017 and the income statement of 2017. Similarly, the breakdowns, at 31 December 2017, of certain balance sheet items referring to financial instruments in this report have not been restated, which is why it cannot be compared with the information referring to 31 December 2018. The table below shows the accounting classification under Circular 4/2016 (determined based on IAS 39) of the credit activity and its hedges together with the correspondence under classification IFRS 9:

RECONCILIATION OF THE GROSS AMOUNT ACCORDING TO CLASSIFICATION IAS 39/ IFRS 9
(Millions of euros)

	LOANS AND RECEIVABLES - CUSTOMERS (AMORTISED COST)			
	PERFORMING/STAGE 1	STAGE 2	NON-PERFORMING/STAGE 3	TOTAL
Balance at 31-12-2017	**209,337**		**13,797**	**223,134**
Portfolio reclassification:				
To "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" (*)	(450)		(15)	(465)
Transfers:				
From “performing” to	(15,663)	15,663		
From “non-performing” to				
BALANCE AT 01-01-2018	**193,224**	**15,663**	**13,782**	**222,669**

RECONCILIACION OF HEDGES ACCORDING TO CLASIFICACION IAS 39 / IFRS 9
(Millions of euros)

	LOANS AND RECEIVABLES - CUSTOMERS (AMORTISED COST)			
	PERFORMING/STAGE 1	STAGE 2	NON-PERFORMING/STAGE 3	TOTAL
Balance at 31-12-2017	**(1,412)**		**(5,404)**	**(6,816)**
Portfolio reclassification:				
To "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" (*)			15	15
Transfers:				
From “performing” to				
Allowance adjustment	163	(312)	(629)	(778)
BALANCE AT 01-01-2018	**(972)**	**(589)**	**(6,018)**	**(7,579)**

(*) Exposure in sales process that does not comply with the regulatory criteria to be classified as at amortised cost, due to its business model.

Consolidated
Management Report

2019

CaixaBank

Legal Notice

This document is intended exclusively for information purposes and does not aim to provide financial advice or constitute an offer to sell, exchange, or acquire, or an invitation to acquire any type of security or any financial service or product of CaixaBank, S.A. (the "Company") or of any other company mentioned herein. Anyone who purchases a security at any time must do so solely on the basis of their own judgment or the suitability of the security for their own purposes, and exclusively on the basis of the public information set out in the public documentation drawn up and registered by the issuer in the context of this specific information, availing themselves of advice if they consider this necessary or appropriate in accordance with the circumstances, and not on the basis of the information set out in this document.

This document may contain statements relating to projections or estimates in respect of future business or returns, particularly in relation to financial information regarding investees has been prepared primarily on the basis of estimates made by the Company. While these projections and estimates reflect the Company's current opinion or view of future business prospects, certain risks, uncertainties and other relevant factors may cause the actual results or outcome to be substantially different to what the Company currently expects. These variables include market conditions, macroeconomic factors, regulatory and government requirements; fluctuations in national or international stock markets or in interest and exchange rates; changes in the financial position or our customers, debtors or counterparties, and so forth. These risk factors, together with any others mentioned in past or future reports, could adversely affect our business and the levels of performance and results described. Other unknown or unforeseeable factors could also make the results or outcome differ significantly from those described in our projections and estimates.

Past financial statements and previous growth rates are no guarantee of the future performance, results or price of shares (including earnings per share). Nothing contained in this document should be construed as constituting a forecast of future results or profit. Furthermore, this document was drawn up on the basis of the accounting records held by CaixaBank and the other Group companies, and includes certain adjustments and reclassifications to apply the principles and criteria operated by the Group companies on a consistent basis with those of CaixaBank. Therefore, in specific relation to BPI, certain aspects of the information provided herein may not match the information reported by this bank.

The income statement and the consolidated balance sheet and the corresponding breakdowns of those statements provided in this report, are presented under management criteria, but have still been prepared in accordance with International Financial Reporting Standards (IFRS-EU) as adopted by the European Union under the terms of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as subsequently modified. In preparing these statements, Circular 4/2017 of the Bank of Spain of 6 December, as subsequently modified, has also been taken into due account in that it adapts IFRS-EU to Spanish credit institutions.

This document features data supplied by third parties generally considered to be reliable information sources. However, the accuracy of the data has not been verified. None of the directors, officers or employees of CaixaBank are obliged, either explicitly or implicitly, to ensure that these contents are accurate or complete, or to keep them updated or correct them in the event any deficiencies, errors or omissions are detected.

This report contains a number of the Alternative Performance Measures (APMs) set out in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) ("the ESMA Guidelines") to provide a clearer picture of the company's financial performance and situation. Please be advised that these APMs have not been audited. These measures constitute additional information and should be treated accordingly. In no event are they intended to replace the financial information drawn up in accordance with International Financial Reporting Standards (IFRS). Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. As such, they may not be comparable. Please consult the report for further details of the APMs used. The report also provides a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

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Figures are presented in millions of euros, unless the use of another monetary unit is explicitly indicated, and may be expressed as millions of euros or € MM indistinguishably.

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01 The DNA of **CaixaBank**

LEADER IN RETAIL BANKING

15.6 million clients

€391,414 million of total assets

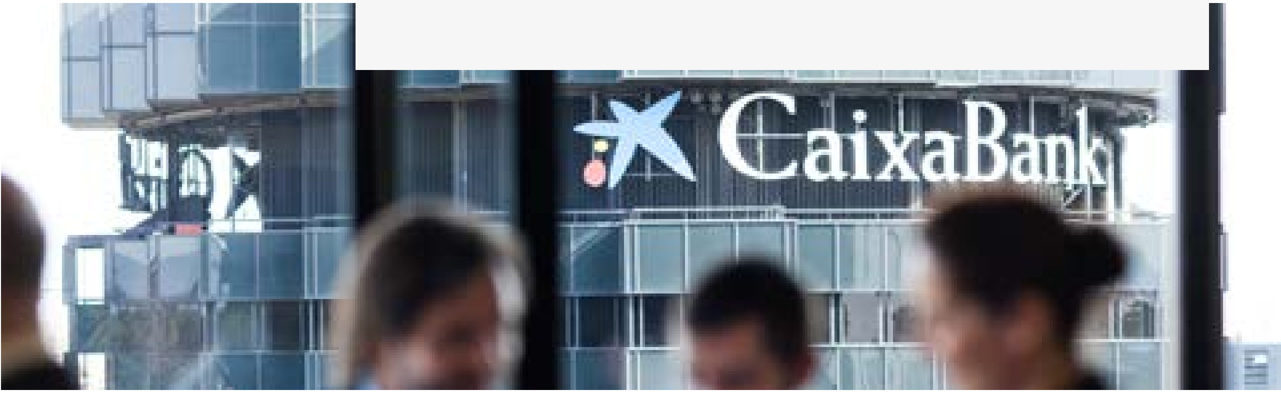
Market share in Spain

27.8 % penetration among individual customers in Spain

24.4 % penetration as main bank among individual customers in Spain

15.7 % loans (other resident sectors)

15.5 % deposits (other resident sectors)



FINANCIAL STRENGTH

Solid capital

12.0 % CET1

15.7 % total capital

21.8 % MREL

Strong liquidity

€89,427 million in total liquid assets

186 % *liquidity coverage ratio,* 12-month average *(LCR)*

129 % *net stable funding ratio (NSFR)*

Enhanced credit quality

3.6 % (-1,1 pp vs 2018) NPL Ratio

55 % (+1 pp vs 2018) NPL coverage ratio

INCOME EARNING POWER

10.8 % ROTE without extraordinary expenses

€ 8,316 million (+1.2% vs 2018) core income

CONTINUOUS COMMITMENT TO **INNOVATION**

>61.7 % of CaixaBank **customers are digital**

Best Banking Transformation in Western Europe by Euromoney

ATTRACTIVE **DIVIDEND POLICY**

Shareholder remuneration for 2019[1]
€0.15 /share

Dividend yield[1]
5.4%

BENCHMARK IN SOCIALLY RESPONSIBLE BANKING

€ 1,000 million
issue of the first **Social Bond linked to the SDGs**

€ 725 million
in microloans and other finance with social impact granted in 2019

+40 %
of employees participating in **Social Weeks**

Highest rating by the United Nations for sustainable investment (A+)

Inclusion in the Dow Jones Sustainability Index (14th position)

EXCELLENCE

Best bank in Spain

COMMITMENT WITH **DIVERSITY**

41.3 % women in management positions[2]

[1] Remuneration pending approval by the General Meeting of Shareholders. Dividend yield as a percentage of share price at 31/12/19.
[2] From sub-directorate in A and B branches.

2019

JANUARY

CaixaBank places €1 billion in senior non-preferred debt

CaixaBank included in the Bloomberg Gender Equality Index for its commitment to the promotion of women

FEBRUARY

CaixaBank is ranked for the first time among the 500 most valuable brands in the world (Brand Finance)

MARCH

CaixaBank Asset Management is the first fund management entity **certified by AENOR** for its value chain management

CaixaBank named **Best Bank in Spain and in Western Europe** by Global Finance magazine

APRIL

CaixaBank mobilises more than 12,000 employees and clients as volunteers during Social Week

MAY

Agreement with workers' legal representatives on layoffs and other labour measures

CaixaBank named **Most Innovative Bank in Western Europe** by Global Finance magazine for the second year running

Constitution of the Commission on Innovation, Technology and Digital Transformation

CaixaBank and the CEOE agree to a **line of financing of €20 billion** for companies for the 2019-2020 period

JUNE

CaixaBank places €1 billion in senior preferred debt, with demand exceeding €2.35 billion euros

JULY

CaixaBank named the **Best Private Banking Entity in the world** for its digital communication to customers by to PWM (Financial Times Group)

Euromoney Awards: **CaixaBank awarded Best Bank in Spain 2019, Best Responsible Bank in Europe and Best Transformation of Banking in Western Europe**

AUGUST

CaixaBank opens its first All in One branch in Valencia

CaixaBank's facial recognition at ATMs named **best technology project of the year by The Banker**

SEPTEMBER

CaixaBank considered one of the **best banks in the world in terms of sustainability by the Dow Jones Sustainability Index**

CaixaBank signs up to the Principles of Responsible Banking at the United Nations

CaixaBank issues its first Social Bond in support of UN SDGs for €1 billion

OCTOBER

United Nations gives VidaCaixa and CaixaBank Asset Management the **highest rating in sustainable investment (A+)**

CaixaBank is the first European bank to join the World Tourism Organisation

CaixaBank mobilises 9,000 employees and clients as volunteers during Social Week

NOVEMBER

CaixaBank chosen **Best Private Bank in Spain 2019** by The Banker/PWM (Financial Times Group)

CaixaBank opens **All in One Barcelona,** the largest financial experience space in Europe

CaixaBank recognised by the Club de Excelencia en Gestión as an **Ambassador of European Excellence**

DECEMBER

CaixaBank Payments&Consumer signs its first agreement in Portugal with the FNAC to offer consumer financing services

CaixaBank joins the **United Nations Collective Commitment to Climate Action**

2020

JANUARY

Carbon Disclosure Project (CDP) gives CaixaBank an A- rating (leadership category) as a leading company in the fight against climate change

From 1 January 2020 to the date of preparation of this report, there have been no significant developments in the Group's development that have not been mentioned in this document.

Letter from the **Chairman**

Jordi Gual Solé

Chairman

*"**Thank you for supporting us** for another year in our goal of developing a unique, people-centred banking."*

The first year of our strategic plan for the 2019-21 period is now behind us, a year that was more complex than initially foreseen for the banking sector. Interest rates have remained at lower than expected levels and political and economic uncertainties caused by factors such as Brexit and the trade war between the US and China have dampened global growth prospects.

At CaixaBank, we have been able to adapt to the new environment, upholding our position as a leading and innovative financial group. This has been made possible thanks to our different approach to banking, one based on a steadfast commitment to excellence in customer service, ongoing innovation, and unique values and culture that imply a firm social commitment to the territories in which we operate.

Once again, the trust of our customers has strengthened our position as a commercial leader, confirming that we are headed in the right direction. This is proven by the sustained growth in our market share and by the fact that one in every four banking customers in Spain trusts CaixaBank as their main bank. At the same time, a major transformation of our network has been undertaken, anticipating what is set out in the strategic plan. This transformation was accompanied by a voluntary restructuring agreement that was successfully concluded among all parties, in line with CaixaBank's values.

Overall, our commercial dynamism has concluded with good results and solid returns, which, excluding the cost of restructuring, stood at 10.8 % of tangible capital. These results have been accompanied by a significant improvement in the balance sheet and a sustained solid position with regard to capital adequacy, with a maximum-quality capital ratio of 12.0 %.

Such good results are necessary for us to be able to continue to fulfil our mission: to improve the financial well-being of our customers and help society prosper. No company should ignore the great challenges we face collectively. Digital advances raise important ethical issues in the use of artificial intelligence and in the management of the privacy of customer information, in an environment of increasing use of data in commercial transactions. At the same time, we need companies that can respond to the challenges of climate change and that follow a socially responsible development model that favours fair and inclusive economic growth.

At CaixaBank, we have a differentiated business model which entails a firm commitment to the well-being of shareholders, customers, employees, suppliers and the whole of society. Our reference shareholder, the "la Caixa" Banking Foundation, inspires the bank's strategic position, as well as our values and corporate culture, offering an inclusive and long-term vision that benefits all stakeholders.

In this regard, in 2019, we joined the United Nations Collective Commitment to Climate Action, which aims to facilitate the economic transition towards a sustainable model. In addition to being included in the main sustainability indexes, we have issued our first social bond, linked to our contribution to the United Nations Sustainable Development Goals (SDGs). Our social commitment also defines our connection with our surrounding territory, with branches in more than 2,000 municipalities, covering more than 90% of the Spanish population. Specifically, we are the only bank with an active branch in 229 towns throughout Spain.

I do not want to end without thanking our shareholders, our customers and all our employees, including those whose work with us has ended this year, for their trust and commitment to CaixaBank. Thank you for supporting us for another year in our goal of developing a unique, people-centred banking.

Letter from the **CEO**

Gonzalo Gortázar Rotaeche

CEO

*"CaixaBank **consolidated its position as a market leader, holding an optimally competitive position** in an environment of high operational requirements"*

In the first year of our 2019-21 Strategic Plan, Caixabank has achieved excellent commercial and financial results while making decisive progress in its digital and business transformation process. In 2019, CaixaBank has consolidated its market leadership and built a unique competitive position in a highly demanding operational environment, in which existing challenges such as sustainability are becoming increasingly important.

Business activity has maintained a strong pulse in all segments. The number of relational customers has increased to over 8 million, business volume has grown by 4.7% and market share has continued to grow in the most relevant products and services. In long-term savings, our combined share has risen to 22.5%, while in payrolls it now exceeds 27%, and we have grown to 15.1% in corporate financing.

This intense commercial activity has allowed for a 1.2% increase in core income in a period in which interest rates reached record low levels. Net profit was €1,705 million, 14.1% less than 2018, but representing an increase of 20.4% if adjusted for the extraordinary cost of the labour agreement signed in the second quarter of the year, which entailed the voluntary departure of 1,944 employees in 2019.

The balance sheet, which has always shown great financial soundness, has continued to strengthen in priority areas: NPL ratio has been reduced by 1.1 p.p. to 3.6%, CET1 capital ratio has increased to 12%, and liquidity has remained at very high levels of over €89 billion. In 2019, bonds worth more than €5 billion were issued.

With regard to the transformation of the company, major progress has been made. The consolidation of urban branch network and the implementation of the new Store model, which was initially planned to be deployed in three years, has been accelerated and will be executed in eighteen months. The rural network maintains its territorial presence but it is already equipped with a more efficient structure that allows its sustainability. Finally, the implementation of the InTouch remote service was also expedited this year and the number of customers served increased 75%. The development of digital capabilities together with the launch of new products and services has been intense, and has resulted in the relevant increase in digital customers, that now exceed 6.5 million, which represents 61.7% of the total base. At CaixaBank, we remain firmly committed to offering our customers the best experience, and our projects are always aligned with this goal.

Regarding sustainability, during last year we defined ambitious environmental policies which are already being implemented. It was also during 2019 that our asset management company CaixaBank Asset Management achieved the highest rating (A+) in the United Nations' Principles for Responsible Investment (PRI), in the strategy and governance section. This valuable rating is in addition to that already held by our insurance company VidaCaixa since 2018, which is the result of its long-standing track in sustainable investment. At CaixaBank, we maintain our firm commitment to the United Nations Global Compact and in 2019 were a signatory to the United Nations Principles for Responsible Banking.

Our Strategic Plan sets out our aim to be a benchmark in responsible banking, which is simply and fully consistent with the origin of "la Caixa" and CaixaBank. The recent emphasis of the business and financial community on social and corporate responsibility dimensions, reasserts our vocation to steadfastly contribute to the progress of our society.

Materiality

CaixaBank (hereinafter, CaixaBank, the CaixaBank Group or the Bank) conducts an annual Materiality Analysis with the aim of identifying the priority financial, economic, social and environmental issues for its stakeholders and its business. The purpose of this is to determine what information should be reported and the proper scope.

In this report, the Bank reports and is accountable to these stakeholders for the material topics identified in 2019. Material topics include matters that present a high probability of generating a significant impact on the business and also on stakeholders' opinions and decisions.

The Materiality Analysis includes the material topics identified in 2019, classified according to their importance for the Bank and its stakeholders:

- **Priority topics:** strategic for the development of CaixaBank's business and creating greater value for stakeholders.
- **Relevant topics:** particularly relevant for the management of CaixaBank's business and for its stakeholders.

In 2019, the results from the Materiality Analysis of Banco BPI were included in the Materiality Matrix. The inclusion of aspects concerning the insurance business were strengthened in order to offer a consolidated view of the priority topics for CaixaBank Group.

Methodology

The preparation of the CaixaBank Group 2019 Materiality Analysis, undertaken by an independent expert, is an exhaustive and collaborative process involving the Bank's main stakeholders, as well as CaixaBank representatives and external experts.

1 IDENTIFICATION OF MATERIAL TOPICS

Exhaustive documentary analysis of internal and external sources >> Extensive preliminary list with 38 possible material topics

The **initial identification of material topics** was carried out through an exhaustive documentary analysis including, among other sources, strategic company data, as well as information on trends and reports from the sector, the media and other companies in the sector.

2 REVIEW AND VALIDATION OF THE FINAL LIST OF MATERIAL TOPICS

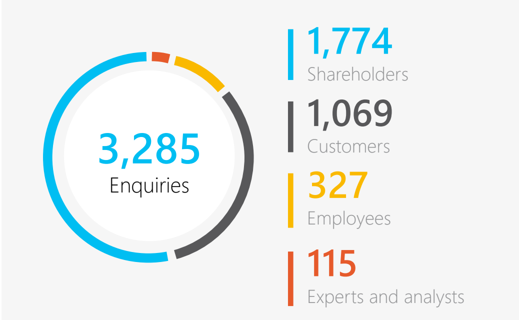
Working session with CaixaBank internal departments >> Definitive list of 16 material topics

The session addressed the grouping, selection and semantic review of the topics from the perspective of the Bank's responsible business approach and its strategic priorities and areas of action.

3 PRIORITISATION OF MATERIAL TOPICS

Ad hoc internal and external consultations with stakeholders >> Prioritisation of material topics in 2019

>> ENQUIRIES MADE FOR THE PRIORITISATION OF RELEVANT TOPICS



>> 10 IN-DEPTH INTERVIEWS WITH EXTERNAL EXPERTS IN THE FOLLOWING FIELDS:

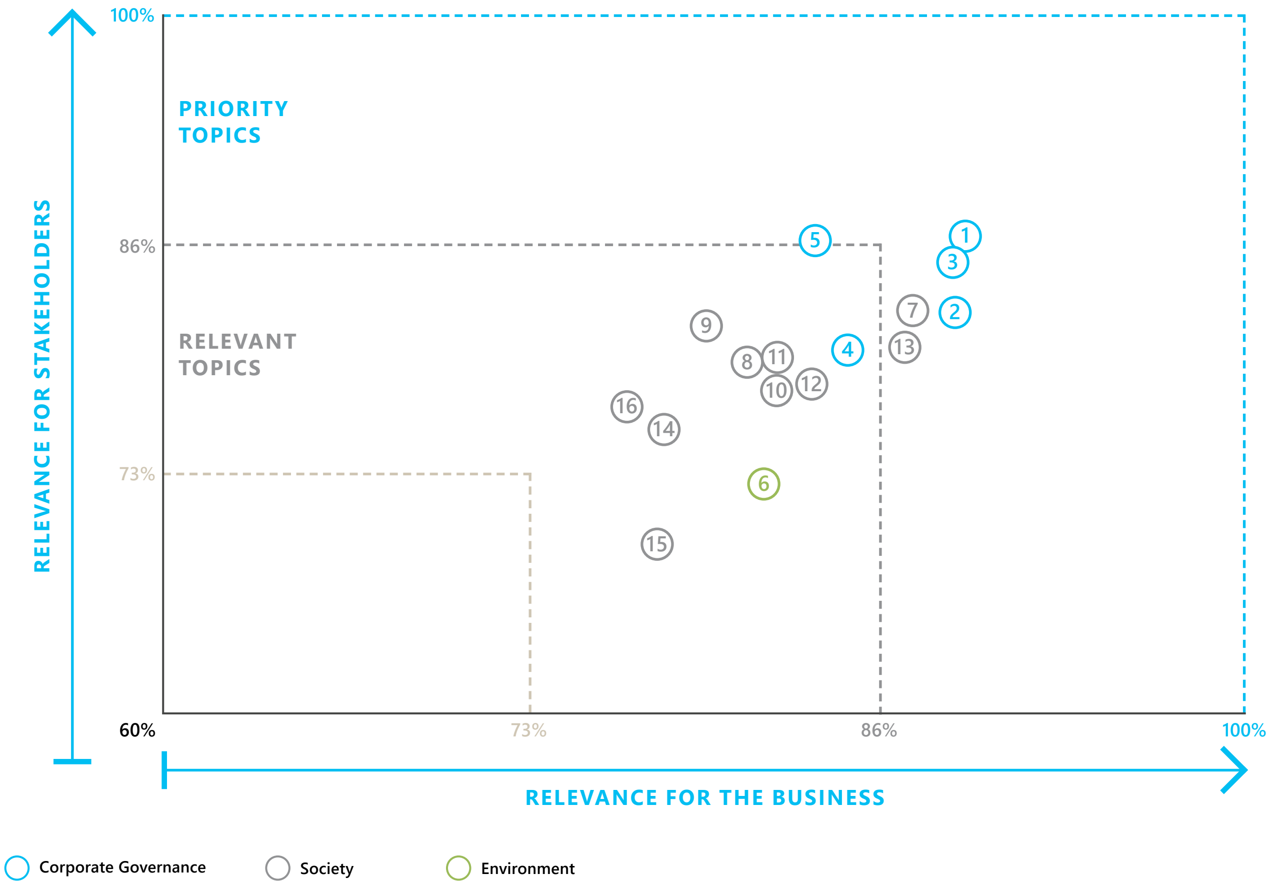
- Financial
- Risks and regulation
- Innovation
- Sustainability
- Management of intangible assets
- Representatives of the third sector
- Media

4 MATERIALITY MATRIX

Integration of the CaixaBank materiality analysis and the BPI materiality analysis >> CaixaBank Group 2019 materiality matrix

The priority of the topics is established according to their score on both axes for the stakeholders and the business.

Materiality Matrix of CaixaBank Group in 2019



1. Sustainable return and financial stability
2. Corporate governance
3. Responsible and ethical culture
4. Active risk management
5. Cybersecurity and data confidentiality
6. Incorporation of social and environmental criteria in management
7. Transparent communication and responsible marketing
8. Quality of customer experience and satisfaction
9. Proximity, accessibility and digitalisation of commercial channels
10. Continuous innovation
11. Diversity, equality and work-life balance
12. Employee safety, health and well-being
13. Management of talent and professional development
14. Investment with social impact and microfinance
15. Financial education
16. Social and volunteering commitment

The material topics remain the same with respect to the 2018 matrix. In terms of the prioritisation, the weight of Social and Volunteering Commitment, Continuous Innovation and Diversity, Equality and Work-Life Balance increased notably while the weight of Financial Education and Corporate Governance decreased.

Materiality and **Strategy**

The Bank's strategy is present both at the core of the materiality analysis and as a source of the topics. It also gathers the results of this analysis to ensure the strategy reflects the sensitivities and concerns of stakeholders and society, and the trends in the environment in which CaixaBank is operating.

The following table shows the relationship of the material topics with the 2019-2021 Strategic Plan (hereinafter the 2019-2021 SP).

2019-2021 Strategic Plan Priorities	Material topics	
Offer the best customer experience	8 Quality of customer experience and satisfaction 9 Proximity, accessibility and digitalisation of commercial channels	4 Active risk management (transversal)
Accelerate digital transformation to boost efficiency and flexibility	5 Cybersecurity and data confidentiality 10 Continuous innovation	
Foster a people-centric, agile and collaborative culture	11 Diversity, equality and work-life balance 12 Employee safety, health and well-being 13 Management of talent and professional development	
Attractive shareholder returns and solid financials	1 Sustainable return and financial stability	
A benchmark in responsible banking and social commitment	2 Corporate governance 3 Responsible and ethical culture 6 Incorporation of social and environmental criteria in management 7 Transparent communication and responsible marketing 14 Investment with social impact and microfinance 15 Financial education 16 Social and volunteering commitment	

Corporate Governance   Society   Environment

Criteria and scope of the report

The content of this report addresses the material topics for CaixaBank Group and its stakeholders in accordance with the 2019 Materiality Analysis and the requeriments of Act 11/2018 on Non-financial Information and Diversity, including the necessary information to understand the performance, results and situation of the CaixaBank Group, and the impact of its activity related to environmental and social matters, and also related to personnel, human rights, and the fight against corruption and bribery.

This report has been prepared in line with the following principles to guarantee the transparency, reliability and exhaustiveness of the information:

- **Global Reporting Initiative (GRI)** specifically the GRI Standards under the exhaustive option. The criteria and principles set out in this guide for the definition of the content and quality of the report have been applied.

>> PRINCIPLES FOR THE DEFINITION OF THE CONTENT OF THE REPORT

- Inclusion of stakeholders
- Context
- Materiality
- Completeness

>> PRINCIPLES FOR THE QUALITY OF THE REPORT

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability

- **International Integrated Reporting Council (IIRC) framework** concerning the following key areas: strategic focus and future orientation; connectivity of information; stakeholder relationships; materiality; conciseness; reliability; completeness and consistency and comparability.
- **Principles established in the AA1000 Accountability Principles Standard (2008):** inclusivity, according to GRI 102-42 and GRI-43 indicators; materiality, according to the Materiality Study described in this report; and responsiveness to stakeholders, with the main codes, policies and performance indicators indicated in this report.
- **Principles of the UN Global Compact and Sustainable Development Goals (SDGs),** as part of the 2030 Agenda.
- **Guide for Preparing the Management Report for Listed Companies from the CNMV.**

This report contains performance data for CaixaBank and its subsidiaries that form CaixaBank Group. When the indicators reported do not refer to the Group but rather a part of it, this will be clearly stated. The information responding to GRI and Act 11/2018 on Non-Financial Information and Diversity has been verified according to the ISAE 3000 standard by an independent expert.

See section **Non-financial information statement**

Our identity

CaixaBank is a financial group with a **socially responsible, long-term universal business model,** based on **quality, trust and specialisation,** which offers a value proposition of products and services adapted for each segment, while adopting innovation as both a strategic challenge and distinguishing feature of its corporate culture. As a leader in retail banking in Spain and Portugal, it is a key player in supporting sustainable economic growth.

CaixaBank, S.A. is the parent company of a group of financial services whose shares are traded on the stock exchanges of Barcelona, Madrid, Valencia and Bilbao, and on the continuous market, forming part of the IBEX35 since 2011. It is also listed on the Euro Stoxx Banks Price EUR, the MSCI Europe, and the MSCI Pan-Euro.

Our Mission

"To contribute to the financial well-being of our customers and to the progress of society."

CaixaBank offers its customers the best tools and expert advice to make decisions and develop habits that form the basis of **financial well-being** and enables them to appropriately address recurring expenses, cover unforeseen events, maintain purchasing power during retirement or to turn their dreams and projects into reality.

We do this with:

- Specialised advice.
- Personal finance simulation and monitoring tools.
- Comfortable and secure payment methods.
- A broad range of saving pension and insurance products.
- Responsibly-granted loans.
- Overseeing the security of our customers' personal information.

Besides contributing to our customers' financial well-being, our aim is to **support the progress of the whole of society.** We are a deeply-rooted retail bank in all areas in which we work. For this reason, we are helping the progress of the communities where we engage our business.

We contribute to the progress of society:

- Effectively and prudently channelling savings and financing, and guaranteeing an efficient and secure payment system.
- Through financial inclusion and education; environmental sustainability; support for diversity; with housing aid programs; and promoting corporate voluntary work.
- Additionally, through our collaboration with the Obra Social of "la Caixa" Banking Foundation, whose budget is partly nourished through the dividends that CriteriaCaixa earns from its share in CaixaBank. A major part of this budget is funnelled into local needs identified through the CaixaBank branch network in Spain and BPI in Portugal.

CaixaBank's DNA
Our Identity
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

Our **Values**

Quality | Social Commitment | Confidence

Our **Mission**

To Contribute to the financial well-being of our customers and to the progress of society.

Our **Culture**

People first | Flexibility as our attitude | Collaboration as our strength

Our **Strategy**

Leading and innovative **financial group,** with the **best customer service** and setting the benchmark for **socially responsible banking.**

Clients & Customers

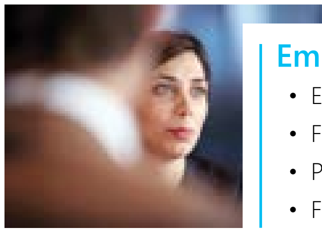
- Setting the benchmark.
- Relationship based on proximity and trust.
- Excellence in service.
- Value proposition for each segment.
- Commitment to innovation.

Shareholders

- Long-term creation of value.
- Offering attractive returns.
- Close and transparent relationship.

Society

- Maximising our contribution to the national economy.
- Establishing stable relationships and trust with the environment.
- Helping to solve the most urgent social challenges.
- Transition to a low-carbon economy.



Employees

- Ensuring their well-being.
- Fostering their professional development.
- Promoting diversity, equal opportunities and reconciliation.
- Fostering a meritocratic model.

Banking model **Universal**

Socially responsible that covers all financial and insurance needs.

Responsible and ethical behaviour

Respecting human rights is a minimum standard of practice, and a key part of CaixaBank's corporate values. To uphold these values, CaixaBank developed a **Corporate Human Rights Policy as well as a Code of Ethics and Action Principles.** These set the highest level of standards in the Bank's hierarchy of internal regulations, which were approved by the Board of Directors and inspired by the principles of the UN Universal Declaration of Human Rights and the Declaration of the International Labour Organization, as well as other ethical standards and codes of conduct.

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Corporate Human Rights Policy

Human rights are protected through the following actions based on relevant stakeholders.

Our responsibility to employees

CaixaBank considers the relationship with its employees as one of its main human rights responsibilities.

CaixaBank links its policies on the recruitment, management, promotion, remuneration and development of people with respect for diversity, equal opportunities, meritocracy and non-discrimination on the basis of gender, race, age or other circumstances.

Our responsibility to customers

CaixaBank demands its employees respect for people's dignity and fundamental values. Similarly, it strives to work with customers who share CaixaBank's respect for human rights.

Key points in this area, among others, include: the development of new financial services and products in line with the aspirations of CaixaBank with regard to human rights, the integration of social and environmental risks in decision-making, fostering financial inclusion and avoiding the financing of or investment in companies and/or projects connected with serious human rights violations, in addition to respect for confidentiality, the right to privacy and the privacy of customer and employee data.

Our responsibility to suppliers

CaixaBank requires its suppliers to respect human and labour rights and encourages them to implement these rights in their value chain.

Therefore, CaixaBank's practices encourage and include: respect by its suppliers of the Code of Conduct for Suppliers; respecting the Principles of the United Nations Global Compact; carrying out additional controls of suppliers with medium-high risk potential; adoption of the necessary corrective actions that alleviate non-compliance.

Our responsibility to the community

CaixaBank is committed to supporting human rights in the communities where it operates, by complying with current legislation, collaborating with government institutions and courts of law, and respecting internationally recognised human rights wherever it conducts business.

In addition, CaixaBank promotes the dissemination of international human rights principles, initiatives and programmes, and the UN Sustainable Development Goals (SDGs).

CaixaBank Code of Ethics and Action Principles

Compliance with current laws and regulations

Everyone at CaixaBank must comply with prevailing laws, rules and regulations at all times.

Respect

We respect people, their dignity and fundamental values. We respect the cultures of the territories and countries where CaixaBank operates. We respect the environment.

Integrity and Transparency

By having integrity and being transparent, we generate trust, a fundamental value for CaixaBank.

Excellence and Professionalism

We work rigorously and effectively. Excellence constitutes one of CaixaBank's fundamental values. For this reason, we place our customers' and shareholders' satisfaction at the centre of our professional activity.

Confidentiality

We uphold the confidentiality of the information that our shareholders and customers entrust in us.

Social responsibility

We are engaged with society and the environment and we take these objectives into account in our operations.

Anti-corruption Policy

With the Anti-Corruption Policy, which complements the Code of Ethics and Action Principles, CaixaBank rejects all manner of corruption and operates on the basis of the highest standards of responsibility. As a signatory to the UN global Compact, CaixaBank undertakes to fulfil the 10 Principles established therein, and in particular to work against corruption in all its forms, including extortion and bribery (Principle No. 10).

Additionally, the Policy details the types of conduct, practices and activities that are prohibited in order to avoid situations that could constitute extortion, bribery, facilitation payments or influence peddling.

Among other things, the policy includes and establishes:

Rules on the acceptance and giving of gifts

The acceptance of gifts of any value if the purpose is to influence the employee is prohibited. In other cases, gifts with a market value of over 150 euros may not be accepted.

Giving of gifts to public civil servants and authorities is prohibited.

Travel and hospitality expenses

These expenses must be reasonable and related to the Entity's activity, always at the expense of CaixaBank and paid directly to the service provider.

Relationships with political parties and officials

It is prohibited to make donations to political parties and their associated foundations. Debt cancellation agreements may only be reached with political parties and their associated foundations when provided for by party financing national law.

CaixaBank shall not contract direct lobbying or interest representation services to position itself with authorities but rather it will generally share its opinions through various associations to try to come to an understanding on the industry's position.

Additionally, the Policy covers the areas of: (i) Sponsorship, (ii) Donations and contributions to foundations and NGOs and (iii) Risky suppliers.

12
16

See section *A benchmark in responsible banking and social commitment – Responsible practices* with further information on ethics and integrity.

CaixaBank's DNA
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Sustainable Development Goals

The Sustainable Development Goals are an initiative promoted by the United Nations with **17 goals and 169 targets** that include new fields such as climate change, economic inequality, innovation, sustainable consumption and peace and justice, among other priorities. Following talks on the SDGs involving 193 UN member states, on 25 September 2015, at a high-level plenary meeting of the General Assembly, an agenda entitled **"Transforming our world: the 2030 Agenda for Sustainable Development"** was approved and came into force on 1 January 2016.

CaixaBank integrates the 17 SDGs into its Strategic Plan and Socially Responsible Banking Plan, contributing to all of them in a cross-cutting fashion. It focuses its scope of action mainly on the 4 Priority SDGs, which allow it to carry out its mission. The 4 priority SDGs are interconnected with the other SDGs and CaixaBank contributes to all of them conjointly.

Due to its size and social commitment, CaixaBank contributes to all the SDGs through its activity, social action and strategic alliances.

CaixaBank published (August 2019) its framework for the issue of bonds tied to the SDGs. Following the publication of the bond framework, CaixaBank issued (in September 2019) its **first social bond.** The Bank has raised 1 billion euros over 5 years, with the aim of facilitating the financing of activities that contribute to economic and social development. Specifically, with this initial issuance, loans are being funded to fight poverty (SDG 1), advocate dignified employment and create jobs in disadvantaged areas of Spain (SDG 8)[1].

The publication **Socio-Economic Impact and Contribution to SDGs 2019** of Caixabank report sets out the Group's strategy with regard to the 2030 Agenda and analyses its contribution to the SDGs.

[1] More information in section *Financial inclusion* of this document. Bond issue framework and information about the social bond on the CaixaBank website: https://www.caixabank.com/inversoresinstitucionales/inversoresrentafija_es.html

CaixaBank's contribution to Agenda 2030

1 NO POVERTY

- Microloans
- Outreach
- Social Bond
- Decentralised Social Work
- AgroBank
- Active Housing Policy

2
- Microloans to families
- Agricultural sector Eco-lending
- Local social actions
- *No child without a moustache* action

3
- Segurcaixa Adeslas
- Microloans for health and well-being
- Healthy team
- Collaboration with GAVI, the Vaccine Alliance through the "la Caixa"

4
- Financial Culture Plan
- Aula Programme
- Professorships*
- CaixaBank Research
- CaixaBank Futuro

10
- Microloans
- Local social actions
- Active Housing Policy
- Financial Culture Plan

* CaixaBank Chair of RSE at IESE, AgroBank Chair

8 DECENT WORK AND ECONOMIC GROWTH

- Financing businesses and self-employed workers
- Microloans to entrepreneurs and businesses
- R&D investment
- Employment creation

5
- Equality Plan
- Wengage Programme
- Accession to the UN Women's Empowerment Principles
- IWEC Awards
- Microsoft STEM Careers Alliance
- Support for significant women's associations*

9
- Support for Start-ups (Day One)
- Financing for companies with social impact
- R&D investment
- Information security
- Digitalisation plan

11
- Outreach
- Active Housing Policy
- Accession to IESE Smart Cities
- Accession to UNWTO*

* Equality in the company, Diversity Charter, More women better companies, Eje&Con

** United Nations World Tourism Organisation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- ESG-linked financing
- Responsible policies
- CSR governance framework
- Adherence to the UNEP FI Principles of Responsible Banking
- Accession of VidaCaixa and CaixaBank Asset Management to PRI
- Verified reporting

6
- AgroBank
- Framework for sustainable, green and social bonds

7
- Financing renewable energies
- Accession to RE100
- Reduced energy consumption
- Renewable energy consumption

13
- Board Members of the Spanish Green Growth Group
- Signatories of the Equator Principles
- Renewable energy consumption
- Compensation for CO_2 emissions generated
- Financing renewable energies

14
- AgroBank

15
- Framework for the Sustainable, Green and Social issuing of Bonds

16
- Code of Ethics
- Responsible policies
- Information security
- Accession to Autocontrol

17 PARTNERSHIPS FOR THE GOALS

- Alliances directly related to the SDGs

"la Caixa": The first Social Action Project in Spain and one of the largest foundations in the world. Strategic alliance for the dissemination of its projects and active participation in key programmes such as Incorpora, GAVI Alliance and the volunteering programme

Body responsible for promoting the 10 principles of the United Nations. Presidency of the Spanish Network of the UN Global Compact since 2012

Observatorio de los ODS: Initiative of the Leadership and Democratic Governance Chair of ESADE with the collaboration of "la Caixa"

Contributing **to society**

CaixaBank works to promote economic activity and business productivity and contributes to the creation of employment and financial inclusion. Its financial strength is therefore a key component as it enables the bank to maintain jobs, purchase products and services from providers and pay its shareholders.

CONTRIBUTION TO GDP

0.76 %

€ 9,468 million direct and indirect contribution to Spanish GDP

13.6 % gross added value of CaixaBank in the financial and insurance sector

0.37 %

€ 791 million direct and indirect contribution to Portuguese GDP

6.1 % gross added value of BPI in the financial and insurance sector

Taxes paid, third-party tax collection and other contributions[1]

231 Direct taxes

475 Indirect taxes

792 Other taxes collected

466 Social security at the company's expenses

669 Retentions for IRPF over the staff (personal income tax)

€ 2,633 MILLION

242 Deposit Guarantee Fund contributions

103 Contribution to the Single Resolution Fund

15 Extraordinary contribution to the banking sector (Portugal)

€ 360 MILLION

[1] It is calculated on the basis of settlement, not accrual. More information in section *Transparency - Tax transparency.*

8

Commited to employment

35,736
people working in the CaixaBank Group

46,440
jobs generated through the multiplier effect of purchases from suppliers* and **6,175** generated by Banco BPI

€ 2,460 million
in salaries, wages and other employee benefits**

9,002
new businesses created with the support of microloans

*Source: CaixaBank Research, based on the added value of CaixaBank, Spanish GDP and employment according to National Accounting and productivity figures per worker and based on the input/output tables of the National Statistics Institute (INE) with 4th-quarter data.
**Excluding Social Security contributions included in tax contributions

Loans granted

NEW FINANCING TO BUSINESSES AND ENTREPRENEURS

€ 4,881 million
in 2019
Does not include BPI

MICROLOANS AND OTHER FINANCING WITH SOCIAL IMPACT

99,328
new operations in 2019

€ 725 million
granted in 2019

8

Shareholder **structure**

At year-end 2019, CaixaBank had a capital stock of 5,981,438,031 shares, each with a nominal value of 1 euro, of a single class and series, with identical ownership and financial rights, and represented by accounting entries. The aforementioned capital stock is distributed as follows:

Tranches of shares	Shareholders[1]	Shares	Share capital
From 1 to 499	252,188	52,286,167	0.9%
From 500 to 999	112,500	80,243,048	1.3%
From 1,000 to 4,999	169,379	365,373,800	6.1%
From 5,000 to 49,999	42,695	479,155,251	8.0%
From 50,000 to 100,000	786	53,135,981	0.9%
More than 100,000[2]	575	4,951,243,784	82.8%
Total	**578,123**	**5,981,438,031**	**100%**

[1] For shares held by investors trading through a brokering entity located outside of Spain, the broker is considered to be the shareholder and appears as such in the corresponding register.

[2] Includes treasury shares.

Shareholder base structure

40.0 % CriteriaCaixa

4.3 % Treasury stock, Directors and other shareholders represented on the Board

55.7 % *Free float*[1]

55.7 % *Free float*

33 % Individuals

67 % Institutional

[1] Management data. It differs from that presented in the Annual Corporate Governance Report, calculated on the basis of the regulations in force for that report.

Geographical distribution of institutional investors

67 % Institutional

12 % Asia and rest of the world

24 % USA and Canada

7 % Spain

19 % Unidentified (Foreign Countries)

21 % Rest of Europe

17 % United Kingdom

Operations involving the purchase and sale of treasury shares by Caixabank or its controlled companies, will conform to the provisions of the regulations in force and in the agreements of the General Shareholders' Meeting in this regard.

Information on the acquisition and disposal of shares held in treasury during the period is included in Note 25 "Equity" to the accompanying Consolidated Financial Statements.

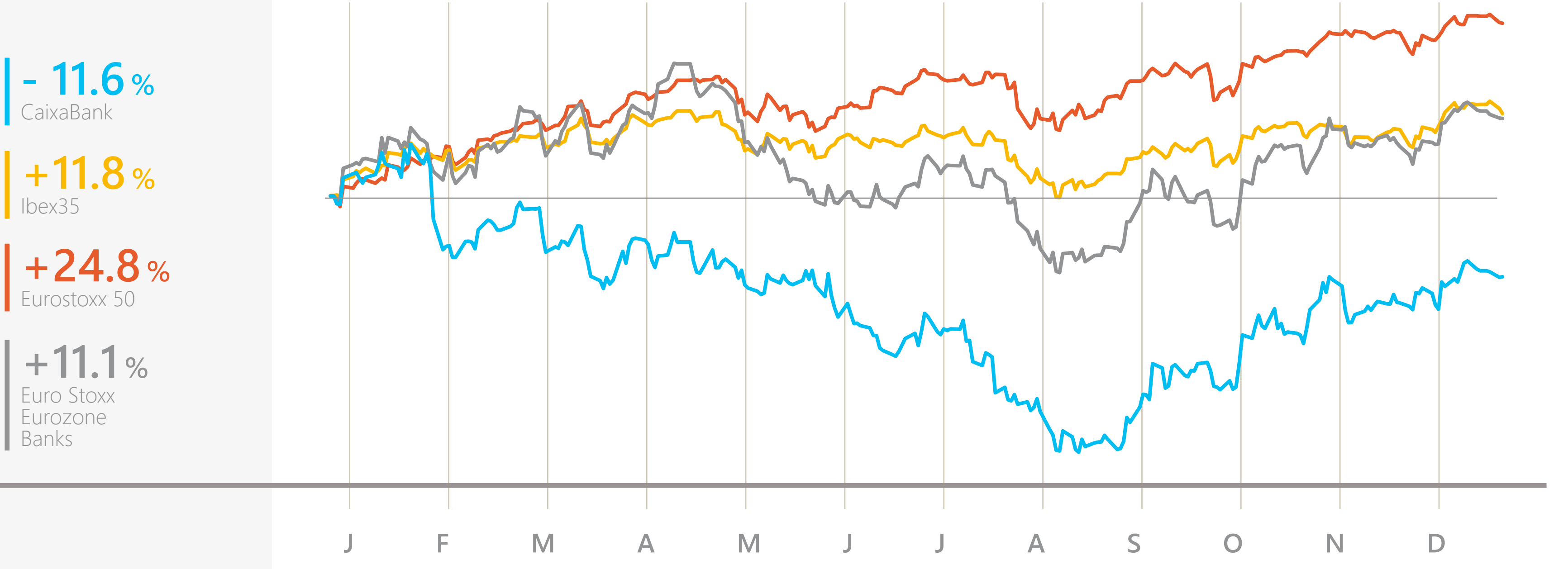
Performance of the share in 2019

- The CaixaBank share closed on 31 December 2019 at a price of 2.798 euros per share an increase of +16.1% in the fourth quarter of the year, mitigating the fall in the annual value by -11.6% (vs. a variation of +11.1% Eurostoxx Banks and -3.4% Ibex 35 banks). For their part, general indices closed trading higher: +24.8% in the case of Eurostoxx 50 and +11.8% in the Ibex 35.

  The ECB's new monetary policy package announced in the third quarter (with a measured decrease in the deposit facility rate, improved conditions under the TLTRO III and a new remuneration system for liquidity held at the ECB) has contributed to a recovery in investor sentiment.

- In 2019, the trading volume of shares in euros and the number of securities traded fell by -45.3% and -21.3%, respectively.

Performance of the main stock markets (January 2019, base 100)



Group structure

CaixaBank Group

CaixaBank, S.A.
27,572
Credit institution Spain

Subsidiaries

BUSINESS SUPPORT

- **90 CaixaBank Business Intelligence (100%)** — Development of digital projects
- **183 CaixaBank Facilities Management (100%)** — Project management, maintenance, logistics and procurement
- **96 CaixaBank Digital Business (100%)** — Electronic channel management
- **791 CaixaBank Operational Services (100%)** — Services for back office administration
- **354 Silk Aplicaciones (100%)** — Provision of IT services
  - **2 Silc immobles (100%)** — Data processing centre management

BUSINESS ACTIVITY

- **472 CaixaBank Payments & Consumer (100%)** — Consumer finance and payment methods
  - **27 Promocaixa (100%)** — Product marketing
  - **4 CaixaBank Electronic Money (90%)** — Payment entity
  - **83 CaixaBank Equipment Finance (100%)** — Vehicle leasing and capital goods
  - **8 Telefónica Consumer Finance (50%)** — Consumer finance
- **107 Building Center (100%)** — Holder of property assets
- **596 VidaCaixa (100%)** — Life insurance and pension fund management
  - **50 BPI Vida e Pensões (100%)** — Life insurance and pension fund management
- **202 CaixaBank Asset Management (100%)** — Management of collective investment undertakings
  - **45 BPI Gestão de Activos (100%)** — Management of collective investment undertakings
  - **4 CaixaBank AM Luxembourg (100%)** — Management of collective investment undertakings
- **4,840 Banco BPI (100%)** — Credit institution Portugal
- **27 Nuevo MicroBank (100%)** — Financing of microloans
- **- CaixaBank Notas Minoristas (100%)** — Entity issuing traded securities
- **9 CaixaBank Titulización (100%)** — Securitisation fund management
- **36 imaginTech (100%)** — Management of the bank's youth segment

Associates and joint ventures

- **IT Now (49%)** — Technology and IT services and products
- **Comercia Global Payments (49%)** — Payment entity
- **Coral Homes + Servihabitat (20%)** — Real estate services
- **SegurCaixa Adeslas (49.9%)** — Non-life insurance
- **Companhia de Seguros Allianz Portugal (100%)** — Health Insurance
- **Unicre (21%)** — Payment methods
- **COSEC (50%)** — Credit insurance
- **Erste Bank (9.9%)** — Central European credit institution

--- Company subgroups.
XX Number of employees.
The most significant entities are included according to their contribution to the Group, excluding shareholder operations (dividends), extraordinary operations and non-core activities.
(%) Percentage of participation at 31 December 2019

Corporate **Governance**

Robust Corporate Governance enables companies to maintain an efficient and methodical decision-making process. It provides clarity in the allocation of responsibility while avoiding conflicts of interest and promoting transparency.

As part of our commitment to our mission and vision, we implement good corporate governance practice. This enables us to be a well-governed and coordinated company that is recognised for its good practices.

The information included in this Consolidated Management Report concerning corporate governance is complemented by the following publicly-available documents that are made available on the CaixaBank website (www.caixabank.com) and from the Comisión Nacional del Mercado de Valores (CNMV, Spanish securities market regulator):

- The 2019 Annual Corporate Governance Report (ACGR), which forms part of this Consolidated Management Report and has been drawn up by the Board of Directors.
- The Annual Report on the Remuneration of Directors which must be prepared and submitted to a non-binding vote at the General Shareholders' Meeting, and does not form part of this Consolidated Management Report.

The **CaixaBank Corporate Governance Policy** is based on the Company's corporate values as well as on best governance practices, particularly the recommendations of the Code of Good Governance for listed companies approved by the CNMV in 2015. This policy establishes the action principles that will regulate the Company's corporate governance.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

1. Competencies and efficient self-governance of the CaixaBank Board of Directors
2. Diversity and balance in the composition of the Board of Directors
3. Professionalism and duties of members of the Board of Directors
4. Balanced remuneration aimed at attracting and retaining the appropriate profile of members of the Board of Directors
5. Commitment to ethical and sustainable action of the Company
6. Protection and promotion of shareholders' rights
7. Compliance with current regulations as the guiding principle for all people who form part of CaixaBank
8. Internal control framework
9. Acceptance and update of good governance practices
10. Transparency

Recommendations on good corporate governance

CaixaBank is fully compliant with 58 and partially compliant with 3 of the 64 Recommendations in the Good Governance Code of Listed Companies (CNMV). One of the recommendations is not applicable, as the bank is the only listed company in the Group. The following list contains the recommendations with which CaixaBank is fully or partially compliant, and the reason:

For further details, see section **"G" of the 2019 Annual Corporate Governance Report** on the degree of compliance with corporate governance recommendations.

PARTIALLY COMPLIANT

Recommendation 5

DESCRIPTION

The Board of Directors should not make a proposal to the General Meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board of Directors approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

EXPLANATION

The General Shareholder Meeting of 28 April 2016 approved a motion which allows the Board to issue bonds and other instruments convertible into shares with the exclusion of pre-emptive subscription rights by making any capital increases that the Board of Directors may approve under this authorisation subject to the legal limitation of 50% of the capital and not 20%. The aim of this is to provide the entity with maximum flexibility in relation to the instruments available for the integration of its regulatory capital.

Recommendation 10

DESCRIPTION

When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

EXPLANATION

The regulations of CaixaBank's General Shareholder Meeting provide for a different voting system depending on whether resolutions are proposed by the Board of Directors or by shareholders. This is to avoid counting difficulties in respect of shareholders who are absent before the vote and to resolve new proposals dealing with resolutions that contradict the proposals submitted by the Board, ensuring in all cases the transparency of counting and the proper recording of votes.

Recommendation 27

DESCRIPTION

Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.

EXPLANATION

The proxies for voting at the Board meetings, when applicable, shall be carried out without specific instructions as it is considered a best practice.

NON-COMPLIANT

Recommendation 13

DESCRIPTION

The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between 5 and 15 members.

EXPLANATION

The Board has more members than the suggested number, due to their background and specific characteristics.

Recommendation 62

DESCRIPTION

Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

EXPLANATION

The shares awarded to the executive directors as part of their annual bonus have a 12-month retention period with no other requirements after this time.

Milestones in 2019

Changes in the composition of the Board of Directors and its committees

At the 2019 General Ordinary Meeting of Shareholders, it was agreed to reduce the number of members of the Board of Directors from 18 to 16, converging with the recommendations of the Good Governance Code and within the limits established in the By-laws. This action came alongside a renewal of the members of the Board of Directors. The main changes are:

Departure following end of mandate:

Alain Minc	**Independent**
Juan Rosell	**Independent**
Antonio Sáinz de Vicuña	**Independent**
Javier Ibarz	**Proprietary**

Appointments:

Cristina Garmendia	**Independent**
Marcelino Armenter	**Proprietary**

In addition to changes in the composition of members of the Board of Directors, the reorganisation of the composition of the Board committees has been agreed:

Appointment	Board Position and Committee	Substitutes
Verónica Fisas	Remuneration Committee Member	Juan Rosell
Xavier Vives	Appointments Committee Member	Alain Minc
Eduardo Javier Sanchiz	Chair of the Risks Committee	Antonio Sáinz de Vicuña
Koro Usarraga	Chair of the Audit and Control Committee	Alain Minc

With the aim of assisting the Board in all matters regarding technological innovation and digital transformation, as well as in the monitoring and analysis of the trends and innovations which may affect CaixaBank's strategy and business model in this field, on 23 May 2019, **the constitution of the Innovation, Technology and Digital Transformation Committee was approved.**

Challenges for 2020

In light of the results obtained from the self-assessment processes of the Board and its Committees, and in order to continue to make progress in the areas of efficiency and quality, the Board of Directors has determined and established some opportunities for improvement regarding its operation and that of its Committees in 2020.

Notably, these include matters relating to the agenda, optimising efficiency to increase the time being dedicated to debating business issues, and in this regard, to deepen knowledge of the evolution of the sector and its trends.

Furthermore, to continue to expand and improve the technical working tools, as well as the Group's information with regard to its business and organisation, without losing sight of the capacity of the governing bodies to carry out their work in line with standards of excellence, and, if necessary, to reshape a specialised committee, always in the interest of ensuring the best governance and the optimal performance by the Bank as a result.

Corporate Governance Structure

At CaixaBank, the management and control functions in the Bank are distributed among the General Shareholders' Meeting, the Board of Directors, and its committees.

GENERAL SHAREHOLDERS' MEETING

EXTERNAL AUDIT

BOARD OF DIRECTORS

Executive Committee

Appointments Committee

Risks Committee

Remuneration Committee

Innovation, technology and digital transformation Committee

Audit and Control Committee

>> Designates/

>> Reports to/

MANAGEMENT BODIES

CEO and Management Committee

General Shareholders' Meeting

The General Shareholders' Meeting (GSM) of CaixaBank is the ultimate representative and participatory body of the Company shareholders. Accordingly, in order to facilitate the participation of shareholders in the General Meeting and the exercise of their rights, the Board of Directors will adopt such measures as appropriate so that the GSM may effectively perform its duties.

At the General Shareholders' Meeting held on 5 April 2019, all of the points on the agenda were approved:

GENERAL SHAREHOLDERS' MEETING 2019

- 65.6 % quorum of total share capital
- 96 % average approval

GSM agreements	% votes issued in favour	% votes in in favour of total share capital
1. Approval of the individual and consolidated annual accounts and the respective management reports for the year ending on 31 December 2018.	99.39	65.24
2. Approval of the consolidated non-financial information statement for the year ending on 31 December 2018.	99.51	65.31
3. Approval of the Board of Directors' management during the business year ending on 31 December 2018.	99.48	65.30
4. Approval of the proposed allocation of profit for the business year ending on 31 December 2018.	99.77	65.48
5. Determining the number of members of the Board of Directors within the limits established in the Company By-laws. Re-election and appointment of Directors.		
5.1 Establishing the number of Board members at sixteen.	*99.41*	*65.25*
5.2 Re-election of Mr. Gonzalo Gortázar Rotaeche.	*97.94*	*64.28*
5.3 Re-election of Ms. María Amparo Moraleda Martínez.	*94.59*	*62.08*
5.4 Re-election of Mr. John S. Reed.	*92.62*	*60.79*
5.5 Re-election of Ms. María Teresa Bassons Boncompte.	*80.02*	*52.52*
5.6 Appointment of Mr. Marcelino Armenter Vidal.	*83.18*	*54.60*
5.7 Appointment of Ms. Cristina Garmendia Mendizábal.	*98.41*	*64.59*
6. Approval of exemption from the non-competition obligation with regard to the Company as set forth in Article 230 of the Spanish Corporation Law, as may be required.	99.62	65.38
7. Approval of the amendment of the Directors' remuneration policy.	97.19	63.56
8. Approval of a targeted incentive scheme linked to the 2019-2021 Strategic Plan for the executive Directors, the Management Committee members and the rest of the management team and key Company employees.	98.31	64.52
9. Delivery of shares to the executive Directors and senior managers as part of the Company's variable remuneration scheme.	99.49	65.30
10. Approval of the maximum bonus that may be earned by employees whose work has a significant impact on the Company's risk profile.	99.37	65.20
11. Authorisation and delegation of powers to interpret, correct, supplement, implement and develop the resolutions adopted by the General Meeting, and delegation of powers to notarise those resolutions in public deeds, register them and, where the case may be, correct them.	99.93	65.59
12. Consultative vote on the Annual Report on Directors' Remuneration for the financial year 2018.	92.94	60.78
13. Information on the amendment of the Regulations of the Board of Directors agreed to at its meeting of 21 February 2019.		Information

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Board of Directors

The Board of Directors is the Bank's most senior representative, management and administrative body with powers to adopt agreements on all matters except those that fall within the remit of the GSM. It approves and oversees the strategic and management directives established in the interest of all Group companies and it ensures regulatory compliance and the implementation of good practices in the performance of its activity, as well as adherence to the additional principles of social responsibility that it has voluntarily assumed.

At CaixaBank, the Chairman and CEO have different yet complementary roles. There is a clear division of responsibilities between each position. The Chairman is the senior representative of the Bank. The Board of Directors has appointed a CEO, the sole executive director of the Bank who is responsible for the day-to-day management under the supervision of the Board. There is also a delegated committee, the Executive Committee, which has executive functions (excluding those that cannot be delegated). It reports to the Board of Directors and meets on a more regular basis.

There is also a Lead Director appointed from among the independent directors, who is responsible for handling, coordinating and expressing the concerns of the other Independent Directors, as well as directing the periodic assessment of the Chairman, chairing the Board of Directors in the absence of the Chairman and Deputy Chairman, in addition to other assigned duties.

The directors meet the requirements of honourability, experience and good governance in accordance with the applicable law at all times, considering, furthermore, recommendations and proposals for the composition of administrative bodies and profile of directors issued by authorities and national or community experts.

		Jordi Gual	Tomás Muniesa	Gonzalo Gortázar	Xavier Vives	Marcelino Armenter	Natalia Aznárez	Maria Teresa Bassons	María Verónica Fisas	Alejandro García-Bragado	Cristina Garmendia	Ignacio Garralda	Maria Amparo Moraleda	John S. Reed	Eduard Javier Sanchiz	José Serna	Koro Usarraga	Óscar Calderón	Óscar Figueres
Position		Chairman	Deputy Chair	CEO	Lead Director	Director	Fundación CajaCanarias representative	Director	Director	Director	Director	Director	Director	Director	Director	Director	Director	General Secretary and Secretary to the Board of Directors	First Deputy Secretary of the Board of Directors
Category	Executive			✓															
	Proprietary	✓	✓			✓	✓	✓		✓		✓				✓			
	Independent				✓				✓		✓		✓	✓	✓		✓		
Commissions	Executive	✓C	✓	✓	✓				✓				✓					S	DS
	Audit and control														✓	✓	✓C	S	DS
	Appointments				✓			✓						✓C				S	DS
	Risks						✓								✓C		✓	S	DS
	Remuneration								✓	✓			✓C					S	DS
	Innovation, Technology and Digital Transformation	✓C		✓		✓					✓		✓					S	DS
Date of first appointment		30/06/2016	01/01/2018	30/06/2014	05/06/2008[1] 22/06/2017[2]	05/04/2019	23/02/2017	26/06/2012	25/02/2016	01/01/2017	05/04/2019	06/04/2017	24/04/2014	03/11/2011	21/09/2017	30/06/2016	30/06/2016	27/06/2011[3]	23/10/2017
Date of ratification		06/04/2017	06/04/2018	23/04/2015			06/04/2017		28/04/2016	06/04/2017					06/04/2018	06/04/2017	06/04/2017		
Renewal date				05/04/2019	23/05/2015[1]			05/04/2019					05/04/2019	05/04/2019					
Age		62	67	54	64	62	55	62	55	70	57	68	55	80	63	77	62	48	38
Nationality		Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	United States	Spanish	Spanish	Spanish	Spanish	Spanish

[1] As director

[2] As lead director

[3] Appointed Secretary of the Board on 1/1/2017. Appointed General Secretary on 29/4/2019

C: Chairman

S: Secretary

DS: Deputy Secretary

43.8 % Independent Directors

37.5 % of women on the Board

1 Executive Director

1 Lead Director

61 average age of Directors

12 Meetings of the Board in 2019

3.3 Average hourly duration of Board sessions in 2019

97.9 % attendance at the sessions

Profile of the members of the Board of Directors

1 Executives

7 Independent

8 Proprietary

Duration in the position

4.1 Average duration (years)

69 % 0-4 years

19 % 4-8 years

12 % +8 years

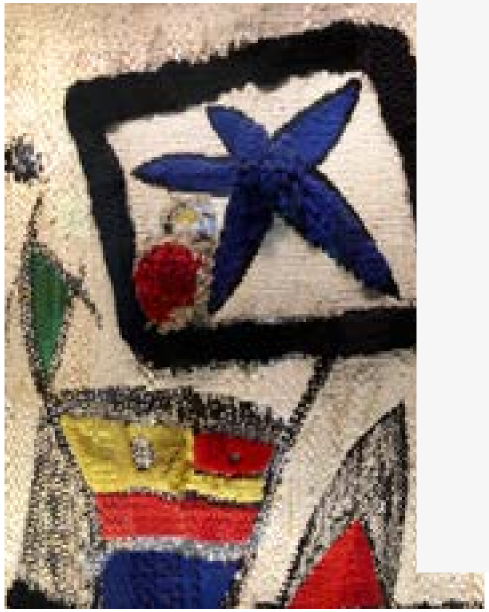
Duration in the position of the independent directors

4.9 Average duration (years)

57 % 0-4 years

14 % 4-8 years

29 % +8 years



JORDI GUAL
Chairman

Education

PhD in Economics from the University of California (Berkeley) and is a professor of Economics at the IESE Business School and a Research Fellow at the Centre for Economic Policy Research (CEPR).

Career

He joined "la Caixa" Group in 2005 and prior to his appointment as Chairman of CaixaBank, he was the Chief Economist and Head of Strategic Planning and Research and Director-General of Planning and Strategic Development for CriteriaCaixa. He has been a member of the Board of Directors of Repsol and served as an Economics Advisor for the European Commission's Directorate-General for Economic and Financial Affairs and as a visiting professor at the University of California (Berkeley), the Université Libre de Bruxelles and the Barcelona Graduate School of Economics.

Other positions currently held

Member of the Board of Directors of Telefónica and the Supervisory Board at Erste Bank. He is also Chairman of FEDEA, Vice President of the Círculo de Economía and Cotec Foundation for Innovation, and serves on the Boards of the CEDE Foundation, the Real Instituto Elcano and Fundación Barcelona Mobile.

TOMÁS MUNIESA
Deputy Chairman

Education

He holds a degree in Business Studies and a master's in Business Administration from the ESADE Business School.

Career

He joined 'la Caixa' in 1976, and was appointed Deputy General Manager in 1992. In 2011, he was appointed General Manager of CaixaBank's Insurance and Asset Management Group, where he remained until November 2018.

He was Deputy Chairman and CEO of VidaCaixa (1997-2018).

Previously, he served as the Chairman of MEFF, Deputy Chairman of BME, Second Deputy Chairman of UNESPA, Director and Chairman of the Audit Commission of the Insurance Compensation Consortium, Director of Vithas Sanidad and Substitute Board Member of Inbursa.

Other positions currently held

Deputy Chairman of VidaCaixa and SegurCaixa Adeslas, as well as member of the Board of Trustees of ESADE Foundation and Board Member of Allianz Portugal.

GONZALO GORTÁZAR
CEO

Education

He holds a degree in Law and Business from Universidad Pontificia de Comillas (ICADE) and an MBA from the INSEAD Business School.

Career

Prior to his appointment as CEO in 2014, he was the Chief Financial Officer at CaixaBank and CEO of Criteria CaixaCorp (2009-2011).

He previously held various positions in the investment banking division of Morgan Stanley, as well as a number roles in corporate and investment banking in Bank of America.

He was also First Vice-Chairman of Repsol, Board Member of Inbursa, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Other positions currently held

Chairman of VidaCaixa and Board Member of Banco BPI.

XAVIER VIVES
Independent Lead Director

Education

Professor of Economics and Finance at the IESE Business School. He also holds a PhD in Economics from the University of California (Berkeley).

Career

He was Professor of European Studies at INSEAD (2001-2005); Director of the Institute of Economic Analysis at the CSIC (1991-2001); and a Visiting Lecturer at the universities of California (Berkeley), Harvard, New York (King Juan Carlos I Chair), and Pennsylvania, as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra.

He has also advised the World Bank, the Inter-American Development Bank, the New York Federal Reserve, the European Commission (Special Advisor to the EU Vice President and Competition Commissioner, Joaquín Almunia), the Generalitat de Catalunya as a member of the CAREC (Advisory Council for Economic Recovery and Growth) and other international companies. He served as Chairman of the Spanish Economic Association and EARIE (European Association for Research in Industrial Economics) and Deputy Chairman of the Spanish Energy Economics Association, as well as a Duisenberg Fellow at the ECB.

Other positions currently held

Member of the Academia Europea; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association and the Econometric Society.

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MARCELINO ARMENTER
Proprietary Director

Education

He holds a bachelor's degree and a master's degree in Business Administration and Management from ESADE Business School.

Career

He began his career at Arthur Andersen, before joining Hidroeléctrica de Cataluña.

He has been professionally involved with "la Caixa" Group since 1985, as Head of Internal Audit and Control (1985-1988), Head of the Shareholders' Division (1988-1995), CEO of Banco Herrero (1995-2001), Managing Director of CaixaHolding (2001-2007), Executive Deputy Managing Director of "la Caixa" (2007-2011) and Managing Director of Risks at CaixaBank (2011-2013).

His current roles are CEO and member of the Executive Committee of CriteriaCaixa, of which he was previously the Managing Director. He was Director of the Inbursa Financial Group (2017-2019).

Other positions currently held

Member of the Board of Naturgy, Saba Infraestructuras and Inmo CriteriaCaixa, Chairman and CEO of Mediterranea Beach & Golf Community and CEO of Caixa Capital Risc.

NATÁLIA AZNÁREZ
Proprietary Director Representative

Education

She holds a degree in Business and Commercial Management from Universidad de Málaga and a diploma in Accounting and Finance from Universidad de La Laguna.

Career

She began her career by collaborating with the General Management of REA METAL WINDOWS. In 1990, she joined the CajaCanarias marketing department and in 1993 she was head of the Individual Customer Segment. In 2008, she was appointed Deputy Director of CajaCanarias, becoming Assistant General Manager in 2010. After Banca Cívica acquired all the assets and liabilities of CajaCanarias, Ms Aznárez Gómez became General Manager at CajaCanarias. Following the entity's transformation into a banking foundation, she served as General Manager until 30 June 2016.

Other positions currently held

Director of Fundación CajaCanarias, Chair of the CajaCanarias Employee Pension Plan Control Committee, Deputy Chair of Fundación Cristino de Vera, Secretary of the CajaCanarias Business Learning and Development Foundation.

MARÍA TERESA BASSONS
Proprietary Director

Education

She holds a degree in Pharmacy Studies from the University of Barcelona, specialising in hospital pharmacy.

Career

She holds a pharmacy licence. She has been Deputy Chair of the Col·legi Oficial de Farmacèutics de Barcelona (1997-2004) and Secretary General of the Consell de Col·legis de Farmacèutics de Catalunya (2004-2008), member of the advisory council on tobacco use of the Generalitat de Catalunya (1997-2006) and the bioethics advisory committee of the Generalitat de Catalunya (2005-2008) and Director of the INFARMA conference at Fira de Barcelona (1995 and 1997) and of the publications "Circular Farmacéutica" and "l'Informatiu del COFB".

She was a director at "la Caixa" (2005-2014), Criteria CaixaHolding (2011-2012), trustee of the "la Caixa" Foundation (2014-2016) and a member of the Caixa Capital Risk Advisory Committee until 2018.

She was a member of the Executive Committee and Chair of the Enterprise Commission in the health sector for the Barcelona Chamber of Commerce until May 2019, and member of the Oncolliga Scientific Committee.

Other positions currently held

She is on the Board of Directors of Bassline and Laboratorios Ordesa and Administrator of Terbas XXI S.L.U.

She is a member of the Oncolliga Scientific Committee.

MARÍA VERÓNICA FISAS
Independent Director

Education

She holds a degree in Law and a master's degree in Business Administration from EAE.

Career

In 2009, she joined the Board of Directors of Stanpa, Asociación Nacional de Perfumería y Cosmética, becoming Chair of Stanpa in 2019 and, in turn, Chair of Fundación Stanpa.

Other positions currently held

She has been the CEO of Natura Bissé and General Director of the Natura Bissé Group since 2007. Since 2008, she is also a trustee of the Fundación Ricardo Fisas Natura Bissé.

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ALEJANDRO GARCÍA-BRAGADO
Proprietary Director

Education

He holds a degree in Law from the University of Barcelona and he is a State Lawyer.

Career

In 1984, on an extended leave of absence from the State's Law Office, he began to work for the Barcelona Stock Exchange, where he was appointed Secretary of the Board of Directors while continuing to practice law. In 1994, he left the Barcelona Stock Exchange to provide legal advice to "la Caixa". In 1995, he was appointed Deputy Secretary and, in 2003, Secretary to the Board of Directors. He was also Deputy Chair and Deputy Secretary of the Board of Trustees of "la Caixa" Banking Foundation (2014-2016). And, at CaixaBank, he was Secretary (non-member) of the Board of Directors(2009-2016) and General Secretary (2011-2014).

He was also Secretary to the Board of Directors of La Maquinista Terrestre y Marítima; Intelhorce; Hilaturas Gossipyum; Abertis Infraestructuras; Inmobiliaria Colonial; Agbar. He also served on the Board of Gas Natural.

Other positions currently held

First Deputy Chairman of CriteriaCaixa and member of the Board of Directors of Saba Infraestructuras.

CRISTINA GARMENDIA
Independent Director

Education

She holds a degree in Biological Sciences, specialising in Genetics, a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid, and an MBA from the IESE Business School of the University of Navarra.

Career

She was Minister of Science and Innovation in the Spanish Government during the IX Legislature (2008-2011).

In the past, she has been Executive Deputy Chair and Financial Director of the Amasua Group, President of the Association of Biotechnology Companies (ASEBIO) and member of the Governing Board of the Spanish Confederation of Business Organisations (CEOE). She has also been a member of the governing bodies of, among other companies, Science & Innovation Link Office, Naturgy, Corporación Financiera Alba, Pelayo Mutua de Seguros and CEO of Genetrix.

Other positions currently held

She is a member of the board of Compañía de Distribución Integral Logista Holdings, Mediaset, Ysios Capital Partners and Satlantis Microsats. She is also the President of the COTEC Foundation, a member of the España Constitucional Foundation, SEPI and member of the advisory board of Women for Africa Foundation, as well as a member of the Social Council of the University of Seville.

IGNACIO GARRALDA
Proprietary Director

Education

He holds a degree in Law from Complutense University of Madrid. He has been a Notary Public, on leave, since 1989.

Career

He began his professional career as Notary for Commercial Matters (1976-1982), and from there he became a Licensed Stock Broker (1982-1989). He was a founding member of AB Asesores Bursátiles, where he was Vice-Chairman until 2001, Vice-Chairman of Morgan Stanley Dean Witter (1999-2001), Chairman of Bancoval (1994-1996) and member of the board of the Madrid Stock Exchange governing body (1991-2009).

He is Chair and CEO of Mutua Madrileña Automovilista, he has been a member of the Board of Directors since 2002, and since 2004, he has been a member of the Executive Committee of which he is currently Chair, as well as the Investment Committee.

Other positions currently held

First Deputy Chairman of BME, Chair of the Audit Committee since 2016. He is also Chairman of Fundación Mutua Madrileña and sits on the Board of Trustees of Fundación Princesa de Asturias, of Museo Reina Sofía, of Pro Real Academia Española and of the Drug Addiction Help Foundation.

MARÍA AMPARO MORALEDA
Independent Director

Education

She graduated in Industrial Engineering from the ICAI and holds an MBA from the IESE Business School.

Career

She was the Chief Operating Officer of Iberdrola's International Division with responsibility for the UK and US (2009-2012) and she headed Iberdrola Ingeniería y Construcción (2009-2011). She was also a member of the Board of Directors of Faurecia (2012-2017).

She has previously worked for IBM Group. She was General Manager for IBM Spain and Portugal (2001-2009), responsible for Greece, Israel and Turkey (2005-2009). She was also assistant executive to the President of IBM corporation (2000-2001), Managing Director of INSA (subsidiary of IBM Global Services) (1998-2000) and HR Director for EMEA at IBM Global Services (1995-1997).

Other positions currently held

Independent Director at Solvay, Airbus Group and Vodafone.

She is also a member of the Supervisory Board of the Spanish National Research Council (CSIC), of the Advisory Board of SAP Ibérica, Spencer Stuart and KPMG, as well as a full academic member of the Royal Academy of Economic and Financial Science, member of the Academy of Social Sciences and the Environment of Andalusia, the Board of Trustees of MD Anderson Cancer Center in Madrid and the International Advisory Board of IE.

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JOHN S. REED
Independent Director

Education

He holds a degree in Philosophy, Arts and Science from Washington & Jefferson College and a degree from Massachusetts Institute of Technology (MIT).

Career

He was a lieutenant in the U.S. Army Corps of Engineers (1962-1964), subsequently joining Citibank/Citicorp and Citigroup for 35 years, the last sixteen as Chairman. He retired in the year 2000. He later returned to work as Chairman of the New York Stock Exchange (2003-2005) and was Chairman of the MIT Corporation (2010-2014).

Other positions currently held

Chairman of the Board of American Cash Exchange and Trustee of NBER. He is a Fellow of the American Academy of Arts and Sciences and of the American Philosophical Society.

EDUARDO JAVIER SANCHIZ
Independent Director

Education

He holds a degree in Economics from the University of Deusto and a master's in Business Administration from the IE.

Career

He has worked with Almirall since 2004, where he was CEO (2011-2017). He was previously Executive Director of Corporate Development and Finance and CFO. He has been a member of the Board of Directors since 2005 and of the Dermatology Committee since 2015.

He also worked in various positions at Eli Lilly & Co, the American pharmaceutical company. Some of his significant positions include General Manager in Belgium, General Manager in Mexico and Executive Officer in the Business Division covering central, northern and eastern European countries.

He was a member of the American Chamber of Commerce in Mexico and of the Association of Pharmaceutical Industries in a number of countries in Europe and Latin America.

Other positions currently held

He is currently a member of the Board of Directors of Laboratorio Pierre Fabre and its Strategic Committee.

JOSÉ SERNA
Proprietary Director

Education

He holds a degree in Law from Complutense University of Madrid. State Lawyer (on leave) and Notary (until 2013).

Career

In 1971, he joined the State Lawyer Corps until his leave of absence in 1983. Legal counsel to the Madrid Stock Exchange (1983-1987). Forex and Stock Market Broker in Barcelona (1987). Chairman of the Promoter of the new Barcelona Stock Exchange (1988) and Chairman of the Barcelona Stock Exchange (1989-1993).

Chairman of the Spanish Stock Market Body (1991-1992) and Deputy Chairman of MEFF (Spanish Financial Futures Market). He was also Deputy Chairman of Fundación Barcelona Centro Financiero and of Sociedad de Valores y Bolsa Interdealers, S.A.

In 1994, he became a Forex and Stock Market Broker in Barcelona.

Notary Public in Barcelona (2000-2013). He was also a member of the Board of Endesa (2000-2007) and its Group companies.

KORO USARRAGA
Independent Director

Education

She holds a degree and a master's in Business Administration from ESADE Business School.

She completed the PADE programme at IESE Business School. He is a qualified chartered accountant (Registro Oficial de Auditores de Cuentas).

Career

She worked at Arthur Andersen for 20 years, and she was appointed partner of the Audit Division in 1993.

In 2001, she assumed responsibility for the General Corporate Management of Occidental Hotels & Resorts. She was Managing Director of Renta Corporación and member of the Board of Directors of NH Hotel Group (2015-2017).

Other positions currently held

Independent Director of Vocento and Administrator of Vehicle Testing Equipment and of 2005 KP Inversiones.

ÓSCAR CALDERÓN

General Secretary and Secretary to the Board of Directors

Education

He holds a degree in Law from the University of Barcelona and he is a State Lawyer.

Career

He served as State Lawyer in Catalonia (1999-2003).

He has worked with "la Caixa" Group since 2004, as Lawyer to the General Secretary's Office of "la Caixa", Deputy Secretary to the Board of Directors of Inmobiliaria Colonial (2005-2006), Secretary to the Board of Banco de Valencia (2013) and Deputy Secretary to the Board of Directors of "la Caixa" until June 2014. He was also a Trustee and Deputy Secretary of "la Caixa" Foundation until its dissolution in 2014, as well as Secretary to the Board of Trustees of "la Caixa" Banking Foundation until 2017.

Other positions currently held

Trustee and Secretary to the Board of Trustees of Fundación del Museo de Arte Contemporáneo de Barcelona (MACBA). He is also Secretary of Fundación de Economía Aplicada (FEDEA).

ÓSCAR FIGUERES

First Deputy Secretary of the Board of Directors

Education

He holds a degree in Law from Pompeu Fabra University and he is a State Lawyer.

Career

He worked as a State Lawyer in Barcelona and Tarragona, responsible for the coordination, representation and defence of the State in civil, appeal, social and criminal cases. Coordinator of Legal Assistance Agreements with Corporación RTVE, the Barcelona Free Trade Association and the Tarragona Port Authority. Member of Board and Executive Committee of the Barcelona Free Trade Association. Member and Legal Counsel of the Board of Directors of the Tarragona Port Authority and Member of the Tarragona Provincial Compulsory Purchase Tribunal.

Prior to joining CaixaBank, he worked at EY Abogados.

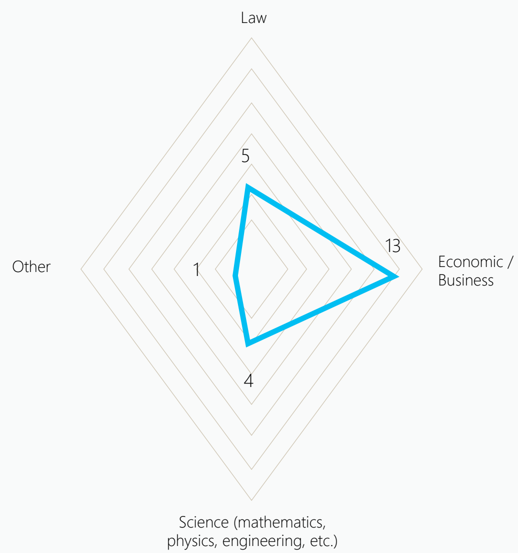
Other positions currently held

Secretary to the Board of Directors of VidaCaixa.

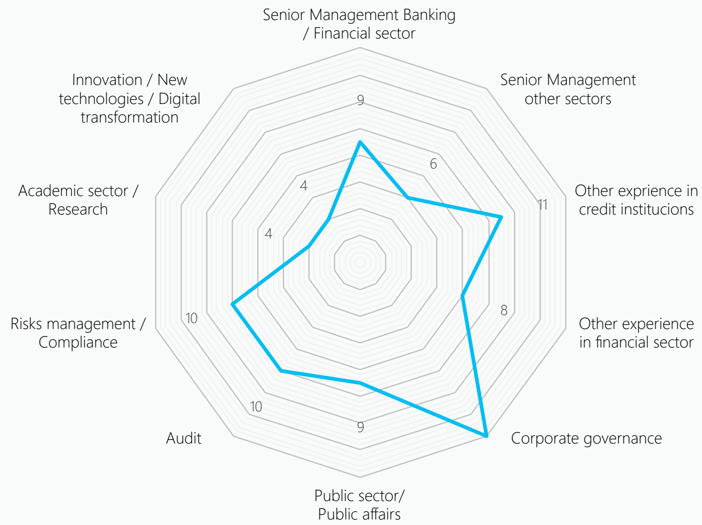
The CaixaBank Board of Directors strives for an adequate balance in its composition at all times, with a large majority of non-executive directors and promoting diversity with regard to gender, experience and knowledge. Within this framework and in accordance with the verification of compliance with the policy for the selection of directors and the individual suitability re-evaluation undertaken for each director, the Appointments Committee has concluded that the structure, size and composition of the Board of Directors is adequate.

Below is a breakdown of the number of Board members with knowledge and experience in specific fields, covering the whole spectrum of the Group's activities:

>> EDUCATION



>> EXPERIENCE



The Board assesses the quality and efficiency of its operation and that of its Committees on an annual basis.

Committees of the Board of Directors

As part of its self-governance activities, the Board of Directors of CaixaBank has a number of specialised committees, with supervisory and advisory powers, as well as an Executive Committee:

EXECUTIVE COMMITTEE

6 No. of members

3 Independent Directors

95.2 % Average attendance at sessions

Composition

The composition of the Executive Committee, which is made up of the Chairman and CEO, will reflect the composition of the Board.

Functions

The Executive Committee will be delegated all the responsibilities and powers available to it both legally and under the Bank's By-laws, and it will report back to the Board on the matters dealt with and the decisions made.

APPOINTMENTS COMMITTEE

3 No. of members

2 Independent Directors

100 % Average attendance at sessions

Composition

The Appointments Committee comprises a number of Non-executive directors determined by the Board of Directors, with a minimum of 3 and a maximum of 5 members. A majority of its directors must be independent.

Members of the Appointments Committee are appointed by the Board of Directors at the proposal of the Audit and Control Committee, and the Chair of the Committee will be appointed from among the independent Directors that form part thereof.

Functions

Its duties include:

- Evaluate and propose to the Board of Directors the assessment of skills, knowledge and experience required of Board members and key personnel at the Company.
- Submit to the Board of Directors suggested candidates for the positions of Independent Directors to be appointed by co-option or for submission to the decision of the General Shareholders' Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders' Meeting.
- Report on the appointment and, as the case may be, dismissal of the Lead Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.
- Report on proposals for the appointment or removal of senior executives, with the capacity to carry out such proposals directly when the Committee deems this necessary in the case of senior executives as a result of to their control or support duties concerning the Board or its committees. Propose, if deemed appropriate, the basic terms, other than the remuneration conditions, of the contracts of senior executives, and report those terms once established.
- Examine and organise, with support from the Lead Director and with the collaboration of the Chairman of the Board of Directors, the succession of the latter and of the Company's chief executive and, as the case may be, send proposals to the Board of Directors to ensure the succession process is suitably planned and takes place in orderly fashion.
- Report to the Board on gender diversity issues, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge, and facilitate the selection of female directors, whilst establishing a representation target for the less represented sex on the Board of Directors. It will also prepare guidelines on how this should be achieved. In any case, it shall ensure compliance with the diversity policy applied in relation to the Board of Directors, which will be specified in the Annual Corporate Governance Report.
- Periodically evaluate, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chair, CEO and Secretary, making recommendations regarding possible changes to these. Here, the Committee shall act under the direction of the Lead Director when assessing the performance of the Chair. Evaluate the composition of the Management Committee, as well as its replacement lists, to ensure adequate transition planning.
- Periodically review the Board of Directors' selection and appointment policy in relation to senior executives, and make recommendations in this regard.
- Supervise the Company's activities in relation to corporate social responsibility and submit to the Board any proposals it deems appropriate in this regard.

RISKS COMMITTEE

3 No. of members

2 Independent Directors

100 % Average attendance at sessions

Composition

The Risk Committee is exclusively formed of Non-Executive Directors, with the relevant knowledge, skills and experience to fully understand and manage the Company's risk strategy and appetite, in the number determined by the Board of Directors, between a minimum of 3 and a maximum of 6 members, the majority of which being Independent Directors.

Functions

Its duties include:

- Advise the Board of Directors on the overall susceptibility to risk (current and future) of the bank and its strategy in this regard, reporting on the risk appetite framework, helping to monitor the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the suitability of the risks assumed and the profile established.
- Propose the Group's risk policy to the Board.
- Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
- Regularly review exposures with the main customers and business sectors, and by geographic region and type of risk.
- Examine the Group's risk reporting and control processes, as well as its information systems and indicators.
- Evaluate the regulatory compliance risk in its scope of its remit and decision-making authority. This is understood to be the risk management of legal or regulatory sanctions, financial loss, or material or reputational loss that the Bank may suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct. The Committee must detect any risk of non-compliance and carry out monitoring and examine possible deficiencies in the principles of professional conduct.
- Report on new products and services or significant changes to existing ones.

REMUNERATION COMMITTEE

3 No. of members

2 Independent Directors

100 % Average attendance at sessions

Composition

The Remuneration Committee is formed by Non-executive Directors, in the number determined by the Board of Directors, with a minimum of 3 and a maximum of 5 members, the majority of which being Independent Directors. The Chair of the Committee will be appointed from among the Independent Directors sitting on the Committee.

Functions

Its duties include:

- Draft the resolutions related to remuneration and, particularly, report and propose to the Board of Directors the remuneration policy, the system and amount of annual remuneration payable to Directors and Senior Managers, as well as the individual remuneration payable to Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial conditions, and without prejudice to the competencies of the Appointments Committee in relation to any conditions it may have proposed not related to remuneration.
- Ensure compliance with the remuneration policy for Directors and Senior Managers, and reporting on the basic conditions established in the contracts entered into and compliance with these contracts.
- Report on and prepare the Company's General remuneration policy, particularly the policies relating to the categories of staff whose activities have a significant impact on the Company's risk profile and those that are intended to prevent or manage conflicts of interest with the Company's customers.
- Analyse, formulate and periodically review the remuneration programmes, assessing their adequacy and performance and ensuring compliance.

The Appointments, Remuneration and Audit and Control committees prepare an annual report on their operations with regard to their respective duties. Furthermore, when considered appropriate, the committees will include improvement proposals in this report. These reports are made public on the website: www.caixabank.com.

AUDIT AND CONTROL COMMITTEE

3 No. of members

2 Independent Directors

100 % Average attendance at sessions

Composition

The Audit and Control Committee will be exclusively formed of Non-Executive Directors, in the number determined by the Board of Directors, between a minimum of 3 and a maximum of 7. Most of the members of the Audit and Control Committee shall be independent and 1 of them shall be appointed on the basis of their knowledge and experience of accounting or auditing, or both.

Furthermore, the Board of Directors will ensure that members of the Audit and Control Committee, particularly its Chair, have sufficient knowledge and experience in accounting, auditing or risk management, and in any other areas required for the Audit and Control Committee to fulfil all its duties. Overall, and notwithstanding the principle to foster diversity, the members of the Audit and Control Committee, who will be appointed in consideration of their capacity for dedication required to fulfil the duties assigned to them, shall have the required technical knowledge regarding the Bank's activities.

Functions

Its duties include:

- Report to the General Shareholders' Meeting on any matters put forward that are within the Committee's remit, particularly on the result of the audit, explaining how this has contributed to the integrity of the financial information and the Committee's role in this process.
- Oversee the process of preparing and presenting mandatory financial information regarding the Company and, where relevant, the Group, reviewing the Company accounts, compliance with regulatory requirements in this regard, the adequate definition of the consolidation perimeter, and the proper implementation of generally accepted accounting criteria.
- Ensure that the Board of Directors presents the annual Financial Statements to the General Shareholders' Meeting, without limitations or qualifications in the audit report. In the exceptional case of there being qualifications in the report, ensure that both the Chair of the Committee and the auditors clearly explain the content and scope of these limitations or qualifications.
- Report to the Board of Directors, in advance, on the financial information and related non-financial information that the Bank must periodically disclose to the markets and its supervisory bodies.
- Oversee the effectiveness of internal control systems, and discuss with the auditor any significant weaknesses identified in the internal control system during the audit, all without compromising its independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.
- Supervise the efficiency of the internal audit, establish and oversee a mechanism which allows the employees of the Bank or of the Group to report, confidentially and, if appropriate, anonymously, irregularities of potential significance, especially financial and accounting irregularities, which they may observe within the Company. The Committee will also receive periodic information how the system is operating and it may propose any actions it deems suitable to improve and reduce the risk of irregularities in the future.

INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE

5 No. of members

2 Independent Directors

100 % Average attendance at sessions

Composition

The Innovation, Technology and Digital Transformation Committee will be formed of a minimum of 3 and a maximum of 5 members. In all cases, the Chairman of the Board of Directors and the CEO shall sit on the Committee. The other members will be appointed by the Board of Directors, on the proposal of the Appointments Committee, taking into account in particular knowledge and experience of candidates on the subjects that fall within the Committee's remit, namely technology and innovation, information systems and cybersecurity.

Functions

Its duties include:

- Assist the Board of Directors in identifying, monitoring and analysing new competitors, new business models and the advances and main trends and initiatives relating to technological innovation, while studying the factors that make certain innovations more likely to succeed and increase their transformation capacity.
- Advise the Board of Directors on the implementation of the strategic plan in aspects relating to digital transformation and technological innovation (the digital strategy) and, in particular, reporting on plans and projects designed by CaixaBank in this field, as well as any new business models, products, customer relationships, etc, that may be developed.
- Foster a climate of debate and reflection to allow the Board of Directors to spot new business opportunities emerging from technological developments, as well as possible threats.
- Support the Board of Directors in analysing the impact of technological innovations on market structure, the provision of financial services and customer habits. Among other aspects, the committee shall analyse the potential disruption of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and matters relating to the protection of privacy and data usage.
- Stimulate discussion and debate on the ethical and social implications deriving from the use of new technologies in the banking and insurance businesses.
- Support the Risk Committee, when required, in monitoring technological risks and matters relating to cybersecurity.

Senior Management

The CEO, the Management Board, and the main committees of the Bank are responsible for the daily management, implementation and development of the decisions made by the Corporate Governance Bodies.

Management Committee

The Management Board meets on a weekly basis to make decisions related to the Strategic Plan, Annual Operating Plan, and other areas that affect organisational life at CaixaBank. It also approves structural changes, appointments, expense lines and business strategies.

GONZALO GORTÁZAR
CEO
30/06/2011

Education

He holds a degree in Law and Business from Universidad Pontificia de Comillas (ICADE) and an MBA from the INSEAD Business School.

Career

Prior to his appointment as CEO in 2014, he was the Chief Financial Officer at CaixaBank and CEO of Criteria CaixaCorp (2009-2011).

He previously held various positions in the investment banking division of Morgan Stanley, as well as a number roles in corporate and investment banking in Bank of America.

He was also First Vice-Chairman of Repsol, Board Member of Inbursa, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Other positions currently held

Chairman of VidaCaixa and Board Member of Banco BPI.

Areas of direct responsibility

- Corporate Development
- Innovation and Digital Transformation
- Compliance
- Non-performing loans, recovery and foreclosed assets
- Technical Secretariat of the CEO

JUAN ALCARAZ
Chief Business Officer
30/06/2011

Education

He holds a degree in Business Management from Cunef (Complutense University in Madrid) and a master's in Business Administration from IESE Business School.

Career

He joined "la Caixa" in 2007, and he is currently Chief Business Officer, responsible for the following business units: Retail Banking, Global Customer Experience and Specialized Consumer Segments (Imaginbank, Family, Senior, Agrobank and Holabank). He is also responsible for: CaixaBank Digital Business and CaixaBank Business Intelligence. He has served as Managing Director of Banco Sabadell (2003-2007) and Deputy Managing Director of Santander and Central Hispano (1990-2003).

Other positions currently held

Chairman of CaixaBank Payments & Consumer and member of the Board of Directors of SegurCaixa Adeslas. Chairman of the Spanish Association of Directors, member of the Advisory Board of Foment del Treball, member of the Board of Trustees of Fundación Tervalis, member of the University Assessment Board of the Universitat Internacional de Catalunya, member of RICS.

Areas of direct responsibility

- Retail Banking
- Business Banking
- Private Banking
- Premier Banking
- Businesses
- Marketing Strategy
- Voice of the Customer & Quality Insights
- Contact Centers
- Real estate reputational risk
- Digital Business
- Regional management
- Business Control
- Technical Secretariat for Business
- Technical Secretariat of the Chairman's Office in Madrid
- Social Initiatives of the Network

Subsidiaries

- CaixaBank Digital Business
- imaginTech
- CaixaBank Business Intelligence
- CaixaBank Payments&Consumer

XAVIER COLL

Chief Human Resources and Organisation Officer

30/06/2011

Education

He holds a degree in Medicine from the University of Barcelona, an MBA from the University of Chicago and a master's in Public Health from Johns Hopkins University. "la Caixa" Fullbright scholarship.

Career

In 2008, he joined "la Caixa" as HR Director and member of the Management Committee. He has over 30 years' experience working internationally, in the health sector, multilateral development banking and the financial sector.

He previously worked at the World Bank as the Director of the President's Office and Vice-President of Human resources, and at the European Investment Bank as the Director of Human Resources.

Areas of direct responsibility

- People
- Labour Relations, Culture and Development
- Talent
- Internal Communication
- Organisation and Productivity
- Employment Legal Advisory

JORDI MONDÉJAR

Chief Risks Officer

10/07/2014

Education

He holds a degree in Economics and Business Management from the University of Barcelona. He is a qualified chartered accountant (Registro Oficial de Auditores de Cuentas).

Career

He worked at Arthur Andersen from 1991 to 2000 in the field of accounts auditing for financial and regulated institutions.

He joined "la Caixa" in the year 2000 and he was the Head of Financial Accounting, Control and Capital before being appointed Chief Risks Officer for the Group in 2016.

Other positions currently held

Director of Sareb and Non-Executive Chairman of BuildingCenter.

Areas of direct responsibility

- Corporate Risk Management Function & Planning
- Retail Lending Office & Service Line (Retail Risk)
- Companies Lending Office (Companies Risk)
- Foreclosed Real Estate Assets –
- Non-performing Loans and Restructuring
- Environmental Risk Management
- Permanent Lending Committee

Subsidiaries

- Building Center
- Credifimo

JAVIER PANO

Chief Financial Officer

24/10/2013

Education

He holds a degree in Business Studies and a Master of Business Administration from the ESADE Business School.

Career

He has been CFO of CaixaBank since July 2014. He is Chair of ALCO and responsible for liquidity management and retail funding, having formerly held management positions in the field of capital markets.

Before joining "la Caixa" in 1993, he held senior positions at various companies.

Other positions currently held

Member of the Board of Directors of BPI and Cecabank.

Areas of direct responsibility

- Markets
- ALM, Treasury & Funding
- Balance Sheet Analysis and Monitoring
- Investor relations

Subsidiaries

- CaixaBank Titulización (Securitisation)

MARÍA LUISA MARTÍNEZ
Head of Communication, Institutional Relations, Brand and CSR
27/05/2016

Education

She holds a degree in Modern History from the University of Barcelona and in Information Sciences from the Barcelona Autonomous University. She completed the PADE programme at IESE Business School.

Career

She joined "la Caixa" in 2001 to head up media relations. In 2008, she was appointed Head of Communication with responsibility for corporate communication and institutional management with the media. In 2014, she was appointed Head of Communication, Institutional Relations, Brand and CSR, and since 2016 she has been the Executive Director in charge of these areas.

Other positions currently held

Chair of Autocontrol, Dircom Cataluña and the Communications Committee of the Spanish Chamber of Commerce.

Areas of direct responsibility

- External Communication
- Corporate Responsibility
- Content and Brand Strategy
- Reputational Risk Management
- Sponsorships
- Institutional Agreements and Relations
- Media Relations and Budgetary Control

MATTHIAS BULACH
Head of Financial Accounting, Control and Capital
28/11/2016

Education

He holds a degree in Economic Science from the University of St. Gallen and an MBA from IESE Business School.

Career

He joined "la Caixa" in 2006 as Head of the Economic Analysis Office, working on strategic planning, analysis of the banking and regulatory system and support to the Chairman's Office in restructuring the financial sector. Before his appointment as Executive Director in 2016, he was Corporate Manager of Planning and Capital. He was previously Senior Associate at McKinsey & Company, specialising in the financial sector and international projects.

Other positions currently held

Member of the Supervisory Board at Erste Group Bank AG; Director of CaixaBank Asset Management, CaixaBank Payments & Consumer and BuildingCenter S.A.

Areas of direct responsibility

- Intervention and Accounting
- Corporate Reporting and Investee Control
- Costs and budget management
- Solvency and Results
- Forecasting and Balance Sheet Models
- Internal Financial Control

IÑAKI BADIOLA
Head of Corporate and Institucional Banking and International Banking
22/11/2018

Education

He holds a degree in Business Sciences from the Complutense University in Madrid and a master's in Business Administration from the IE.

Career

With a career spanning over 20 years in the world of finance, he has held a number of roles in various companies across different sectors: technology (EDS); distribution (ALCAMPO); public administration (GISA); transport (IFERCAT); and real estate (Harmonia).

He was Executive Director of CIB and Corporate Director of Structured Finance and Institutional Banking.

Areas of direct responsibility

- Corporate & Institutional Banking (CIB)
- International Network
- International Business Development
- CIB Business Control
- Structured Finance
- Institutional Banking
- Equities and Corporate Finance
- Corporate Banking
- Debt Capital Markets
- Technical Business Unit
- Research

CaixaBank's DNA
Corporate Governance
Senior Management
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

MARISA RETAMOSA

Head of Internal Audit

22/11/2018

Education

She holds a degree in Computer Science from the Polytechnic University of Catalonia. CISA (Certified Information System Auditor) and CISM (Certified Information Security Manager) certification accredited by ISACA.

Career

She has been Corporate Manager of Security and Resources Governance, and previously served as Head of Security and Service Control in IT Services. She also served as Head of Operations Audit.

Joined "la Caixa" in 2000. She previously worked in Arthur Andersen (1995-2000), working in roles relating to system and process audits and risk advisory.

Areas of direct responsibility

- Audit services
- Regional Audit and Business
- Audit Methodology and Reporting
- Financial, Investor and Regulatory Compliance Audit
- Audit of Systems and Process and Digital Banking
- Audit of Markets, Risks and International Banking

JAVIER VALLE

Head of Insurance

22/11/2018

Education

He holds a degree in Business Studies and a master's in Business Administration from the ESADE Business School. Community of European Management School (CEMS) at HEC Paris.

Career

Over the last ten years, he has been General Manager at Bansabadell Vida, Bansabadell Seguros Generales and Bansabadell Pensiones and CEO of Zurich Vida. He was CFO of the Zurich Group Spain and Director of Investments for Spain and Latin America.

Other positions currently held

He is CEO of VidaCaixa and Deputy Chair and member of the Executive Committee and Board of Directors of Unespa, as well as Director of the Consortium of Insurance Compensation and the ICEA.

Areas of direct responsibility

- Insurance Group

Subsidiaries

- VidaCaixa

LUIS JAVIER BLAS

Head of Resources

1/02/2020

Education

He holds a degree in Law from Universidad de Alcalá. AMP (Advanced Management Program) by ESE Business School (Universidad de los Andes-Chile), as well as other corporate management development programs by IESE and INSEAD.

Career

Until his appointment to the CaixaBank Management Committee, he was Head of Engineering & Data in Spain and Portugal and a member of the BBVA Management Committee in Spain (2015-2019). Previously, he had held several positions, mainly in BBVA Group's media department, both in Chile (2010-2015) and in Spain (2000-2010). Previously, he worked at Banco Central Hispano, Grupo Accenture and Abbey National Spain.

Other positions currently held

To date, he had been a member of the board of several companies representing BBVA, both in companies of the BBVA Group and in other affiliates (Redsys, Redbanc and Previred).

Areas of direct responsibility

- IT Services
- Banking Services
- Information Security and Governance
- Process Efficiency and Digitalisation
- Safety
- General Services Management

Subsidiaries

- Silk
- CaixaBank Facilities Management
- CaixaBank Operational Services

N.B. Until 1 February 2020, Mr Jorge Fontanals was Executive Director of Resources.
Mr Fontanals plans to take early retirements but will continue to be linked to the Bank to ensure the smooth transfer of his functions.

ÓSCAR CALDERÓN

General Secretary and Secretary to the Board of Directors
29/5/2014

Education

He holds a degree in Law from the University of Barcelona and he is a State Lawyer.

Career

He served as State Lawyer in Catalonia (1999-2003).

He has worked with "la Caixa" Group since 2004, as Lawyer to the General Secretary's Office of "la Caixa", Deputy Secretary to the Board of Directors of Inmobiliaria Colonial (2005-2006), Secretary to the Board of Banco de Valencia (2013) and Deputy Secretary to the Board of Directors of "la Caixa" until June 2014. He was also a Trustee and Deputy Secretary of "la Caixa" Foundation until its dissolution in 2014, as well as Secretary to the Board of Trustees of "la Caixa" Banking Foundation until 2017.

Other positions currently held

Trustee and Secretary to the Board of Trustees of Fundación del Museo de Arte Contemporáneo de Barcelona (MACBA). He is also Secretary of Fundación de Economía Aplicada (FEDEA).

Areas of direct responsibility

- General Secretariat
- Legal Advice
- Governing Bodies Secretariat
- Investor and Corporate Governance Secretariat
- Corporate M&A

Main Committees

The following is a description of the main committees in which CaixaBank's senior management is represented:

ALCO COMMITTEE (assets and liabilities)

The ALCO Committee is responsible for the management, monitoring and control of structural liquidity, interest rate and exchange rate risks relating to CaixaBank's balance sheet.

It is also responsible for optimising the financial structure of the CaixaBank Group's balance sheet and making it more profitable, including the net interest margin and the windfall profits in the Profit from Financing Operations; determining transfer rates with the various lines of business (IGC/MIS); monitoring prices, terms and volumes of the activities that generate assets and liabilities; and managing wholesale financing.

All of this falls under the policies of the risk appetite framework and the risk limits approved by the Board of Directors.

As a result, it will take the appropriate decisions and may make recommendations to the various operating areas.

Frequency **Monthly**

Sub-Committee of **Management Committee**

REGULATION COMMITTEE

The Regulation Committee is the body responsible for defining the Group's position on issues related to financial regulation. Its functions include spearheading the activity to represent the Bank's interests, as well as the systematisation of regulatory activities, regularly assessing the initiatives carried out in this field. In addition, this Committee approves and reviews the Interest Representation Map in order to coordinate the participation of the Bank's executives in associations and forums at the national and international level.

Frequency **Monthly**

Sub-Committee of **Management Committee**

INFORMATION AND DATA QUALITY COMMITTEE

Oversee the coherence, consistency and quality of the information reported to the regulator and to the Group's management, providing a comprehensive view at all times.

Frequency **Monthly**

Sub-Committee of **Management Committee**

RECOVERY AND RESOLUTION PLAN COMMITTEE

Preparing, approving, reviewing and updating plans to minimise the impact of future financial crises on contributors.

Frequency **Yearly**

Sub-Committee of **Management Committee**

GLOBAL RISK COMMITTEE

Responsible for the overall management, control and monitoring of risks affecting the Group's Corporate Risk Taxonomy, together with their implications for solvency management and capital consumption.

The Committee therefore analyses the Group's global risk position and establishes policies to optimise their management, monitoring and control within the framework of its strategic objectives.

The GRC is responsible for adapting risk strategy to the RAF set out by the Board of Directors, coordinating measures to mitigate any breaches and reactions to early warnings of the RAF, as well as keeping CaixaBank's Board of Directors informed (through its Risk Committee) of the main actions being carried out by the CaixaBank Group and the status of its risks.

The GRC is not responsible for the approval or rejection of new operations, renewals, renegotiations, refinancing or restructuring, reserved for the Permanent Committee, by express delegation of the Board of Directors.

Frequency **Monthly**

Sub-Committee of **Risks Committee**

CORPORATE RESPONSIBILITY AND REPUTATION COMMITTEE

CRRC is responsible for overseeing the corporate responsibility strategy and practices and proposing and presenting (for their approval by the corresponding governing bodies) general policies for managing corporate responsibility and reputation.

Its mission is to help CaixaBank gain recognition for its excellent reputation, strengthening the Bank's position through its socially responsible banking model.

Another of the CRRC's objectives is to monitor CaixaBank's strategy in terms of reputational risk as established by the Board of Directors in the Risk Appetite Framework (RAF). .

Frequency **Monthly**

Sub-Committee of **Management Committee**

Additionally, the CaixaBank Group Corporate Responsibility and Reputation Committee is responsible for coordinating responsible policies and positions and monitoring corporate responsibility strategies and practices within the Group. It meets quarterly.

CORPORATE CRIMINAL MANAGEMENT COMMITTEE

Manage any observations or reports made through any channel regarding the prevention of and response to criminal conduct. The Committee's main functions are: Prevention, Detection, Response, Report and Monitoring of the Model.

Frequency
Monthly

Sub-Committee of
Board of Directors

PERMANENT LENDING COMMITTEE

The committee responsible for approving loan, credit and guarantee operations, as well as investment operations that are specific to the Bank's corporate objective. Its approval level is defined in the Bank's internal regulations. In September 2018, it was assigned new functions: "To officially approve loan, credit and guarantee operations, as well as investments operations in general that are specific to the Bank's corporate objectives, up to a limit of 200 million euros per operation. Exceptionally, for reasons of urgency, as determined by the committee itself, it may approve in collaboration with a Managing Director and for internal purposes, operations for greater amounts, up to a maximum limit, reporting on the operations approved by this means to the Executive Committee of the Board of Directors at the next meeting held by the Committee."

Frequency
Weekly

Sub-Committee of
Executive Committee

TRANSPARENCY COMMITTEE

This committee determines all transparency-related aspects of the design and marketing of financial instruments, banking products and investment and savings insurance plans.

It is tasked with ensuring the transparent marketing of the Bank's products by defining and approving policies covering marketing, the prevention of conflicts of interest, the safeguarding of customer assets and enhanced execution of transactions. It also validates the classification of new financial instruments, banking products and savings and investment plans on the basis of their risk and complexity, in accordance with the provisions of MiFID and banking and insurance transparency regulations.

Frequency
Monthly

Sub-Committee of
Management Committee

DIVERSITY COMMITTEE

Its mission is to create, promote, monitor, and recommend actions to the corresponding bodies to increase diversity, focusing on the representation of women in management, talent loss mitigation, and other areas of diversity that are a priority for the Bank. This includes functional, generational and cultural diversity.

Frequency
Quarterly

Sub-Committee of
Management Committee

ENVIRONMENTAL RISK COMMITTEE

This committee is responsible for analysing and, where appropriate, approving the proposals made by the various functional areas with regard to the strategic positioning of the Bank in relation to Environmental Risk Management, in addition to identifying, managing and controlling the risks associated with this area on the front line.

Frequency
Quarterly

Sub-Committee of
Management Committee

PRIVACY COMMITTEE

It reports directly to the Management Committee and it acts as the senior and decision-making body for all aspects relating to privacy and personal data protection within the CaixaBank Group.

Frequency
Bimonthly

Sub-Committee of
Management Committee

EFFICIENCY COMMITTEE

The mission of this committee is to improve the organisation efficiency. It is responsible for proposing and agreeing with the Divisions and Subsidiaries the proposed annual cost and investment budgets to be presented to the Management Committee for approval.

Frequency
Monthly

Sub-Committee of
Management Committee

Remuneration

CaixaBank establishes the Remuneration Policy for its Directors on the basis of general remuneration policies, committed to a market position that allows it to attract and retain the talent needed, and encourage behaviour that ensures long-term value generation and the sustainability of results over time.

Market practices are periodically analysed with salary surveys and specific ad hoc studies carried out by top-level specialists. Similar companies in the IBEX 35 and the financial sector provide a comparable sample of the market sector in which CaixaBank operates and that of IBEX 35 companies. External experts are also consulted on certain issues.

In 2019, the remuneration policy for directors, which was submitted by the Board to the General Shareholders' Meeting for a binding vote on 5 April 2019 was approved with 97.19% of votes in favour. With this result and that of the advisory vote of the Annual Report on the Remuneration of Directors, it is understood that shareholders widely support the Bank's Remuneration Policy.

The nature of the remuneration received by the members of the Board of Directors of the Bank is described below:

DIRECTORS

+

The system provided for in the Articles of Association establishes that the remuneration of CaixaBank directorships should consist of a fixed annual amount to be determined by the General Meeting, which remains in force until the General Meeting agrees to modify it. In this regard, the remuneration of the members of the Board, in their capacity as such, consists solely of fixed components.

Non-executive Directors (those that do not have executive functions) have a purely organic relationship with CaixaBank and, consequently, they do not hold contracts with the Bank to perform their duties, nor are they entitled to any form of payment should they be dismissed from their position as Director.

EXECUTIVE POSITION (only applicable to the CEO)

In relation to members of the Board with executive duties, the Articles of Association recognise remuneration for their executive functions, in addition to the directorship itself.

Therefore, the remuneration components of these functions are structured in due consideration of the economic context and results, and include the following:

- Fixed remuneration according to the employee's level of responsibility and professional career, constituting a significant part of the total compensation.
- Variable remuneration in the form of an annual bonus linked to the achievement of pre-established targets and prudent risk management.
- Social prevision and other social benefits.
- A long-term share-based incentives plan linked to the strategic plan.

In the case of Directors with executive functions, strictly referring to the Bank's CEO, the nature of the components received is described below:

Fixed component

The fixed remuneration, and any modifications thereto, of the Executive Director is largely based on his/her level of responsibility and professional career, combined with a market approach taking account of specific salary polls and ad hoc surveys undertaken by specialist companies, based on a peer group sample of comparable European banks.

Short-term variable component

The Executive Director is entitled to variable remuneration in the form on a bonus determined on the basis of a target remuneration with a degree of fulfilment that is adjusted according to risk and performance measurement:

- 50% based on corporate targets with a degree of fulfilment [80%-120%] and which is determined based on the following concepts in line with the strategic targets:

SHORT-TERM VARIABLE COMPONENT

Item Objectifiable	Weighting	Strategic Line
ROTE (Return on Tangible Equity)	10%	Generating an attractive return for shareholders while remaining financially sound
Core cost-to-income ratio	10%	Generating an attractive return for shareholders while remaining financially sound
Variation in problematic assets	10%	Generating an attractive return for shareholders while remaining financially sound
RAF (Risk Appetite Framework)	10%	Generating an attractive return for shareholders while remaining financially sound
Quality	5%	Offering the best customer experience
Conduct and compliance	5%	Setting the benchmark for responsible management and social commitment

- 50% based on individual targets, with a degree of fulfilment [60%-120%], is distributed globally among challenges linked to strategic objectives. The final valuation may fluctuate + /-25% to reflect the qualitative assessment and the exceptional challenges that may arise throughout the year.

In line with the objective to have a reasonable, prudent balance between fixed and variable remuneration components, the amounts of fixed remuneration paid to Executive Directors are sufficient and the percentage of variable remuneration in the form of a bonus in addition to annual fixed remuneration is low, not exceeding 40%.

Long-term variable component

On 5 April 2019, the General Meeting approved the implementation of an Annual Conditional Incentives Plan linked to the 2019-2021 Strategic Plan for a group of 90 recipients including the CEO, members of Senior Management and other key executives of the Group.

LONG-TERM VARIABLE COMPONENT

Target Item	Strategic Line
Core cost-to-income ratio	Generating an attractive return for shareholders while remaining financially sound
ROTE (Return on Tangible Equity)	Generating an attractive return for shareholders while remaining financially sound
CX (Customer Experience Index)	Offering the best customer experience
RAF (Risk Appetite Framework)	Generating an attractive return for shareholders while remaining financially sound
TSR (Total Shareholder Return)	Generating an attractive return for shareholders while remaining financially sound
GRI (Global Reputation Index)	Setting the benchmark for responsible management and social commitment

This programme allows a number of CaixaBank shares to be received after a certain period of time, provided the strategic targets are met and subject, among other things, to the evolution and positioning of certain strategic parameters.

Contributions to long-term savings schemes

Furthermore, as a fixed remuneration component, contracts of Executive Directors contain pre-established contributions to pension and savings plans.

15% of the contributions paid to complementary pension schemes will be considered a target amount (the remaining 85% is considered a fixed component). This amount is determined in accordance with the same principles established for variable remuneration in the form of a bonus, with eligibility to be determined solely on the basis of individual assessment parameters, and it is contributed to a Discretionary Pension Benefits Policy.

The remuneration of the Group's Senior Management, particularly that of a variable nature in relation to the corporate strategic challenges, is based on the remuneration of the CEO. The Annual Report on the Remuneration of Directors and note 9 to CaixaBank's 2019 consolidated financial statements provide further details on remuneration paid to the Executive Director and Senior Management.

Context and outlook for 2020

Economic context

Evolution of **economic overview and markets**

Decrease in the rate of economic growth: estimated growth rate of 2.9%, below the 2018 figure, due to the maturity of the global economic cycle, industrial shock and geopolitical factors.

2019 GLOBAL GDP GROWTH (EST.):

+2.9%

WEAK MANUFACTURING AND GEOPOLITICAL VOLATILITY

- **China continues its gradual slowdown:** reported growth for 2019 is 6.1%, below the 6.6% of the previous year.

- **The trade dispute between the United States and China intensifies up until the summer and it starts to get back on track at the end of 2019:** trade flows and global activity are now feeling the effects of the trade tensions and, even if a deal is reached, it is unlikely to be sufficient to eliminate uncertainty in this context.

- **The US economy continues to perform well:** estimated growth rate of 2.3% for 2019, a solid pace given the trade tensions and the loss of momentum from the fiscal stimulus of 2017-18.

- **Greater trade tensions between the US and the European Union:** a ruling by the World Trade Organization in favour of the US concerning subsidies to Airbus from the EU results in tariffs imposed by the US on EU products. The extension of these tariffs to new products is not ruled out.

- **Weaker growth in the euro zone:** the slowing trend began in 2018 became more pronounced in 2019 (estimated growth of 1.1%), mainly due to a downturn in foreign dynamism and the difficulties faced in the manufacturing sector (particularly intense in the automobile industry).

- **Political uncertainty in Europe:** in 2019, concern about a possible disorderly Brexit has been a source of uncertainty. Following the exit agreement reached with the EU, which eliminated this possibility, there is now concern about the complexity of reaching a satisfactory agreement that regulates the new relationship between the UK and the EU.

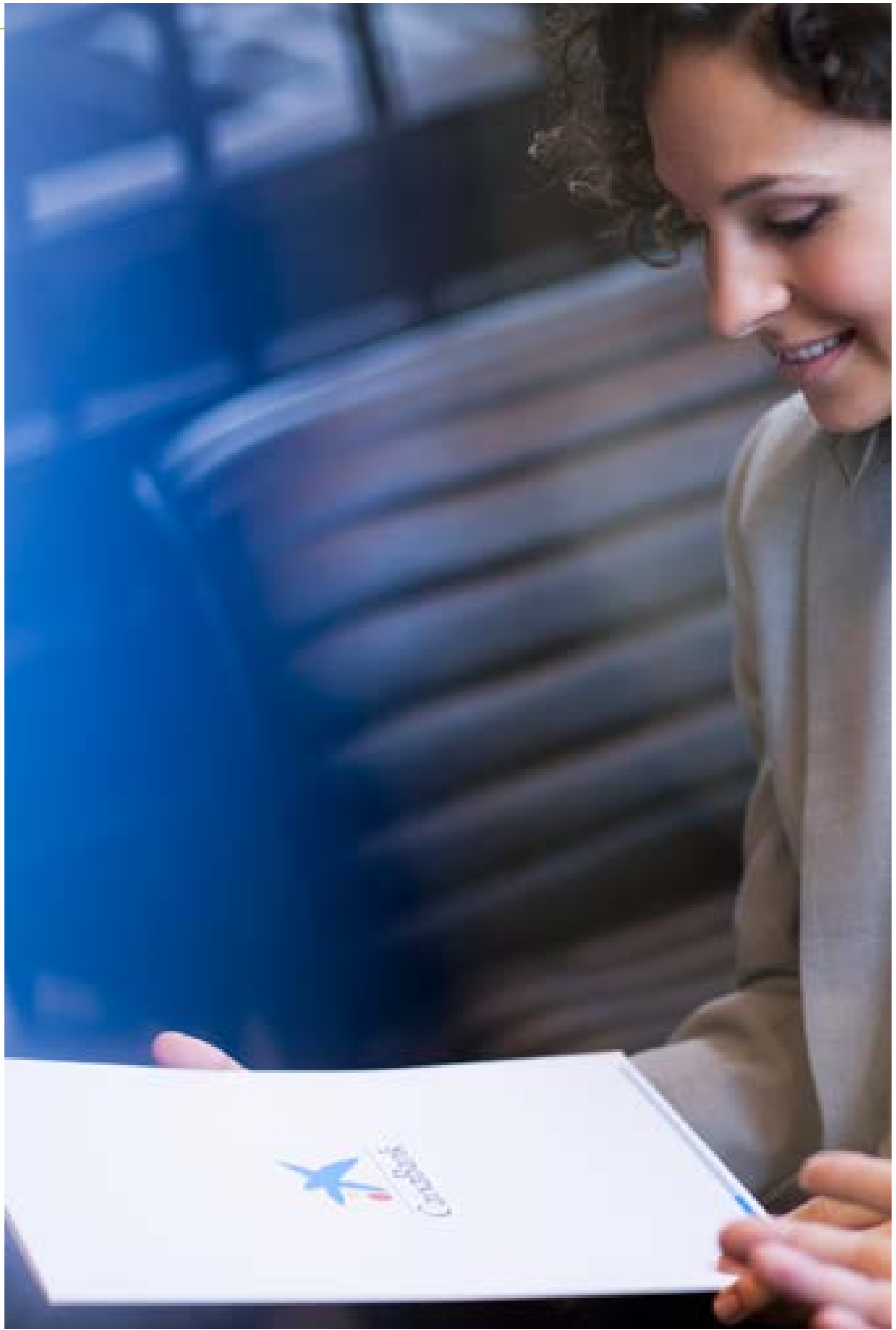
- **Volatility persists in financial markets:** the slowdown in global growth combined with the escalation in trade tensions between the US and China are key factors in 2019. The alleviation of trade tensions allows for a reduction in volatility and supports the evolution of stock markets and sovereign interest rates towards the end of the year.

- **The Federal Reserve goes back to monetary normalisation:** against a backdrop of limited inflationary pressures and the prospect of an economic slowdown, the Fed has lowered rates three times and, in order to tackle possible liquidity problems in the market, it is starting a new round of asset purchases.

- **The ECB confirms a new monetary stimulus package in response to the economic slowdown:** interest rate cut (10 bp), new asset purchases, lower interest rates for TLROs (long-term refinancing operations that provide financing to credit institutions) and the package is expected to remain in place until inflation reaches its target.

2020 global **outlook**

- **Slight rally in global growth mainly thanks to emerging markets:** estimated growth rate of 3.2%, although this is still below the historical average (3.8%).
- **US growth rate will slow:** the late stage of the economic cycle and the uncertainties associated with the trade tensions will hang over economic activity. Nevertheless, extreme scenarios, like a recession, are unlikely.
- **Euro zone growth will remain very contained:** the structural changes taking place in the automobile sector, the global risks to trade and uncertainties surrounding Brexit will continue to be apparent.
- **Very dovish monetary policy in the euro zone:** no major changes to economic policy are expected in 2020 which will remain lax to support economic activity.



Evolution of **Spain**

- **The economy is approaching more moderate levels of growth:** as the economy moves into a more mature phase of the cycle and the foreign sector is suffering from the deterioration of the global context, the pace of growth is slowing, although it remains substantial.
- **Spain continues to make positive progress:** in spite of the slowdown, growth remains above the majority of developed economies.
- **Consumers are more cautious:** the softening of the economic outlook and the slowdown in employment growth translates into an increase in savings and a reduction in consumer growth.
- **Contrast between the services and manufacturing sectors:** the manufacturing sector is suffering from the deterioration of global trade flows and difficulties in the automotive sector, while the services sector is holding a better position.
- **The real estate market stabilises:** after years of growth, both house prices and supply and demand are showing signs of stabilising.
- **New lending is slowing:** this trend was mainly due to the sharp slowdown in new mortgage lending operations, temporarily affected by the entry into force of the new mortgage law in the middle of last year. In this respect, the data relating to the last months of the year already show some recovery in the mortgage market.
- **The economy remains sound:** after six straight years of notable growth, the economy has not yet accumulated any macroeconomic imbalances. Private sector debt remains contained, the current account is in surplus and the competitive gains of recent years are maintained.
- **The political situation, a factor to keep an eye on:** after a year dominated by elections in 2019, the new coalition government is a stablising factor.

2019 GDP GROWTH
+2.0 %

GRADUAL SLOWDOWN IN GROWTH

2020 **outlook** for Spain

- **Shift towards more sustainable growth rates:** for 2020 the estimated growth rate is 1.5 %, a slower pace than in previous years, but more in line with the economy's growth potential.
- **Internal demand, a pillar of growth:** the positive dynamic in the labour market and the expected notable growth in income, boosted by the wage increase, will lead to a slight rally in consumption and support investment development.

Evolution of **Portugal**

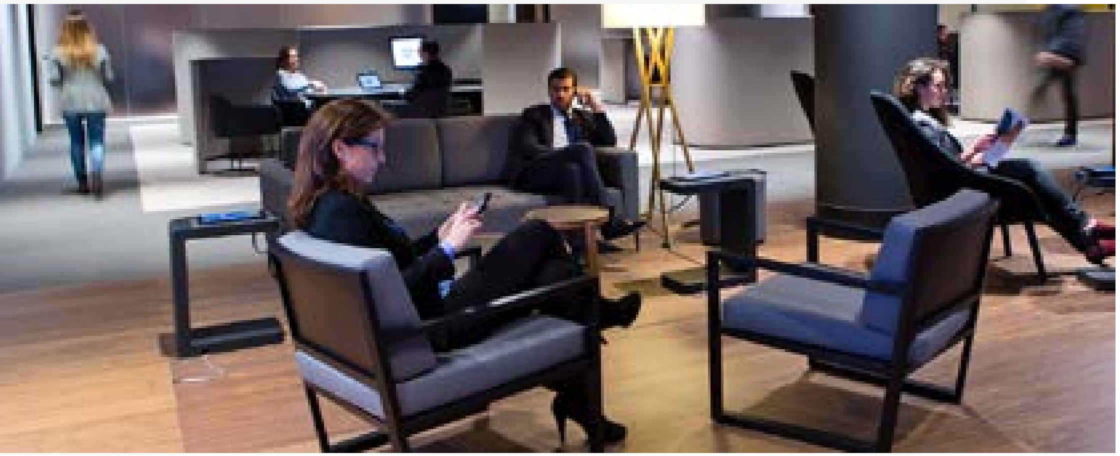
- **Positive rate of growth:** despite the slowdown, due to a certain decrease in investments and exports, the economy maintains a satisfactory rate of progress.
- **Employment growth, a key factor behind the good climate of confidence:** the labour market, which is already close to full employment, is a key factor behind the positive development of domestic demand.
- **Improved macroeconomic imbalances reflected in the country risk premium:** the positive evolution of the public deficit and good economic data have led to a lower country risk premium.
- **A new status quo government is formed:** the public accounts are expected to continue improving.

2019 GDP GROWTH (EST.):
+1.9 %

MODERATE SLOWDOWN
RHYTHM OF ACTIVITY

2020 **outlook** for Portugal

- **Slight slowdown in growth:** economic activity is expected to grow at a slightly weaker rate of 1.7%, due to the lower rate of growth in domestic demand. The main sources of risk will be external, including the swing towards protectionism in the US and the slower growth of its main trading partners.



CAIXABANK IN THIS ENVIRONMENT

In the context of risks and opportunities arising from the macro-economic environment, the Group maintains robust levels of capital and liquidity, proven by compliance with internal and external stress tests and reported on in the capital and liquidity self-assessment processes (ICAAP and ILAAP, respectively).[1]

The Group also manages the effect of a persistently low interest rate environment through a strategy of diversifying income sources towards products that are less sensitive to interest rates, the development and improvement of the range of products and services more suited to this environment, and the continued improvement of the Group's efficiency and productivity.

[1] ICAAP, Internal capital adequacy assessment process. ILAAP, Internal liquidity adequacy assessment process.

Regulatory **context**

CaixaBank is actively involved in the debate related to the development of regulatory and supervisory standards in the financial sector. In doing so, the Bank seeks to contribute to the establishment of a robust and coordinated legislative, regulatory and supervisory framework, which helps to preserve financial stability and benefit economic growth and well-being of consumers, customers, shareholders and employees.

Involvement in regulatory debate means ongoing dialogue with the relevant authorities and institutions, sharing views on consultations and regulatory proposals by means of position papers and impact analysis documents, either at the request of these public authorities or on CaixaBank's own initiative. CaixaBank generally shares its opinions in collaboration with different associations that represent the sector, in order to try to reach a consensus within the industry. To this end, CaixaBank is a member of a broad range of associations. In the field of banking, most of its activity is channelled through the Spanish Confederation of Savings Banks (CECA) at the national level, the European Savings and Retail Banking Group (ESBG) at a European level and the Institute of International Finance (IIF) at an international level. Additionally, Banco BPI is a member of the *Associaçâo Potuguesa de Bancos* (APB), which in turn is a member of the *European Banking Federation* (EBF). In the field of insurance, VidaCaixa's participation at a national level in the Spanish Union of Insurance and Reinsurance Companies (UNESPA), through which it is represented in the European Insurance and Reinsurance Federation (Insurance Europe), and in the European Insurance CFO Forum (CFO Forum) at the European level.

At the regulatory level, there are increased efforts to minimise errors in the provision of advice on legal matters or regulatory interpretation, to reduce the lawsuit management shortcomings and to improve the management of the requirements from regulators/supervisors and of the penalty proceedings that may be brought. Greater concern is also placed on personal data privacy and protection and in compliance with regulations and standards related to the activities carried out by employees or agents that may harm the interests and rights of customers.

>> MAIN INITIATIVES MONITORED BY CAIXABANK DURING THE YEAR THAT HAVE AN IMPACT ON THE GROUP

SUSTAINABLE FINANCE

- Sustainability-related disclosures in the financial services sector
- EBA action plan on sustainable finance
- Regulation proposal for the establishment of a framework to facilitate sustainable investment
- Regulation on EU climate transition benchmarks, EU Paris-aligned benchmarks and sustainability-related disclosures for benchmarks

TAXATION

- Draft bill on Tax on Financial Transactions
- Tax on Specific Digital Services
- Measures to Prevent and Combat Tax Fraud
- Amendment to the General Tax Law to incorporate the DAC6 directive into Spanish law

INNOVATION AND DIGITALISATION

- EBA Guidelines on Cloud outsourcing
- EBA Guide on managing ICT and security risks
- Initiatives on crowdfunding service providers
- FinTech action plan
- Royal Decree-Law on payment services and other urgent financial measures (PSD 2)
- Spanish regulatory sandbox

FINANCIAL STABILITY AND STRENGTHENING OF THE FINANCIAL SECTOR

- European Covered Bonds
- Banking Recovery and Resolution Directive (BRRD 2)
- Capital Requirements Directive and Regulations (CRD 5/CRR 2)
- Directive on the prevention of money laundering and terrorism financing (AMLD 4)
- EBA Guide on loan origination.
- International Financial Reporting Standard
- Benchmarking Regulations
- Regulations on the minimum loss coverage for non-performing exposures.

CONSUMER PROTECTION AND TRANSPARENCY

- Markets in Financial Instruments Directive (MiFID2/MiFIR)
- Consumer Credit Directive (CCD)
- Organic Law on the Protection of Personal Data and guarantee of digital rights (LOPD)
- Regulatory law on real estate loan contracts (LCI)
- International Financial Reporting Standard
- Amendment to the Order on transparency and protection of customers of banking services.
- Royal Decree-Law on payment accounts, payment account switching and comparability of fees (PAD)

Technological, social and competitive context

>> The **digital innovation** offers new opportunities to be a faster and more efficient organisation and to transform customer relations.

In turn, the technological revolution is significantly altering the competitive framework in which financial institutions operate. As such, digitalisation is leading to the appearance of new competitors such as *Fintechs* and digital platforms called *Bigtech*, with disruptive potential in terms of competition and services. Specifically, these new competitors tend to be more agile and flexible, have a light cost structure, and are able to take advantage of different technologies to offer the customer a comfortable and simple user experience at a lower cost. Likewise, for now, most of these new entrants have a highly specialised approach to specific financial services. This differs from the traditional model, characterised by the joint provision of financial services, and can lead to a fragmentation of the value chain, with impact on margins and cross-selling.

However, the Company believes the new entrants also represent an opportunity as a source of collaboration, learning and stimulus for the fulfilment of the digitalisation and business transformation objectives established in the Strategic Plan. CaixaBank regularly monitors the main new entrants and the movements of BigTech towards the banking industry. In addition, CaixaBank has Imagin as a top-level value proposal that it will continue to develop. With respect to the competition from Bigtech, CaixaBank is committed to improving the customer experience and modernising the relationship model with the added value of the responsible use of data.

>> **Demand for long-term savings products will continue growing** in the context of greater demands for household financial planning and the low rate environment. Since 2014, long-term savings products, which include pension plans, investment funds and savings insurance, have grown by around 45%. This is explained by the low interest rate environment that has led to the search for more attractive returns in a context where the return on deposits is zero. This growth has been reinforced by the banks' strategy of increasing fee income with the management and marketing of these products. In the coming years, the demand for these savings products will continue due to the growing need for financial planning, whether to obtain attractive returns on low-risk products or savings products that complement public pensions.

>> The **volume of cybercrime events and their severity has increased,** making this a higher regulatory priority on the supervisors' agenda.

CaixaBank is aware of the importance and existing threat level, and constantly monitors the technological environment and applications in terms of information integrity and confidentiality, system availability and business continuity, through planned reviews and continuous audit (with monitoring of defined risk indicators). CaixaBank also carries out the relevant analyses to adapt the security protocols to new challenges and has defined a new strategic information security plan to remain at the forefront of information protection, in accordance with the best market standards.

>> The **Society is increasingly demanding socially responsible banks** that concern themselves with the social and environmental well-being of the territories in which they have a presence. Thus, it is expected that the areas of financial inclusion and education, of compliance culture and environmental risk management will become more relevant in the financial sector.

In this regard, measures related to the management of ESG risks have been given a greater focus throughout this year. One notable example is the far-reaching actions set out in the European Commission's Green New Deal, which will be translated into specific legislative initiatives. From the point of view of the business in the environmental area, these initiatives could materialise in elements such as potential exposure to sectors with intensive carbon emissions or high exposure to risks associated with the energy transition.

In anticipation, the principles and values that form the foundation of CaixaBank are closely aligned with ESG principles, although the increasing level of demand for sustainability in the sector leads to greater potential reputational impact.

Against this backdrop, CaixaBank actively monitors the developments and initiatives in the aforementioned fields, participating, for example, in the debate within the sector on the European directives in the Spanish legal system. CaixaBank is also a signatory and is committed to multiple initiatives and working groups to address, among other aspects, the improvement of management and reporting in these areas.

Similarly, within the framework of a rigorous, responsible and transparent decision-making process, the Group takes into account the ESG implications deriving from its admission and investment policy. In this sense it strives to optimise the risk/return ratio and avoid, minimise, mitigate or remedy, insofar as possible, those factors that could entail risk for the environment or community.

Business model

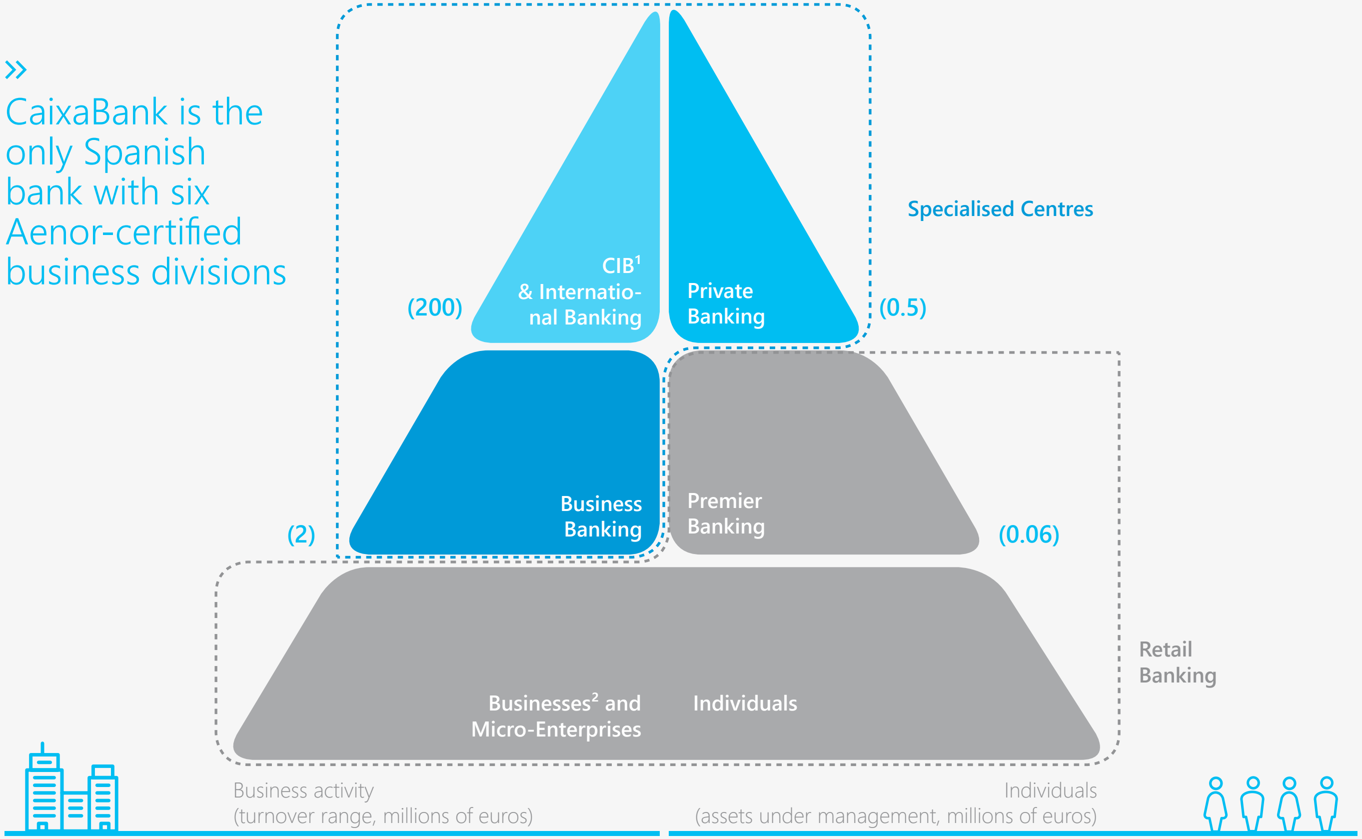
A business model that covers all financial and insurance needs.

CaixaBank has a universal banking model, offering a wide range of products and services adapted to the customers' needs through a business platform that combines physical branches and the digital world.

Segmentation, key to better meeting our customers' needs

»

CaixaBank is the only Spanish bank with six Aenor-certified business divisions



[1] Corporate & Institutional Banking
[2] Includes the self-employed, professionals, farmers and shops

CaixaBank

Personal, business and microenterprise banking

The value proposal of Retail Banking is based on an innovative and unique omnichannel service offer aimed at individuals, businesses and entrepreneurs; all this while constantly striving to improve the customer experience.

The BusinessBank proposal is aimed at small businesses, entrepreneurs, self-employed workers and shops. It includes all the day-to-day solutions related to security, protection, internationalization and financing that they need, always with support form expert managers.

Main indicators

8 million
relational customers[1]

85.5 (scale 0-100)
retail banking experience index

27.1%
market share of direct payroll deposits
(+30 bp en 2019)

4.8 million
omnichannel customers[1]
(branch, ATMs and digital)

33.4%
penetration of self-employed workers
(+13 bp en 2019)

24.1%
market share of businesses[2]
(+50 bp en 2019)

[1] Includes all segments.
[2] For business turnover < EUR 1 million

Milestones in 2019

Development of value proposals through four life experiences, **helping the customer,**

- **to think about the day to day**, with the best omnichannel offer.
- to **enjoy life**, making financing easier to help their dreams and projects become a reality.
- to **sleep soundly**, with the most comprehensive protection solution on the market.
- to **think about the future**, with solutions to make systematic savings easier.

Launch of a new branch concept, **All in One**, one of the largest flagship bank branches in Europe. Presenting a modern, transparent and personal bank with a fresh and innovative feel.

We continued with **the store branches model** reaching 458 offices by 2019, with the goal of reaching more than 600 by 2020.

BusinessBank
Actitud emprendedora

Opening of **28 specialised BusinessBank centres,** in addition to the 14 already in place in 2018, with the strategic goal of reaching 70 in 2020.

Making the best **deals with partners like Samsung, Arval, Securitas Direct**, etc. In 2019, we reached **15,000** renting cars for individual customers, **160,000** mobiles, **130,000** televisions, more than **50,000** security systems and **40,000** Protección Senior systems.

Improvement of the omnichannel experience with:

- the whole mortgage process through Casa Fácil
- new 100% digital customer registration process via mobile
- new facial recognition method at ATMs

CaixaBank's DNA
Business model
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

New products / services launched in 2019

MYBOX LAUNCH

a new proposal with protection solutions. MyBox products are designed for customers' piece of mind, with exclusive coverage and unique advantages.

+320,000 MyBox premiums

NEW *NÓMINA 15* SERVICE

through which 50% of a customer's salary is paid in to their account on the 15th of each month. This service is for civil service customers, an increasingly significant segment for whom we are striving to be the leading bank.

SOCIAL COMMERCE

an application that makes it possible to provide payment and product marketing solutions through social networks to businesses that do not have a website or virtual store and only operate on a face-to-face basis.

NEW PRE-APPROVAL MODELS

allowing our customers to access instant financing with personalised conditions.

+2 million customers with consumer loans

+4 million customers with pre-approved loans

PoS TABLET LITE

a solution for small businesses with basic point of sale management needs that wish to digitalise their business (type of PoS).

Strategic challenges

- Continue improving the customers' experience
- Consolidate the customer omnichannel relationship
- Enhance customer relations

Complete and competitive protection solutions

Flat monthly rate

Fixed fee for 3 years

Exclusive coverage

CaixaBank Banca Premier

Premier Banking

The value proposal of Banking Premier is founded on three key pillars: a unique advisory model, certified professionals, and exclusive solutions for customers. This has enabled CaixaBank to reaffirm its leadership in the field of financial advice.

Main indicators

» **87.5** (scale 0-100)
premier banking experience index

» **67 %**
adviced customers

» **2,596**
specialised managers

» **€134,651 million**
in assets and securities under managed funds and securities

New products / services launched in 2019

Throughout 2019, we consolidated our offer by launching a new **range of discretionary management products: Master Portfolios** made up of direct investment funds which bring together the management, analysis and monitoring capabilities of CaixaBank Asset Management with the knowledge and expertise of the best international fund managers.

Milestones in 2019

New Premier Store branches: exclusive branches for Premier Banking customers. These are spaces for offering advice tailored to out customers' needs. They employ highly qualified teams of professionals who are commercially proactive and specialised in advisory services.

Premier at inTouch centres: Pilot schemes for remote advisory services for Premier Banking customers in all regional departments. Mainly aimed at customers with a digital profile or customers who already received InTouch management and have moved onto the Premier Business.

CaixaBank Banca Privada

Private Banking

Private Banking has specialised teams and more than 600 certified professionals with an average of over 15 years of experience working with the branch network to offer the best service.

Private Banking has 53 exclusive centres to guarantee that customers always receive a personal service. Different service models are offered to customer, from traditional financial advice to independent advice and broker services. In addition, the Social Value Project provides solutions in the fields of Philanthropy and Socially Responsible Investment (SRI).

Main indicators

87.6 (scale 0-100)
private banking experience index

94 %
adviced customers

€73,385 million
managed funds and securities

100 %
of managers with the CNMV financial advisory accreditation

Milestones in 2019

Consolidation of the customer base and growth of the Private Banking business. Driving **advisory as a means of growth**, thanks to the strengthening of our TIME objective advisory model.

+€9,103 million in managed funds and securities compared with 2018 (+14.2 %)

Consolidation of **CaixaBank Wealth**: the first independent advisory unit integrated into a banking organisation in Spain.

€4,780 million wealth balance

Ocean, the first online third-party fund platform with personalised information and conditions for each customer according to their profile. In the Ocean platform, customers can view the details of their service based on their profiles (rates, fund offers, custody services). Access to nearly 2,000 funds with more than 140 managers.

Driving the **discretionary management model** with the launch of a new range of **Master portfolios,** made up of direct investment funds which bring together the management, analysis and monitoring capabilities of CaixaBank Asset Management with the knowledge and expertise of international fund managers. It is a more efficient, flexible and transparent service.

€12,077 million in discretionary portfolio management

Market leaders in discretionary management in Spain

Specialisation: specific value proposals and a team dedicated to groups that, by their nature, share the same asset management needs and objectives (non-profit organisations, religious institutions and professional athletes).

We have the **broadest offer of alternative investments** on the Spanish market in terms of both balances and options. Throughout 2019, the Buy Out, Venture Capital, Debt, Infrastructures, Renewables, Circular Economy and Real Estate funds were distributed.

CaixaBank's DNA
Business model
Strategic lines
Non-financial information statement
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Socially responsible investment and Philanthropy

DONATIONS

+€1 million raised for various social causes by Private Banking customers throughout the year.

SRI FUNDS

501% increase in average balance of our Private Banking customers in this type of products.

SECOND EDITION OF THE PRIVATE BANKING CHARITY AWARDS

recognising our customers' contributions in the field of philanthropy in two categories: Best Track Record and Best Project. There were 68 nominations for the awards, which were presented in Madrid with great success and with significant media coverage for our customers.

TRAINING AND OUTREACH

12 sessions were held with customers.

2ND ANNUAL SOCIAL VALUE PROJECT REPORT

a document intended to take stock of the development of our service that also strives to contribute to the development of philanthropy and Socially Responsible Investment of our country.

CHARITY DINNER "A SPECTACULAR EVENING"

raised over €65,000 in contributions to the dinner and was attended by over 250 customers.

Strategic challenges

Continue increasing the number of advisory customers.

Consolidation of the new business models and independent advisory.

Broaden the offer and marketing of SRI products.

CaixaBank's DNA
Business model
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

CaixaBank Empresas

Business Banking

CaixaBank Empresas has consolidated its position as the favourite bank of Spanish companies. It adds a value proposal that offers innovative solutions and a specialised service, through its 125 business centres distributed across Spain, providing expert advice via videoconference or by activating new communication channels between customers and managers, such as the Muro de Empresas and Go&Business.

Business Banking presents an exclusive service model whereby a team of experts responds to the needs of each company. The Bank strives to continually improve its customer relations while also expanding its base of company customers to keep on promoting lending with the best service.

Main indicators

» **86.6** (scale 0-100) business banking experience index

» **€40,969 million** investment

» **44.4 %** of Spanish companies are CaixaBank customers[1]

» **15.1 %** companies loans market share (+38 bp en 2019)

[1] With turnover between 1-100 million euros. Source: FRS Inmark.

Milestones in 2019

- Opening of 5 new business centres.
- CaixaBank Hotels & Tourism. Consolidation of company business by sector. **CaixaBank Hotels & Tourism** continues to contribute to boosting and stimulating the sector's commercial activity.
- In 2019, CaixaBank became a member of the World Tourism Organization (WTO) as an Associate Member.
- CaixaBank Real Estate & Homes. Launch of **Real Estate & Homes** to offer products and services through a group of specialists in the real estate sector.
- Enhancing relationships by driving the commercial system with more visits and contacts through the digitalisation process.
- Launch of the platform **We.Trade** based on Blockchain technology.
- The **Company Customer Journey** is deployed to obtain an in-depth analysis of the omnichannel experience of Business customers.

» **125** branches = **105** Companies + **14** Real estate business (CENIs) + **3** Large Companies + **3** DayOne for start-up *clients*

+25 %

» of our customers' contributions to the GAVI programme for child vaccination, totalling more than €1 million

Strategic **challenges**

- Focusing on innovation and customer service.
- Ensuring the maximum degree of activation of all the commercial figures.
- Capturing customers to continue to increase the market share.
- Synergies with other segments to provide a comprehensive service to the customer.
- Promoting the "la Caixa" Banking Foundation programmes: GAVI, the Vaccine Alliance (for child immunisation) and Incorpora (jobs for vulnerable people) as part of corporate responsibility of companies.

CaixaBank Corporate & Institutional Banking
CaixaBank International Banking

CIB & International Banking

The CIB & International Banking service integrates three business areas, Corporate Banking, Institutional Banking and International Banking, as well as several product areas that provide services to customers, such as Capital Markets, Cash Management, Project Finance, Asset Finance, and M&A.

Corporate Banking's value proposition offers a tailor-made service to corporate clients, seeking to become their main bank. This involves crafting personalised value propositions and working with clients in export markets.

Institutional Banking serves public and private-sector institutions, through specialized management of financial services and solutions.

International Banking offers support to customers of the branch network, CIB, and Business Banking operating abroad, as well as local large corporations through 27 international locations throughout the world and 175 professionals.

Main indicators

1 corporate Banking Centre

€34,369 million investment

15 institutional Banking Centres

Agreements with **1,600** correspondent banks

23.3 % market share in trade

International presence

18 Representation offices

Milan, Beijing, Shanghai, Dubai, New Delhi, Istanbul, Singapore, Cairo, Santiago de Chile, Bogotá, New York, Johannesburg, Sao Paulo, Hong Kong, Lima, Algiers, Sydney, Toronto.

5 International branches (7 offices)

Warsaw
Morocco with three branches:
- Casablanca
- Tangier
- Agadir

London
Frankfurt
Paris

2 Spanish Desks

Mexico City
Vienna

Milestones in 2019

- Creation of synergies following the integration of International Banking into CIB that have made it possible to **double the turnover in international branches** and to promote opportunities originating in countries covered by representative branches.
- Progress of international business with the development of our international Corporate Banking platform and commercial offer.

  +€2,914 million in investment in 2019 (+ 9.3 %).
- Redefinition of the commercial strategy of international branches to align them with the CIB sector strategy.
- Prizes GTF London 2019 and The Airline Economics Dubai 2019, in recognition of the most complex and innovative operations in the global aviation industry, for the financing of 4 Royal Air Maroc aircraft.
- **External sessions.** Two sessions have been held in 10 countries, attended by 228 customers.

New products / services launched in 2019

STRENGTHENING COMMERCIAL OFFER

with new confirming, factoring and guarantee capacities.

CONTINUED GROWTH IN THE TRANSPORT SECTOR

Automotive, aviation, rail and maritime, including new international investment customers.

> €1,500 MILLION GRANTED IN 2019

RENEWABLE ENERGY

Financing of several national and international projects during 2019.

NEW WORKING CAPITAL PRODUCTS

NEW BOOKING MODEL POLICY

which will allow for optimum flexibility in product developments in the future.

See section **Environmental strategy - Promoting "green" business**

Strategic challenges

Consolidating the international presence by attracting new customers and projects.

Strengthening the relationship with existing customers for the development of new products.

Positioning CaixaBank as the benchmark in socially responsible banking.

BPI

BPI

BPI is a financial institution focused on commercial and retail banking operations in Portugal, where it is the fifth largest bank in terms of assets, with market shares of 10% in loans and deposits.

BPI's business is distributed into Personal Banking, Premier and Private Banking, Business and Institutional Banking and Corporate and Investment Banking. BPI offers a complete range of financial products and services, adapted to the specific needs of every sector, through a specialised, omnichannel and fully integrated distribution network.

BPI's product range is complemented with investment and savings solutions from CaixaBank's Asset and Insurance Management department and with the distribution of non-life and life risk insurance policies through Allianz Portugal, in which BPI holds a 35% stake. Since the beginning of 2020, BPI has been marketing life risk insurance policies for CaixaBank, following the conclusion of the distribution agreement for these insurance policies with Allianz Portugal.

Five strategic priorities guide BPI's activity: i. Sustainable growth in profitability; ii. Boosting the customer experience transformation; iii. Developing the bank's human resources; iv. Improving operational and organisational efficiency; v. Consolidating the bank's reputation based on the quality of customer service and social commitment.

Main indicators

1.9 million
customers

€31,444 million
total assets

477
branches

€24,303 million
in loans and advances to customers
(+4.4% compared in 2018)

4,840
employees

€34,344 million
total customer funds
(+3.4% compared with 2018)

Milestones in 2019

- Launch of the BPI Family and BPI Commerce value propositions that cover all communications regarding the products and services aimed at these segments.
- Expansion of the value proposition for customers in the strategic segments of agriculture and tourism and new international trade solutions.
- Strengthening Business Banking:
  - 2 new large company units
  - 2 new real estate business centres
- Redesign of the BPI App, now simpler and more intuitive
- Improvements in customer experience: commitment to the omnichannel network, the simplification of the main processes, new functionalities, and commitment to more efficient contact with managers through the digital channels
  - 100% of commercial managers have SmartPCs
- Reduction of the time spent on administrative processes in branches for commercial activity by centralising and digitalising processes
- Recognition:
  - Best large bank in Portugal 2020
  - Best large bank in Portugal 2020
  - Most trusted bank in Portugal 2019
- Digital innovation awards:
  - Financial Innovation Awards 2019 (Change team of the year, Best Technology Initiative Europe)
  - PayTech Awards 2019 (PayTech Team of the year)
  - Portugal Digital Awards 2019 (Best Digital Strategic Tool)
  - PWM Wealth Tech Awards 2019 (Best Private Bank, Digitally, Empowering, RMs, Europe)

New products / services launched in 2019

BPI APP

- The first bank in Portugal to allow its customers to consult balances and movements and initiate account transfers with other banks through *BPI Net* and its mobile application.
- Availability of the insurance catalogue.
- Possibility of making purchases and withdrawals without a physical card.

LAUNCH OF CONTA VALOR *COMMERCE, TPA COMMERCE AND SMART PoS*

for the business segment.

OFFER OF NEW SAVINGS SOLUTIONS

in the form of capitalisation insurance, depending on the investment time horizon and composition of the asset portfolios.

iFACTORING BPI

digital solution launched at the end of the year for the factoring product that allows online access and consultation on digital BPI channels.

Presence

Holding events aimed at reinforcing support and proximity to companies: *Encontros BPI com empresas, Negócios com o Mundo,* BPI Innovation Summit.

Launch of awards to support agriculture, tourism, innovation and entrepreneurship: first edition of the *Prémio Nacional do Turismo*, in association with *Jornal Expresso*, eighth edition of the *Prémio Nacional de Agricultura*, , in association with *Cofina; Prémio PME Inovação COTEC-BPI* 2019; second edition in Portugal of the *Premios Emprendedor XXI*.

Sponsorship of the main national agricultural and tourism fairs: *Feira Nacional de Agricultura*, *Ovibeja* and *Bolsa de Turismo de Lisboa*.

Risk management

CaixaBank maintains a low average risk profile, comfortable capital adequacy and comfortable liquidity metrics, in line with its business model and the risk appetite defined by the Board of Directors.

The risk management systems implemented are adequate in relation to the approved risk profile and risk appetite and consist of the following elements:

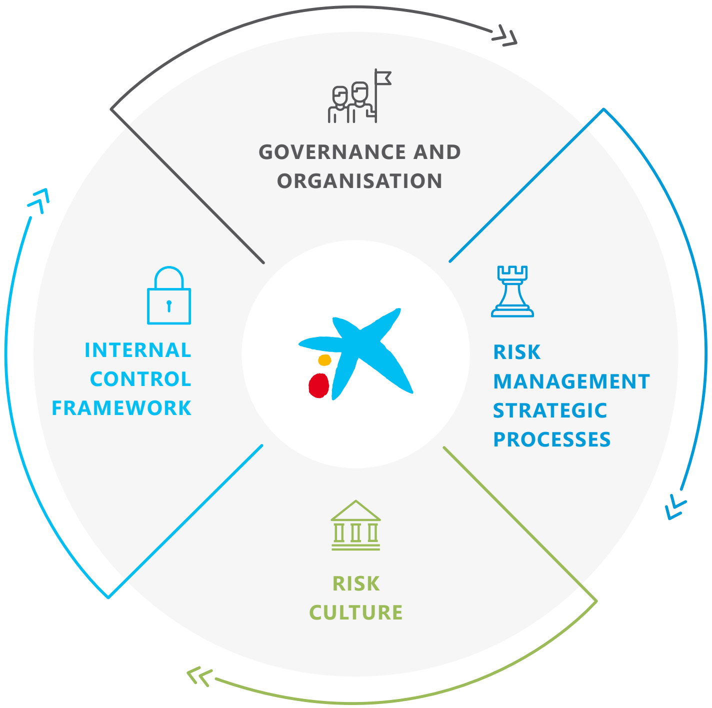
GOVERNANCE AND ORGANISATION

This is done through internal policies, rules and procedures that ensure the adequate supervision by the governing bodies, steering committees, and CaixaBank's specialised human resources.

RISK CULTURE

The Risk Culture is based, among other things, on general risk management principles, employee training and performance-based evaluation/ variable remuneration of employees.

CORE ELEMENTS OF RISK MANAGEMENT AND CONTROL



STRATEGIC RISK MANAGEMENT SYSTEM

Identification and assessment of risks. Risk Assessment: A six-monthly risk self-assessment, covering all the risks included in the Risk Taxonomy. This involves the process of identifying the strategic events that relate to one or more of the risks which, based on their potential mid- to long-term impact in the context of the Strategic Plan, may require specific monitoring.

Classification and definition of Risks. Risk Taxonomy: List and description of the material risks identified in the Risk Assessment and reviewed annually. Facilitates monitoring and internal and external monitoring of risks.

Risk Appetite Framework (RAF): A comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Group's strategic objectives concerning the risks included in the Risk Taxonomy.

Risk planning: Assessment, from a risk perspective, of the current, future and hypothetical balance sheet in stress scenarios.

INTERNAL CONTROL FRAMEWORK

A structure based on the Three Lines of Defence model that provides a reasonable degree of assurance that the Group will achieve its objectives.

Note 3 of the 2019 consolidated annual financial statements provides additional information on risk management and the Group's internal control model.

The following is a summary of the most relevant aspects of management and intervention for the different risks identified in the Corporate Risk Taxonomy in 2019:

>> BUSINESS MODEL RISKS

	Business	Eligible own funds/Capital adequacy	Liquidity and funding
DEFINITION	Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns that exceeds the of capital.	Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.	Risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.
RISK MANAGEMENT	The management of this risk is supported by the strategic financial planning process, which is continually monitored to assess the fulfilment of the strategy and budget. After quantifying the number of deviations and identifying their cause, conclusions are presented to the management and governing bodies to evaluate the benefits of making adjustments to ensure that the internal objectives are fulfilled.	Management focuses on maintaining a comfortable capital situation in accordance with a medium-low risk profile to cover any unexpected losses. The objective of the new 2019-21 Strategic Plan is to reach a CET1 level of approximately 12 % of RWAs and to obtain one additional percentage point (temporary) to cover any potential regulatory impacts forecasted over the next few years (such as the completion of Basel III and other regulatory modifications).	The management approach is based on a decentralised system (CaixaBank and BPI) with the segregation of functions aiming to maintain an efficient level of liquid assets; the active management of liquidity and the sustainability and stability of funding sources in both normal and stress scenarios.
KEY MILESTONES IN 2019	In 2019, the return on tangible equity (ROTE) has exceeded the cost of capital, excluding the impact of the Labour Agreement. In a persistent low-rate environment, we have continued to promote the digital transformation and strengthen the CaixaBank business model, which has proved to be resilient in this context. The focus is on the insurance and asset management business, on business segments less sensitive to the interest rate (consumer credit) and on adapting the management of the liabilities and liquidity of customers. All of this while pursuing a cost containment policy compatible with a continuous investment in technology and in the transformation of the distribution model.	The CET1 is 12.0 %, meeting the minimum requirements with ease, and the MDA buffer *(Maximum Distributable Amount)* is €4,805 million. During 2019, active management has been carried out to prepare for the coverage of future MREL requirements (Minimum Required Eligible Liabilities): 5 issues of senior non-preferred debt (SNP) for an amount of €3,382 million and 1 issue of senior preferred debt (SP) for €1,000 million.	The positive evolution of the commercial gap, in addition to bond issues (€5,382 million) which exceed the maturities for the year (€2,135 million), total liquid assets have amounted to €89,427 million, with a LCR (liquidity coverage ratio, 12-month average) of 186 %. Institutional financing amounts to €32,716 million and has performed very well in 2019 due to the success in accessing markets with different debt instruments.

RISKS AFFECTING FINANCIAL ACTIVITY

	Credit	Impairment of other assets	Market
DEFINITION	Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty about a customer's or counterparts to meet its obligations to the Group.	Reduction of the carrying amount of shareholdings and non-financial assets (tangible, intangible, tax assets and other assets) of the CaixaBank Group.	The value decrease of the assets or value increase of the liabilities included in the trading portfolio, due to fluctuations in rates, exchange rates, credit spreads, external factors or prices on the markets where those assets/liabilities are traded.
RISK MANAGEMENT	This is the most significant risk for the Group's balance sheet. It is derived from its banking and insurance activity, cash flow operations, and its investee portfolio, encompassing the entire management cycle of the operations. The principles and policies that underpin the credit risk management are: • A prudent approvals policy based on: (i) an appropriate relationship between income and the expenses borne by consumers; (ii) documentary proof of the information provided by the borrower and the borrower's solvency; (iii) Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation. • Monitoring the quality of assets throughout their life cycle based on preventive management and early recognition of impairment. • Up-to-date and accurate assessments of the impairment at any given time and diligent management of non-performing loans and recoveries.	The management approach is based on monitoring the processes for evaluating asset impairment and write-down tests, in addition to compliance with the optimisation policies of shareholdings and real estate holdings in accordance with the strategic objectives.	Its management is focused on maintaining a low and stable risk below the established appetite limits.
KEY MILESTONES IN 2019	In 2019, we enhanced the monitoring and control processes, continuing with the effectiveness of the recovery process, which has translated into continuous and sustained improvements in the credit quality metrics of the balance sheet, as has been the case in recent years. The NPL ratio has fallen to 3.6% (compared to 4.7% as at 31 December 2018).		

>> RISKS AFFECTING FINANCIAL ACTIVITY

	Structural rates	Actuarial
DEFINITION	Negative impact on the economic value of the balance sheet's items or on the financial margin due to changes in the temporary structure of interest rates and its impact on asset and liability instruments and those outside of the Group's balance sheet not recorded in financial assets held for trading.	Risk of a loss or adverse change to the value of the commitment assumed through insurance or pension contracts with customers or employees due to the differences between the estimate for the actuarial variables used in the tariff model and reserves and the actual performance of these.
RISK MANAGEMENT	This risk is managed by optimising the net interest margin and keeping the economic value of the balance sheet within the limits established in the risk appetite. CaixaBank actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet by its deposits and lending transactions with customers.	The management principles and policies aim for long-term stability of the main actuarial factors that affect the technical development of the marketed insurance, classified into homogenous risk groups. This is achieved through controlled management of the liabilities through reinsurance in order to mitigate the risk taken up to the tolerance limits.
KEY MILESTONES IN 2019	In 2019, CaixaBank held its balance-sheet position to increases in interest rates. The reasons for this positioning are of a structural and managerial nature. Specifically, from a structural point of view, exceptionally low interest rates have continued to drive the movement of deposits from fixed-term accounts to on-demand accounts.	

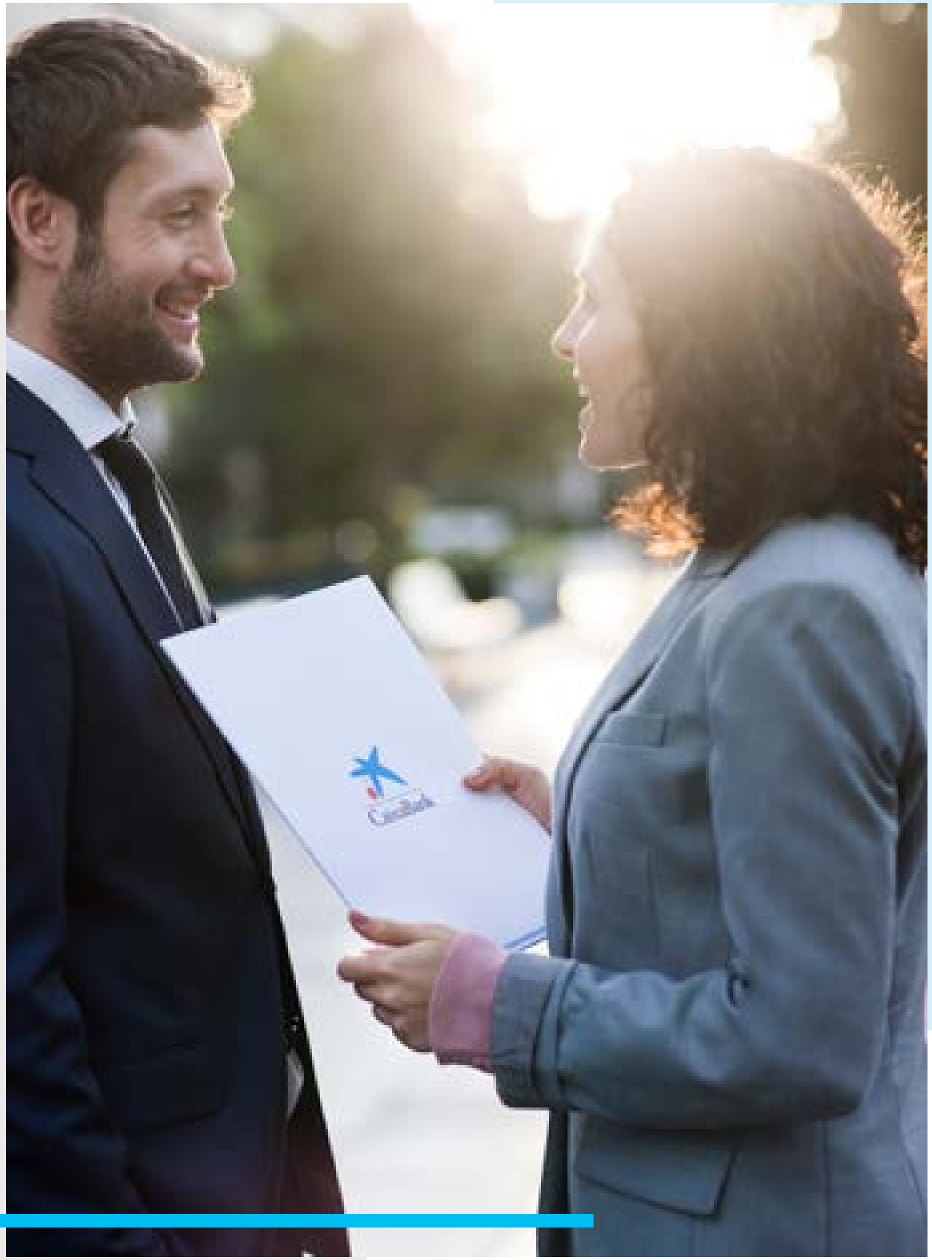
REPUTATIONAL AND OPERATIONAL RISKS

	Legal/Regulatory	Conduct	Technological
DEFINITION	The potential loss or decrease in the profitability of the CaixaBank Group as a result of changes in the legislation, of the incorrect implementation of this legislation in the Caixabank Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of a court or administrative injunctions, or of the claims or complaints received.	The application of conduct criteria that run contrary to the interests of customers and stakeholders, or acts or omissions that are not compliant with the legal or regulatory framework, or with internal codes and rules, or with codes of conduct and ethical and good practice standards.	Risks of losses due to hardware or software inadequades or failures in technical infrastructure, due to cyberattacks or other circumstances that could compromise the availability, integrity, accessibility and security of the infrastructures and data.
RISK MANAGEMENT	The aim of legal and regulatory risk management is to safeguard to Group's legal integrity, on the one hand, by monitoring, interpreting and implementing regulatory changes and, on the other, by managing the case-by-case defence of the Group in judicial and extrajudicial proceedings, and monitoring the impact of such proceedings on the Group's assets.	Conduct and compliance risk management is not just the responsibility of a single department, but of the entire CaixaBank Group. All employees must strive to ensure compliance with current legislation and to implement procedures to translate this legislation into their day-to-day work.	The management involves the identification, implementation and monitoring of the indicators linked to the various areas of Technological Risk. CaixaBank is also aligned with the highest international standards with regard to information technologies (IT).

KEY MILESTONES IN 2019	In 2019, the Group participated in relevant consultative processes at European and national level –the finalisation of the Basel III agreements; the Consumer Credit Directive; the Distance Marketing of Financial Services Directive; the Benchmark Regulation (BMR); and other legislative amendments concerning transparency– as well as the implementation of standards such as Regulatory Act 5/2019 on real estate credit contracts and Royal Decree-Law 19/2018 on payment services and other urgent financial measures (PSD2), and others concerning technological risks.	• Fostering a culture of good conduct, with two main levers:
		  • Linking good conduct criteria to the variable remuneration by: 1) including indicators in the corporate objectives, such as customer due diligence and the correct formalisation of operations, and 2) undertaking and passing certain regulatory training courses. In both cases, the 2019 compliance targets were achieved.
		  • Awareness-raising of good conduct through specific sessions with the network and the publication of communications on corporate channels.
		• Strengthening anti-corruption and conflict of interest policies, procedures and controls.
			Deployment of the Technological Risk control framework in accordance with a new advanced control and monitoring methodology.
			
			This methodology is aligned with the supervisor's guidelines on IT risk, including scenarios associated with cyber security such as cyber attacks, cyber espionage or information leaks, among others.

REPUTATIONAL AND OPERATIONAL RISKS

	Other operational risks	Reliability of the financial information	Reputational
DEFINITION	Losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, risk factors related to outsourcing, the use of quantitative models, the custody of securities or external fraud.	Deficiencies in the accuracy, integrity and criteria of the process used when preparing the data necessary to evaluate the financial and equity position of the CaixaBank Group.	The possibility that the CaixaBank Group's competitive edge could be blunted by loss of trust by some of its stakeholders, based on their assessment of real or purported actions or omissions carried out by the Group, its Senior Management or Governing Bodies, or due to the bankruptcy of related unconsolidated entities (step-in risk).
RISK MANAGEMENT	The management and control of this risk seeks to avoid or mitigate negative impacts on the Group, either directly or indirectly due to the impact on relevant stakeholders (e.g. customers), arising from internal processes and systems or from the actions of third parties.	The management approach involves monthly monitoring of the accounting close and the existence and monitoring of the adequate functioning of the Internal Control over Financial Reporting System (ICFRS), in addition to other metrics and policies related to financial information.	This management approach aims to achieve a satisfactory level on the main CaixaBank reputation indicators and to make progress in the monitoring of preventative measures and control.
KEY MILESTONES IN 2019	During 2019, the Corporate Policy on outsource management was updated and implemented, in line with the new EBA Guide and best practices, strengthening corporate governance and control of risks in the contracting of services from third parties. Furthermore, the Digital Transformation of the Business and the entry into force of new regulations and supervisory standards (e.g. PSD2) are requiring a greater focus on the prevention of external fraud and on operational resilience.		In 2019, the crises communication management protocols were updated, with the implementation of procedures according to the severity of the crisis events and the creation of a Crises Communication Committee. Likewise, the CaixaBank Global Reputation Index has also been thoroughly reviewed to ensure that the perceptions and weightings of its stakeholders are aligned with the expectations and reputational attributes of the new 2019-2021 Strategic Plan.



02 Strategic lines

Offer the **best customer** experience

Trends changing customer behaviour include service customization; enhanced user experience; an increased importance of financial advice; increased interaction through mobile channels and other innovations.

One of the Group's strategic priorities is to offer the best customer experience. That is, to place the customer at the centre and build a more emotional relationship between the customer and the company. To do so, the Group has defined the following levers:

Strategic priorities

- To be a benchmark
- Relationships based on closeness and trust
- Service excellence
- A value proposition for each segment
- A commitment to innovation

Levers

- Continue to transform the distribution network to offer greater value to customers
- Strengthen the remote digital customer service model
- Agreements to expand the service offer and build an ecosystem that goes "beyond" banking
- Segmentation and a focus on customer journeys

Main monitoring metrics 2019-2021 Strategic Plan

2019	Objective 2021
>> 86.3 Experience Index (IEX, scale 0-100)	>> 86.3 (2019) Experience Index (IEX)
>> 61.7 % Digital clients	>> ≈70 % Digital clients
>> 11.9 % Consumer credit on credit to individuals	>> ≥12 % Consumer credit on credit to individuals
>> €1,643 million Insurance and pension income	>> ≈€2,050 million Insurance and pension income

CaixaBank's DNA
Strategic lines
Offer the best customer experience
Non-financial information statement
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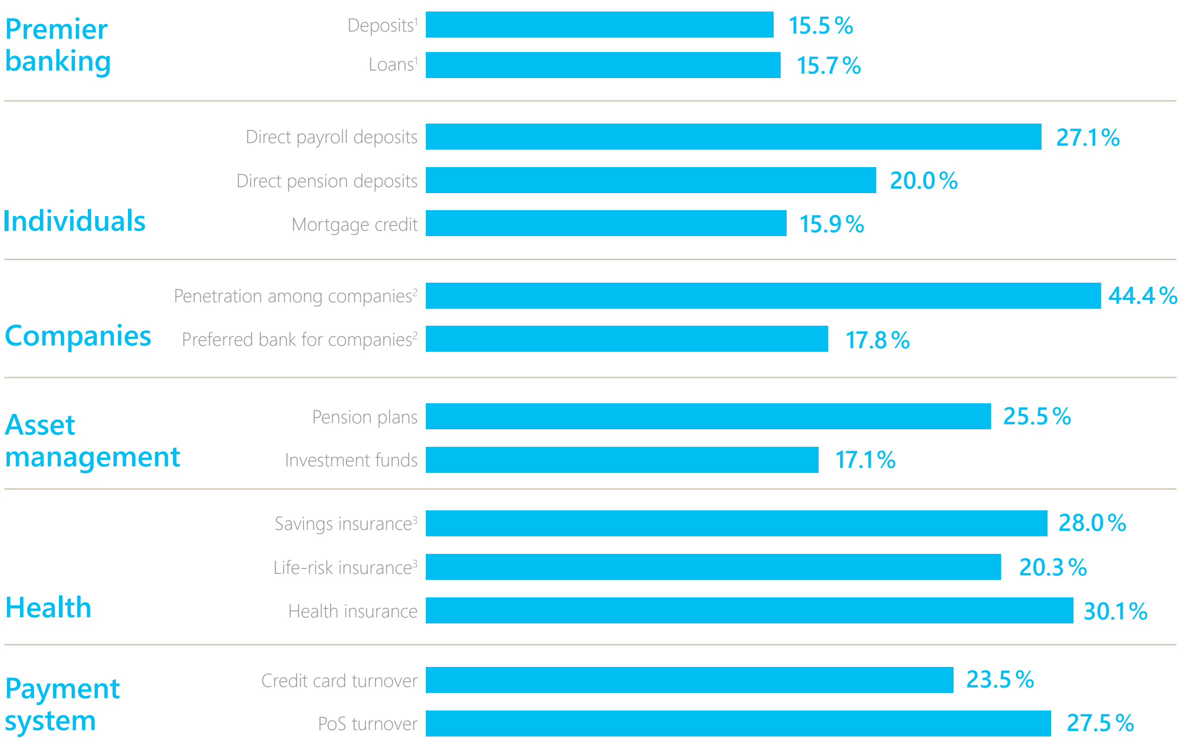
CUSTOMER CONFIDENCE TRANSLATES INTO HIGH MARKET SHARES FOR MAJOR FINANCIAL AND INSURANCE PRODUCTS AND SERVICES



[1] November 2019

[2] Businesses: companies with a turnover of €1-100 M Latest data for 2019 (bi-annual survey).

[3] September 2019.

BPI INSTALMENTS

Loans	10.2 %
Consumer lending	14.0 %
Deposits	10.2 %
Direct payroll deposits	9.4 %
Investment funds	20.3 %
Insurance	11.1%

Customer loyalty and satisfaction leads to sustained growth in market share

27.8 % Penetration among individual customers (Spain)

24.4 % Primary bank for retail customers (Spain)

CaixaBank's DNA
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A powerful platform on which value can be created through alliances

Today, CaixaBank is a financial supermarket with a competitive and extensive range of products and services to cover 100% of its customers' financial and insurance needs. With a view to offering customers the best value proposal while also prioritising efficiency, CaixaBank establishes strategic agreements with other leading companies from different sectors, sharing knowledge and creating synergies.

Daily Banking

Accounts, payments, transfers, bills, cards, donations, etc.

CaixaBank · Comercia Global Payments · #1 Payment methods

€53,465 million cards turnover

477,651 PoS

Alliances to improve the value proposition with new services

VISA · GARMIN · Apple Pay · Samsung Pay

Financing

Mortgages and personal loans, consumer loans, guarantees, working capital lines, microloans, etc.

CaixaBank · MicroBank

11.9 % consumer lending on credit to individuals

€725 million microloans and other loans with social impact

40,000 senior protection

Agreements with manufacturers to finance and distribute

SAMSUNG · MediaMarkt · Direct

Insurance and protection

Life insurance, non-life insurance (health, home, car, funerals, etc.), Home and personal protection services, etc.

VidaCaixa #1 Life insurance · SegurCaixa Adeslas #1 Health insurance

€93,011 million managed customer funds

€12,060 million premiums

Long term savings

Savings and insurance, investment funds, pension plans, life annuities, *Unit Linked*, managed portfolios, securities and other financial instruments

CaixaBank Asset Management #1 Investment funds · VidaCaixa Savings insurance

€159,762 million insurance and assets under management

Customer solutions

To continue to transform the distribution network to offer greater value to customers

The growth of digital channels, especially the mobile channel, is one of the main changes in the financial sector in recent years, yet the key importance of branches remains. Despite the sustained growth of digital customers, the relevance and added-value of in-branch transactions/advisory services have increased. Customers continue to value the sense of proximity at their bank of choice (according to the 2018 FRS Inmark study for Spain).

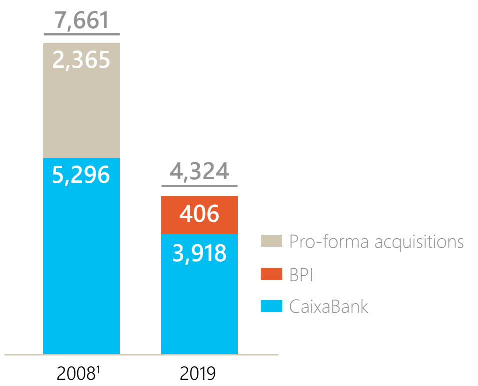
The last decade has been an intense period of optimisation of the distribution network for CaixaBank, reducing the number of branches and increasing their efficiency, continuing a commitment to specialisation while developing digital and remote channels. Between 2019-2021, a reduction of more than 800 branches (508 in 2019) is predicted, mainly in urban areas, with the rural network remaining stable.

With a rating of **48 %** the proximity of the branch network is the main reason for the choice of main bank.

(FRS Inmark, study 2019)

Resizing the network - retail branches

do not include specialised branches



[1] Pro-forma acquisitions: Banca Cívica, Barclays Spain, Banco de Valencia and Caixa Girona

The largest physical network in Spain

4,118 branches

9,111 ATMs

91 % of citizens have a branch in their municipality

... and in Portugal

477 branches

1,380 ATMs

At the forefront of banking transformation

2 All in One branches

Innovative experiences beyond banking, with specialised attention to all value proposals in the same space

458 Store branches

Advice centres that enable a more efficient and proximate organisation

PE 2019-2021 Goals

<3,640 Spanish retail network

>600 Store branches in 2020

A close and specialised network

Our mission to provide the best customer experience has led to an increased level of specialisation and customisation, and, as a result, the creation of specialised businesses/branches where expert managers offer the specific and customised financial advice services that our customers deserve.

AgroBank

AgroBank's proposal is based on 3 axes: the most complete offer of products and services in the sector, the specialisation of branches and equipment and a series of actions to boost the sector. It is aimed at all customers belonging to the agri-food sector, covering all links in the value chain, i.e. production, processing and marketing (excluding distribution).

AgroBank has signed agreements with Agro-food Cooperatives, the Spanish Wine Federation, the Spanish Wine Interprofessional Organisation and the Wine Technology Platform, among others.

+350,000
clients

919
Agrobank branches
located in towns where the agricultural sector is the main or one of the main activities

27.7%
penetration rate for self-employed farmers
(+53 bp vs. 2018)

€1,000 million
of new loans in the agricultural sector

Milestones in 2019

- **New pre-approval templates** allowing our customers to access instant financing with personalised conditions.
- Launch of **Renewable energy agro-investment:** loans to finance investment in renewable energies for self-consumption in agricultural operations and processing industries.
- **Improvements in the Common Agricultural Policy assistance service** (carried out in our branches by external firms).

Commitment and drive to the sector

- Presentation of the **first study of the agri-food sector.**
- Carrying out of **6 AgroBank technical seminars,** with more than 2,500 attendees.
- **The AgroBank Professorship,** in collaboration with the University of Lleida, with the aim of promoting the transmission of scientific and technical knowledge between the academic institution and professionals in the sector.
- **AgroBank magazine** (65,000 copies per year).
- Collaboration with the **Incorpora** programme.
- **Training of rural women** to access the governing bodies of cooperatives and to participate in the congress of rural women in Spain.

1
6
14

dayone

DayOne is a new concept in financial services, exclusively created to accompany both nationally and *scale-ups* active in Spain and with high growth potential. The Company has physical spaces that function as hubs for capturing talent and capital in Barcelona, Madrid and Valencia. It also has a client portfolio in Bilbao and Malaga.

The hubsserve as meeting points between founders of technology companies, partners helping them to grow, and investors interested in innovative companies with growth potential.

In addition to offering a specialised line of products and services for these clients, CaixaBank offers its network of contacts to attract investors in the search for capital for funding rounds. In addition, *DayOne* has designed a training and networking programme tailored to entrepreneurs.

HolaBank

This is the specialised programme aimed at international customers who spend long periods of time in Spain or want to settle here. Our value proposition consists of offering international customers comprehensive financial services. To do this, we have specialised centres and managers located in the main tourist areas.

9

ENTREPRENEUR XXI AWARDS

To contribute to the development of innovative young companies with high growth potential. These awards are a recognised measure and reference for startups both nationally and, as of 2018, in Portugal.

In 2019

€0.8 million	854	139
awarded in prizes	participants in Spain	participants in Portugal

Awards for the best companies in 6 sectors:

- **Agri-food**
- **Health**
- **Senior services**
- **Mobility solutions**
- **PropTech** (services for the real estate sector)
- **Impact** (Projects linked to the SDGs). Solutions to climate change, reducing inequalities and hunger, promoting access to clean water and sanitation and sustainable cities, among others.

The impact sector has received the highest number of applications (241 applications, 24% of the total), followed by Health and Agri-food.

CaixaBank's DNA
Strategic lines
Offer the best customer experience
Customer solutions
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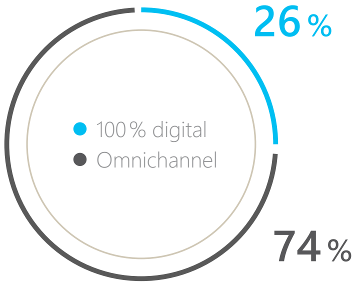
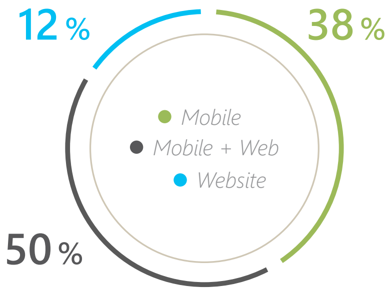
CaixaBank customers require omnichannel services (digital and physical)[1]

+6.5 MILLION DIGITAL CUSTOMERS (+7 % IN 2019)





112 %
greater margin of omnichannel customers with respect to physical customers

71 %
greater average integration of omnichannel customers with respect to physical customers

To strengthen the remote digital customer service model[1]

The digital channel is becoming one that generates sales and has undergone sustained growth in recent years.

Commercialisation through digital channels

38.3 %
Savings insurance

36.7 %
Consumer financing

CaixaBankNow

CaixaBank Now brings all the bank's digital services together in one place. ***Now Mobile*** is an app featuring customisation and artificial intelligence which allows transactions to be initiated from a mobile phone.

The highest level of digital penetration

30 %
penetration among digital customers (Spain)[2]

≈1.8 million
customers connecting daily (+21% compared to 2018)

The mobile *channel* is key

+79.0 million
purchases through mobile (+170% compared to 2018)

+1.9 million
credit cards stored in mobiles

The Banker Tech Projects Awards 2019

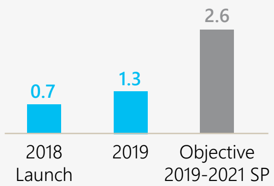
Incorporation of digital biometrics and facial recognition at ATMs.

Best technological project of the year for ATMs with facial recognition - The Banker

inTouch

Remote service with personal managers, created for clients with a digital profile, low branch use and reduced time availability. Based on a remote service model with the advantage of having a personal manager. The InTouch model is an opportunity to grow a hybrid service model, generating efficiencies. The number of customers of the InTouch manager is 2.5 times that of physical branches.

InTouch Customers (MM)

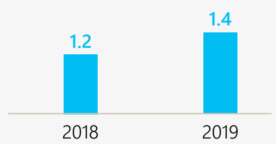


imagin

4.6 ★★★★
4.6 ★★★★

The first mobile-only bank in Spain, aimed at young people, CaixaBank is committed to compete with new banks and new market entrants. It has innovative functionalities, such as the chatbot Gina and a constant evolution of service.

Imagin Customers (MM)



[1] All data refers to CaixaBank Spain (13.7 MM customers).
[2] Source: ComScore.

Customer experience and quality

In 2019, CaixaBank deployed its VOZ360º programme, which is designed to ensure that the voices of customers and employees are integrated throughout the value chain. The objective is to obtain insights and recommendations to design high-impact action plans that improve the experience of both.

VOZ360
PALANCA DE TRANSFORMACIÓN

Radar 360º
Understanding how **customers, non-customers and employees relate** to CaixaBank's products, services and channels, taking into account the external context and its variables.

Knowledge
Using **agile methods of empathy and analysis to gain insights** adapted to the needs of each business.

Action
Ensuring the **implementation of actions inspired by insights** that improve the experience of the customer and/or employee.

Before
To understand the opinions of customers in their relationship with CaixaBank

Now
To design products and services that meet the needs of customers and employees, to test them together and measure the experience immediately in the most important moments of interaction with CaixaBank.

THE VOZ360° MODEL HAS BEEN DEPLOYED IN 2019 THROUGH 3 LINES OF WORK:

01 Constant listening to the customer

- **Touchpoint -** An increase in the number of automated surveys at key times of interaction for customers and employees.
- **Listening dynamics -** Promoting different activities (workshops, interviews, etc.) that allow the voice of the customer and employee to be heard to produce qualitative information and to co-create and improve products, services and processes.
- **360° Customer Journey** - Identification of key customer and employee interactions in new segments, profiles and products that facilitate the analysis of emotions at these key moments.

02 Immediate action

- **360° transversal immersion** - Creation of agile, transversal and multidisciplinary working groups for different projects which take into account insights from customer and employee voices as a lever of transformation.
- ***Close the loop* (actions with clients)** - Beginning the process of managing experiences that customers have transmitted to us through surveys at different key times.
- **Aproximat-T Programme -** Employees of central services and subsidiaries visit branches to learn about their situation and customer needs on the ground and speed up changes.

03 Dissemination of VOZ to the entire organisation

- **VOZ360° Platform** - Development of an internal portal to spread the voice of the customer and to promote employee participation in activities and feedback.
- **Monitoring of Voz indicators** - Publication of the main indicators to reveal what customers and employees think in order to speed up changes.

414,555
users contacted in 2019

396
through *Voz* dynamics

97,085
through touchpoints

317,074
through surveys

MEASURING CUSTOMER EXPERIENCE

CAIXABANK SPAIN

86.3
Customer Experience Index
(86.3 Objective 2019)
(Scale 0-100)

71.5 %
NPS Star purchase financing

35 %
Committed customers[1]

59.8 %
NPS Personal loan financing

29.8 %
NPS - Net Promoter Score Retail[2]

48.8 %
NPS New customer registration

BPI

87.7
Service Quality Index (IQS individuals)

89.6
IQS Premier

[1] % of the total number of customers surveyed who assess experience, loyalty and recommendation with ratings of 9 or 10 across the board.
[2] The NPS measures recommendations by CaixaBank customers on a scale of 0 to 10. The Index is the result of the difference between % Promoter customers (ratings 9-10) and Detractor customers (ratings 0-6).

Accelerate digital transformation to boost efficiency and flexibility

In recent years, the increasing use of digital channels by customers and the digitalisation of processes has led to an exponential rise in the number of transactions.

98,963 In 2019 million **transactions processed**

CaixaBank works to offer services that generates added value for our clients, placing them at the cutting edge of business technology to achieve maximum efficiency through high-quality services.

CaixaBank continues to focus on improving the flexibility, scalability, and efficiency of its IT infrastructure, an approach which enables us to improve cost efficiency, potentially diversify outsourcing, reduce time-to-market, increase the number of versions and have greater resilience.

Main monitoring metrics 2019-2021 Strategic Plan

2019	Objective 2021
>> 78 % of fully automated regulatory reports	>> 100 % of fully automated regulatory reports
>> 30 % transactions processed through the mainframe	>> 25 % transactions processed through the mainframe
>> 20 % of IT personnel working in agile	>> 33 % of IT personnel working in agile

Cybersecurity

CaixaBank considers cybersecurity as one of the main priorities for the Group and a crucial component in protecting the information of the company, customers and employees against all types of internal and external threats.

In this regard, cybercrime and data protection are one of the risks identified in the risk self-assessment exercise carried out by the Group.

In order to correctly monitor and control risks related to cybersecurity, the Group carries out various actions to constantly review the technological environment and applications, including the integrity and confidentiality of information, systems availability and business continuity, to planned reviews and continuous auditing through the monitoring of risk indicators defined.

CaixaBank has:

A highly qualified team trained in an environment which involves **multi-localisation**

36 Employees

+50 Certifications

24 hours x **7** days External Soc[1]

60% Outsourcing

An advanced and certified model of cybersecurity

With **ISO 27001 certification** and set up as an official CERT, the bank has a team of trained specialists ready to act **24 hours a day.**

Robust governance

Information security policy

In order to develop corporate principles on which to base actions in the field of information security.

Latest update: November 2018

[1] Security Operations Center.

INFOPROTECT — A brand that has integrated all safety awareness initiatives aimed at employees and customers since 2015.

>> DURING 2019, WE CONTINUED TO DEVELOP INITIATIVES TO IMPROVE CYBERSECURITY IN ALL AREAS. A STRONG COMMITMENT TO:

Maintaining a team with sufficient resources

+35% compared to 2018
Increase in Information Security staff

+€50 million
Invested in Information Security in 2019

A fortnightly newsletter sent to employees and a quarterly one to customers

98% of employees have completed the security course

12 Phishing simulations per employee

48% 0-clickers in phishing simulations

An active defence to prevent, detect and act on any threat

Framework TIBER-E

6 SIMULATIONS/YEAR (Network Team)
The robustness of our systems is tested with real controlled attacks

9
16

DURING 2020, WE WILL CONTINUE TO INVEST AND PROMOTE INITIATIVES THAT HELP US IMPROVE IN THIS AREA:

I-BIDaaS
European Big Data Infrastructure & Cloud Analytics

CONCORDIA
Pan-European X-sector Cyber Centre

EU-SEC
Certification and continuous auditing framework Analytics

ALL THIS MAKES IT POSSIBLE FOR CAIXABANK TO GAIN THE MOST IMPORTANT ACCREDITATIONS AND BE AMONG THE MOST HIGHLY VALUED IN THE SECTOR IN TERMS OF SECURITY:

Benchmarks

	CNPIC[1]	DJSI[2]	INCIBE[3]	BITSIGHT[4]
CABK	7.4	9.2	7.5	7.9
PEERS	7.2[5]	7.2	6.8	7.9

(All securities in base 10)
[1] Cyber resilience report 2019
[2] Dow Jones Sustainability Index 2019
[3] Cyber exercises National Cybersecurity Institute '18
[4] Rating for Spanish financial institutions
[5] Financial institutions

Certifications

ISO 27001 CSIRT.es FIRST

Efficiency and Digitalisation

Technological infrastructure

The continuous improvement of IT infrastructure is a pillar of the Group's management. The Group has two high quality operational Data Processing Centres (DPCs) and one under construction, each connected to one another to support and develop the Group's activities.

We also continue our focus on continuous migration to cloud solutions and processing, which allow us to significantly reduce operating costs by more than 50% and provide greater agility in the development of applications.

In this sense, the continuous improvement of IT infrastructure allows:

>14,000 transactions per second

400 applications managed in the internal cloud

In addition, the:

88.7% relevant incidents resolved in less than 4 hours

€931 million of investment in development and technology in 2019

9

Big data

In an era marked by the mass data revolution, CaixaBank continues to evolve its Big Data model to ensure greater reliability and productivity in data processing.

A BIG DATA MODEL THAT ALLOWS FOR GREATER ADAPTABILITY

- Internal Sources
- External Sources

Big data

- Structured information
- Unstructured information

- SmartBanking
- Sentiment Analysis
- Customer Behaviour Patterns
- Online Marketing Automation
- Client Profile Enrichment
- Artificial Intelligence

CaixaBank has a single informational repository called *Datapool*, ensuring Information Governance and Data Quality and a significant increase in the use of information and knowledge.

- **77.52 %** | Regulatory reports generated based on *Datapool*
- **93 %** | of the areas are in big data projects
- **650 TB** | of data managed daily

CaixaBank's DNA
Strategic lines
Accelerating the digital transformation in search of efficiency and flexibility
Efficiency and Digitalisation
Non-financial information statement
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Implementation of new technologies

Initiated in recent years, CaixaBank continues to promote the digitalisation of its processes through various projects and initiatives. Digital transformation and technological development are a strategic pillar of CaixaBank, which aims to improve efficiency and flexibility.

Digital transformation must allow for greater capacity to identify and adapt to the needs of customers and an improvement in processes, ensuring greater productivity and reliability.

In recent years, CaixaBank has been implementing robotics and artificial intelligence in its processes with the aim of automating back-office tasks and improving administrative processes in branches.

>> FOR CAIXABANK, THE ADOPTION OF THE LAST TECHNOLOGIES IS KEY TO THE IMPROVEMENT OF PRODUCTIVITY

Robotics

144 cases of robotics implemented

66 robots in operation

Artificial intelligence

3 cognitive assistants for administrative processes

81 automated responses by virtual assistants with employees - Branch Channel

4,782,790 conversations initiated by virtual assistant with employees - Branch Channel

>> THE IMPLEMENTATION OF NEW TECHNOLOGIES IS KEY TO OPERATIONAL EFFICIENCY

At CaixaBank, the implementation of new technologies has made it possible to reduce the time spent on administrative processes in branches, such as the automatic management of incidents in the charging of bills.

18.5 % time dedicated to administrative processes in branches

-1.5 % in time spent on office administrative processes compared to 2018

A partnership with Salesforce to boost the digital transformation of banking services

CaixaBank continues to promote the creation of a network of strategic alliances that will contribute to the advancement of the technological transformation process. This agreement allows us to study how technological innovation allows us to better understand the needs of our customers. With this objective, a state-of-the-art CRM will be implemented and integrated into the international R&D programme "Salesforce Financial Services Cloud Design Partner Program" to experiment with new forms of knowledge and approach to banking customers.

Pioneers in the application of artificial intelligence

The combination of several technologies such as artificial intelligence, big data, natural voice processing and automatic learning has allowed the development of both chatbots and virtual assistants in different areas of the organisation, such as the customer and employee service phones.

Foster a people-centric, agile and collaborative culture

Our strategic objective is to strengthen the corporate culture and keep people at the centre of the organisation, based on the following three axes:

- Promoting talent, ensuring that people can develop their potential with equal opportunities, based on meritocracy, diversity and empowerment.
- Defining and offering the best value proposition by improving employee experience.
- Promoting the attributes of agility and collaboration.

Main monitoring metrics 2019-2021 Strategic Plan[1]

% of women in management positions from large branch sub-managers and up[2]

2017	2018	2019	Objective 2021
39.1%	39.9%	41.3%	43%

Assessment of employee perception of empowerment

2018	2019	Objective 2021
73%	72%	75%

% of employees with flexibility measures

2019	Objective 2021
39.6%	45%

% of professionals certified above and beyond compulsory MIFID II training

2018	2019	Objective 2021
45.9%	47.3%	55%

[1] Metrics relating to CaixaBank, S.A.
[2] Branch A and B

CaixaBank Group

35,736 Employees

45.6% Male

54.4% Female

Average age 42.6 years

Average length of service 15.5 years

CaixaBank, S.A.

27,572 Employees

45.0% Male

55.0% Female

17.8% Directors

21.2% Middle management

61.0% Rest of employees

98.5% Permanent contracts

Average age 43.3 years

Average length of service 16.3 years

BPI

4,840 Employees

43.9% Male

56.1% Female

8.5% Directors

13.4% Middle management

78.1% Rest of employees

97.6% Permanent contracts

Average age 44.5 years

Average length of service 16.9 years

GEOGRAPHICAL DISTRIBUTION OF STAFF

30,583 Spain

4,984 Portugal

96 Rest of Europe

32 Africa

13 South America

9 North America

19 Asia and Oceania

Managing a value proposal to contribute to the objectives of the 2019-2021 Strategic Plan, through six lines of action that define the road map.

STRATEGIC LINES	VALUE PROPOSAL	LINES OF ACTION
1 Offer the best customer experience	Accompanying the **transformation of the commercial model, reinforcing cultural, structural and training aspects**	Supporting the new distribution model with highly trained professionals and the most efficient organisational structure
2 Accelerate digital transformation to boost efficiency and flexibility	**Promoting digitisation,** implementing new agile forms of work	Digital transformation, implementing agile and collaborative forms of work and systems, focusing on new customer behaviours
	Adopting **efficient organisational** models aligned with **the Group's vision.**	Organisational transformation through organisational and corporate governance models that simplify the structure and improve efficiency with a customer vision at its centre
3 Foster a people-centric, agile and collaborative culture	Deploying the **Corporate Culture Plan** throughout the group	Strengthening the behaviours that define how we act at CaixaBank and that will ensure future success and the best experience for our employees
4 Attractive shareholder returns and solid financials	**Restructuring the workforce** and implementing **a new labour agreement**	Contributing to the bank's profitability and efficiency with new labour agreements and the relaxation of the employment framework in the future
5 A benchmark in responsible banking and social commitment	Ensuring that **we have a diverse and skilled team**	Guaranteeing the best professional team, adjusted to the leadership model

Under the provisions of the 2019-2021 Strategic Plan, the policies and processes described are of a corporate nature.

Corporate Culture

Culture determines how an organisation works and the way people act. The world moves fast and therefore we must advance and adapt permanently to continue being a leading entity. It is necessary to strengthen those aspects that have led CaixaBank to success and adapt a series of behaviours that ensure the company maintains its leading position in a changing environment.

The Culture Plan prepares the organisation to respond to new challenges, business developments and the expectations and needs of customers and professionals that make up CaixaBank in 4 lines of action:

- **COMMUNICATION**
- **CULTURE INITIATIVES FOR THE DEVELOPMENT OF IMPROVEMENT PROPOSALS**
- **TRAINING**
- **EMPLOYEE EXPERIENCE**

The Culture Plan facilitates behaviours that are in line with CaixaBank culture and are included in the concept **"We are CaixaBank"**.

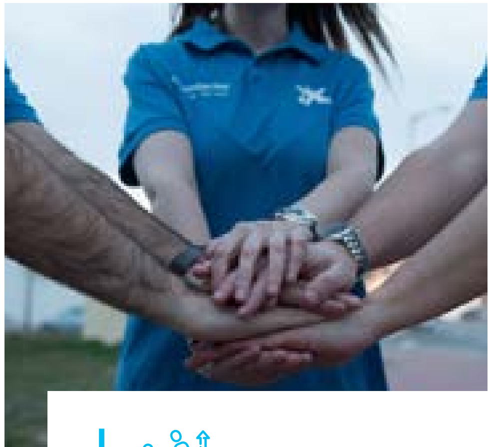
People first

Committed: we encourage actions that have a positive effect on people and society as a whole.

Close: we listen and support everyone, providing solutions to their current and future needs.

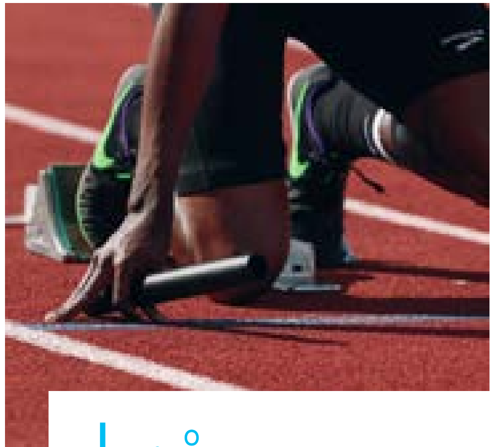
Responsible and Demanding: we act guided by criteria of excellence, thoroughness and empowerment with the aim of adding value to others.

Honest and Transparent: we build trust by being upright, honest and coherent.



Collaboration is our strength

Collaborative: we think, share and work transversely as a single team.



Agility is our attitude

Agile and Innovative: we promote change with foresight, swiftness and flexibility.

To strengthen the transmission of this plan, the following actions were carried out in 2019:

a. Communication

- **The Culture and Leadership Book,** which defines each of the behaviours and accompanies thinking about them through quotes from famous people (1,200 copies distributed).
- **Redesign of the Culture site**, incorporating videos that allow us to understand how we see ourselves and how to apply our behaviours in our daily lives.
- **CaixaBank Talks** (spaces for debate and reflection) in the Territorial Directorates.
- **Culture Speech**, a support tool for managers to reinforce and share with teams and to help them be an example of the kinds of behaviours that define us.

b. Commercial Culture Training

Face-to-face workshop for managers of retail banking and Central Services branches which integrates culture within the Leadership Model and the Commercial Model, developing knowledge and skills in a practical way for their day-to-day application in the office.

c. Culture initiatives for the development of improvement proposals

35 initiatives have been identified by the work teams and presented to the Culture Committee (made up of various members of the Management Committee). In 2019, we worked on developing improvements along four lines of work focused on promoting culture, adapting the way we work at CaixaBank and turning the points of improvement identified in the Commitment Study into major opportunities. The most noteworthy initiatives being:

Giving autonomy to branch management

Promoting more efficient ways of working at the branch

Promoting cross-cutting projects and agility in decision-making and implementation

Encouraging participation and innovation

CaixaBank's DNA
Strategic lines
Foster a people-centric agile and collaborative culture
Corporate culture
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d. Employee experience

In 2019, the employee's value proposal was defined, identifying key moments in the relationship between the Company and its employees to detect gap in relation to the desired experience and in accordance with the Corporate Culture Plan. We have worked proactively to generate an experience that sets us apart.

ATTRACTING AND SELECTING
1. I am interested
2. I apply for offers
3. Selection process

WELCOMING
4. I am hired
5. On boarding

LINK
6. Day-to-day with my manager
7. My physical environment - relationship with colleagues
8. I develop as a professional
9. I am assessed
10. I am compensated
11. Vital moments
12. I seek out/receive communication
13. Changing of position
14. Areas as a customer

FINISH
15. Disengagement

The active listening process, which aims to carry out an action plan and which is based on feedback received from employees on the factors that most influence their experience, has been carried out through:

- An annual commitment study
- A focus group with people from different areas of the organisation
- Touchpoints for more recurrent and specific interactions
- An external examination has developed a benchmark of best practices in the market

The 2019 action plan is focused on the **areas of onboarding** (contracting), **crossboarding,** (changing of position) and **evaluation.**

In the area of crossboarding, which involves **the changing of position,** we have worked on a predictive selection model, which provides more agile and proactive candidates suitable for each position, generating personalised opportunities and building a more attractive digital experience for candidates and managers. This project will increase transparency and comprehensive information of the process, in turn redesigning the communication model, favouring internal mobility and the development of professionals.

Just start with "To attract" the best external talent, a project of *Employer Branding* (RPO Digit & IT HUB) has been undertaken, positioning CaixaBank as an attractive brand for digital and tech profiles to generate a disruptive ecosystem of learning and talent.

With regard to **evaluation,** the Company is committed to a 360º evaluation model and to recurring feedback throughout the year. The Company is moving from a model with a single assessor, annual frequency and individual manager recognition. In its place it is one that features multiple evaluators (transversal inputs), which generate regular conversations throughout the year that incorporates informal acknowledgements.

The objectives of the 2019-2021 Strategic Plan and CaixaBank's corporate culture give rise to the following people management policies and principles.

CaixaBank promotes its policy of people management with respect for diversity, equal opportunities and non-discrimination on the basis of gender, age, disability or any other factor. The Group believes it is essential to ensure transparency in the selection and internal promotion of its professionals.

To ensure that talented individuals can develop their potential based on meritocracy, diversity, transversality and empowerment.

To offer the best value proposition for employees and renew it (new environments and spaces, methodologies and applications, evaluation and recognition systems...), **improving their experience to increase commitment and promote well-being in a healthy and sustainable environment.**

To promote the attributes of agility and collaboration, adapting structures and processes towards more agile and transversal work models.

To develop communication channels to encourage participation and collaboration.

All of this serves to achieve the satisfaction and motivation of staff in a positive work environment.

Diversity and equal opportunities

Wengage
Empowering DIVERSITY

CaixaBank is committed and works to promote diversity in all its dimensions as part of its corporate culture, by creating diverse, transversal and inclusive teams, recognising people's individuality and differences and eliminating any exclusionary and discriminatory conduct.

To this end, the company has a solid framework of effective policies that guarantee equal access for women to management positions (internal promotion), and ensures fairness in recruitment, training and professional development, promoting policies of flexibility and conciliation and reinforcing an inclusive culture with principles set out in the **Diversity Manifesto**. To promote and disseminate gender, functional and generational diversity, the Company has developed the Wengage programme.

Gender diversity

The **gender diversity programme** seeks to increase representation of women in management positions at CaixaBank, promoting the value of diversity and raising awareness of gender biases and stereotypes. Externally, we want to contribute to raising awareness of the value of diversity in society.

46.8 %
of women who access a management position for the first time (54.4 % in 2018)

44.6 %
of women who gain a higher managerial position (42.2 % in 2018)

35.2 %
of women in strategic managerial positions (32.2 % in 2018)

N.B. information from CaixaBank, S.A.

At the internal level, the following objectives and the main initiatives implemented include:

AIMS	INITIATIVES
Strengthening the role of women in the Group	• Programmes of **female mentoring** (430 participants). • **Women and Leadership**: a training programme carried out jointly with IESE (40 managers). • **A programme promoted by** ESADE for management training. • The inclusion of diversity modules in all development programmes.
Involving and raising awareness among all	• Publication and dissemination of the book *"**Equal Communication:** the challenges of interpersonal relationships, gender stereotypes in communication and socio-professional relationships"* • Creation of audiovisual content in the form of **the "De Cerca" videos** and others of an informative nature with regard to diversity and equality.
Contribute from Human Resources processes	• Ensuring gender diversity in the pre-retirement programmes. • Incorporating diversity into the internal processes of management promotion and into the talent committee. • Extension of the Wengage programme to Group companies.
Visualising diversity	• **Networking** with the programme **"Breakfast with Talent"** (focused on submanagement positions). • Dissemination of audiovisual content through the corporate intranet related to the Wengage diversity programme. • The **"Think Tank"** meetings with **promoters of equality** and regional teams.

At the external level, equal opportunities and the value of diversity are promoted in three areas:

AREAS	INITIATIVES
Leadership and entrepreneurship	• **CaixaBank Talks,** spaces for discussion on equality issues organised in the Bank's branches with more than 1,000 attendees. • Organisation of the **Women Business Award** and collaboration with the international **IWEC** prize to support women entrepreneurs. • Sponsorship of women's events and congresses, businesses and leadership: **Global Mentoring Walk** organised with **Vital Voices, International Women's Forum** Barcelona, **Meeting of Managers** in Valencia, the prizes **e-Woman** and **Womanthon** for female development.
Innovation and education	• **2nd edition of the WONNOW Awards** organised together with Microsoft to support and strengthen the presence of women in STEM (Science, Technology, Engineering and Mathematics) careers. • Workshops to raise interest in STEM careers for female audiences, together with GSMA. • External events that promote diversity: travelling **Disney exhibition** at CaixaForum and a forum with the Aspen Institute for inclusive reflection.
Sport	• Support for women's sport through **sponsorships** of the Spanish women's football and basketball teams and other sports events (e.g. careers for equality).

5

CaixaBank's DNA
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Foster a people-centric agile and collaborative culture
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The **Equality Week** deals with three types of content: family responsibility, sport, and business and entrepreneurship, with a total of 11 events (including talks, debates, streamed workshops...) and with the participation of more than 20 speakers.

RECOGNITION

In 2019, CaixaBank was included within the **Bloomberg *Gender Equality Index*,** a worldwide seal of recognition of our efforts in transparency and advancing the progress of women in the business world. In addition, in 2019 CaixaBank renewed its **Certification as a Family-Responsible Company (FRC),** obtaining a B+ rating (proactive company), awarded by the Fundación MásFamilia in recognition of the promotion of a balance between business, work and family through the implementation of policies and measures that support it. Also of note is the **Intrama TOP Diversity Company prize.**

ADHERENCE TO NATIONAL AND INTERNATIONAL PRINCIPLES OF PROMOTING DIVERSITY

EJE&CON Association (Spanish Association of Executives and Board Members) and sponsor of the Survey on the Monitoring of the Code of Good Practices for Talent Management and the Improvement of Competitiveness in the Company, which is carried out in collaboration with the Fundación máshumano and the IESE Business School, whose aim is to periodically measure the degree of compliance with the recommendations of the Code by member entities.

UN Women and the UN Global Compact initiatives by which it makes a public commitment to align its policies to advance gender equality.

Voluntary agreement with the Women's Institute, which promotes greater representation of women in management positions.

Diversity Charter signed in 2011, which represents a voluntary commitment to promote equal opportunities and anti-discrimination measures.

GENDER DIVERSITY IN NUMBERS[1]

Employees distributed by gender

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Male	17,408	16,302	13,593	12,397	2,171	2,123
Female	20,032	19,434	15,848	15,175	2,717	2,717
Total	**37,440**	**35,736**	**29,441**	**27,572**	**4,888**	**4,840**

Employees by contract type and gender

CaixaBank Group	Full-time, fixed or indefinite-term contract		Part-time, fixed or indefinite-term contract		Temporary contract	
	2018	2019	2018	2019	2018	2019
Male	16,904	16,020	23	30	481	252
Female	19,394	19,101	45	23	593	310
Total	**36,298**	**35,121**	**68**	**53**	**1,074**	**562**

New hires by gender

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Male	775	615	481	222	114	117
Female	833	510	528	209	142	127
Total	**1,608**	**1,125**	**1,009**	**431**	**256**	**244**

Employees dismissed by gender

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Male	75	52	50	36	15	2
Female	44	40	23	24	8	7
Total	**119**	**92**	**73**	**60**	**23**	**9**

Unwanted turnover is 0.3%, calculated as total redundancies (excluding the restructuring plan and voluntary redundancies) over the average workforce.

[1] In 2019 information is reported from CaixaBank Group, in 2018 the information was reported from CaixaBank Group Spain.

Average remuneration[2] by gender

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Male	65,066	65,857	69,126	70,318	40,556	41,431
Female	51,978	53,076	56,313	57,564	29,355	30,542
Total	**58,053**	**58,902**	**62,237**	**63,294**	**34,330**	**35,310**

[2] It includes 100% of fixed annualized remuneration plus variable remuneration.

The average remuneration of the Management Committee is 1,117,000 euros. This Committee is made up of 9 men and 2 women, so the average remuneration by gender is not broken down for reasons of confidentiality of this information.

Average remuneration of Directors by gender - CaixaBank S.A.[3] (in thousands of euros)

	2018	2019
Male	549	474
Female	154	113
Total	**439**	**385**

[2] It includes the remuneration derived from positions other than those of representation of the Board of Directors (Chairman and CEO).

The comparison of salaries is calculated as the average for women minus the average for men and is 19% (20% en 2018).

The gender pay gap is calculated by comparing wages between employees with the same length of service in the company, performing the same role or position and with the same rank. This allows similar jobs to be compared.

Salary gap

	CaixaBank Group	CaixaBank, S.A.	BPI
2018	1.64%	0.55%	5.17%
2019	1.69%	0.63%	5.30%

On May 8, 2019, a labour agreement was reached with labour representatives on restructuring for objective, productive and organisational reasons, and which contemplates the departure of 2,023 people (mainly as of August 1st, 2019).

The data on staff departures due to mass redundancy plans (restructuring plan and voluntary redundancy as of December 31st, 2019) are shown below:

Departures by professional classification and gender

	Male	Female	General total
Directors	258	63	321
Middle management	202	124	326
Other Employees	785	512	1,297
Total	**1,245**	**699**	**1,944**

Departures by age and gender

	Male	Female	General total
30-39 years	14	20	34
40-49 years	50	64	114
50-59 years	1,162	612	1,774
>59 years	19	3	22
Total	**1,245**	**699**	**1,944**

On 31 January 2020 an Incentivised Voluntary Termination Labour Agreement was reached, potentially affecting 376 employees, from the generation of 1962 and previous, that provide their services in Barcelona and Teruel.

Functional diversity

The **functional diversity programme** involves raising awareness, integration and support for employees with disabilities, based on respect for people and ensuring equal opportunities and no discrimination. The programme:

- Raises awareness among the company, promoting the values of diversity and non-discrimination
- Improves the work environment by changing people's attitudes
- Contributes to increasing commitment and pride of belonging

The initiatives of this programme include:

- Internal communication campaigns through the corporate intranet demonstrating the additional social benefits for this group.
- Promoting internal hiring through work exchanges and specific grant programmes in collaboration with Incorpora ("la Caixa").
- Promoting the contracting of suppliers at Special Employment Centres (SEC).

In January 2020, an agreement was reached with workers' legal representatives on an inclusive policy for people with disabilities.

343 employees with disability in 2019
(334 in 2018)

Generational diversity

The **generational diversity programme** begins with the diagnosis of the situation in the Group, in which demographic evolution and impacts on structural indicators are analysed. This project includes internal interviews, benchmarking and design thinking sessions with professionals from different generations, who share knowledge and experiences with the aim of implementing the design of action plans.

In parallel, the Company collaborates with the **Generation and Talent Observatory,** which in 2019 carried out a global study of the characteristics of different generations making up companies today, focusing on the characteristics of leaders. This type of study will enable:

- Identification of the obstacles and levers of each generation in the Company.
- The design of a transversal action plan to boost the strengths of each generation.
- The design of actions to avoid loss of expertise when people leave the Company.
- The visualisation of generational diversity and the value of its differential characteristics.

GENERATIONAL DIVERSITY IN NUMBERS[1]

Employees by age

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
<30 years	2,094	1,946	1,720	1,498	184	225
30-39 years	9,238	7,789	7,133	5,912	1,234	1,009
40-49 years	19,370	20,155	15,521	16,236	2,487	2,461
50-59 years	6,538	5,572	4,996	3,851	894	1,004
>59 years	200	274	71	75	89	141
Total	**37,440**	**35,736**	**29,441**	**27,572**	**4,888**	**4,840**

Employees by contract type and age

CaixaBank Group	Full-time, fixed or indefinite-term contract		Part-time, fixed or indefinite-term contract		Temporary contract	
	2018	2019	2018	2019	2018	2019
<30 years	1,201	1,477	4	5	889	464
30-39 years	9,045	7,687	18	14	175	88
40-49 years	19,332	20,131	31	19	7	5
50-59 years	6,524	5,555	11	12	3	5
>59 years	196	271	4	3	0	0
Total	**36,298**	**35,121**	**68**	**53**	**1,074**	**562**

Employees dismissed by age

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
<30 years	4	8	4	5	0	3
30-39 years	38	18	21	10	7	3
40-49 years	47	49	33	33	5	3
50-59 years	24	15	15	11	7	0
>59 years	6	2	0	1	4	0
Total	**119**	**92**	**73**	**60**	**23**	**9**

Average remuneration by age

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
<30 years	23,290	25,878	23,256	25,990	16,217	17,580
30-39 years	45,337	45,412	48,967	49,229	24,110	24,512
40-49 years	61,312	61,731	65,861	66,196	34,563	34,520
50-59 years	73,461	77,111	81,406	85,048	47,378	47,360
>59 years	92,732	92,300	153,515	148,917	63,050	68,524
Total	**58,053**	**58,902**	**62,237**	**63,294**	**34,330**	**35,310**

[1] In 2019 information is reported from CaixaBank Group, in 2018 the information was reported from CaixaBank Group Spain..

Equality Plan

To ensure equal opportunity, CaixaBank, S.A. and other Group entities have different equality plans that they share with the aim of promoting, disseminating and contributing to gender equality, incorporating policies to facilitate the work-life balance for their staff. Improvements have been made to a several key conditions in the collective agreement: improved paid leave for marriage, maternity and paternity, illness or death of a family member, moving house, etc. (2,555 employees accessed paid leave in 2019), reduced working hours to look after children under the age of 12 years or children with disabilities (1,691 employees requested reduced working hours in 2019), leaves of absence to care for dependents, gender-based violence, family relocations, solidarity, personal reasons, and study purposes (555 employees requested leave of absences in 2019)[1].

In January 2020, CaixaBank S.A. signed new equality plan **with unions that contains substantial improvements** in relation to:

- Targets for the representation of women in management positions.
- Work-life balance: extension of leave on the death of a spouse or common-law partner with minor children and extension of paternity leave by 10 days progressively over 3 years, to encourage co-responsibility in the family. Flexibility is also extended to one hour, while respecting organisational needs.

For years CaixaBank has invested in disconnection policies that promote work-life balance for employees. The internal employment agreements contain rationalisation measures of training and commercial activity for employees. The number of activities that can be conducted outside of normal working hours established in the Collective Agreement are limited. Priority is always given to the willingness and motivation of employees. Focusing on digital disconnection, CaixaBank has a protocol whose most important aspects are:

- The right not to reply to communications after the working day has ended.
- No communications from 7pm to 8am the following day, nor on holidays, during leave or on weekends.
- No meetings that end after 6.30pm.
- The incorporation of good practices to minimise meetings and trips by encouraging the use of collaborative tools.

[1] Employee information from CaixaBank, S.A.

Professional development and remuneration

Development of potential

CaixaBank is committed to strengthening the critical professional skills of its professionals and their development. For that purpose, 100% of CaixaBank employees undergo evaluations to obtain a global perspective: performance and skills evaluation, with special emphasis in 2019 on the Management Feedback process to the members of the Management Committee with evaluations by their teams, colleagues and staff from different areas.

Management and pre-management

The company encourages professional development programmes at both management and pre-management level, with 2,819 participants taking part in 2019. Highlights include:

- Management programme **"Rethink"** focused on certifying leadership skills and promoting strategy and transversality in the Company, reinforcing the Transformative Leadership model, whose principles are:
  - To serve staff by helping them achieve results.
  - To promote innovation and creativity as levers of change.
  - To promote the personal and professional growth of staff.
  - To act as ethical references for stakeholders.
- Pre-management programme **"Progresa"** aimed at professionals from different areas and Regional Management Departments (branch managers, Central Service managers and Directors of Private Banking and Business Banking), which includes **coaching sessions.**

The **management training** includes two stages (incorporation and consolidation) and a third for high-potential groups. This programme offers incremental development through consolidation in a staff member's position and where the concept of "Certification" is incorporated through Universities and Business Schools.

- **Incorporation:** training aimed at developing leadership that is focused on oneself and on laying the foundations of the business. It is proposed for professionals newly accessing management roles. Programmes: **Prova, GPS, Certification C1,** sessions of **intervision and transition coaching.**
- **Consolidation** (between 3 and 5 years in the position): focused on their role as leaders of others and drivers of change and strategy implementation. Programmes: **Certification C2,** programmes related to the **digital transformation** and sessions of **consolidation coaching.**
- **High-potential development:** Proposals to contribute to and promote the development of leadership in executives with high potential. **Programme TOP 200.**

PRINCIPAL STAFF INVOLVED IN THE CREATION AND DEVELOPMENT OF PROGRAMMES WITH CAIXABANK:

IESE
INSEAD The Business School for the World
IMD
THE ASPEN INSTITUTE
<ISDI>
FINANCIAL TIMES | ie Corporate Learning Alliance

99.3 %
of management positions covered internally in 2019
(CaixaBank, S.A.)

Young talent

The programme **CaixaBank Experience,** internationally recognised with a bronze medal at **Learning Awards 2019** as one of the best onboarding programmes in Europe and at a national level as **the best talent retention and attraction programme nationally** by the **Fundación Cegos**. It is a blended learning programme (face-to-face and online through virtaula and gamification) that comprises two years and monitors new employees during their integration to make them feel part of the Company. The programme has an integration phase, where new employees take a one-week face-to-face course at Barcelona's Corporate Services Centre as a welcome and explanation of the organisation, and an itinerary training phase online (with regulatory content in accordance with MIFID II requirements).

CaixaBank also has programmes to attract external talent, such as **Young Management Programme** (YMP), **WONNOW** and **New Graduates** for *Corporate & Institutional Banking*. With the aim of continuing to promote young talent and to facilitate their acquisition, in 2019, the **New Graduates SS.CC Talent Programme was born.** This programme will make it possible to attract a portfolio of young talent to meet demand for transformation in the digital era and other positions.

Ongoing training

CaixaBank Campus is the brand under which the Company's training is developed, promoting a culture of continuous learning where the figure of the internal trainer, as a learning facilitator, plays a key role. This model structures training in three main blocks:

- Compulsory training, required by the regulator.
- Recommended training that responds to business challenges.
- Self-training that responds to the individual needs of our employees.

3,587,700
hours of training in 2019

98
hours of training per employee

94 %
of training through the Virtaula platform (online)

€16.7 million
total investment in training

€456
investment in training per employee

1,958
internal trainers at CaixaBank, S.A.

Of CaixaBank staff, 18,074 professionals are certified in MiFID II and 6,548 are certified above MiFID II. Additionally, as a result of the new regulations of the Real Estate Credit Law, 9,863 employees are certified in this area.

The launch of the virtual English academy was a highlight of 2019 *(Education First)* as were the training itineraries for Transformation in the Digital Age, which is aligned with the new Strategic Plan and the objective of developing Digital Talent and deepening how the digital transformation impacts the relationship with the client, the business model and our way of working. It is structured into 4 blocks: The digital environment, Digital skills, Data Academy and Agile work methodologies.

Appropriate and meritocratic compensation

In 2017, the CaixaBank Board of Directors approved the latest update of the **CaixaBank General Remuneration Policy,** which details the main characteristics of each element of remuneration. It can be accessed by all employees via the corporate intranet.

Remuneration at CaixaBank essentially features the following pay items:

- Fixed remuneration based on the employee's level of responsibility and career path. This accounts for a significant part of total remuneration and is governed by the collective bargaining agreement and the various internal labour agreements.
- A variable remuneration system in the form of bonuses and incentives to achieve previously established objectives and set up to prevent possible conflicts of interest, and, where applicable, to include qualitative assessment principles in line with customer interests, codes of conduct, and prudent risk management.

The principles of the General Remuneration Policy are applicable to all employees of the CaixaBank Group and, among other objectives, they seek to encourage behaviour that ensures the generation of value in the long term and the sustainability of results over time. Furthermore, the strategy for attracting and retaining talent is based on making it easier for professionals to participate in a distinctive social and business project, on the possibility of developing professionally and on competitive conditions in total compensation.

In 2020, the flexible remuneration programme will be implemented for all employees, allowing for tax savings and the personalisation of remuneration according to each person's needs. Total compensation will include a series of products such as: health insurance for family members, transportation cards, day care services and retirement savings insurance.

PROFESSIONAL DEVELOPMENT AND REMUNERATION IN NUMBERS[1]

Employees by job classification

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Directors	6,027	5,571	5,399	4,905	450	411
Middle management	7,968	7,000	6,522	5,852	649	647
Rest of employees	23,445	23,165	17,520	16,815	3,789	3,782
Total	**37,440**	**35,736**	**29,441**	**27,572**	**4,888**	**4,840**

Hours of training by job classification

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Directors	397,664	703,195	391,607	685,150	1,991	11,882
Middle management	566,009	847,140	476,439	779,749	57,723	48,415
Rest of employees	1,577,976	2,037,365	1,247,136	1,706,423	216,036	229,107
Total	**2,541,649**	**3,587,700**	**2,115,182**	**3,171,322**	**275,750**	**289,404**

Average remuneration by job classification

	CaixaBank Group		CaixaBank, S.A.		BPI	
	2018	2019	2018	2019	2018	2019
Directors	94,534	97,444	92,868	95,513	85,533	95,839
Middle management	67,699	69,375	70,094	72,022	41,374	43,650
Rest of employees	45,853	46,497	49,918	50,927	26,654	27,361
Total	**58,053**	**58,902**	**62,237**	**63,294**	**34,330**	**35,310**

Employees by contract type and job classification

CaixaBank Group	Full-time, fixed or indefinite-term contract		Part-time, fixed or indefinite-term contract		Temporary contract	
	2018	2019	2018	2019	2018	2019
Directors	6,020	5,556	6	13	1	2
Middle management	7,960	6,995	3	3	5	2
Rest of employees	22,318	22,573	59	37	1,068	555
Total	**36,298**	**35,124**	**68**	**53**	**1,074**	**559**

Employees dismissed by job classification

	Grupo CaixaBank		CaixaBank, S.A.		Banco BPI	
	2018	2019	2018	2019	2018	2019
Directivos	17	15	9	14	5	0
Mandos intermedios	21	11	13	6	3	1
Resto de empleados	81	66	51	40	15	8
Total	**119**	**92**	**73**	**60**	**23**	**9**

[1] In 2019 information is reported from CaixaBank Group, in 2018 the information was reported from CaixaBank Group Spain.

Employee experience

Offering the best value proposition for employees to enhance their experience, increase engagement and promote well-being in a healthy and sustainable environment

The value proposal is structured in 4 pillars:

- We grow together
- We advance society together
- We innovate together
- We trust each other

Work environment

CaixaBank prioritises generating a positive working environment in which teams feel motivated and committed. To achieve this goal, we pay close attention to the ideas and opinions of our employees, and develop an action plan through active listening to meet their requirements. For this reason, we believe that periodically assessing the social and work environment, the experience of our teams, and the quality of the service provided, helps to generate this positive environment.

The Company measures the commitment and satisfaction of its employees through the Commitment Study and the Service Quality Study, as well as through monitors such as MercoTalento and the Employee Experience Measurement Index (IMEX).

The commitment study is carried out biannually across the entire staff. The 2019 Commitment Study will be carried out during the first quarter of 2020, with the possibility of preparing personalised improvement action plans for each organisational unit being a new development.

In 2019 the remote work in Central Services initiative has allowed an increase in flexibility and satisfaction.

More agile and transversal work models

CaixaBank is committed to an agile and collaborative structure and for this reason is developing a project that aims to simplify the number of organisational levels that should allow the improvement of time to market anda reduction in reaction and decision times, while at the same time leading to an improvement in employee commitment, the possibility of developing internal talent, and increasing productivity and delivery quality.

At the Group level, the corporate model is being evolved and streamlined to improve control, governance and efficiencies through the creation of shared services.

In 2019, through the HR Business Partner project, the internal customer relationship model has been redesigned, achieving a service of greater proximity, agility, proactivity and quality.

The transition towards more agile work models is part of the agile transformation project that seeks to accelerate and adopt agile methodologies to increase flexibility and efficiency in providing solutions, focusing on the client and breaking silos through collaborative work. The main lines of work are the definition of the strategy and roadmap for agile transformation, and the implementation of agile methodologies at all levels through coaching and training in new roles, promoting transversality and circular relationships.

Labour standards and staff rights

CaixaBank places fundamental importance on compliance with labour standards, the rights of employees and their representatives, and all matters related to consensual frameworks with union representatives. In addition, the Collective Agreement on Savings Banks and Financial Institutions applies to the entire workforce of CaixaBank, S.A. There are also additional agreements to develop and improve the conditions of the Collective Agreement.

In general, most staff follow the working hours established in the Collective Agreement on Savings Banks and Financial Institutions, and specific working agreements are made with the Workers' Labour Representation when exceptional cases arise. CaixaBank, S.A. forms part of the Joint Standing Committee on the Interpretation of the Agreement, which aims to develop labour standards that are applicable to all employees in the sector.

CaixaBank, S.A. maintains and promotes total neutrality with the different union representations in the Company. The union representatives involved in the company committees are chosen every four years by means of an individual, free, direct, and confidential voting system. They are notified of any relevant changes that may arise within the Company.

In 2019, within the scope of the Collective Agreement, a framework agreement was reached on the registration of working hours with the legal representation of workers. In addition, in view of the expiry of the Collective Agreement on 31/12/2018, the negotiating table for the new agreement has been set up and negotiations have begun to establish the conditions for a new Collective Agreement for the Sector.

In order to raise awareness and train staff in matters of Occupational Health and Safety, CaixaBank regularly offers training content on branch safety, occupational health and safety, emergency measures and first aid.

100 %
CaixaBank Group staff who have signed a collective agreement

Promoting well-being in a healthy and sustainable environment

The Management team is acutely aware of the importance of reinforcing initiatives and measures to facilitate proper working conditions. Management is committed to:

- Fostering a culture of prevention at all levels of the organisation.
- Ensuring compliance with applicable law and other voluntary commitments to which it subscribes.
- Considering preventive aspects at the source.
- Implementing continuous improvement measures.
- Raising awareness and training staff.
- Maintaining an Occupational Risk Prevention management system in accordance with the requirements of the OHSAS 18001 standard, which is more demanding than the legal standard.

CaixaBank, S.A. has specific committees to guarantee the health and safety of its staff:

- **Single Occupational Health and Safety Committee.** This committee is responsible for establishing the aforementioned objectives and monitoring preventive actions, placing special emphasis not only on statutory audits, but also on other voluntary standards, such as the OHSAS 18001 certification (since 2005).
- **Occupational Risk Prevention Coordination Committee.** This committee establishes the policies related to occupational risk prevention, to improve the control, management, and monitoring of the health and safety requirements and to organise and conduct training.

Healthy Company

The healthy company project reaffirms our commitment to the safety, health and well-being of staff, since:

This has an effect on the productivity and competitiveness of companies and sustainability, which → leads to a healthier, more motivated and satisfied staff → and contributes to increased commitment and pride of belonging → and improves the corporate image → encourages talent acquisition and retention, → improves the work environment, → which reduces absenteeism

It is structured along three axes:

Safety

Safe and emotionally healthy work environments.

The Company aims to achieve excellence in preventative culture and safe work environments. To this end the transition to ISO 45001 certification is being examined, incorporating well-being as a global concept.

In the psychosocial area, an intervention programme has been carried out that assesses psychosocial effects and defines action plans for reducing stress factors.

As proof of its continuous improvement in prevention, CaixaBank has been internationally recognised with the ***"Occupation Risk Prevention 2019"*** *award* from the ORP International Foundation in light of its implementation of a comprehensive prevention management programme for staff abroad.

Health

Promoting healthy lifestyles and balancing work and health as a priority.

CaixaBank has fitted out physical spaces to promote healthy activities and sports and has strengthened the occupational health and safety section on the corporate intranet with the aim of consolidating itself as a Healthy Company. To do this, we also offer individual and collective programmes to improve lifestyles and health management through the internal platform and ***"Adeslas Salud y Bienestar"***.

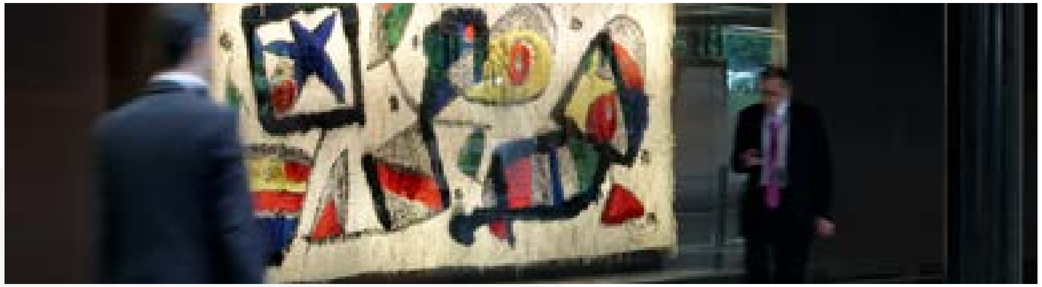
CaixaBank's activities do not lead to the development in its workers of any of the occupational diseases classified as serious.

Welfare programme

Forging a culture of flexibility with our work environments that promotes the well-being of staff, with benefits that facilitate their day-to-day work.

The Sustainable Performance School in Virtaula features content that contributes to improving the personal well-being of staff with training in health and nutrition, mindfulness, environment and positive thinking, among other topics.

With the expansion of measures to promote new environments and ways of working (remote, agile...) as well as studying formulas for active and healthy ageing of the workforce, it will be possible to achieve a more emotionally healthy workforce.



3

CaixaBank's DNA
Strategic lines
Foster a people-centric agile and collaborative culture
Employee experience
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

WORK ENVIRONMENT IN NUMBERS[1]

Workplace accidents - CaixaBank Group

	2018	2019
Total number of accidents	520	523

In 2019, serious accidents involved 2 women and 5 men, and non-serious accidents involved 345 women and 171 men.

Frequency of accidents in the workplace - CaixaBank Group

	2018	2019
Accident frequency index[2]	1.93	1.77

[2] In 2019, the accident rate for women was 2.43 and 1.01 for men.

Number of hours of absenteeism (manageable) - CaixaBank Group

	2018	2019
Hours of absenteeism (manageable)	1,775,752	1,684,796

2.82%
Manageable absenteeism rate (illness and accidents)

[1] The data for 2018 have been restated to standardise the criteria used in 2019.

Communication channels to encourage participation and collaboration

CaixaBank's internal communication focuses mainly on:

- Promoting and tackling the Strategic Plan challenges and business priorities.
- Transmitting our corporate values as a differentiating factor.
- Recognising and reinforcing good professional practices.
- Promoting the corporate culture and the pride of belonging.

CaixaBank has various communication channels open between staff and the Bank, including:

- The **"Personas" space,** a digital newspaper with a broad scope which, with almost 1.5 million accesses per month and an average of 2.5 news items per day, focuses on the leading role of people in the Company and on institutional information and milestones important for daily activity, from a strategic, motivational and business point of view.

  Of particular interest in 2019 were the news, videos and testimonies included in the communication plans of the new **2019-2021 Strategic Plan, – under the** Culture programme **"We are CaixaBank",** and the launch of the new *brand* claim **#EscucharHablarHacer (Listen, talk, do).**

  To advance participation and collaboration, during 2019, the new tool **People*Now*** was tested, an evolution of "Personas" that will be implemented in the first half of 2020 throughout the Company. It is focused on user experience, which allows the integration of the different tools of Microsoft Office 365 and SharePoint to facilitate multidirectional communication and transversality within the organisation in a personalised and relevant way. The main objective is for the digital work environment to become an intelligent and modern space where collaboration, information and knowledge flow.

- The CanalCaixa magazine, a monographic publication with both paper and digital editions emphasises and spreads the values and culture of the Company through the testimonies of its people.
- The organisation and coordination of **internal events,** such as the **Management Convention**, and advice in employee events led by other areas of the bank.
- **FlashDirectivo** is an audiovisual channel which makes the CEO's main messages of the year available to all CaixaBank employees.
- **An enquiries and complaints channel** integrated into the corporate intranet.
- During 2019, 5 formal complaints were received regarding possible behaviours of workplace and sexual harassment. External managers determined that these claims of harassment were unfounded.
- As established in the Protocol, external managers investigated the five formal complaint and found three cases of non-harassment, filing these complaints, and two cases of non-harassment with recommendations for the implementation of measures to ensure mediation between parties.
- In 2019, in the Wengage Diversity section of the corporate intranet, the section on the Prevention of Harassment was further developed.
- In addition, training was held to disseminate the protocol for the prevention of harassment. During the training course in the Code of Ethics, the specific channel of the Harassment Protocol was highlighted.

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Attractive shareholder **returns and solid financials**

Evolution of **results and business activity**

Business segmentation

For financial reporting purposes, the Group is split into the following business segments:

Banking and insurance business:

- Encompasses earnings from the Group's banking, insurance and asset management activities mainly in Spain, as well as liquidity management, ALCO, income from financing the other businesses and the Group-wide corporate operations. In addition, it includes the businesses acquired by CaixaBank from BPI during 2018 (i.e., insurance, asset management, and cards).

Investments

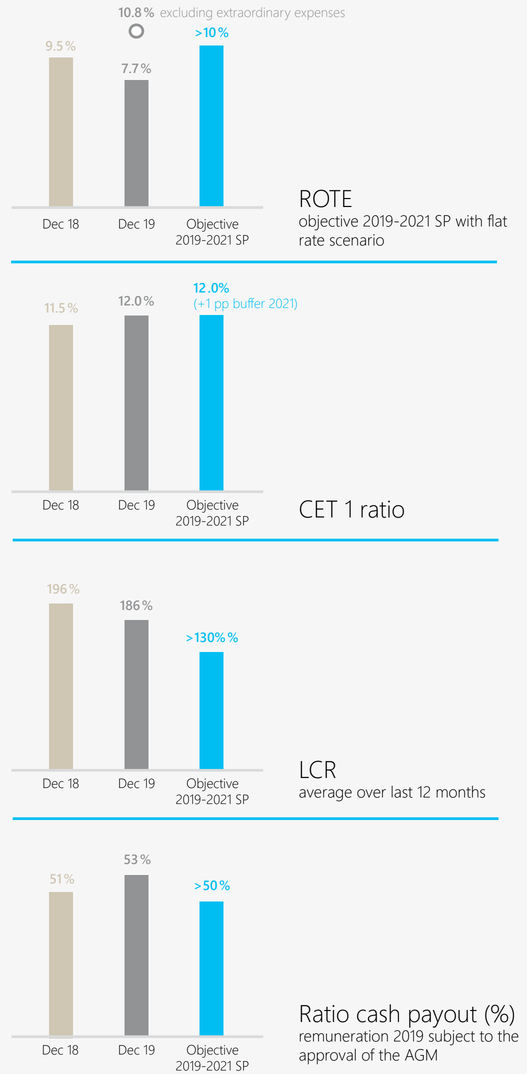
- This line of business essentially encompasses earnings from dividends and/or equity-accounted profits from the stakes, as well as the gains on financial transactions, held in Erste Group Bank, Repsol, Telefónica, BFA and BCI, net of the related finance costs. From 1 January 2019, this segment also includes the 20% stake in Coral Homes after the sale of the real estate business at the end of December 2018. It also includes significant impacts on income of other relevant stakes across a variety of sectors.
- It includes the stakes in BFA, which after reassessing the significant influence at 2018 year-end is classified as Financial assets at fair value with changes in other comprehensive income, and in Repsol, until completing its sale in the second quarter of 2019.

BPI:

- Encompasses the earnings from BPI's domestic banking business. The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA and BCI), as discussed previously.

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods.

Main metrics for monitoring the 2019-2021 Strategic Plan



Results

€ millions	2017	2018	2019 (breakdown by business segment)			
	Group	Group	Group	Banking and insu-rance	Investments	BPI
Net interest income	**4,746**	**4,907**	**4,951**	**4,659**	**(124)**	**416**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	653	972	588	232	335	21
Net fees and commission income	2,499	2,583	2,598	2,340	-	258
Gains/losses due to financial assets and liabilities and others	282	278	298	239	35	24
Income and expense under insurance and reinsurance contracts	472	551	556	556	-	-
Other operating income and expense	(430)	(524)	(386)	(369)	-	(17)
Gross income	**8,222**	**8,767**	**8,605**	**7,657**	**246**	**702**
Recurring administrative expenses, depreciation and amortisation	(4,467)	(4,634)	(4,771)	(4,304)	(4)	(463)
Extraordinary expenses	(110)	(24)	(979)	(978)	-	(1)
Operating income/loss	**3,645**	**4,109**	**2,855**	**2,375**	**242**	**238**
Allowances for insolvency risk	(799)	(97)	(376)	(573)	-	197
Other charges to provisions	(912)	(470)	(235)	(238)	-	3
Gains/(losses) on disposal of assets and others	164	(735)	(167)	(169)	-	2
Profit/loss before tax	**2,098**	**2,807**	**2,077**	**1,395**	**242**	**440**
Income tax	(378)	(712)	(369)	(332)	71	(108)
Profit for the period	**1,720**	**2,095**	**1,708**	**1,063**	**313**	**332**
Profit/loss attributable to minority interests and others	36	110	3	3	-	-
Profit/loss attributable to the Group	**1,684**	**1,985**	**1.705**	**1.060**	**313**	**332**
Cost-to-Income Ratio	55.7%	53.1%	66.8%			
Cost-to-income ratio excluding extraordinary expenses	54.3%	52.9%	55.4%			
ROE[1]	6.8%	7.8%	6.4%			
ROTE[1]	8.3%	9.5%	7.7%			
ROA	0.5%	0.5%	0.4%			
RoRWA	1.1%	1.3%	1.1%			

[1] The calculations for ROTE and ROE of 2019 include the valuation adjustments in the denominator, resulting in a restatement of the figures reported from previous periods. Furthermore, the accounting policy associated with the recording of the defined benefit commitments with employees has been modified, resulting in a restatement of the assets and ratios from previous periods.

Evolution 2019 vs. 2018

The **attributable profit** amounted to €1,705 million in 2019, (-14.1%), with a trend marked by the recognition of the employment agreement carried out in the current year (+20.4% without this effect).

The **gross income** stood at €8,605 million, with a rise in core revenues[1] which reached €8,316 million in 2019 (+1.2%). The change in gross income (-1.8%) was affected by the reduction in the profits of subsidiaries accounted for using the equity method (-48.5%), as a result of the non-allocation of Repsol and BFA. Excluding the contribution from Repsol and BFA in both years, gross income grew by 3.0%.

There was an improvement in **other operating income and expense** due to lower property expenses, as a result of the sale of the corresponding business in 2018.

The evolution **allowances for insolvency risk** essentially relates to the extraordinary release of some €275 million in provisions in 2018.

The recording of the transaction to repurchase a 51% stake in Servihabitat in 2018 gave rise to a loss of -€204 million (-€152 million recorded within Other provisions and -€52 million within gains/losses on disposal of assets and others).

The year-on-year change in **gains/losses on disposal of assets and others,** meanwhile, essentially relates to a -€453 million loss recognised in 2018 arising from the agreement to sell the stake in Repsol, and a further -€154 million due to the change of accounting classification of the stake in BFA.

Evolution 2018 vs. 2017

The **attributable profit** for 2018 stood at €1,985 million(+17.8% versus 2017).

The **gross income** stood at €8,767 million (+6.6% compared to the previous year), boosted by the growth in core revenues which reached €8,217 million in 2018 (+4.2%) and higher income from investees.

The **recurring administration expenses, depreciation and amortisation** (+3.7%) grew at a rate lower than core revenues.

The change in **allowances for insolvency risk** (-87.9%) was driven by the normalisation of the asset quality indicators and the one-off release of provisions due to the improved recoverability of debt from a large borrower.

In **other charges to provisions** (-48.4%), the figure for 2018 includes the impact of the transaction to repurchase a 51% stake in Servihabitat (in 2017, extraordinary negative impacts associated with early retirements and the reorganisation of the exposure in Sareb).

Gains/losses on disposal of assets and others includes extraordinary results in both financial years. In particular, the figure for 2018 includes the negative impact of the sale of Repsol and the accounting reclassification of BFA, while 2017 includes the positive result of the business combination generated in the acquisition of BPI.

[1] Includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

Net interest income

Evolution 2019 vs. 2018

Net interest income in 2019 amounted to €4,951 million (+0.9 % versus 2018). This was due to:

- Higher income from loans, mainly due to a rise in volume.
- Sound management of retail funding, which involved a reduction in cost due to the cancelation of retail subordinated debt in June 2018 and to the reduction of 4 basis points in the cost of maturity deposits.
- Savings in the costs of institutional financing due to a lower price. A higher volume of the fixed income portfolio.
- Greater contribution of the insurance business (savings products).
- The change also reflects the reduction in the returns from loans and from fixed-income securities.

Evolution 2018 vs. 2017

Net interest income for 2018 stood at €4,907 million (+3.4 % versus 2017). The growth was derived from:

- A 7 basis point increase in returns on loans due to the generation of higher rates and the client mix, with a greater weighting of more profitable segments that offset negative repricings in the mortgage portfolio. Doubtful loans and recoveries also contribute to the rise in the credit rate.
- The management of retail financing, which led to a 1-basis point drop in the cost of demand deposits.
- Savings in the costs of institutional funding, due to a lower price and the higher volume of the fixed-income portfolio which exceeded the impact of the decrease in fixed-rate returns and the increase in the surplus liquidity costs remunerated at negative interest rates.

€ millions	2019		2018		2017	
	Average balance	Type %	Average balance	Type %	Average balance	Type %
Financial Institutions	25,286	0.65 %	21,241	0.83 %	15,900	1.15 %
Loans and advances (a)	213,298	2.24 %	208,470	2.27 %	209,185	2.20 %
Debt securities	36,184	0.92 %	34,723	1.05 %	29,700	1.24 %
Other assets with returns	61,643	2.84 %	54,174	3.03 %	49,984	3.55 %
Other assets	67,431	-	65,193	-	68,136	-
Total average assets (b)	**403,842**	**1.75 %**	**383,801**	**1.81 %**	**372,905**	**1.87 %**
Financial Institutions	36,076	0.67 %	43,601	0.45 %	47,488	0.40 %
Retail customer funds (c)	214,136	0.02 %	199,220	0.04 %	188,068	0.04 %
Wholesale marketable debt securities & other	28,343	0.87 %	26,822	0.98 %	27,057	1.11 %
Subordinated debt securities	5,400	1.36 %	6,346	1.73 %	5,575	2.61 %
Other funds with cost	70,437	2.04 %	63,366	2.14 %	59,158	2.48 %
Other funds	49,450	-	44,446	-	45,559	-
Total average funds (d)	**403,842**	**0.52 %**	**383,801**	**0.53 %**	**372,905**	**0.60 %**
Customer spread (a-c)		**2.22 %**		**2.23 %**		**2.16 %**
Balance sheet spread (b-d)		**1.23 %**		**1.28 %**		**1.27 %**

To help readers interpret the information contained in this report, the following aspects should be taken into account:

- According to applicable accounting standards, income resulting from the application of negative interest rates should be reported in the appropriate income classification. Financial intermediaries on the assets side includes the negative interest on the balances of financial intermediaries held on the liabilities side, the most significant being TLTRO II income. Conversely, the heading financial intermediaries on the liabilities side shows the negative interest on the balances of financial intermediaries on the assets side. Only the net amount between income and expense for both headings has economic significance.
- The "Other assets with returns" and "Other funds with cost" line items relate primarily to the Group's life insurance business.
- The balances of all headings except "Other assets" and "Other funds" correspond to balances with returns/cost. "Other assets" and "other liabilities" incorporate balance items that do not have an impact on the net interest income and on returns and costs that are not assigned to any other item.
- Until the fourth quarter of 2018, BPI's interest rate hedges were accounted for at net value in the Other liabilities heading. As of the first quarter of 2019, the presentation criteria has been unified with the rest of the Group's, and the impacts are recognised in the headings that include the hedged elements. The reclassification had a positive impact on Maturity deposits and Other liabilities and a negative impact on Debt securities and Loans and advances to customers.

Net fees and commissions income

Evolution 2019 vs. 2018

Fee and commission income reached €2,598 million, +0.6% compared to 2018.

- Fees from banking, securities and other services includes income on securities transactions, transaction processing, risk activities, deposit management, payment methods and investment banking. The annual growth (+0.8 %) was largely influenced by that of electronic banking.
- Fees from the sale of insurance policies decreased with respect to 2018 (-6.6%), affected by the launch schedule of new products.
- Commissions from investment funds, portfolios and SICAVs came to €538 million (-2.6%). This change was driven, among other factors, by the reduction in the average net assets managed during 2019 as a result of the markets' negative trend at the end of 2018, which recovered during 2019.
- Pension plan management fees stood at €222 million (+2.4%).

Evolution 2018 vs. 2017

Fee and commission income reached €2,583 million in 2018 (+3.4% versus 2017).

- The change in fees from bank, securities and other services compared to 2017 was influenced by distribution agreements linked to consumer finance, as well as lower commissions in investment banking.
- Commissions from the sale of insurance policies grew by +19.0% in 2018 compared to 2017, following a significant sales push.
- Commissions from investment funds, portfolios and SICAVs in 2018 rose +12.6% due to the increase in assets under management during the first nine months of the year, prior to the episode of volatility.
- Pension plan management fees in 2018 increased +2.0% compared to the previous year, through a wide range of products.

€ millions	2019	2018	2017
Banking services, securities and other fees	1,500	1,488	1,521
Investment funds, portfolios and SICAVs	538	552	491
Pension plans	222	217	213
Insurance sales	213	227	274
Unit Link and other[1]	125	99	-
Net fees and commission income	**2,598**	**2,583**	**2,499**

[1] Includes income corresponding to Unit Linked and Flexible Investment Life Annuity products (the part managed) In 2017, they were included in the marketing of insurance products.

Income from equity investments

The profits of subsidiaries accounted for using the equity method reduced by €401 million (-48.5%) compared to the previous year, mainly due to the profits of Repsol and BFA not being attributed to the Group in 2019 (€434 million attributed in 2018). Stripping out this impact, the change in this line item would have been positive (+4.0%).

In 2018, this line item registered an increase of +€319 million (+48.8%), driven by the evolution of the business and the greater contribution of BFA due to extraordinary impacts, including the devaluation of the Angolan currency.

€ millions	2019	2018	2017
Dividend income	163	146	127
Entities accounted for using the equity method	425	826	526
Income from equity investments	**588**	**972**	**653**

Gains/losses on financial assets and liabilities and others

Trading income stood at €298 million in 2019 (+7.2%), which includes, among others, the materialisation of capital gains in fixed-income assets.

In 2018, this line item included the repricing of BPI's stake in Viacer as part of its divestment process and the result of the hedging transactions in connection with the subordinated bonds redeemed ahead of maturity, and the realisation of gains in fixed-income assets. The change with respect to 2017 was marked by the materialisation of latent capital gains in available for sale financial assets.

Income and expense under insurance or reinsurance contracts

Income derived from the life insurance business amounted to €556 million, representing an increase of +1.0% in the year. In 2018, this income increased by +16.7% due to a sustained growth in commercial activity.

Other operating income and expense

The change in Other income and operating expenses (-26.4%) was essentially affected by lower property expenses (Property Tax and maintenance and management costs from the portfolio of foreclosed assets), as a result of the sale of the real estate business in the fourth quarter of 2018.

The heading includes, among other items, income and expenses at non-real estate subsidiaries, income from rentals and expenses incurred in managing foreclosed properties and contributions, levies and taxes.

- Recording of the contribution to the Deposit Guarantee Fund (DGF) for €242 million (€228 million in 2018 and €214 million in 2017).
- This includes the contribution to the Single Resolution Fund (SRF) for €103 million (€97 million in 2018 and €90 million in 2017), including BPI's contribution of €7 million to the Portuguese Resolution Fund (Fundo de Resoluçao).
- Recognition of Spanish Property Tax (€16 million for 2019, compared to €48 million in 2018 and €50 million in 2017).

€ millions	2019	2018	2017
Contribution to the Single Resolution Fund / Deposit Guarantee Fund	(345)	(325)	(304)
Other real estate income and expenses (including Spanish Property Tax)	1	(147)	(200)
Other	(42)	(52)	74
Other operating income and expense	**(386)**	**(524)**	**(430)**

Administration expenses, depreciation and amortisation

The recurring administration expenses and depreciation and amortisation stood at €4,771 million, +2.9%. The year-on-year performance was impacted by:

- Staff expenses, which increased by 1.4% in the year due to the organic increase of the workforce, although there was an improvement in the last two quarters following the labour agreement reached this year. The organic increase also explains the change between 2017 and 2018.
- General expenses dropped by 3.5% due, among other factors, to IFRS16 coming into force. Excluding this effect (€154 million), expenditure grew due to the transformation of the distribution model (Store branches, InTouch remote customer service), greater expenditure on technology, and new regulatory requirements, just as was the case in 2018.
- Depreciation and amortisation expenses rose 34.9% as a result, among other factors, of the coming into force of the IFRS16, which involves the recognition and subsequent amortisation of leased property usage rights, which is mostly offset by a reduction in general expenses. Without this effect, the increase in the depreciation and amortisation expense would be approximately 1.5%. These fell between 2017 and 2018 due to the improvement in intangible assets in the fourth quarter of 2017.

€ millions	2019	2018	2017
Gross income	8,605	8,767	8,222
Staff expenses	(2,978)	(2,937)	(2,875)
General expenses	(1,247)	(1,292)	(1,165)
Depreciation and amortisation	(546)	(405)	(427)
Recurring administrative expenses, depreciation and amortisation	**(4,771)**	**(4,634)**	**(4,467)**
Extraordinary expenses	(979)	(24)	(110)

The Extraordinary expenses include the impact of the agreement reached with the employees' union representatives in the second quarter of 2019 regarding a plan of compensated terminations, as well as other measures that would provide further labour flexibility, with a gross impact of €978 million. The majority of the agreed departures were implemented on 1 August, with the consequent reflection on cost savings taking effect from the third quarter of the year. In 2018 and 2017, extraordinary expenses are associated with the integration of BPI (€24 million in 2018 and €110 million in 2017).

Allowances for insolvency risk and other charges to provisions

Allowances for insolvency risk stood at -€376 million (-€97 million in 2018). The change in the year was driven by one-off aspects in both periods, particularly the reversal of some €275 million in provisions in the third quarter of 2018 to update the recoverable value of the Group's exposure to a large borrower.

In 2019, this category includes aspects such as the nmegative impact of the recalibration of models in an environment of macroeconomic slowdown and the release of provisions following the revision of the expected loss associated with the credit risk adjustments applied in the acquisition of BPI, amounting to +€119 million (€179 million in the year as a whole).

€ millions	2019	2018	2017
Insolvency allowances	(376)	(97)	(799)
Other charges to provisions	(235)	(470)	(912)
Allowances for insolvency risk and other charges to provisions	**(611)**	**(567)**	**(1,711)**

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The change registered in 2018, amounting to -87.9% compared to 2017, was the result of the standardisation process of asset quality indicators and the one-off aspects set out above.

Other charges to provisions primarily includes the amounts recognised to cover contingencies and impairment of other assets. This change was driven by exceptional aspects, particularly in 2018, as this is where the -€152 million loss was recognised corresponding to the difference between the repurchase price from TPG of the 51% stake in the real estate service firm and its estimated fair value at that time, and a further -€53 million in connection with early retirements and impairments due to the adjustments made to the recoverable value of certain assets, among other aspects.

2017 included, the recognition of -€455 million associated with early retirements and -€154 million for the write-down of the exposure in Sareb.

Gains/ losses on disposal of assets and others

Gains/(losses) on disposal of assets and others includes the results of individual operations resulting from the sale and write-off of assets. The year-on-year change (-77.3%) essentially reflects extraordinary events in 2018:

- Real estate gains/ losses reflect the 49% impairment of the stake held at the time in Servihabitat so as to bring its book value in line with its new fair value (-€52 million). It also includes the formalisation of the sale of the real estate business (including expenses, taxes and other costs) for -€60 million.
- Other gains/ losses includes the negative impact derived from the agreement to sell the stake in Repsol (-453 million), the change of accounting classification of the stake in BFA (-€154 million), as well as the profit from the sale of BPI's purchasing business(+€58 million)

The main impact in 2017 is the business combination with BPI (+€256 million) and the write-down of obsolete assets.

€ millions	2019	2018	2017
Real estate results	(84)	(117)	6
Other	(83)	(618)	158
Gains/losses on disposal of assets and others	**(167)**	**(735)**	**164**

Unique aspects in 2019

- Realisation of gains from fixed-income portfolio amounting to +€235 million (Note 32).
- The labour agreement for the staff restructuring process, through incentivised voluntary redundancies with an impact of -€978 million (Note 23).
- The profit/ loss derived from the cancellation of cash flow hedges on 1.36% of the Group's stake in Erste Bank, with an impact of +€49 million (Note 15).

Additionally in 2019, the following operations with an impact on the Group's equity were recognized (albeit with no impact on the income statement):

- Modification of the accounting policy on certain defined benefit commitments with employees and/or their beneficiaries insured through the employee pension fund, with an impact on equity of +€449 million (Note 1).

The notes refer to the 2019 Consolidated Financial Statements.

Unique aspects of the 2018 financial year

- Realisation of gains from fixed-income portfolio amounting to +€128 million (Note 13), including the result linked to the cancellation of the associated provisions (Note 13).
- The agreement of incentivized voluntary redundancies with an impact of -€67 million (Note 23).
- A +€60 million profit on the sale of the stake in Viacer as part of a disinvestment process (Note 12).
- The result derived from the cancellation of the provision to cover subordinated debentures amounting to +€110 million (Note 15).
- The agreement for the sale of BPI's acquisition business to Comercia, with a +€58 million impact (Note 41).
- The agreement for the sale of the stake in Repsol, with a gross impact of -€453 million (Note 16).
- The repurchase agreement for 51% of Servihabitat Servicios Inmobiliarios, with an impact of -€204 million (Note 1).
- The agreement for the sale to Lone Star of 80% of Coral Homes, a company that has been provided with real estate assets, and the stake in Servihabitat Servicios Inmobiliarios, with a net total impact of -€48 million in expenses and taxes (Note 1).
- The loss of significant influence over BFA and reclassification of the shareholding to financial instruments valued at fair value with changes through other comprehensive income, with an impact of -€154 million (Note 16).

Additionally, in 2018 the following operations with an impact on the Group's equity were recognised (albeit with no impact on the income statement)::

- Initial application of IFRS 9, with a net impact of -€561 million charged to reserves (Appendix 7).
- Reduction of the minority interests as a result of the acquisition of an uncontrolled stake in BPI in order to obtain 100% by means of the agreement with Allianz and exercising the right of compulsory purchase (Note 7).

Unique aspects in the 2017 financial year

- Profit of +€256 million linked to the business combination following CaixaBank's acquisition of a controlling stake in Banco BPI (Note 7).
- The agreement of incentivised voluntary redundancies with an impact of -€570 million (Note 23).
- The impairment of the exposure in Sareb amounting to €154 million (Note 13).
- The net loss of -€97 million derived from the sale of 2% of BFA to Unitel, with the corresponding loss of control over this shareholding, mainly due to the materialization of the foreign exchange losses previously recognised within equity (Note 16).

The notes refer to the 2019 Consolidated Financial Statements.

Balance sheet and operations

The assets stood at €391,414 million at 31 December 2019 (+1.3 % in the year).

With regard to Shareholders' equity, the following change in accounting criteria led to a restatement of the comparative figures for previous periods.

The defined benefit commitments are implemented in the employee Pension Fund, which, under IAS 24, is a related party. To date, the Group did not use the exception permitted under IAS 19 to consider assets held by a pension fund for its employees as an asset of the eligible plan. For these purposes, the fund assets may include insurance policies where the fund acts as both policyholder and beneficiary.

As of 31 December 2019, the Group changed its accounting policy to consider the employee Pension Fund as an asset of the eligible plan, hence the rights which the eligible plan has over the policies subscribed that cover the defined benefit commitments are being considered.

This change of policy has led to a €1,617 million euro reduction in Provisions at the year end (now reported for the net amount), as well as an increase in the Liabilities relating to the insurance business of €1,196 million. This has an impact on *net deferred tax* of €135 million (including -€94 million for deferred tax assets and +€41 million for deferred tax liabilities), and an impact on Shareholders' equity of €286 million, recognised within *Other Comprehensive Income*. This entails a +18 basis point increase in CET1 capital.

In 2019, the allocation of capital to the Investments business was adapted to the Group's new corporate capital objective of maintaining a regulatory *Common Equity Tier 1 (CET1) ratio* of 12 %, and considers both the consumption of own resources by risk-weighted assets at 12 % (11 % in 2018) and applicable deductions.

The allocation of capital to BPI is at sub-consolidated level, i.e., taking into account the subsidiary's own funds. The capital consumed in BPI by the investees allocated to the investment business is allocated consistently to the investment business.

The difference between the Group's total own funds and the capital assigned to the other businesses is attributed to the banking and insurance business, which includes the Group's corporate centre.

€ millions	31.12.17	31.12.18	31.12.19 (breakdown by business segment)			
	Group	Group	Group	Banking and insurance	Investments	BPI
Total assets	383,136	386,546	391,414	355,416	4,554	31,444
Total liabilities	358,270	362,182	366,263	334,333	3,533	28,397
Equity	24,866	24,364	25,151	21,083	1,021	3,047
Capital assigned to the businesses	-	-	100 %	84%	4%	12%

N.B. 'The figures for 2017 and 2018 have been restated in accordance with the change in accounting criteria described above.

Loans and advances to customers

Loans and advances to customers, gross stood at €227,406 million (+1.2%), while the performing portfolio grew by 2.4% in 2019. In the annual change by segment, the following trends are of particular note:

- Loans for home purchases (-3.5% in the year) remain marked by the deleveraging of households.
- Loans to individuals - other purposes was up 1.3% in 2019, driven by consumer credit (+13.8%).
- Loans to corporates and SME's (excluding real estate developers) increased by 7.2% in 2019.
- Loans to real estate developers fell -3.8% in the year, while the public sector remained at similar levels.

These same trends marked the trends of 2018 with respect to 2017.

€ millions	31.12.17	31.12.18	31.12.19 (breakdown by business segment)		
	Group	Group	Group	of which: banking and insurance	of which: BPI
Loans to individuals	128,490	127,046	124,334	111,300	13,034
Home purchases	*94,187*	*91,642*	*88,475*	*77,104*	*11,371*
Other	*34,303*	*35,404*	*35,859*	*34,196*	*1,663*
Loans to businesses	83,463	85,817	91,308	81,835	9,473
Corporates and SME's	*76,362*	*79,515*	*85,245*	*75,977*	*9,268*
Real estate developers[1]	*7,101*	*6,302*	*6,063*	*5,858*	*205*
Public sector	11,998	11,830	11,764	9,968	1,796
Loans and advances to customers, gross	**223,951**	**224,693**	**227,406**	**203,103**	**24,303**
Provisions for insolvency risk	(6,832)	(5,728)	(4,704)	(4,167)	(537)
Loans and advances to customers (net)	**217,119**	**218,965**	**222,702**	**198,936**	**23,766**
Contingent liabilities	13,983	14,588	16,856	15,281	1,575

[1] After a homogenisation of BPI's segmentation criteria with the Group's criteria, €527 million of developer loans were resegmented at the 2018 year end, mainly to financing for productive sectors (excluding real estate developers).

CaixaBank's DNA
Strategic lines
Attractive shareholder returns and solid financials
Evolution of results and business activity
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

Customer funds

Customer funds rose to €384,286 million, up +6.9% in 2019, driven by the strength of the franchise and the recovery of the markets, among other factors.

The **on-balance sheet funds** reached €277,272 million (+6.4%).

- Demand deposits rose to €189,552 million (8.8%).
- Time deposits totalled €28,980 million. Their yearly performance was impacted by the issue of a retail note in the first quarter for €950 million with a 5-year maturity, which partially offset the reduction of deposits in a backdrop of rock-bottom interest rates on renewal of maturities.
- Liabilities under insurance contracts increased[2] (+7.5% in the year) thanks to developments in the product range and adaptation to customers' needs. Of particular note was the performance of Unit Linked products, growing 35.3% in the year.

The **assets under management** grew to €102,316 million. The annual change (+8.9%) was mostly driven by the recovery of the markets following the slump seen at the end of the fourth quarter of 2018.

- The assets managed in investment funds, portfolios and SICAVs stood at €68,584 million (+6.3% in the year).
- Pension plans totalled €33,732 million (+14.7% in the year).

Other accounts mainly includes temporary funds associated with transfers and collections.

€ millions	31.12.17	31.12.18	31.12.19 (breakdown by business segment)		
	Group	Group	Group	of which: banking and insurance	of which: BPI
Customer funds	196,611	204,980	218,532	195,723	22,809
Demand deposits	*158,772*	*174,256*	*189,552*	*175,077*	*14,475*
Time deposits[1]	*35,793*	*30,724*	*28,980*	*20,646*	*8,334*
Liabilities under insurance contracts[2]	51,213	53,450	57,446	57,446	0
Repurchase agreement and others	968	2,060	1,294	1,278	16
On-balance sheet funds	**248,792**	**260,490**	**277,272**	**254,447**	**22,825**
Mutual funds, managed accounts and SICAV's	66,882	64,542	68,584	63,189	5,395
Pension plans	29,669	29,409	33,732	33,732	0
Assets under management	**96,551**	**93,951**	**102,316**	**96,921**	**5,395**
Other accounts	**5,363**	**5,108**	**4,698**	**3,129**	**1,569**
Total customer funds	**350,706**	**359,549**	**384,286**	**354,497**	**29,789**

[1] Includes retail debt securities amounting to€1,625 million at 31 December 2019, of which €950 million correspond to the retail note issued in the first quarter of 2019.

[2] Excluding the impact of the change in value of the associated financial assets, with the exception of Unit Linked and Flexible Investment Life Annuity assets (the part managed).

As a result of the new accounting criteria for defined benefit commitments with employees, the balance of previous periods has been restated (+€1,067 million and +€1,248 million at 31 December 2018 and 31 December 2017, respectively).

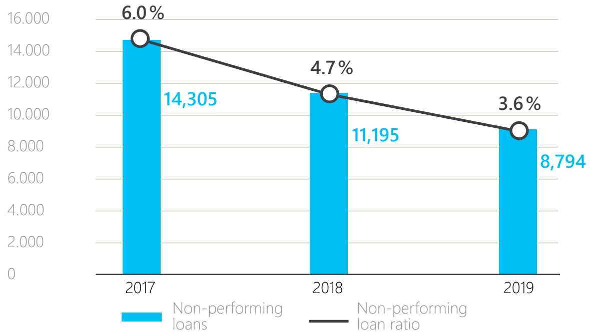
Credit risk quality

The **non-performing loans** fell by €2,401 million in the year, placing the NPL ratio at 3.6% (-108 basis points in the year). The active management of the non-performing portfolio, the standardisation of the asset's quality indicators, together with portfolio sales have enabled a sustained reduction in doubtful balances and in the NPL ratio in recent years.

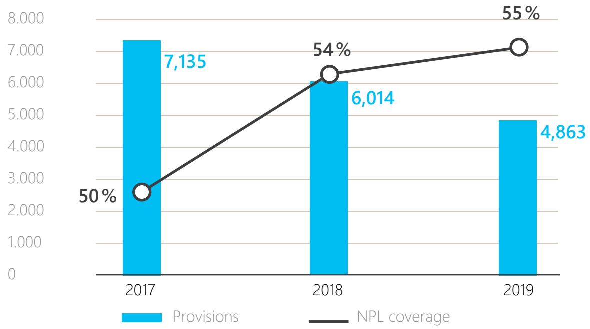
The **allowances for impairment losses** at 31 December 2019 stood at €4,863 million. The change in the last three years has been largely down to the adjustments made to the recoverable value on credit exposures, the cancellation of debt incurred from the acquisition and foreclosure of real estate assets and the derecognition of assets and write-offs. The coverage ratio reached 55% (+5 percentage points compared to 2017).

(%)	31.12.17	31.12.18	31.12.19 (breakdown by business segment)		
	Group	Group	Group	of which: banking and insurance	of which: BPI
Loans to individuals	5.2%	4.7%	4.4%		
Acquisition of property	*4.2%*	*3.8%*	*3.4%*		
Other	*7.9%*	*7.2%*	*6.7%*		
Loans to businesses	8.3%	5.4%	3.2%		
Productive sectors (exc. real estate developers)	*7.1%*	*4.7%*	*2.9%*		
Property developers	*21.7%*	*14.3%*	*8.0%*		
Public sector	1.4%	0.4%	0.3%		
NPL ratio (loans + guarantees)	**6.0%**	**4.7%**	**3.6%**	**3.7%**	**3.0%**
NPL coverage ratio	**50%**	**54%**	**55%**	**53%**	**78%**

NON-PERFORMING ASSETS



COVERAGE



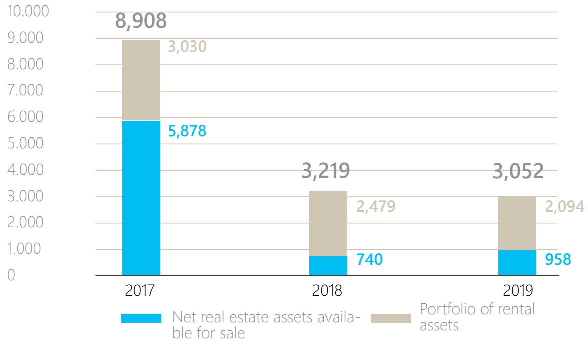
Foreclosed real estate assets

The **net foreclosed available for sale real estate assets**[1] **in Spain** amounted to €958 million (+€218 million in the year), with a coverage ratio of 39% (accounting coverage ratio of 30%). In 2018, following the formalisation of the sales transaction of the real-estate business during the fourth quarter and the intense commercial activity this year, the portfolio of net foreclosed available for sale real estate assets fell by -€5,138 million, down to €740 million.

The portfolio of rental properties in Spain stood at €2,094 million net of provisions (-€385 million in the year). The rental portfolio in 2018 stood at €2,479 million net of provisions, -€551 million compared to 2017 following the sale of a portfolio of rental properties for €226 million.

The total sales[2] of real estate properties in 2019 reached €581 million. In 2018, sales amounted to €2,060 million (+28% vs. 2017).

FORECLOSED REAL ESTATE ASSETS



[1] Excluding foreclosure rights for auctioned properties (€142 million net at 31 December 2019 and €231 million at 31 December 2018).

[2] At sale price.

Liquidity and financing structure

The Bank manages liquidity risk in order to maintain sufficient liquidity levels so that it can comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, operating at all times within the risk appetite framework.

Note 3.12 "Liquidity risk" to these financial statements describes the Bank's strategic principles, risk strategy and risk appetite in relation to liquidity and financing risk.

Total liquid assets amounted to €89,427million at 31 December 2019, up €9,897 million in the year due to the improvement in the loan-deposit gap and the fact that new issues exceeded maturities.

€ millions	31.12.17	31.12.18	31.12.19
Total liquid assets	72,775	79,530	89,427
Of which: balance available in non-HQLA facility	*19,165*	*22,437*	*34,410*
Of which: HQLA	*53,610*	*57,093*	*55,017*
Institutional Financing	28,691	29,453	32,716
Loan to deposits	108 %	105 %	100 %
Liquidity coverage ratio	185 %	196 %	186 %
Net Stable Funding Ratio	-	117 %	129 %

The *Liquidity coverage ratio* of the Group[1] (LCR) at 31 December 2019 stands at 186%, well above the minimum required level of 100 %.

The *Net Stable Funding Ratio* (NSFR)[2] stood at 129 % at 31 December 2019, above the regulatory minimum of 100 % which will be required from June 2021.

The balance drawn down on the ECB facility at 31 December 2019 stood at €12,934 million, of which €3,909 million correspond to TLTRO II and €9,025 million to TLTRO III (during 2019, €24,274 million of TLTRO II have been repaid and €9,025 million TLTRO III have been drawn down).

CaixaBank maintains a solid retail financing structure with a *loan-to-deposits ratio* of 100 %, and with institutional financing amounting to €32,716 million through various debt instrument issues during 2019. The public sector and mortgage covered bond issuance capacity of CaixaBank, S.A. amounted to €3,727 million as of the end of December 2019.

After the 2019 year end, CaixaBank has issued €1,000 million in 5-year senior non-preferred debt with an annual return of 0.43 %, equivalent to *mid-swap* +58 basis points. The issuance has had a demand of over €2,100 million.

[1] Average last 12 months.

[2] Calculations applying the criteria established as per regulation (EU) 2019/876, to enter into force as of June 2021 (interpretation of the aforementioned criteria).

€ millions Issuance	Total amount	Amount	Maturity	Cost[3]	Employment requests[4]	Issuer
Senior debt	1,000	1,000	7 years	1.195 % (*mid-swap* +0.90 %)	2,250	CaixaBank
Non-preferred senior debt	3,382	1,000	5 years	2.47 % (*mid-swap* +2.25 %)	2,400	CaixaBank
		50	10 years	2.00 % (*mid-swap* +1.56 %)	Private	CaixaBank
		1,250	7 years	1.464 % (*mid-swap* +1.45 %)	4,000	CaixaBank
		82	15 years	1.231 %	Private	CaixaBank
		1,000	5 years	0.765 % (*mid-swap* +1.13 %)	2,250	CaixaBank[5]
Mortgage covered bonds	500	500	15 years	1.40 % (*mid-swap* +0.442 %)	Private	CaixaBank[6]
Mortgage covered bonds (Portugal)	500	500	5 years	0.343 % (*mid-swap* +0.25 %)	3,100	BPI

[3] Meaning the yield on the issuance.

[4] For the issuance of €1,250 million in senior non-preferred debt and the social issuance of €1,000 million in senior non-preferred debt, the maximum demand is indicated.

[5] In September 2019 CaixaBank completed its first issuance of a Social Bond, for an amount of €1,000 million in senior non-preferred debt .

[6] The Mortgage Covered Bonds correspond to 6 private placements with an average weighted cost of 1.40%.

Capital management

€ millions and %	31.12.19	31.12.18	31.12.17
Common Equity Tier 1 (CET1)	12.0 %	11.5 %	11.7 %
Tier 1 ratio	13.5 %	13.0 %	12.3 %
Total capital	15.7 %	15.3 %	15.7 %
MREL	21.8 %	18.9 %	16.8 %
Risk-weighted assets (RWAs)	147.880	145.942	148.626
Leverage ratio	5.9 %	5.5 %	5.3 %

Evolution 2019 vs. 2018

The Common Equity Tier 1 (CET1) ratio reached 12.0% at 31 December 2019. Organic growth for the year was +37 basis points, regulatory and accounting changes had an impact of +2 basis points and market and other impacts made up +13 basis points.

These CET1 levels lay the foundations for achieving the capital objective set in the 2019-2021 Strategic Plan, which is to reach approximately 12% by the end of 2021, with an additional a 1 percentage point prudential buffer, to cover any future regulatory changes, including the end of the Basel 3 framework.

The *Tier 1 ratio* stands at 13.5%. Since last year, the Group has maintained 1.5% in AT1 instruments, in accordance with the provisions of Pillar 1 of the capital regulations.

The Total Capital ratio remained at 15.7%.

The leverage ratio stood at 5.9%.

With regard to the MREL requirement (22.5% of the RWAs at a consolidated level as of 1 January 2021), at 31 December CaixaBank had a RWA ratio[2] of 21.8% taking into account all the liabilities currently eligible[3] by the Single Resolution Board. At a subordinated level, including only Senior non-preferred debt, the MREL ratio reached 19.6%.

Similarly, CaixaBank is subject to minimum capital requirements on an individual basis. The CET1 ratio in this perimeter remains unchanged at 13.8%, with risk-weighted assets of €135,718 million.

BPI is also compliant with its minimum capital requirements. The bank's CET1 ratio at a sub-consolidated level stood at 13.4% at 31 December 2019.

The decisions of the European Central Bank (ECB) and the national supervisor required the Group to maintain requirements during 2019 of 8.78% for CET1[4], of 10.28% for *Tier 1 ratio* and of 12.28% for Total Capital.

The Group's current solvency levels show that the applicable requirements would not imply any automatic limitation of those referred to in the solvency regulations on distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital securities (there is a margin of 325 basis points, i.e. €4,805 million until the *trigger* Group's MDA7 trigger). CaixaBank's dividends policy complies with the conditions outlined in the ECB recommendation published on 17 January 2020. Therefore, it does not present any limitations for the Company.

[2] See article 128 of the Capital Requirements Regulation (CRR) 575/2013.

[3] The pro-forma MREL ratio with the new € 1,000 million issue in *senior preferred debt* carried out in January 2020 would be 22.5%.

[4] Eligible liabilities include Non-preferred senior debt, preferred senior debt and other liabilities *pari-passu* this debt, at the discretion of the Single Resolution Board.

[5] Includes 0.03 % as a countercyclical buffer due to exposure in other countries (mainly the United Kingdom).

Evolution 2018 vs. 2017

The fully-loaded *Common Equity Tier* 1 (CET1) ratio *from a fully-loaded perspective* at 31 December 2018 was 11.5 %. Excluding the -15 basis point impact of the first-time application of the IFRS9 accounting standard and -14 basis points due to extraordinary movements during the year (purchase of non-controlling interests in BPI and the sale of 80 % of the real estate business), the change amounted to +54 basis points driven by the organic generation of capital, and -43 basis points primarily due to the volatility of markets and other impacts. These other impacts include the adjustment of requirements due to the credit risk of the doubtful mortgage portfolio during the third quarter, resulting from the TRIM (*Targeted Review of Internal Models*) process of the European Central Bank.

The fully-loaded *Tier 1 ratio* reached 13.0 %.

Total Capital, in *fully loaded terms*, stood at 15.3 %. This ratio includes the issuance of €1,000 million of *Tier 2* securities issued in April 2018, the redemption of an issue of *Tier 2* securities of €2,072 million in May (of which €1,574 million were eligible) and the redemption of another issue of *Tier 2* instruments of €750 million carried out in November (of which €738 million were eligible).

The leverage ratio reached 5.5 %.

With regard to the subordinated instruments to comply with the future MREL requirements, in October there was a €1,000 million issue of senior non-preferred debt . The APR ratio for subordinated instruments including, mainly, Total Capital and Senior non-preferred debt reached 16.9 % *from a fully-loaded perspective*.

According to the criteria in force in 2018 for phased-in implementation, regulatory capital and leverage stood at: 11.8 % for CET1, 13.3 % for *Tier 1 ratio*, 15.6 % for Total Capital and 5.6 % for *leverage ratio*.

CaixaBank is also subject to minimum capital requirements on an individual basis. The regulatory CET1 ratio in this perimeter reached 13.3 %, with risk-weighted assets of €132,684 million.

BPI also complied with its minimum capital requirements, reaching 13.2 % at the close of 2018.

The decisions of the European Central Bank (ECB) and the national supervisor required the Group to maintain, at 31 December 2018, ratios for CET1, *Tier 1* and regulatory Total Capital of 8.063 %, 9.563 % and 11.563 % respectively (including the progressive application of conservation and systemic buffers), which would rise to 8.75 %, 10.25 % and 12.25 % from a *fully-loaded perspective*.

Key figures of the CaixaBank Group

€ millions and %	January-December			Change	
	2019	2018	2017	2019-18	2018-17
Results					
Net interest income	4,951	4,907	4,746	0.9%	3.4%
Net fees and commission income	2,598	2,583	2,499	0.6%	3.4%
Gross income	8,605	8,767	8,222	(1.8%)	6.6%
Recurring administrative expenses, depreciation and amortisation	(4,771)	(4,634)	(4,467)	2.9%	3.7%
Operating income/loss	2,855	4,109	3,645	(30.5%)	12.7%
Pre-impairment income stripping out extraordinary expenses	3,834	4,133	3,755	(7.2%)	10.1%
Profit/loss attributable to the Group	1,705	1,985	1,684	(14.1%)	17.8%
Profitability indicators (last 12 months)					
Cost-to-Income Ratio	66.8%	53.1%	55.7%	13.7	(2.6)
Cost-to-income ratio excluding extraordinary expenses	55.4%	52.9%	54.3%	2.5	(1.4)
ROE[1]	6.4%	7.8%	6.8%	(1.4)	1.0
ROTE[1]	7.7%	9.5%	8.3%	(1.8)	1.2
ROA	0.4%	0.5%	0.5%	(0.1)	-
RoRWA	1.1%	1.3%	1.1%	(0.2)	0.2

[1] The calculations for ROTE and ROE of 2019 include the valuation adjustments in the denominator, resulting in a restatement of the figure reported in 2018. In addition, in the fourth quarter the accounting policy associated with the recording of defined benefit commitments to employees was modified, and equity and ratios from previous periods were restated.

OTHER INDICATORS

	December 2019	December 2018	December 2017	Change 2019-2018	Change 2018-2017
Balance sheet and operations					
Total assets	391,414	386,546	383,136	1.3 %	(0.9 %)
Equity[1]	25,151	24,364	24,866	3.2 %	(2.0 %)
Customer funds[1]	384,286	359,549	350,706	6.9 %	2.9 %
Loans and advances to customers, gross	227,406	224,693	223,951	1.2 %	0.3 %
Risk management					
Non-performing	8,794	11,195	14,305	(2,401)	(3,110)
Non-performing loan ratio	3.6 %	4.7 %	6.0 %	(1.1)	(1.3)
Cost of risk (last 12 months)	0.15 %	0.04 %	0.34 %	0.11	(0.30)
Insolvency risk provisions	4.863	6,014	7,135	(1,151)	(1,121)
NPL coverage ratio	55 %	54 %	50 %	1	4
Net foreclosed available for sale real estate assets[2]	958	740	5,878	218	(5,138)
Foreclosed real estate assets held for sale coverage ratio	39 %	39 %	58 %	-	(19)
Liquidity					
Total liquid assets	89,427	79,530	72,775	9,897	6,755
Liquidity coverage ratio (last 12 months)	186 %	196 %	185 %	(10)	11
Net Stable Funding Ratio (NSFR)	129 %	117 %	-	12	-
Loan to deposit	100 %	105 %	108 %	(5)	(3)
Solvency					
Common Equity Tier 1 (CET1)	12.0 %	11.5 %	11.7 %	0.5	(0.2)
Tier 1 ratio	13.5 %	13.0 %	12.3 %	0.5	0,7
Total capital	15.7 %	15.3 %	15.7 %	0.4	(0.4)
MREL	21.8 %	18.9 %	-	2.9	-
Risk weighted assets (RWAs)	147,880	145,942	148,626	1,938	(2,684)
Leverage ratio	5.9 %	5.5 %	5.3 %	0.4	0,2
Stock market ratios[1]					
Book value per share (€/share)	4.20	4.07	4.10	0.13	(0.03)
Tangible book value (EUR/share)	3.49	3.36	3.39	0.13	(0.03)
Net attributable earnings per share (€/share) *(12 months)*	0.26	0.32	0.28	(0.06)	0,04
PER (Price/Profit; multiple)	10.64	9.94	14.02	0.69	(4.07)
P/B ratio (listed price/tangible book value)	0.80	0.94	1.16	(0.14)	(0. 22)

[1] The balance sheet data for prior periods has been restated in accordance with the change in accounting criteria described previously, as have the profitability and stock market ratios.

[2] Exposure in Spain.

Ratings

>> CREDIT RATINGS

	Long-Term	Short-Term	Outlook
Moody's [1]	Baa1	P-2	stable
S&P Global Ratings [2]	BBB+	A-2	stable
Fitch Ratings [3]	BBB+	F2	stable
DBRS [4]	A	R-1(low)	stable

Last confirmation date:

[1] At 17 May 2019

[2] At 31 May 2019

[3] At 27 September 2019

[4] At 29 March 2019

Dividend policy

In accordance with the dividend policy approved by the Board of Directors on 31 January 2019, the remuneration of shareholders for 2019 will be a single cash dividend paid around April 2020 after the close of the financial year.

Furthermore, in the 2019-2021 Strategic Plan, CaixaBank reported its intention, in compliance with the dividend policy, to remunerate shareholders by distributing an amount in cash greater than 50% of the consolidated net profit, setting the maximum amount to be distributed charged to 2019 profits at 60% of the consolidated net profit.

On 31 January 2020, the Board of Directors announced its intention to propose to the Annual General Sharehol-ders' Meeting the payment of a dividend of 15 cents per share, in cash, to be charged against the profit for 2019. This payment would represent 53% of the profit for 2019, in line with the Strategic Plan. The Board also agreed to set the maximum amount to be distributed against 2020 profits at 60% of the consolidated net profit.

A benchmark in **responsible banking and social commitment**

One of CaixaBank's strategic priorities is to be an industry leader in socially responsible banking, by reinforcing responsible business management (with an emphasis on transparency with customers) and ensuring best practices in internal control and corporate governance.

Main monitoring metrics 2019-2021 Strategic Plan

2019	Objective 2021
Inclusion in the DJSI for the **8th year in a row**	Continued inclusion in the DJSI
Issuance of the **first social bond** for **€1,000 million** with the aim of reducing poverty and generating employment	Issuance of **€1,500 million** of SDG bonds
€725 million new concession MicroBank in 2019	**≈€2,181 million new concession** MircroBank (2019-2021)

>> COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY IS BASED ON A SOUND FRAMEWORK OF GOVERNANCE

MISSION AND VALUES >> 2019-2021 STRATEGIC PLAN

BOARD OF DIRECTORS

Approves the CSR policy and strategy and oversees its implementation

STRUCTURE OF GOVERNING BODIES

Appointment Committee
Oversees CaixaBank's actions in relation to corporate responsibility issues, which also include its Environmental Strategy

Management Committee
Approves the main lines of action in the area of Corporate Social Responsibility and Reputation. Oversees:

Risks Committe
Proposes the Group's risks policy to the Board that includes ESG matters

Corporate Responsibility and Reputation Committee
Implementation of the CSR strategy and promoting it in the organisation

Environmental Risk Committee
Implementation of the environmental strategy and related business opportunities

FRAMEWORK OF POLICIES AND CODES

- **Corporate Social Responsibility Policy** (Updated 2019)
- **Socially Responsible Banking Plan** (2017)
- **Environmental Risk Management Policy** (2019)
- **Statement on Climate Change** (2019)
- **Corporate Human Rights Policy** (Updated 2019)
- **Corporate Policy regarding the Defence Sector** (Updated 2019)

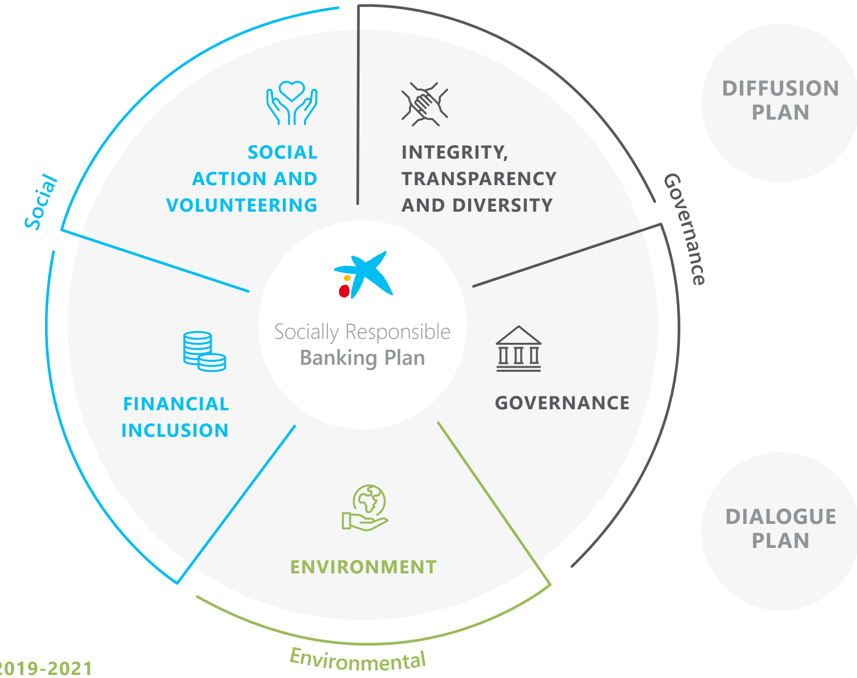
The **Corporate Social Responsibility Policy** of CaixaBank, approved by the Board of Directors and monitored by top-level CaixaBank committees with the direct involvement of CaixaBank Senior Management, establishes the foundations for responsible activity and economic efficiency with a commitment to the socio-economic development of people and the country.

Through the Policy, CaixaBank assumes the following guidelines for the management and conduct of its activity: comprehensive, responsible and sustainable action; high quality service; economic efficiency; the adoption of a long-term view in decision-making; and constant innovation, which contributes as much as possible to the sustainable development of communities.

This commitment provides added value to the Company and to its stakeholders and affects the entire value chain of the organisation: economic and financial factors of the business, environmental responsibility, customer satisfaction, creation of value by shareholders and investors, the needs and aspirations of employees, the relationship with suppliers and contributors, and its impact on the communities and environments in which it operates.

The Policy is a Group document that serves as a reference for all Group companies.

In this context, **CaixaBank's Socially Responsible Banking Plan** (approved by the Board of Directors in 2017), based on the ESG criteria (Environment, Society and Governance), there are 5 core concepts that function as a guide and help us to focus on strategic priorities in the area of responsible management.



PRIORITIES 2019-2021

INTEGRITY, TRANSPARENCY AND DIVERSITY	Boost initiatives for **transparency with customers**	Strengthen the **comprehensive approach**	Maintain **support for dissemination** regarding diversity and **consolidate the Wengage programme**
GOVERNANCE	Consolidate **corporate responsibility Governance with the Group vision**	**Measure production** with positive social or **environmental impact** and incorporate ESG criteria in the business	Consolidate the management, measurement and monitoring of **reputational risk**
ENVIRONMENT	To promote **green production** and issue **sustainable bonds**	Advance in the **measurement and management of environmental and climate risk**	Implement the **Environmental and Energy Management Plan** and renew certification
FINANCIAL INCLUSION	To promote **investment** with **social impact**	Strengthen and develop the **Financial Culture Plan**	Maintain positioning in **proximity and reinforce accessibility**
SOCIAL ACTION AND VOLUNTEERING	Continue to promote Decentralised Social Work with **a focus on capillarity**	Consolidate the **corporate volunteering plan**	Strengthen **cooperation with "la Caixa" programmes**

For CaixaBank, it is essential to be part of the network of alliances and initiatives that are woven at a global, national and local level. CaixaBank contributes its vision, as a bank committed to society since its creation in 1904, and works to disseminate and raise awareness of these principles and values, demanding, at all times, the highest standards of management derived from these alliances and initiatives.

SDG 17

A successful sustainable development programme requires partnerships between governments, the private sector and civil society. These inclusive alliances built on principles and values, a shared vision and shared goals, which place people and the planet at the forefront, are necessary at a global, regional, national and local level.

17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

PRINCIPAL ALLIANCES AND AFFILIATIONS

"la Caixa": Partnership with the "la Caixa" Banking Foundation, the first Social Action Project in Spain and one of the largest in the world.

Pacto Mundial Red Española: Body responsible for promoting the principles of the United Nations. CaixaBank has held the presidency of the Spanish Network of the UN Global Compact since 2012.

UNEP Finance Initiative: Promoting sustainable finance and the integration of environmental and social aspects in business (2018).

PRI: The pension plan management company, VidaCaixa (2009), the Group's asset management company, CaixaBank Asset Management (2016), and BPI Gestão de Activos (2019), are signatories.

Defining the role and responsibilities of the financial sector to guarantee a sustainable future (2019).

UNEP FI reporting in the Non-Financial Information Statement - Principles of Responsible Banking - UNEP FI section of this document.

GSG: Strives to fulfil SDGs by promoting high-impact investments. CaixaBank Asset Management holds the presidency of the Spanish National Board (2019).

MicroBank is a member of EMN, an association that promotes microfinance as a tool to combat social and financial exclusion in Europe through self-employment and the creation of micro-enterprises (2003).

empowerwomen: Public commitment to aligning policies to advance gender equality (2013).

Principles that promote integrity in green and social bond markets (2015).

TCFD: Financial Stability Board initiative to encourage the disclosure of climate-related risks in companies (2018).

Climate Action 100+: Initiative to foster dialogue with companies around the globe with high greenhouse emission levels (2018).

Equator Principles: Commitment to ESG risk assessment in the financing of projects of more than 7 million euros (2007).

Grupo Español Crecimiento Verde: Founding partner promoting economic growth linked to a low-carbon economy through collaboration between the public and private sectors (2016).

RE 100: Global and corporate initiative for companies committed to using 100% renewable electricity (2016).

UNWTO: CaixaBank is the first European bank to become an affiliate of this United Nations body responsible for promoting responsible, sustainable and universally accessible tourism.

Observatorio de los ODS: Monitors compliance with the SDGs by Spanish companies (2017).

They strive to ensure enough private capital is allocated to sustainable investments. Members of the network of UN European sustainability centres.

Seres: Promotes the commitment of companies to improving society through responsible action. CaixaBank is on the Board of Trustees and the Advisory Board (2011).

Forética: Promotes the integration of social, environmental and governance aspects in the management of companies (2010).

ICC: Defending CSR and the fight against corruption in Spanish companies (2019).

Finanzas para todos: Signatory to the Financial Education Plan promoted by the Bank of Spain and the Spanish Securities Market Commission (2010).

DIRSE: Spanish Association of CSR Professionals. CaixaBank is a member of the Board (2011).

Sustainability **indexes**

CaixaBank is included in the main sustainability indexes

DJSI World
DJSI Europe

Date of 1st inclusion **2012**
Rating **81** (0-100)

FTSE4 Good Global
FTSE4 Good Europe
FTSE4 Good IBEX

Date of 1st inclusion **2011**
Rating **3.8** (1-5)

"Prime" Company

Date of 1st inclusion **2013**
Rating **C** (D-/A +)

Eurozone 120 Index
Europe 120 Index

Date of 1st inclusion **2013**
Rating **Robust**

STOXX Global ESG Leaders

Date of 1st inclusion **2013**
Sustainalitycs rating **74** (0-100)

MSCI Global Sustainability Indexes

Date of 1st inclusion **2015**
Rating **A** (CCC-AAA)

Ethibel Excellence Investment
Ethibel Sustainability Index Excellence Europe

Date of 1st inclusion **2013**

Carbon Disclosure Project

Date of 1st inclusion **2012**
Rating **A-** (D-/A)

Dow Jones Sustainability Index

The Dow Jones Sustainability Index (DJSI) is a project for the continuous improvement of organisations. For CaixaBank, inclusion in the DJSI is a level one metric of the Strategic Plan.

In 2019, CaixaBank's results were considerably better than those for the previous year, with improvements in the three dimensions of sustainability (economic, environmental and social). In the following areas, CaixaBank scores well above average: anti-crime policies and standards of conduct (compliance); privacy protection; development of human capital; social action; and financial inclusion.

CAIXABANK INCLUDED IN DJSI 2019, 14TH OF 25 SELECTED BANKS

	CaixaBank in 2019 Score	Improvement v. 2018	Average for banks DJSI World	Best for banks in DJSI World
Score overall	81	+3p	81	86
Economic dimension	76	+3p	76	82
Economic dimension	86	+5p	90	98
Economic dimension	90	+5p	88	97

Global reputation **Index** (GRI)

CaixaBank has developed a continuous system for measuring and analysing the Company's reputation, applying qualitative and quantitative criteria to monitor and manage its corporate reputation, reporting its status and evolution to the governing bodies on a regular basis.

ASSESSING REPUTATION...

1 ...ALLOWS US TO ANSWER:

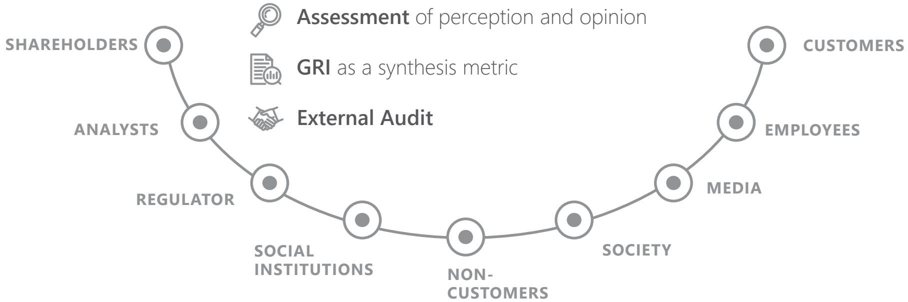
- **How** are we seen?
- **What** aspects might become a risk for CaixaBank due to negative perception?

3 ...LEADS US TO:

- **Diagnose** reputation problems
- **Set objectives** in this field
- **Measure the evolution** of the Institution
- Establish **comparisons**

2 ... BASED ON:

- **+400** Indicators
- **Assessment** of perception and opinion
- **GRI** as a synthesis metric
- **External Audit**



In 2019 the GRI indicators and weightings were updated to bring them into line with the new expectations that stakeholders have regarding financial institutions.

The GRI is a metric of the Strategic Plan, which includes the perceptions of stakeholders regarding the entity on a scale of 0 to 1,000 and it is considered to be part of *best practice* due to its multi-stakeholder approach. The GRI, together with the materiality study, allows us to capture the sensitivity of stakeholders to different aspects that may be critical for CaixaBank and that might impose stress on its future profitability and sustainability.

GRI CaixaBank - ESP **90 % Weighting** + GRI BPI - PT **10 % Weighting** = Group GRI metric

Responsible **practices**

The Code of Ethics and Action Principles and the Corporate Human Rights Policy, together with the Anti-corruption Policy (described in the section on *Responsible and Ethical Behaviour* in this document), as the highest level standards in the hierarchical structure, establish minimum standards of conduct to carry on business within the law.

Below we list the main policies with regard to **ethics and integrity** approved by the Board of Directors:

Policy	Objective	Last update	Published on CaixaBank corporate website
Code of Business Conduct and Ethics	Manifesto on the values and ethical principles that underpin our activity and should govern CaixaBank's operations.	January 2019	✓
Corporate Human Rights Policy	Minimum standard for carrying out activities legally.	October 2019	✓
Anti-corruption Policy	To prevent both the Company and its external partners, directly or through third-parties, from engaging in conduct that may be contrary to the law or to the basic principles of CaixaBank's activity.	January 2019	✓
Corporate Policy on Compliance with Criminal Law	To ensure that no criminal acts occur within the organisation.	October 2018	✓
Corporate policy on the prevention of money laundering and the financing of terrorism and managing sanctions and international countermeasures within the CaixaBank Group.	To actively promote the implementation of the highest international standards in this area, in all jurisdictions where the CaixaBank Group operates.	July 2019	✓
Corporate Policy regarding the Defence Sector	This policy regulates the conditions for maintaining business relations in the sector, as well as establishing restrictions and exclusion criteria.	December 2019	✗[1]
Internal Regulations on Conduct Concerning the Securities Market	To foster transparency in markets and maintain the legitimate interests of investors at all times in accordance with Regulation 596/2014 of the European Parliament and the Securities Market Law.	July 2019	✓
General Corporate Policy on Conflicts of Interest	This policy allows us to prevent potential conflicts of interest that may arise in different fields and scenarios and deal with them if they should occur.	October 2018	✓
Corporate Privacy Policy	This policy sets out fundamental rights to data protection and privacy.	May 2018	✗[1]
Code of Conduct regarding Data Communication	Designed to guarantee the proper use of the technical and IT resources owned by CaixaBank. It also aims to raise awareness among employees of the advantages of properly using the communications network and of security issues affecting IT and communication equipment.	May 2014	✗

[1] An extract of the Policy is available on the corporate website

CaixaBank works to understand the impacts on **human rights** of its activity. To this end, it has implemented periodic due diligence processes to assess the risk of non-compliance, based on which it proposes measures to prevent or remedy negative impacts and measures to maximise positive impacts. In 2020, a new due diligence process will be undertaken.

CaixaBank is firmly committed to the **prevention of money laundering and the financing of terrorism.** It is considered fundamental to establish the necessary measures and to revise them regularly in order to ensure, as far as possible, that CaixaBank products and services are not used for any illegal activity. In this regard, it is essential to actively collaborate with regulators and security forces and to report all suspicious activities detected. To do this, CaixaBank has a risk management model for money laundering and the financing of terrorism that it implements in its activities, businesses and relationships, both nationally and internationally, to prevent this risk, to which it is exposed. According to the provisions of Spanish law, management of the prevention of the risk of money laundering is subject to annual review by an independent external expert. No significant deficiencies were identified in the review carried out in 2019.

Respect for the fundamental right to data protection and privacy is reflected in our code of ethics, and is the pillar upon which one of our corporate values is based: trust. In this regard, there is a **Corporate Privacy Policy** in place, as well as internal regulations that concern confidentiality and the processing of personal data.

In order to guarantee a recurring assessment of risks in the area of personal data management and processing, the company has a Privacy Committee and a PIA Committee (Privacy Impact Assessment), which are responsible for analysing and approving any new processing and for monitoring the implementation of the measures agreed.

A key element in the proper development and implementation of codes and policies is to promote and develop an effective culture of conduct throughout the institution. In order to promote and guarantee the strengthening of this culture, a communication and awareness strategy is upheld throughout the organisation. The main levers used in this strategy are:

- **Training**
  - In 2019, the variable remuneration of all CaixaBank, S.A. employees was linked to satisfactory completion of certain compulsory training courses on legislation or areas of special sensitivity regarding conduct. This criterion has been extended to the rest of the Group, reaching a total of 29,707 employees with bonuses linked to training.
- **Communication**
  - In 2019, in addition to training courses, awareness-raising sessions were held for the network of branches and specialised areas, while news, highlights and circulars were published on the intranet: a total of 313 awareness-raising actions.
- **Linking employees' variable remuneration to a series of aspects related to conduct risk.**
  - Corporate challenges include compliance with an indicator reflecting variables related to conduct (customer due diligence and correct formalisation of operations), employee variable remuneration being reduced if the target is not achieved.

>> MAIN TRAINING COURSES ATTENDED BY EMPLOYEES IN THE FIELD OF RESPONSIBLE PRACTICE

	Training in 2019	
	Linked to remuneration	Total employees who have passed the course
Insurance and Pension Plan Products	✓	28,398 employees
Customer Protection and Customer Service	✓	28,968 employees
Code of Ethics and Action Principles and Anti-corruption Policy	✓	33,858 employees
Conflicts of Interest	✓	28,063 employees
Action regarding Competition Law	✓	29,757 employees
Prevention of Money Laundering and the Financing of Terrorism	✓	33,174 employees

The **confidential channels for queries and reports,** through which staff can submit queries about the interpretation or practical application of codes of conduct and policies and report possible breaches, are an essential and accessible tool that can be used by all CaixaBank employees and Group subsidiaries. If complaints are put forward by customers, they will be processed through the customer service channels established by CaixaBank.

Complaints are resolved by means of a rigorous, transparent and objective procedure, with strict guarantees of confidentiality, anonymity and the prohibition of reprisals. In this regard, CaixaBank will work constantly to align its communication channels with best practices.

DETAILS OF CHANNELS FOR QUERIES AND REPORTS

21
Reports

285
Enquiries

112
Conflicts of interest

94
Internal Code of Conduct in the Securities Market

29
Anti-corruption Policy

13
Code of Ethics

37
Other

If any employees of the CaixaBank Group engage in potentially fraudulent activities or corruption during the course of their work, such conduct will be considered an extremely serious breach of conduct under the current collective agreement, and the employees involved will incur the sanctions envisaged in the aforementioned agreement for such offences.

At CaixaBank, **Reputational Risk Response Service (RRRS)** supports the commercial network to channel queries about potential operations that may infringe codes of conduct. The RRRS' activity is regularly reported to the Corporate Responsibility and Reputation Committee.

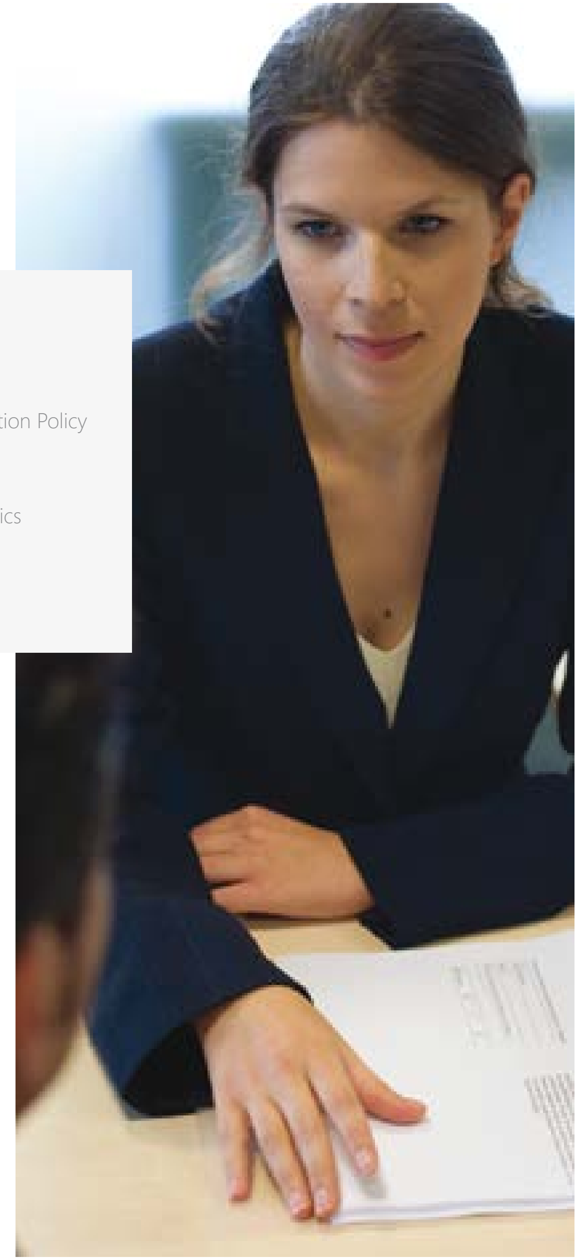
QUERIES RESOLVED in 2019

310
Enquiries Processed

13%
Equator Principles

39%
Defence

48%
Other



Socially Responsible Investment

The **Principles for Responsible Investment (PRI) initiative** is an international network of investors working together to implement six Principles for Responsible Investment. Its aim is to disseminate the implications of environmental, social and corporate governance factors (ESG) for investors and to help signatories to incorporate these considerations into their investment and decision-making processes. By applying these principles, the signatories contribute to the development of a more sustainable global financial system. PRI has the support of the United Nations.

The six principles of PRI

Principle 1:	Organisations affiliated to the principles agree to incorporate ESG considerations into investment analysis and decision-making processes.
Principle 2:	Organisations undertake to be active owners, incorporating ESG issues in their investment policies (for example, by being active on the boards of companies in which they invest).
Principle 3:	Investors will seek appropriate disclosure on ESG issues by the entities in which they invest.
Principle 4:	Investors are committed to promoting acceptance and implementation of the PRI Principles among investors.
Principle 5:	Organisations agree to work together to implement the Principles more effectively.
Principle 6:	Organisations are required to report their progress in implementing the Principles.

VidaCaixa, the Group's insurance subsidiary, and CaixaBank Asset Management, its collective investment institution management company, have adhered to the PRI scheme since 2009 and 2016, respectively. Both companies have Socially Responsible Investment Policies and have an SRI Committee. In 2019, BPI Gestão de Activos joined the PRI initiative.

How do we approach SRI?

1) Integrating ESG criteria to build up the investment portfolio			2) Improving the ESG positioning of companies in the portfolio and third-party fund managers	
Integration	Monitoring	Impact	Commitment - Engagement	Proxy voting
Include ESG criteria in analysis and decision-making aimed at improving risk management and profitability.	Have access to full information about companies' ESG performance, jointly with partners, to ensure transparency in management and the possibility of establishing investment criteria and filters.	Specific lines of action seeking to maximise returns with products having social or environmental impact.	Discussions and action with companies in the portfolio and third-party fund managers to promote ESG improvements in their management and in the dissemination of these matters.	Positioning on specific issues related to ESG through voting at Shareholders' Meetings.

12

VidaCaixa

Leading company in the insurance sector in Spain

€12,060 million
premiums and contributions marketed in 2019

€93,011 million
customer funds managed

SRI Indicators

312
external managers contacted about ESG topics

4
exclusions

€320.7 million
Exposure to green bonds

€151.5 million
Exposure to social or sustainable bonds

Engagement

10
Companies subject to engagement processes (directly)

6
Collective engagement (through investor groups, e.g. PRI)

Proxy voting

325
General Shareholders Meetings voted during the year

13
Votes against shareholder proposals because of disputes or shortcomings related to ESG issues

67
Votes to support proposals for greater transparency or a general improvement in ESG performance

PRI A+

100% of investments take ESG criteria into account[1]

In 2019 and 2018, VidaCaixa received the A+ rating in the Strategy and Governance category, the maximum possible for PRI

4.2 million
Individual customers

1.1 million
Large companies and groups

0.3 million
SMEs and self-employed

28.1 %
market share of life insurance

25.5 %
market share in pension plans

VidaCaixa is generally opposed to investing in companies or states that engage in reprehensible practices that contravene international treaties such as the United Nations Global Compact. Neither does VidaCaixa invest in the arms sector, in line with the Group's Policy on Defence.

[1] Does not include information on BPI Vida e Pensões. At 31/12/19, BPI Vida e Pensões' own portfolio and assets under management amounted to €7,648 million. VidaCaixa is working to transfer the same management criteria and SRI to its subsidiary in Portugal.

CaixaBank ASSET MANAGEMENT

Leaders in asset management for 5 years running

17.1%
Market share of investment funds in Spain

€68,584 million
Assets under management

€26,931 million
Discretionary management of portfolios

SRI Indicators

80
Third-party managers analysed with ESG requirements in our selection process

3
exclusions

Launch of the 2019-2020 ESG training plan in 2019 with the aim of having a third of the company trained with the EFFAS Certified ESG Analyst (CESGA) programme.

Engagement

4
Companies subject to engagement processes (directly)

2
Collective engagement (through investor groups, e.g. PRI)

Proxy voting

276
General Shareholders Meetings voted during the year

9
Votes against members of the Board (ESG-related reasons)

37
Votes in favour of shareholder proposals (ESG-related reasons)

PRI A+

In 2019, CABK AM received the A+ rating in the Strategy and Governance category, the maximum possible for PRI

85.3% of investments take ESG criteria into account [1]

SOCIALLY RESPONSIBLE PRODUCTS

- **CaixaBank Selección Futuro Sostenible** will invest a minimum of 75% in collective investment institutions that follow sustainable investment criteria and are managed by companies of recognised international standing in the field of investment with ESG criteria: environmental, social and corporate governance.

€136.1 million
of turnover *CaixaBank Selección Futuro Sostenible*

New SRI fund
in 2019

- **MicroBank Fondo Ético FI,** is a mixed, ethical and socially supportive fund that combines the search for returns with criteria linked to social responsibility. It also has a charitable component, as MicroBank Fondo Ético FI transfers 25% of the management fee to non-profit organisations, while the "la Caixa" Foundation contributes an equivalent amount to an international cooperation project.

€91.2 million
of turnover MicroBank Fondo Ético

Award for Best Solidarity Fund
2019 from Expansión-Allfunds

- **MicroBank Fondo Ecológico,** is an international equity fund invested in a selection of ecologically responsible funds for sectors like renewable energies, ecological food, recycling or wastewater treatment, among others.

€32.8 million
of turnover MicroBank Fondo Ecológico

[1] Cash assets under management in Spanish funds.

Corporate Procurement

CaixaBank has a corporate procurement procedure organised and specialised by category (Facilities & Logistics, Works, IT, Professional Services and Marketing) with a transversal view of all Group purchases[1]. Its objective, in line with our business strategy, is to obtain the goods and services required in a responsible and sustainable manner subject to the time limits, quantity and quality required, at the lowest total cost and with the minimum risk for our business, according to unified performance criteria for the entire Group.

CaixaBank seeks to establish quality relationships with suppliers who share the same ethical principles and social commitment, having established criteria and control mechanisms, such as carrying out audits to ensure compliance with them. The continuous improvement of relations with suppliers is key to creating value in CaixaBank.

In 2019, **CaixaBank published its Principles of Procurement** and the **Code of Conduct for Suppliers** applicable to the suppliers of CaixaBank, S.A. and the companies in its Group with which it shares a procurement management model.[2]

PRINCIPLES OF PROCUREMENT

They establish a balanced framework for cooperation between CaixaBank and its suppliers, which promotes stable business relationships, consistent with our values.

1. **Efficiency**
Optimise the impacts of purchases with an emphasis on quality, service, cost, security of supply, sustainability and innovation.

2. **Sustainability**
Disseminate ethical, social and environmental considerations in CaixaBank's network of suppliers and partners and promote the contracting of suppliers who implement best practices in ethical, social and environmental matters, as well as good corporate governance.

3. **Integrity and transparency**
Guarantee equal opportunities, applying objective, transparent, impartial and non-discriminatory selection criteria. Totally reject corruption in any form, direct or indirect.

4. **Compliance**
Formalise the terms of procurement by means of a contract that seeks a fair balance between the rights of CaixaBank and those of the supplier, to ensure that they are fulfilled in time and form by both parties.

5. **Proximity and monitoring**
Implement mechanisms for ongoing assessment of supplier performance and promote dialogue, through an institutional communication channel.

[1] Applicable to Group companies with which it shares a procurement management model.

[2] The documents are available on the CaixaBank website: https://www.caixabank.com/responsabilidad-corporativa/gobernanza/politicas-responsables_en.html

Code of Conduct for Suppliers

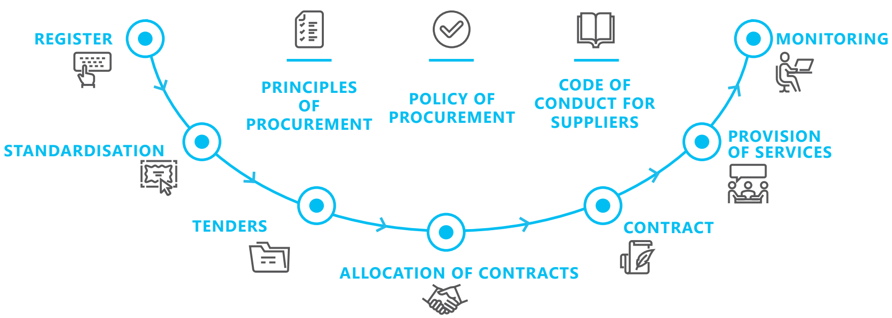
The **Code of Conduct for Suppliers** aims to disseminate and promote the values and ethical principles that will govern the activity of CaixaBank's suppliers of goods and services, subcontractors and third parties working with CaixaBank.

This Code sets out guidelines for the conduct of companies that work as suppliers will follow in relation to compliance with current legislation, ethical standards and measures to prevent bribery and corruption, security, the environment and confidentiality.

Procurement policy

The **procurement policy** establishes the criteria to be followed when selecting and negotiating with suppliers.

OUR PROCUREMENT PROCESS



Our procurement process consists of the following stages:

1. **Registration and new approval procedure (started in 2018)**
2. **Tender, award and formalisation of the contract**
3. **Provision of the service and tracking**

Throughout the process, the principles of procurement, the code of conduct and the procurement all apply. These determine the internal regulations to be applied.

CORPORATE PROCUREMENT INDICATORS[1]

	2019
Number of management suppliers	3.006
Volume invoiced (million euros)	2,183
Suppliers approved (new procedure)	584
Average payment period to suppliers (days)	22.5
Volume negotiated through electronic trading (million euros)	574
% volume of management corresponding to local suppliers - Spain	> 95

% OF TURNOVER NEGOTIATED BY CATEGORY OF PURCHASES

[1] All indicators refer to Corporate Procurement management. BPI, BuildingCenter and Grupo VidaCaixa are excluded, as they have their own procurement models and procedures. Suppliers whose turnover in 2019 is over €30,000 are included. Official bodies and property owners' associations have been excluded.

€4.6 million
foreclosed volume to SEC (Special Employment Centres)

In 2019 the Supplier Audit Plan was launched. Through an on-site validation process, the Plan seeks to gather evidence to ensure that CaixaBank has the information necessary to generate a risk map for our main suppliers. As well as reducing risk with on-site evaluation, we seek continuous improvement in the management of our suppliers and aim to provide them with added value by assisting in their development.

Additionally, the management of procurement processes through electronic trading (€574 million) is an indication of CaixaBank's efforts to guarantee integrity in the contracting process. Electronic negotiation begins with the approval of all the suppliers involved in the process and ensures that during the process information will be transparent and the choice will be based on objective criteria.

In 2019, 12 audits were carried out, including all the categories of procurement (Facilities & Logistics, Works, IT, Professional Services and Marketing). Corrective measures have been defined.

Environmental criteria are also taken into account in the selection of suppliers for certain categories of procurement. The total number of CaixaBank suppliers with ISO 14001 certification is 858.

Transparency

CaixaBank assumes its commitment to transparency to provide its customers with accurate, truthful, and comprehensible information about its operations, charges and procedures to channel complaints and deal with problems. Furthermore, CaixaBank makes all relevant financial and corporate information available to its shareholders.

Strengthen the culture of transparency with customers

Design and marketing of products and services

The correct design of financial products and services, including financial instruments and banking and insurance products and services, and their proper marketing are a priority. The application of regulations that govern different products and services: (i) financial instruments (Markets in Financial Instruments Directive - MiFID); (ii) banking products and services (Guidelines of the European Banking Authority on governance procedures and the monitoring of retail banking products); and (iii) insurance products (Insurance Distribution Directive - IDD) ensures that CaixaBank has appropriate processes regarding the knowledge of its customers, in order to offer them products and services, in accordance with their financial needs, and to communicate clearly and accurately on the risks of their investments.

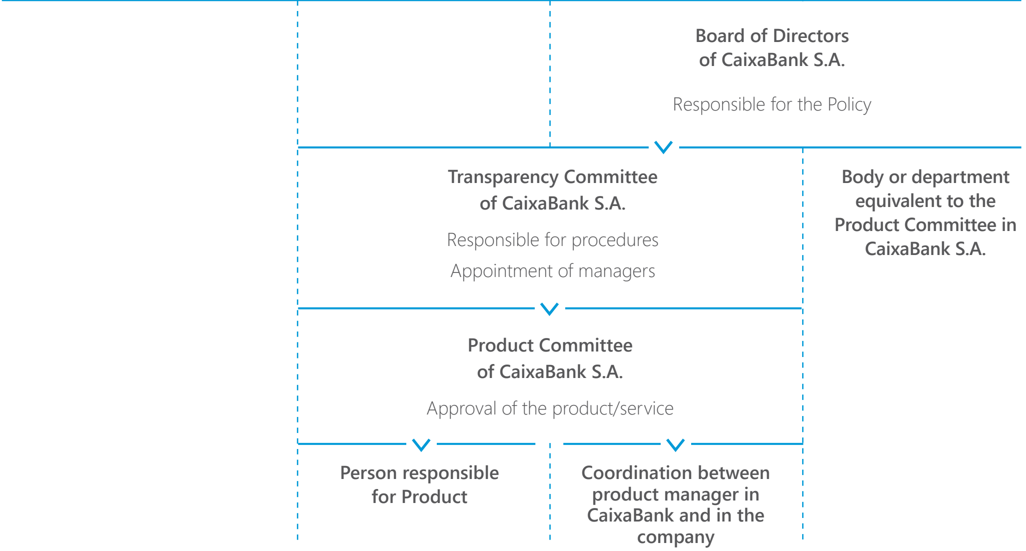
The **Product Governance Policy,** approved by the Board of Directors of CaixaBank and updated in July 2019, is intended to establish principles for approving the design and marketing of new products and services, and for monitoring the product's life cycle, based on the following premises:

- To meet the needs of customers or potential customers in a flexible manner.
- To strengthen customer protection.
- To minimise legal and reputational risks arising from incorrect design and marketing of products and services.
- To ensure the participation of all relevant areas in the approval and monitoring of products and services, as well as the involvement of senior management in defining and supervising the Policy.

The Policy applies to all companies controlled by the Group that act as manufacturers or distributors of banking, financial or insurance products.

AREAS OF RESPONSIBILITY

PRODUCT DESIGN	CaixaBank S.A.	Other companies in the group	Other companies in the group
PRODUCT MARKETING	CaixaBank S.A.	CaixaBank S.A.	Other companies in the group



The Product Committee covers the areas of control, support and business functions, ensuring a sufficiency of specialist knowledge in order to understand and monitor products, their associated risks and regulations regarding transparency and customer protection.

> In 2019, a total of 218 products/services were analysed, 12 of which were initially rejected as they did not comply with the agreed principles.

Employees' knowledge of products and services is key to ensuring that the information conveyed to customers is clear and complete. To ensure that employees have a proper knowledge of products and services, CaixaBank is committed to ongoing training for its staff. CaixaBank has 18,074 employees with financial advisory certification.

Employees trained in 2019	
Financial guidance (MiFID)	2,030
Property loan law	9,863

The **CaixaBank Marketing Communications Policy** includes a detailed description of the internal mechanisms and controls in place to minimise the risks related to publicity. The Policy details relevant cases and the formal requirements that must be met by publicity issued by the organisation and companies in the Group.

The entity has also voluntarily joined **Autocontrol,** the association for self-regulation in advertising, which supports good advertising practice.

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Transparent contract project

AIMS

Transparency	Greater transparency when documents are signed by customers
Clarity	Through clear, comprehensible language
Trust	Improving the customer's experience and inspiring confidence when they sign
Safety	And providing greater legal security for the customer and the organisation

5 DOCUMENTS REVISED IN STAGE 1

- CaixaBank current account
- Imagin current account
- CaixaBank Now
- Revolving card
- Consumer loans

METHODOLOGY

Simpler language

New document format

START OF STAGE 2

5 contracts currently under review

In 2020, the review of 10 new contracts will begin

PERSONAL LOAN CONTRACT

CURRENT

NEW PROPOSAL

CONDICIONES DEL PRÉSTAMO

Qué regulan estas Condiciones

Estas condiciones regulan los siguientes aspectos:

- las condiciones económicas del préstamo (tipo de interés nominal y TAE)
- la forma de pago del préstamo
- el impago (retraso en el pago) y el interés de demora
- la compensación o pago de deudas
- el pago anticipado del préstamo
- la duración y desistimiento (renuncia) del contrato
- la resolución (cancelación) del contrato por incumplimiento
- quejas y reclamaciones.

1. OBJETO

En qué consiste este contrato

1.1. Este contrato regula las **condiciones** en que usted recibe de CaixaBank el **importe total** que le hemos prestado y abonado en la cuenta que se indica en las Condiciones Particulares.

1.2. Usted, en calidad de **«deudor»**, se compromete a **devolver el importe total prestado** más los **intereses** que pactamos aquí, tal y como se indica en este contrato.

2. INTERÉS NOMINAL

Qué es el Tipo de Interés Nominal (TIN)

2.1. **El interés nominal es el precio que CaixaBank le cobra por prestarle dinero**. Por ello, usted tiene que devolver la cantidad prestada más el interés nominal que se cobra anualmente mientras dura el préstamo, según se indica en las Condiciones Particulares (interés nominal anual).
Este interés nominal recibe la denominación TIN, se expresa en porcentaje (%) y se mantiene fijo e invariable anualmente mientras dura el préstamo.

2.2. La cantidad total que tiene que pagar en concepto de intereses por la cantidad prestada se indica en las Condiciones Particulares como **«Importe Total de Intereses»**.

3. CÁLCULO DE INTERESES DE CADA CUOTA

Cómo se calculan los intereses de cada cuota

3.1. El importe de los intereses que usted pagará en cada cuota se obtiene aplicando la siguiente fórmula:

CaixaBank's DNA

Strategic lines

A benchmark in responsible banking and social commitment

Transparency

Non-financial information statement

Glossary

Independent Verification Report

Annual Corporate Governance Report for 2019

Customer Contact Centres

In November 2018, the implementation of the new style ***Customer Contact Centres began*** with the aim of bringing together many of the non-contact services that the Group[1] offers customers in order to provide a more efficient, effective and flexible service with 360-degree vision.

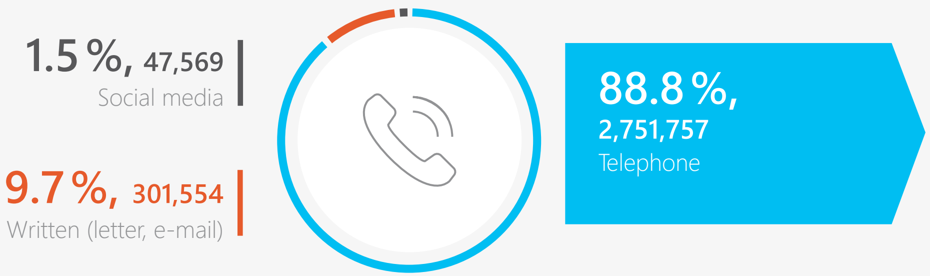
The CCC service manages queries, requests, suggestions and complaints from customers and non-customers reaching it by phone, through written channels (chat, WhatsApp, e-mail and letter) and also through social networks (Twitter)[2]. The unification of most help lines in a single number **(900 40 40 90)** aims to facilitate communication between customers and non-customers.and the Group.

92% of calls received on the single line are correctly referred to the relevant service, using *Cognitive Technology.*

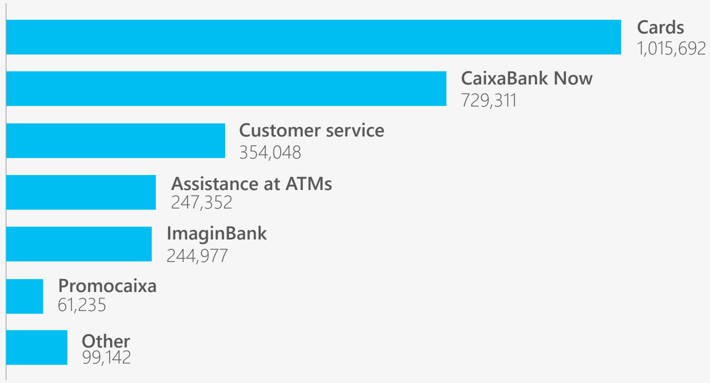
> 3 million

interactions in Customer Contact Centres (CCC) in 2019

BREAKDOWN OF CONTACTS IN 2019



REASON FOR THE INTERACTION TELEPHONE



CaixaBank Now digital banking customers also have a virtual assistant (Neo) at their disposal. In 2019, 2,989,594 interactions took place, 94.8% of which were resolved without being referred to staff, thanks to the *Cognitive Technology.*

The quality of the CCC service is constantly assessed through audits to ensure that customers receive satisfactory attention and their issues are resolved, in order to achieve the standards of quality and excellence set by CaixaBank.

The *Contact Centre services* for Banco BPI and Consumer Finance dealt with 909,653 and 1,462,014 interactions, respectively, in 2019.

[1] All the Group companies belong to the scheme, except Banco BPI and the Consumer Finance business.
[2] Complaints processed through the Customer Service or the Supervisor's Complaints Service are not included.

Customer Service

The Customer Service Office is responsible for handling and resolving customer complaints and claims. This office has no connection with our commercial services. It performs its duties based on its independent judgement, with reference to customer protection regulations, regulatory requirements and best banking practices.

The details of all the complaints received, resolutions issued by the Customer Service Office and the Customer Service Team, and the reports issued by the Supervisory Claims Service, related to business operations in Spain, are presented in Note 42.2. "Customer services" of the attached consolidated annual financial statements.

Complaints received	2019	2018
Customer Service - CaixaBank	75,766	83,124
Submitted to Supervisor's complaints services	1,322	2,151
Bank of Spain	1,116	1,900
Comisión Nacional del Mercado de Valores (Spanish securities market regulator)	85	81
Directorate-General for Insurance and Pension Plans	121	170

BPI customer services received 11,490 complaints in 2019. During the year, 10,645 resolutions were concluded, of which 446 corresponded to 2018 (17,527 concluded in 2018). 16% of these were resolved in favour of the customer (13% in 2018).

BREAKDOWN AND MANAGEMENT OF COMPLAINTS RECEIVED BY THE CSO

2019

- 32 % Loans
- 21 % Cards and POS
- 15% Deposits
- 12 % Other services
- 9 % Insurance and pension funds
- 7 % Services for receiving and making payments
- 3 % Channel
- 1 % Investment services

- 32 % Less than 10 days
- 57 % 10-30 days
- 11 % Over 30 days

- 48 % Resolved in favour of the claimant
- 36 % Resolved in favour of the entity
- 16 % Other (rejected/no decision)

2018

- 56 % Loans
- 15 % Deposits
- 8 % Insurance and pension funds
- 7 % Cards and POS
- 6 % Services for receiving and making payments
- 4 % Other services
- 2 % Channel
- 1 % Investment services

- 29 % Less than 10 days
- 54 % 10-30 days
- 17 % Over 30 days

- 30 % Resolved in favour of the claimant
- 58 % Resolved in favour of the entity
- 12 % Other (rejected/no decision)

The breakdowns for 2018 did not include claims corresponding to Consumer Finance, however these were included in the overall data relating to claims.

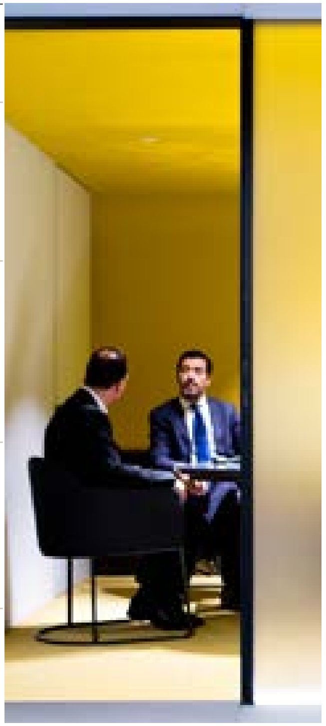
Commitment to transparency **with shareholders and investors**

SHAREHOLDERS

General Shareholders' Meeting	Held on **5 April in Valencia.** The shareholders approved the **management and results for 2018,** and the **proposals** made by the Board of Directors
Shareholder service (telephone, e-mail and video call)	1,600 contacts with shareholders
Annual opinion surveys	The Global Reputation Index and the Materiality Study, among others, reflect the views of shareholders
Shareholder Advisory Committee	Non-binding advisory body, a pioneering initiative in the IBEX 35 3 meetings and 1 volunteer project in 2019
Weekly, monthly corporate newsletter, e-mails and SMS/ push with shareholder alerts	
Corporate meetings	45 meetings with 1,834 participants 68% increase in shareholders reached thanks to presence in Store branches New virtual corporate meeting
Aula training programme	14 face-to-face courses and 16 webinars with a total of 2,588 participants

INVESTORS AND ANALYSTS

Investor Relations Department	
Roadshows and talks with institutional investors	541 meetings with equity and fixed-income investors in the main financial centres
Annual opinion surveys	The Global Reputation Index and the Materiality Study, among others, reflect the views of investors and analysts
Meetings with analysts (financial and sustainability)	+300 analysts' reports published on CaixaBank, including sector reports with analysis of CaixaBank
Contacts with rating agencies	



Programme Aula

Aula is a training programme on economics and finance aimed at CaixaBank's shareholder base. We are committed to financial training through face-to-face courses, webinars and video conferences.

Following its launch in 2010 and with the new Webinars Aula on-line seminars, CaixaBank's financial training for shareholders has become a benchmark within the IBEX 35. To date **more than 12,000** shareholders have participated in the programme's face-to-face and on-line sessions.

Tax transparency

The social commitment that characterises CaixaBank's activity is reflected in **responsible tax management** which helps to sustain public finances and make the infrastructures and public services essential for progress and the development of society possible.

CaixaBank's fiscal strategy is aligned with the values that make up its corporate culture and its **low risk profile** in managing compliance with its tax obligations.

CaixaBank understands fiscal risk as the risk of negative effects for financial statements and/or the Group's reputation, arising from tax-related decisions by the organisation or by tax and judicial authorities. Legal/Regulatory Risk in the Risk Taxonomy covers this risk.

In all jurisdictions where CaixaBank operates, it is careful to comply with any tax obligations arising from its economic activity. Tax compliance mainly refers to management:

i. the payment of its own taxes,

ii. payment of taxes withheld and paid on behalf of third parties, and

iii. information and cooperation, as required by government bodies.

CaixaBank Tax Strategy

Tax Risk Control and Management Policy[1]

Documents are available on the CaixaBank website:
www.caixabank.com

[1] Periodically reviewed. Latest update January 2020.

Voluntary Codes of Good Tax Practice

Code of Best Tax Practice in Spain

CaixaBank is a voluntary member and participates actively in the Large Companies Forum. The Forum includes the Tax Agency (AEAT) and the main major taxpayers, whose aim is to extend and deepen their cooperative relationship through a forum where the main tax issues can be analysed jointly and sector by sector.

- Approved by the Large Companies Forum.
- It contains a series of recommendations, voluntarily assumed by both the Tax Agency and companies, to improve the tax system through:
  - Increased legal certainty.
  - Mutual cooperation based on good faith.
  - Legitimate trust.
  - The application of responsible tax policies in companies with the knowledge of their governing bodies.

Code of Tax Practice for UK Banks

Interpretation of tax rules

The payment of taxes is the result of compliance with the obligations imposed by tax regulations.

- CaixaBank takes the following into account:
  - The will of the legislator.
  - The underlying economic reasonableness, in line with the OECD (Organisation for Economic Cooperation and Development) tax principles embodied in the BEPS (Base Erosion and *Profit Shifting)*.
- Our interpretation of tax regulations is verified by tax consultants of recognised standing, when the complexity or importance of the issue requires it, and we may request clarification from the tax authorities, if this is deemed necessary.
- Decisions on tax matters resulting from these interpretations are subsequently reviewed by CaixaBank's external auditors. In order to safeguard the independence of CaixaBank's audit, it does not employ the professionals who audit its accounts as tax advisers.
- As a corollary of the reasonableness of the interpretation of tax regulations to meet tax obligations, the tax inspectorate verifies compliance with these obligations.
- The low risk profile that characterises the CaixaBank Group's decisions on tax matters is reflected in the non-materiality of tax adjustments.

Conclusion

The interpretation of tax regulations by CaixaBank results in fair and reasonable tax management in accordance with applicable tax legislation.

Tax contributions handled by the CaixaBank Group

OWN TAXES	THIRD PARTIES' TAXES	TAXES COLLECTED
Taxes paid by CaixaBank	Contribution to the collection on behalf of the tax authorities of taxes payable by third parties arising from their economic relationship with CaixaBank	Contribution to the collection of taxes on behalf of the tax authorities of Spain, its autonomous regions and local authorities.
Direct taxes • Corporate income tax • Business and property taxes **Indirect taxes** • Non-deductible VAT payments • Duty on transfers of assets and documented legal transactions (ITP-AJD) • Employers' social security contributions	• Personal income tax withholdings on salaries, interest and dividends received • Employees' social security contributions • VAT paid in to the Tax Agency	• Through the branch network, ATMs and on-line channels

OWN TAXES AND TAXES COLLECTED FROM THIRD PARTIES IN 2019[1]

€2,633 million

BY LOCATION

€2,255 million Spain

- €1,089 million — Paid by CaixaBank Group companies as the taxpayer
- €1,166 millions — Taxes payable by third parties deriving directly from CaixaBank activities and collected by CaixaBank on behalf of the relevant public authorities

€371 million Portugal

- €78 million — Paid by CaixaBank Group companies as the taxpayer
- €293 million — Taxes payable by third parties deriving directly from BPI activities and collected by BPI on behalf of the relevant public authorities

€7 million Branches and subsidiaries

- €2 million Poland
- €2 million Morocco
- €1 million Germany
- €1 million Switzerland
- €0.5 million United Kingdom
- €0.5 million France

BY TYPE

€1,172 million Own taxes paid

- €231 million Direct taxes
  - €89 million Corporate income tax
    - 83 Spain
    - 2 Portugal
    - 4 Other[4]
  - €59 million Tax on bank deposits (IDEC)
  - €83 million Other[3]
- €475 million Indirect taxes
- €466 million Employers' social security

€1,461 million Third-party taxes collected

€2,077 million consolidated profit before tax

36 % Total tax rate[2]

[1] Based on the cash flows of all taxes related to banking activities, paid and collected, rather than the taxes accrued and disclosed in the annual financial statements.
[2] The total tax rate is measured as a percentage of all taxes paid divided by profit before all said taxes (1,170/(1,170+2,077))=36%.
[3] This mainly corresponds to Business Tax (€25 million) and Property Tax (€22 million)
[4] €3.3 million 1.2 Poland, 1.1 Switzerland, 0.8 Morocco and 0.2 Germany.

CAIXABANK AS A PARTNER ENTITY IN THE HANDLING OF TAX AND SOCIAL SECURITY CONTRIBUTIONS

Amount of public authority receipts and payments handled in 2019

€79,200 million
Receipts

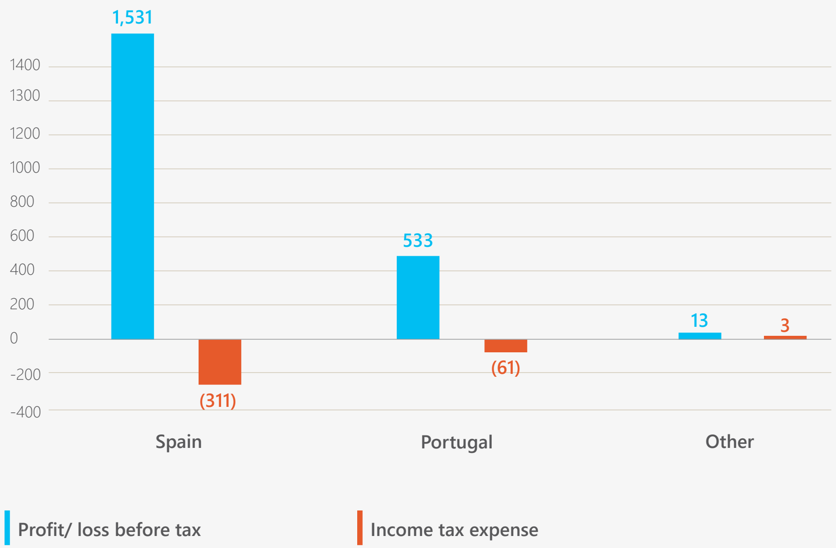
€29,800 million
Payments

CaixaBank's role in combating tax evasion and fraud

3,200 applications
Individual requests for information received from the Spanish authorities

13,900 seizures
processed on behalf of the Spanish authorities

DETAIL OF CAIXABANK GROUP'S PROFIT BEFORE TAX AND CORPORATION TAX ACCRUED IN 2019, DISTRIBUTED BY GEOGRAPHY IN MILLIONS OF EUROS



Others include: Before-tax profit (13): 9 London, 4 Poland, 3 Morocco and 3 Germany, Corporation Tax Expenditure (3): 1.2 Poland, 0.7 United Kingdom, 0.6 Germany, 0.1 Morocco.

The cash outflow related to the corporate income tax expense does not correspond to the amount disclosed in the consolidated statement of profit or loss. This is mainly due to timing differences between when the cash flows occur and the period in which the corporate income tax accrues for accounting purposes. CaixaBank has unused tax credits dating back to the last financial recession affecting Europe.

CaixaBank's stance on tax havens

As a general rule, CaixaBank avoids operating in jurisdictions classified as tax havens. Nor does it use tax structures that involve such territories or low and zero-tax territories when there is no real economic substance for such structures. Any investment in entities that are domiciled in territories classified as tax havens is subject to a prior report on the economic basis for the investment and the approval of the Board of Directors, confirming that the reason for locating the business in this territory is not to reduce CaixaBank's tax obligations or to make its activities less transparent.

CaixaBank's policy on tax havens is based on the principles set out in the Group's statutory documents:

Code of Ethics

Tax Strategy

Legal Risk and Control Management Policy

Tax risk is included in this policy

CaixaBank does not currently have any direct holdings in territories classified as tax havens.

CaixaBank Group activity in Luxembourg

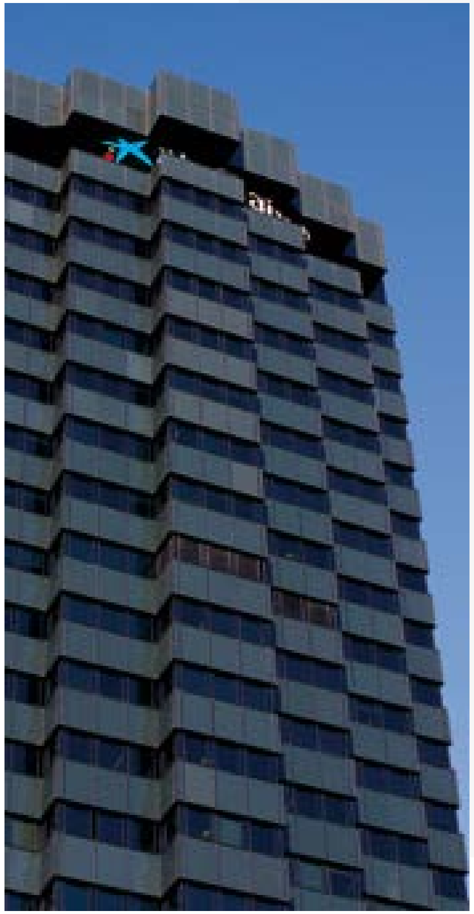
Luxembourg is a key jurisdiction for the financial sector for a number of reasons:

- The **efficiency** in financial matters: thanks to a specialist focus on investment products, financial services providers can offer attractive yields.
- Its high levels of legal **protection** based on the prompt application of legislation and a stable legal system.

For these reasons, the CaixaBank Group decided to expand and offer its investment services in Luxembourg in order to establish a presence in a key global market for investment management, reaching more international and domestic customers.

>> PRINCIPLES GOVERNING THE CAIXABANK GROUP'S ACTIVITIES IN LUXEMBOURG

- CaixaBank Group operations in Luxembourg are, like those of the entire Group, completely transparent and subject to the controls required of a regulated business, supervised by bodies that adhere to common European and international standards.
- CaixaBank has adopted the OECD's fiscal principles, as set out in the Base Erosion and Profit Shifting (BEPS) project. It does not use artificial corporate structures to transfer profits to low-tax jurisdictions. Any international expansion of its business, therefore, has real economic substance.
- The identities of our investors in Luxembourg are disclosed to the tax authorities to ensure they meet their tax obligations within a framework of complete transparency.



Financial inclusion

Financial inclusion is a key factor in reducing extreme poverty and promoting shared prosperity. It is vital, therefore, to make financial services available to everyone and to improve physical and technological accessibility to encourage the inclusion of people with physical or cognitive difficulties.

CaixaBank issued its first **Social Bond**[1] in September 2019, in line with its mission of: *"Helping to ensure the financial well-being of our customers while pursuing social progress"*. This initial issue funds loans designed to fight poverty, create decent jobs and boost employment in disadvantaged areas of Spain, in line with the United Nations' Sustainable Development Goals. The funds will support loans granted in the three years prior to the issue, while 25% will be used for new loans granted in the issue year.

[1] Sustainable Development Goals (SDGs) Framework, Sustainalytics Second-Party Opinion and Inaugural Social Bond SNP Issuance on corporate website, https://www.caixabank.com/inversores-institucionales/inversores-renta-fija/bonos-ods_en.html

1 FIN DE LA POBREZA

SDG 1

Funding loans granted by MicroBank to individuals or families who live in Spain, whose total available income is 17,200 euros or less, to fund daily needs such as health care, education or household and vehicle repairs.

8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO

SDG 8

Funding loans granted to self-employed workers, micro-businesses and small businesses operating in Spanish provinces with lower per capita GDP and/or a higher unemployment rate.

€1,000 million
5-year **Social Bond**
(non-preferred senior debt)

≈ €1,500 million
Objective **2019-2021 SP SDG bond issues**

CaixaBank has also participated as *joint bookrunner* in the placement of 2 sustainable bonds totalling €1,350 million, in addition to the Bank's own social bond. In 2019, CaixaBank also participated in the placement of 4 green bond issues with a total volume of €2,550 million.

Enel
Sustainability-linked Bond
€750 million
Maturity 2027-XS2066706909
October 2019

Basque Government
Sustainable Bond
€600 million
Maturity 2029-ES0000106635
April 2019

CaixaBank
Inaugural Social Bond
€1,000 million
Maturity 2024-XS2055758804
September 2019

FCC – Environment Services
Inaugural Green Bond
€600 million
Maturity 2023-XS2081491727
€500 million
Maturity 2027-XS2081500907
Joint Bookrunner. December 2019

Prologis
Green Senior Unsecured
€450 million
Maturity 2029-XS2021462440
Passive Joint Lead Manager
June 2019

Enel
Senior Green Bond
€1,000 million
Maturity 2025-XS1937665955
Joint Bookrunner.
January 2019

CaixaBank's DNA
Strategic lines
A benchmark in responsible banking and social commitment
Financial inclusion
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

MicroBank

MicroBank, the Group's social bank, is a leader in the field of social inclusion, using micro-loans and lending with a social impact. MicroBank's strategy focuses on meeting needs that are not always covered by traditional lending systems, while maintaining the rigour and sustainability criteria of any bank.

MicroBank in 2019

€725 million
granted in 2019 / Target SP 2019-2021 ≈ €2,180 million
€773 million
in 2018

99,328
micro-loans and social impact loans granted
116,789
in 2018

20,174
jobs created with micro-credit support

9,002
new businesses launched with micro-credit support

€1,583 million
outstanding portfolio balance at 31 December 2019

2.3 %
ROA
2.1%
in 2018

5.4 %
cumulative non-payment of matured loans
4.3 %
to 31 December 2018

MicroBank customer profile

MICROBANK CUSTOMERS

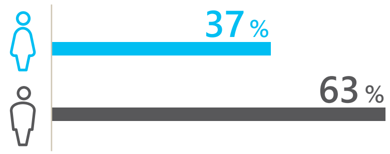
40.6%
Entrepreneurs and micro-businesses

57.1%
Families

2.3%
Social businesses

ENTREPRENEURS

Average age of applicants: 42



FAMILIES

Average age of applicants: 44

1
2
8
10

Goals

1. **Job creation:** launch or expansion of businesses through granting micro-credits to business people and micro-businesses.
2. **Encouraging business:** concession of financial support to self-employed workers, micro-businesses and social companies in order to boost the economy through the launch and consolidation of businesses, generating a positive impact on society.
3. **Personal and family development:** meeting the financial needs of people on low incomes through micro-credits and help to get through difficult periods.
4. **Financial inclusion:** giving new customers access to banking services through CaixaBank's extensive commercial network, as well as equal access to credit.
5. **Generating social and environmental benefits:** providing financial support to projects that have a positive and measurable impact on society.

Main lending products

1. **Micro-credits:** collateral-free loans of up to €25,000 granted to individuals whose economic and social circumstances make access to traditional bank financing difficult.

   a. Families

   i. 79,789 operations in 2019 totalling
   ii. €412.7 million
   iii. with an average value of €5,172

   b. Businesses

   i. 16,812 operations in 2019 totalling
   ii. €203.6 million
   iii. with an average value of €12,110

2. **Other financing with social impact** Entrepreneurship and innovation, Social economy, Education and Health.

   i. 2,727 operations in 2019 totalling
   ii. €108.5 million
   iii. with an average value of €39,802

Employment and Social Innovation (EaSI) programme

In July 2018, MicroBank signed a new partnership agreement with the EIF. This new initiative, covering losses due to insolvency, facilitates and encourages lending to companies and entities involved in the social economy.

141 operations

signed since October 2018

(€17.6 million conceded)

>> The support of leading European institutions in the promotion of entrepreneurship and micro-businesses is key to the achievement of MicroBank's goals

European Investment Fund (EIF)

Council of Europe Development Bank (CEB)

European Investment Bank (EIB)

The **612 companies** with which CaixaBank has signed partnership agreements to promote self-employment are also of vital importance. These partner entities help us to **better assess** the operations, based on their knowledge of the customer, **provide technical support to entrepreneurs, and contribute to extending the distribution network** for MicroBank products and services.

Local accessible banking

CaixaBank's understanding of financial inclusion also means local, accessible banking, with an unwavering commitment to stay close to its customers.

CLOSE TO CUSTOMERS

CaixaBank is committed to maintaining its branch network and providing flexible services in towns and villages with a population of **less than 10,000 inhabitants** in order to ensure its financial inclusion model is sustainable. It is also committed to keeping branches open where it is the only bank operating.

100 % Spanish towns and villages > 10,000 inhabitants
with a CaixaBank presence (100% in 2018)

94 % Spanish towns and villages > 5,000 inhabitants
with a CaixaBank presence (94% in 2018)

229 Spanish towns and villages
where CaixaBank is the only bank (203 in 2018)

91 % Residents (in Spain)
have a branch in their municipality (91% in 2018)

85 % of Portuguese towns and villages
> 10,000 inhabitants with a BPI presence

ACCESSIBILITY

CaixaBank uses a broad definition of accessibility, which means not just offering the greatest range possible of channels for accessing its products and services, but also striving to ensure that these channels can be used by as many people as possible. CaixaBank therefore works to **eliminate any physical and sensory barriers** that could prevent people with disabilities accessing its premises, products or services.

In order to continue offering the best possible service to its customers, CaixaBank is affiliated to the European Commission's APSIS4all programme. The aim of this programme is to develop the technologies needed to ensure that everyone, whatever their needs and preferences, can independently operate self-service terminals such as ATMs.The latest ATM model, which incorporates new technologies including NFC Contactless, has been developed with an interface that adapts to the needs of each user: bigger buttons, less text, high colour contrast, a voiced operating guide, option selection using a cursor instead of the touch screen, and help with sign language. This level of personalisation means the ATMs can be fully adapted to meet the needs of every user.

CaixaBank also applies accessibility criteria to all its mobile apps to facilitate their use by people with varying degrees of visual impairment. For example, adapting browsing for voice screen readers or designing screens with high colour contrast and accessible font sizes.

87 % Accessible branches

69 Branches where barriers have been removed in 2019

NETWORK OF CAIXABANK ATMs

100 % ATMs with video screens providing help in sign language

99 % of ATMs are accessible

1

11

CaixaBank's DNA
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Providing easier access to housing

Mortgages granted to private individuals to buy their main homes represent the largest segment of the Bank's gross lending portfolio, totalling €88,475 million at 31 December 2019 (39% of gross loans to customers).

Share of home loan market **15.9% in Spain**

CaixaBank has an active policy for helping customers with housing problems based around two approaches: firstly providing swift, specialised attention to customers experiencing difficulties, and secondly, developing a social housing programme in partnership with "la Caixa".

The Bank is a signatory to the Spanish Government's Code of Good Practice on the viable restructuring of mortgage debt on the main home of families at risk of exclusion.

CaixaBank has a specialist team providing solutions to customers who are struggling to meet their home mortgage repayments. In 2013 it set up a **Customer Service unit for Mortgage Customers (CSMC),** a free helpline for customers who have received a mortgage foreclosure notice.

The CaixaBank Group has a social housing programme covering the whole of Spain, aimed at people with fewer resources. It currently manages about 5,000 contracts in partnership with the "la Caixa", within the framework of two specific programmes:

- **2,416 contracts** - Centralised Social Rental Programme, for people whose income has declined. The rent is capped at €300, with a 50% subsidy.
- **2,464 contracts** - Decentralised Social Rental Programme, for people whose mortgage has been foreclosed or cancelled. In this case a subsidy is granted that reflects the person's ability to pay.

981
lieus in 2019
(1,889 in 2018)

4,119
Calls handled by CSMC in 2019

Within the framework of the social housing programme, CaixaBank maintains its commitment to the Government's Social Housing Fund and has signed collaboration agreements with various public administrations in the field of housing, making a total of 2,629 homes available.

In 2020 CaixaBank is launching a new management model with a Family Coordinator who will act as an intermediary between the Bank and tenants, helping people get back into work (through referrals to the "la Caixa" Incorpora programme) and providing social mentoring for the family.

1
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11

Promoting the financial culture

CaixaBank is aware of the importance of building up the public's financial knowledge, so that people can make better decisions and thus improve their own wellbeing. The Bank has set up or participates in a range of initiatives to improve the financial knowledge of children and young people, vulnerable sectors of society, customers, shareholders and society in general.

On-line

Financial culture website https://www.caixabank.es/particular/cultura-financiera.html.

- "Finance for followers" programme in partnership with Twitter Spain (#Finanzasxafollowers). A series of 6 programmes with influencers in a range of spheres in 2018-2019. The 2019 clips generated a total of 10.5 million views.
- A new edition of "Finance for followers" on Instagram, to mark Financial Education Day, with the participation of 14 influencers, and a total of 440,000 views.
- #deTúatú campaign on CaixaBank's YouTube channel. Financial education videos using a friendly approach and simple language, with 1.0 million views.
- Economía Cotidiana (Daily Finances) podcasts by CaixaBank. Audio podcasts on financial subjects downloadable from the main platforms: ivowx, itunes, Podium Podcast and Spotify.
- New content for shareholders: 5 Aula Talks video conferences with 4,771 views, and 16 webinars with 1,702 participants.
- The CaixaBank Research Twitter handle (@Cbk_Research) has 4,073 followers.

Publications

- 654 reports published in 2019 by CaixaBank Research economists.
- "Operación AulaBank", a new comic in the "Las finanzas de Carlota" series, was published in 2019, with the aim of teaching young people about the social role of banks, with an initial print run of 162,000. Earlier comics in the series included "La bici de Lola", teaching children about the value of money and the importance of saving, and "Operación Cupcake", an introduction to how stock markets work.

Face-to-face training

- 84 talks given by CaixaBank Research economists.
- Workshops on basic personal finances for vulnerable sectors of society.
  - 128 workshops on basic personal finances for people with disabilities held in 2019 with 1,636 attendees.
  - DialogA, talks in Store branches aimed at children aged 6 to 9 years, to help them learn how to save. 62 talks with 1,963 attendees.
- Courses and training materials for our shareholders.
  - 30 sessions of the Aula programme for shareholders with 2,588 attendees.
- CaixaBankFuturo seminars on social planning and saving.
  - 308 talks on planning for retirement with 6,445 attendees in 2019.

Chairs

- The CaixaBank Chair for Corporate Social Responsibility at the IESE Business School to develop and promote responsible social and environmental principles and practices in businesses.

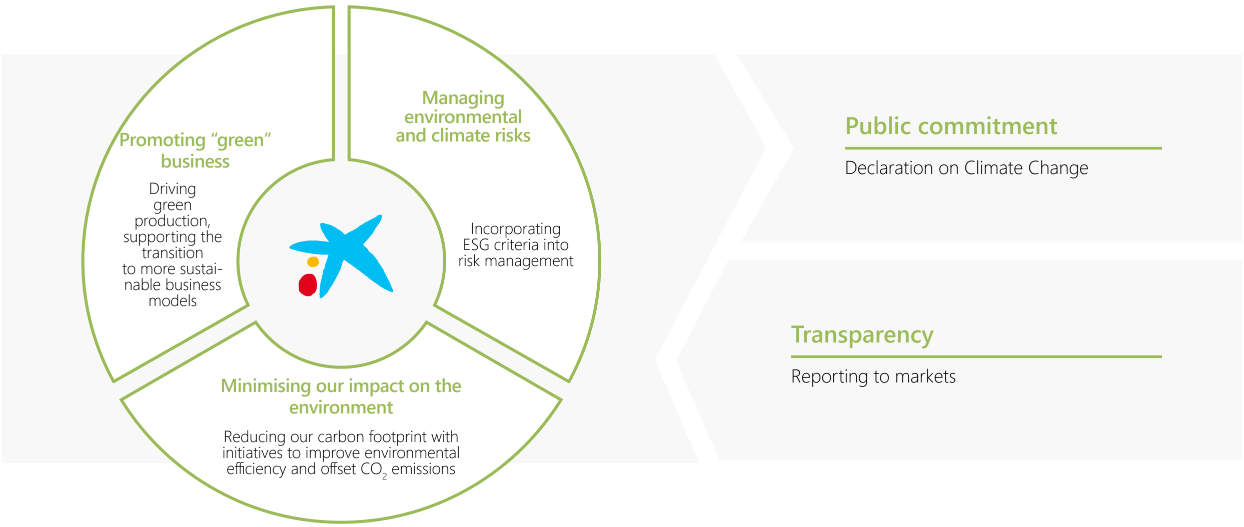
CaixaBank is also one of the entities participating in the Financial Education Plan, developed by the CNMV and the Bank of Spain.

4
10

Environmental **strategy**

The environment is one of CaixaBank's strategic priorities and one of the five main planks of its Socially Responsible Banking Plan. The Environmental Strategy approved by the Management Committee in line with internal policies and standards, is composed, in turn, of five lines of action:

ENVIRONMENTAL STRATEGY: Lines of action

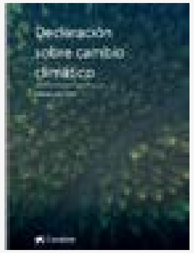


Transitioning to a low carbon economy that encourages sustainable development and is socially inclusive is essential, in CaixaBank's view.

1

In February 2019, CaixaBank published its **Declaration on Climate Change**[1], which was approved by the Board of Directors, in which it undertakes to take the necessary measures to comply with the Paris Agreement. The Declaration on Climate Change is a declaration of intent based on the five lines of the Bank's Environmental Strategy.

The Declaration argues that climate change is one of the main challenges facing the planet, with impacts on the physical environment, society and the economy. It is a source of physical and transition risks, as well as opportunities for countries, businesses and people.



2

In December 2019, CaixaBank signed the **United Nations Collective Commitment to Climate Action**. Under this commitment, which was announced within the framework of the Principles for Responsible Banking, banks undertake to align their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to below 2 degrees Celsius.

CaixaBank is also a signatory to the Climate Commitment published by the Spanish Confederation of Savings Banks and the Spanish Banking Association.

3

In 2019 CaixaBank established its **2019-2021 Road Map** to roll out its Environmental Strategy.

The **2019-2021 Road Map** to roll out its Environmental Strategy, in line with the Bank's Strategic Plan, which was presented to the Risk Committee, includes the following areas of action:

Environmental Risk Management Policy

To implement the Environmental Risk Management Policy and review risk concession procedures to take into account regulatory and market changes.

Definition and roll out of the governance model

To implement a coherent, efficient and adaptable governance model for managing environmental and climate change risks that ensures the CaixaBank Group's targets are met within an appropriate framework.

Risk Metrics

To develop indicators to measure the CaixaBank Group's compliance with its defined risk appetite, and ensure it meets current legislation on environmental risk management and climate change and the expectations of stakeholders.

External Reporting

To establish an external reporting model to ensure information on the environment and climate change is publicly disclosed in accordance with the regulations applicable at all times.

Taxonomy

To structure and categorise customers, products and services in accordance with environmental and climate change criteria in line with current regulatory requirements.

Business opportunities

To ensure that CaixaBank takes advantage of current and future business opportunities related to sustainable financing and investment within the framework of the Environmental Strategy, including the issue of social and/or green bonds.

[1] The Declaration can be read here: https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/responsabilidad_corporativa/Declaracion_cambio_climatico.pdf

Managing environmental and climate risks

CaixaBank is making progress on the management and analysis of environmental of environmental and climate risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the European Commission's Guidelines on Non-Financial Reporting.

Conceptually, the risks associated with climate change are classified as either physical risks or transition risks. The first arise as a result of climate or geological events and changes in the balance of ecosystems and may be gradual or abrupt. They can cause physical damage to assets (infrastructure, properties), disruption to production or supply chains and/or may affect the productivity of economic activities (agriculture, energy production). Transition risks, meanwhile, are associated with the fight against climate change and the transition to a low-carbon economy. They include factors such as changes in regulations and standards, the development of alternative energy-efficient technologies, changes in market tastes or reputational issues affecting the sectors that cause the greatest damage.

CaixaBank actively manages environmental risks and those associated with climate change through the lines of action set out in its Road Map.

>> The Environmental Risk Management Policy is published on CaixaBank's corporate website

Environmental Risk Management Policy

The Environmental Risk Management Policy was approved by the Board of Directors in February 2019. The main subsidiaries (BPI, Vidacaixa and Caixabank Asset Management) have approved their own policies, aligned with that of CaixaBank, taking into account the specific nature of their businesses.

The policy established the Group's global principles for managing environmental risk. Environmental risk is one of the ESG (environmental, social and governance) risks and it is managed via the lines of action set out in CaixaBank's Environmental Risk Management Strategy.

The Environmental Risk Management Policy establishes criteria to be built into the Bank's procedures for accepting new customers and operations, with general and sector-based exclusions whereby CaixaBank will not assume credit risk linked to activities that could have a significant environmental impact. The following sectors are specifically excluded:

- Energy
- Mining
- Infrastructures
- Agriculture, fishing, livestock farming and forestry management

A questionnaire to assess and classify customers and operations forms part of the environmental risk analysis built into the credit process for business and corporate customers. The most complex operations are assessed by specialised analysts from the Corporate Directorate of Environmental Risk Management.

A number of additional processes have been established to assess ESG risks within the framework of applying the Equator Principles, which CaixaBank signed in 2007.

>> In 2019, the Corporate Environmental Risk Management Department evaluated 100 operations

Equator Principles

Scope

- Project finance and project finance advisory services where total project capital costs are US$10 million or more.
- Project-related corporate loans with a total aggregate loan amount of at least US$100 million and an individual commitment by CaixaBank of at least US$50 million, and a loan term of at least two years.
- Bonds linked to projects in an amount of at least US$10 million.
- Bridge Loans with a term of less than two years that are intended to be refinanced by project finance or a project-related corporate loan that meet the aforementioned criteria.
- CaixaBank voluntarily applies this procedure to syndicated operations with a term of 3 years or more and when CaixaBank's individual commitment is between €7 million and €35 million. The procedure also applies to other operations to finance investment projects with a minimum term of 3 years and a minimum amount of €5 million when the holder is a medium-sized, large or very large legal entity.

Application

- Projects with high and irreversible risks and potential impact, where it is not deemed possible to establish a viable action plan, or projects that contravene the Bank's corporate values, are rejected.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. Projects are classified as category A, B or C according to the risks and potential impacts detected in the due diligence process carried out by teams from the commercial and risk areas, together with external experts.
- Category A and certain Category B projects may have potentially significant adverse impacts. In these cases, an action plan must be drawn up to help prevent, minimise, mitigate and remedy the adverse social and environmental impacts.

In 2019, the Bank financed 15 projects with a total investment of €16,190 million, of which the Bank's individual commitment amounted to €1,412 million.

The assessment carried out to categorise the projects was performed with the support of an independent expert.

Project category	Operations financed			
	2018		2019	
	(no.)	€ million[1]	(no.)	€ million[1]
Category A (projects with significant potential environmental and social risks)	1	99	2	313
Category B (projects with limited potential ESG risks which are easy to mitigate)	7	504	13	1,099
Total	**8**	**603**	**15**	**1,412**

[1]The amounts disclosed may vary due to changes to the terms of the loans granted occurring close to the reporting date. The 2018 data have been updated according to the best information available at the conclusion of the year.

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Definition and roll out of the governance model for environmental and climate change risk

The highest management body with responsibility for managing environmental risk is the **Environmental Risk Management Committee,** which was set up and approved by the Board of Directors in February 2019. The Committee reports to the Management Committee, is chaired by the Chief Risk Officer and is composed of members of the Bank's Management. It is responsible for analysing and, where appropriate, approving proposals made by the Bank's functional areas with regard to its strategic position on Environmental Risk Management, in addition to the front-line identification, management and control of the risks associated with this area.

In late 2018 a **Corporate Directorate for Environmental Risk Management** (DGRMA) was created, reporting to the Directorate General for Risk. This new directorate is responsible for managing environmental and climate-related risk. The DGRMA coordinates the implementation of the Road Map and oversees the analysis of environmental risk within the Bank's risk concession processes.

The targets of the CEO, the Chief Risk Officer and the Director General for Environmental Risk Management include indicators linked to the management of environmental and climate-related risk.

[1] Data on CaixaBank Group's carbon-intensive equity, fixed income and credit exposure. Some exposures may contain a mix of power generation that includes renewable energies. The figure published in the 2018 Consolidated Management Report has been restated to reflect improvements in the processes used to identify operations in the portfolio.

Risk Metrics

The lending portfolio is managed with the intention of aligning its indirect impact on climate change with the Bank's risk appetite and its commitment to sustainability goals. Since 2018, therefore, it has measured its lending exposure to economic activities considered to be linked to high CO_2 emissions.

For better comparability, the main indicator is based on the definition suggested by the Task Force on Climate-related Financial Disclosures (TCFD), and includes exposure to activities linked to the energy and utilities industries, excluding renewables (carbon related assets, as defined in Implementing the Recommendations of the TCFD). In 2018 and 2019, such activities accounted for around 2% of the total financial instruments portfolio[1].

Additional management metrics are currently being developed.

See CaixaBank's response to TCFD recommendations in the section **Statement of non-financial disclosures - TCFD**

Reporting

CaixaBank is committed to complying with the transparency recommendations of the TCFD, a work group of the Financial Stability Board set up to raise awareness of climate-related risks and opportunities through financial reporting, in order to encourage market participants to take them into account.

Since mid-2019 CaixaBank has been participating in the second UNEP FI pilot project to implement TCFD recommendations in the banking sector (The focus is on the development and/or adaptation of existing methodologies and tools for analysing physical and transition climate risk scenarios. Within the pilot project, CaixaBank focuses on sectors that are sensitive to transition risk arising from climate change and which form a material part of its lending portfolio, such as Oil & Gas and Utilities. The methodology being developed within the framework of the UNEP FI project involves taking forecast models of the socio-economic impact of climate change developed by experts, such as changes in fuel prices and taxes, changes in fuel demand or new technologies, and scaling them to produce models applicable to companies. Changes in emission charges, capital costs and income are first transferred to the individual rating of a sample of customers and then extrapolated to the reference portfolio. Based on this methodology, case studies are being developed.

Promoting "green" business

Climate change involves risks, but it also offers business opportunities for financing activities that contribute to mitigating climate change or help us to adapt to it. CaixaBank is committed to green production through the design and marketing of products that integrate environmental criteria and environmentally sustainable activities that contribute to the transition to a low-carbon economy.

CaixaBank already has specialist staff in some of the business segments which are most sensitive from the viewpoint of climate and environmental risk, including the real estate sector, infrastructure and energy projects and agriculture, with a view to facilitating customer engagement in the transition to a low-carbon economy (engagement). In 2019, workshops were held with customers engaged in the real estate, consumer products, agriculture and CIB/corporate banking segments to promote green business and establish environmentally sustainable production targets.

Taxonomy

The EU is developing a European standard for the classification of economic activities according to their environmental risk. The Taxonomy is a European standard for determining whether an economic activity contributes significantly to climate change mitigation without damaging other EU environmental objectives. CaixaBank intends to implement this standard wherever it is applicable once it is approved. In this regard, CaixaBank is working in the following areas:

- In November 2019, CaixaBank joined the UNEP FI working group to draw up a guide for banking to adapt to the EU taxonomy (High Level Recommendations for Banks on the application of the EU Taxonomy).
- In line with the draft of the European Union taxonomy (Taxonomy Technical Report – June 2019) operational and documentary criteria have been established for the classification of operations in some sectors, including projects for renewable energy and the real estate sector.
- A project has been launched to enable CaixaBank's IT systems to collect information on energy efficiency certificates for home purchase financing operations from 2020.

Pending the approval of the European Union Taxonomy of environmentally sustainable activities, CaixaBank currently considers the following categories:

- Financing energy-efficient properties
- Renewable Energy projects (wind, photovoltaic, thermosolar, etc.).
- Loans classified as "green" according to the Green Bond Principles (GBP) established by the International Capital Markets Association (ICMA)
- Eco-loans for financing energy-efficient home refurbishment and the purchase of energy-efficient vehicles and domestic appliances
- Eco-financing for the agricultural sector
- Financing for the installation of solar panels on buildings
- Loans linked to sustainability indices
- EIB Climate Action Lines
- Financing eligible within the framework of the bond issue linked to CaixaBank's Sustainable Development Goals.

Sustainable environmental financing

ENERGY EFFICIENT REAL ESTATE LENDING

Operations for which there is documentary evidence of an energy efficiency certificate with A or B rating are considered environmentally sustainable. CaixaBank is adapting its information systems and loan allocation processes to input information and documentation regarding the energy certificate when operations are formalised.

Energy information concerning planned property developments is also included. The promotions formalised in 2019 include operations for €938 million with A or B rating.

POSITIONING IN THE GREEN LOAN MARKET WITH GLP CERTIFICATE

In 2019, CaixaBank was ranked 13th in the green loan market Global Mandated Lead Arranger, participating in 11 green loans for a volume of US$1,546 million. All these loans obtained the Green Certificate, based on the criteria of *the* Green Loan Principles established by the ICMA.

RENEWABLE ENERGY - PROJECT FINANCE

As part of our commitment to combating climate change, we finance renewable energy projects. In 2019, we helped to finance 28 projects for a total of € 2,453 million, funding 8,322 MW of installed renewable power. Since 2011, CaixaBank has financed renewable energy projects with over 32,000 MW of installed power.

CaixaBank's energy portfolio accounts for 51% of all project financing. Of these projects, 62% are renewable energy projects.

LOANS LINKED TO SUSTAINABLE INDEXES

In 2019 CaixaBank gave 11 loans for a total of €919 million which were conditional upon recognition of good performance by the company regarding sustainability, measured according to ESG indicators applied by independent bodies.

Portfolio exposure **renewable energy**

58% Wind

10 % Solar thermal

31 % Photovoltaic

1 % Other

ECOFINANCING

CaixaBank has specific financing lines for buying environmentally-friendly vehicles and household appliances, investing in energy efficient housing, promoting investments to make resources more efficient and reduce their environmental impact.

Since 2013, CaixaBank has implemented an EcoFinancing line to make more loans available for agricultural projects related to energy efficiency and water use, organic farming, renewable energy, waste management, and the development of rural areas.

In 2019, the Company granted a total of 505 loans for €10.2 million linked to Eco-Financing.

CLIMATE ACTION LINES

The €30 million credit line agreement signed by CaixaBank with the European Investment Bank (EIB) in 2018 to fund projects by SMEs, individuals, and the public sector to combat climate change (especially electric vehicles, modifications to facilities and home improvements) is still in place.

BPI

Aware of the importance of adopting measures to guarantee environmental sustainability in our products, we offer different credit lines that promote energy efficiency and support various renewable energy investment projects. In 2019, total financing granted amounted to €133 million, in the following categories:

In millions of euros	Conceded in 2019	Portfolio exposure
Renewable energy Accounts for 32% of all project financing	38	332
Urban renovation		
IFRRU, Financial Instrument for Urban Renovation	80	202
Jessica Line	8	259
European Investment Bank-Energy Efficiency in Business	7	9.4

Green Bonds

In July 2019, the Board of Directors approved the bond issuance framework linked to CaixaBank's Sustainable Development Goals, including Green Bonds and aligned with the Sustainable Bond Principles, Green Bond Principles and Social Bond Principles. The framework envisages the issue of green bonds, although during 2019 none were issued.

CaixaBank has been a signatory of the Green Bond Principles established by the International Capital Markets Association (ICMA) since 2015. Since then, the Bank has participated in the placement of green bonds for projects with a positive impact on climate.

In 2019, CaixaBank participated in the placement of 4 green bond issues for investment in sustainable assets with a total volume of €2,550 million (€1,300 million in 2018).

GREEN BONDS

FCC – Environment Services
Inaugural Green Bond
€600 million
Maturity 2023-XS2081491727
€500 million
Maturity 2027-XS2081500907
Joint Bookrunner. December 2019

Prologis
Green Senior Unsecured
€450 million
Maturity 2029-XS2021462440
Passive Joint Lead Manager
June 2019

Enel
Senior Green Bond
€1,000 million
Maturity 2025-XS1937665955
Joint Bookrunner. January 2019

Investment products - MicroBank Ecological Fund

CaixaBank markets the MicroBank Ecological Investment Fund, an international equity fund that invests in a selection of environmentally responsible funds in sectors such as renewable energy, organic food, recycling and waste water treatment, among others.

Managed by CaixaBank Asset Management, it is the first Spanish fund to combine the search for good returns with respect for the environment.

€32.7 million
turnover

2

Minimising our impact on the environment

The **Environmental and Energy Management Principles** emphasise the Bank's commitment to driving efficient and environmentally friendly technologies, integrating environmental and energy-related criteria in its range of products and services, and supporting initiatives to fight climate change.

In 2019, the **2019-2021 Environmental Management Plan** was approved, in line with the Bank's Environmental Strategy, its main objective being to help minimise CaixaBank's environmental impact and enable it to comply with its environmental commitments and certifications.

FOCUS OF THE 2019-2021 ENVIRONMENTAL MANAGEMENT PLAN

1. ***Carbon Neutral*** **Strategy**
   Minimising and compensating for all estimated CO_2 emissions that could not be avoided.

2. Environmental efficiency **measures** and certification
   Minimisation of the Bank's impact, implementation of new energy saving measures and renewal of certification and environmental commitments

3. Extension of the environmental commitment to the **value chain**
   Action plans for suppliers to assume our environmental values as their own and to comply with the commitments they have made

4. Promoting **sustainable mobility**
   Measures to encourage sustainable mobility to minimise emissions by the organisation, its workforce and suppliers

5. Commitment, transparency and **engagement**
   Actions of *engagement* with employees, strengthen commitment and improve environmental information for the public

The 2019-2021 Environmental Management Plan sets out quantitative targets for all the years covered by the plan, so that the extent to which it has been successfully implemented can be measured:

Initiative	Objective	Indicators-KPIs	2018	2019	2020	2021
Project *Carbon Neutral*	**Continue to be a *Carbon Neutral***	% CO_2 emissions offset	100%	100%	100%	100%
		% CO_2 emissions reduced *(v. 2015)*	-10%	-11.5%	-13%	-14.5%
	100% renewable energy contracted	% energy consumed from renewable sources	99%	99%	99%	99%
Environmental efficiency and certification	**Implementation of environmental efficiency measures**	Energy savings (%): *(v. 2015)*	-5.5%	- 7.0%	-8.5%	-10%

CaixaBank, S.A.

OTHER INITIATIVES

- Sustainable Mobility Plan
- Home automation system for the efficient management of energy
- Commitment, transparency and *engagement*
- Certifications certification

EMAS ISO 50001 ISO

CaixaBank, S.A. has implemented and regularly updates **an environmental management system according to standard ISO14001** and an energy management system in accordance with ISO 50001, the scope of which is expanded as needed. Meanwhile, the corporate centre in Barcelona also has an environmental management system that complies with European EMAS regulation 1505/2017.

MINIMISE THE ENERGY CONSUMPTION AND EMISSIONS GENERATED

In the Company's buildings and offices, initiatives designed to minimise energy consumption are being developed and implemented. These include the installation of LED lighting and the replacement of air conditioning equipment, etc. In 2019, an automation project was initiated with the aim of monitoring and controlling consumption and implementing new measures to reduce energy use in the company's buildings and branches.

Thanks to all these initiatives, in 2019 CaixaBank S.A. reduced electricity consumption by 4,72% compared to 2018, reaching 151,690 MWh.

In 2019, measures to reduce fuel consumption were also implemented, making a further contribution to reducing emissions. They include the installation of electric vehicle charging points and starting to replace the vehicles in our fleet with hybrid models, within the framework of the Sustainable Transport Plan.

These measures are in addition to other existing measures, such as the installation of private bicycle parking in several corporate centres; the car-pooling programme in territorial centres and the application for sharing taxis; the promotion of remote work, the use of videoconferences and the pilot programme for delivering packages in the last mile by electric roller.

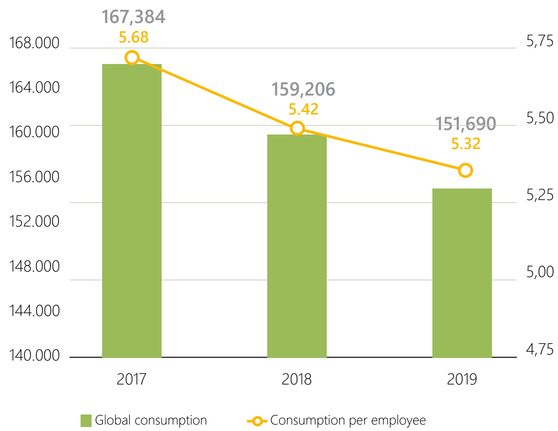
REDUCTION IN CONSUMPTION OF MATERIALS AND WATER

At CaixaBank, we are working to reduce the consumption of materials and support a policy of purchasing environmentally friendly materials, for example, by reducing paper consumption by using digital processes or purchasing recycled paper.

[1] Consumption per customer of previous years has been recalculated considering the corresponding average staff (instead of the end of the year).

Within the framework of **the 2019-2021 Environmental Management Plan** and with the aim of reducing the company's impact on the environment, CaixaBank carries out numerous initiatives year after year:

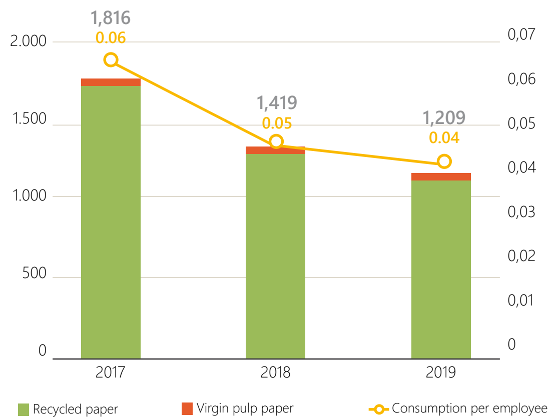
ELECTRICITY CONSUMPTION - Caixabank, S.A. (MWh)



99.5% of electrical energy consumed from renewable sources

-75% reduction of CO_2 emissions in the period 2009-2018

PAPER CONSUMPTION - Caixabank, S.A. (tons)



97.2% recycled paper of all paper consumed

-14.5% reduction in paper consumption in 2019 (1,209,068 kg consumed)

The water is mostly used for sanitary purposes and does not represent a significant factor in CaixaBank's environmental management. However, measures are being introduced to reduce consumption, such as the installation of self-closing taps and the replacement of toilet cisterns by others which use less water and have a double-flush mechanism. In unique buildings, the best technologies have been introduced to minimise water consumption associated with the refrigeration processes. Our Data Processing Centres *(with LEED gold and LEED* silver certification, respectively) thus use cooling-free *technology* free cooling technology, which uses no water, and in the Barcelona corporate centre the evaporative cooling towers have been replaced by adiabatic towers, with much lower water consumption.

- 5.22 %

reduction in water consumption compared to 2018

(312,098 m³ consumed[1] by CaixaBank S.A.)

PROMOTING THE REUSE AND RECYCLING OF WASTE

In corporate buildings and throughout the branch network, there is selective waste collection (mostly non-hazardous waste) and initiatives are continuously being implemented with the aim of minimising waste generation. Examples include the launch of the project to reduce plastics for water consumption in our branches, recycling bank cards and distributing biodegradable cards.

From 2013, the Integral Plan for the Revaluation of Technological Equipment has promoted the transfer of electronic equipment to non-profit organisations, favouring the circular economy. In 2020, the Plan was extended to office furniture.

[1] Estimate based on a sample of corporate buildings and branches in the corporate network.

Carbon Footprint

Combating climate change

Calculating the Bank's carbon footprint

Each year CaixaBank carries out an inventory of greenhouse gas (GHG) emissions generated as a result of its corporate activity, to calculate its carbon footprint and establish measures aimed at progressively reducing it

Reduction in CO_2 emissions

Through the introduction of technological improvements and good environmental practices

100% certified renewable energy consumption

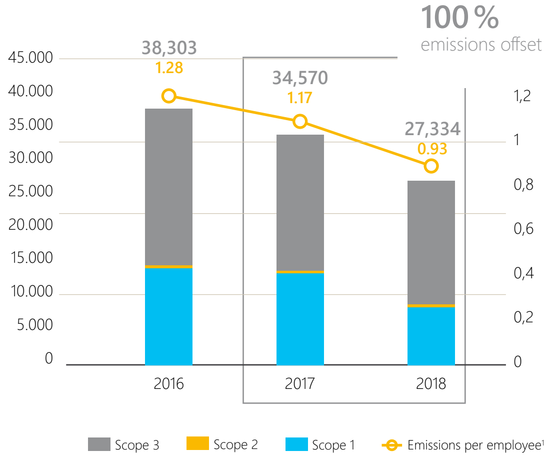
Offsetting emissions that could not be avoided

Both in corporate buildings and throughout the commercial network (scopes 1, 2 and 3)

Since 2009, CaixaBank S.A. has calculated its carbon footprint as part of its commitment to minimise and offset the Bank's CO_2. In 2019, we again carried out an inventory of greenhouse gas emissions generated by CaixaBank S.A. in 2018, allowing us to measure the reduction in emissions resulting from the eco-efficiency improvements we have described.

CaixaBank S.A. has been carbon neutral since 2018, when total emissions in 2017 were offset. In 2019, compensation of emissions that could not be eliminated was provided through the participation in a project in Mexico, recognised by Verified Carbon Standard (VCS), consisting of the use of biogas from pig waste to generate energy, as well as two own projects of CO_2 absorption by reforesting burned areas on the mountain of Montserrat, Barcelona, and in the town of Ejulve, Teruel.

EMISSIONS GENERATED AND PERCENTAGE OFFSET



Indicators-KPIs	2016	2017	2018
t CO_2 eq Scope 1	14,336	13,873	8,576
t CO_2 eq Scope 2	616	377	403
t CO_2 eq Scope 3	23,351	20,320	18,355
t CO_2 eq per employee	1.28	1.17	0.93

Details of the carbon footprint of CaixaBank S.A. are available on the Company's corporate website and are verified by an independent external firm in accordance with the ISO 14064 standard.

Each year, CaixaBank publishes a report, audited by an independent external firm, detailing the main environmental measures taken by the Bank. This report, the *Environmental Declaration*,can be accessed on the CaixaBank website, together with the principles of environmental and energy management.

- For more information, please see the following link: https://www.caixabank.com/responsabilidadcorporativa/medioambiente_en.html

[1] Consumption per customer of previous years has been recalculated considering the corresponding average staff (instead of the end of the year).

Social action and volunteering

"la Caixa"

CaixaBank's partnership with "la Caixa", its main shareholder, extends to philanthropic and solidarity programmes that help to create opportunities for people and respond to the most pressing social challenges.

CaixaBank promotes initiatives and programmes among its customers, employees and shareholders, while publicising and promoting those of "la Caixa".

> "la Caixa" is the leading foundation in Spain and one of the largest in the world, with an annual budget for its Social Programme of **€545 million in 2019**

2,473
recurrent volunteers[1]
2019-2021 SP TARGET ≈5,000

[1] Volunteers from the "la Caixa" Volunteers Association who have taken part in at least 4 activities in the last 12 months.

Decentralised Social Work

Thanks to its capillary nature and proximity to people, CaixaBank's branch network is a very effective means for detecting need, thus enabling "la Caixa" to allocate resources to great effect in all the areas where CaixaBank is present.

€44.7 million
of "la Caixa" 's budget has reached a multitude of local social entities thanks to the CaixaBank branch network

10,690
activities related to projects set up by local social organisations

8,867
recipient entities

TYPES OF PROJECT THAT HAVE RECEIVED FUNDS FROM THE DECENTRALIZED SOCIAL PROGRAMME

3,825
Activities in the field of disease and disability

2,487
Activities in the field of multiculturalism and social exclusion

1,971
Activities in the field of poverty

2,407
Activities in other fields

Social Weeks

In 2019, CaixaBank promoted two Social Weeks, in which it invited employees and customers to participate in local volunteering activities, mostly linked to entities receiving aid from the decentralised social work.

4,389
activities carried out in 1,875 local entities

54,882
hours of volunteering

SOCIAL WEEK PARTICIPANTS

16,811
total participants

14,403
CaixaBank Group employees

2,408
CaixaBank customers, family members and friends

1
2
10

Solidarity projects

#Ningún niño sin bigote

Campaign to collect milk in conjunction with Banco de Alimentos.

2.56
million litres of milk collected

El árbol de los sueños (The Tree of Dreams)

Customers and employees commit to giving socially vulnerable children the gift they have requested in their letter to the Kings.

24,217
children in Spain who have received a gift

10,613
children in Portugal who have received a gift

"la Caixa" programmes

CaixaBank also supports the following "la Caixa" initiatives, publicising them and encouraging the participation of its customers and employees.

CooperantesCaixa

International corporate volunteering programme for short-term technical assistance aimed at "la Caixa" and CaixaBank Group workers who are currently employed, have retired or have taken early retirement.

- **51** CaixaBank Group volunteers (**44** active employees and **7** no longer fully employed).
- Participation in **8** projects jointly with **10** NGOs in **4** countries: Mozambique, Peru, India and Colombia.

Incorpora

incorpora de "la Caixa"

Helping the socially vulnerable to find jobs.

13,613 collaborating companies in Spain.

Gavi, the Vaccine Alliance

Initiative fighting child mortality in the most disadvantaged regions through the vaccination of small children.

€1.2 million
raised through companies who are customers

€0.7 million
contributed by Private Banking customers

"la Caixa" and BPI programmes

In 2019 "la Caixa" and **BPI** contributed €21.7 million to social, cultural, educational, and research initiatives, 43 % more than in 2018, with the aim of reaching a budget of €50 million in 2022.

BUDGET ALLOCATION

52 %
Social

- In 2019, two new awards were launched with the aim of recognising projects of private non-profit institutions - Prémio BPI "la Caixa" Infância and Prémio BPI "la Caixa" Rural
- New editions of the *Capacitar, Seniores and Solidário awards*

20 %
Research and grants

- Once again, BPI promoted collaborative activities with the most prestigious higher education institutions.
- One of the priorities has been to support biomedical and health research projects.

28 %
Culture and education

- Support was renewed for the country's most prestigious cultural institutions-Serralves, Casa de la Música and Gulbenkian

03 Non-financial information statement

Table of contents Act 11/2018, of 28 December

In accordance with the provisions of Law 11/2018 of 28 December on non-financial information and diversity, CaixaBank presents in the Statement of Non-Financial Information, among other matters, the information necessary to understand the evolution, results and situation of the Group, and the impact of its activity with respect to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as in relation to staff.

The following shows the content requirements to be disclosed as specified in the Act and their agreement with the contents of the 2019 Consolidated Management Report.

Act 11/2018, of 28 December	Section or sub-section of the 2019 CMR index/ Direct response	GRI indicator equivalence
Description of the business model and strategy		
Description of the business model	"Business Model" section of the 2019 Consolidated Management Report (CMR 2019)	102-1 / 102-2
Business environment and markets in which the Group operates	"Context and outlook for 2020" CMR 2019 "Business model" CMR 2019	102-3 / 102-4 / 102-6
Organisation and structure	"Group structure" CMR 2019	102-7
Objectives and strategies	The priorities of the 2019-2021 Strategic Plan are defined in the "Materiality" section of the CMR 2019. Within the framework of this Plan, the objectives defined in the different non-financial areas of each of the strategic lines are detailed in the section "Main monitoring metrics."	
Main factors and trends that can affect future evolution.	"Context and outlook for 2020" CMR 2019	
Description of the policies applied to the Group, which will include due diligence procedures applied to identify, assess, prevent and mitigate significant risks and implications, and control and verification procedures, including any measures adopted	"Risk management" CMR 2019 "Responsible practices" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction" CMR 2019	103 Management approach on Economic, Environmental and Social dimensions
The results of the policies, including key indicators that allow for progress to be monitored and assessed	"Risk management" CMR 2019 Moreover, the specific indicators for each non-financial area are detailed below in the successive sections of this table.	General or specific GRI standards regarding the Economic, Environmental and Social dimensions that are detailed below in the succesive sections of this table
The main short, medium and long-term risks associated with the group's activities. These include, inter alia, trade relations, products or services that can have negative effects in these areas	"Risk management" CMR 2019 "Responsible practices - Corporate Procurement" CMR 2019 "Environmental strategy - Managing environmental and climate risks" CMR 2019	102-15

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Act 11/2018, of 28 December	Section or sub-section of the 2019 CMR index/ Direct response	GRI indicator equivalence
Matters relating to human rights and ethical conduct		
Application of due diligence procedures regarding human rights; Prevention of risks of human rights violations and, where applicable, measures to mitigate, manage and redress possible abuses committed	"Risk management" CMR 2019 "Our identity - Responsible and ethical behaviour" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Responsible practices - Introduction" CMR 2019	103 Management approach on Human rights assessment and Non discrimination 102-16 / 102-17
Allegations of cases of human rights violations	"Responsible practices - Introduction" CMR 2019 "Employee experience - Lines of comunication" CMR 2019	406-1
Promotion of and compliance with the provisions of fundamental Conventions of the International Labour Organisation related to respecting the freedom of association and the right to collective bargaining	"Our identity - Responsible and ethical behaviour" CMR 2019 "Employee experience - Labour standards and staff rights" CMR 2019 "Responsible practices - Corporate procurement" CMR 2019	407-1
The elimination of discrimination in employment and the workplace	"Our identity - Responsible and ethical behaviour" CMR 2019 "Diversity and equal opportunities" CMR 2019	103 Management approach on Non discrimination 406-1
The elimination of forced or compulsory labour and the effective abolition of child labour	"Our identity - Responsible and ethical behaviour" CMR 2019	408-1 / 409-1
Measures adopted to prevent corruption and bribery	"Responsible practices - Introduction" CMR 2019 "Risk management - Operational and reputational risk - Conduct" CMR 2019	103 Management approach on Anti-corruption. 102-16 / 102-17 / 205-1 / 205-2 / 205-3
Measures to fight against money laundering	"Responsible practices - Introduction" CMR 2019 "Risk management - Operational and reputational risk - Conduct" CMR 2019	103 Management approach on Anti-corruption. 102-16 / 102-17 / 205-1 / 205-2 / 205-3
Contributions to foundations and non-profit entities	"Social action and volunteering" CMR 2019	413-1
Subcontracting and suppliers: inclusion of social, gender equality and environmental matters in the procurement policy; in relationships with suppliers and subcontractors, consideration of their social and environmental responsibility; oversight systems and their audit and results	"Responsible practices - Corporate procurement" CMR 2019	103 Management approach on Supplier procurement, environmental and social assessment. 102-9 / 204-1 / 308-1 / 414-1

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Environmental issues		
Detailed information on the current and foreseeable effects of the company's environmental activities	"Environmental strategy - Managing environmental and climate risks / Driving green business" GMR 2019	103 Management approach on the Environmental dimension 201-2
Detailed information on the current and foreseeable effects of the company's health and safety activities	This is not relevant for the CaixaBank Group	103 Management approach on the Environmental dimension
Environmental assessment or certification procedures	"Environmental strategy - Minimising the environmental impact" CMR 2019	103 Management approach on the Environmental dimension
Resources dedicated to the prevention of environmental risks	"Environmental strategy - Managing environmental and climate change risks / Driving green business" CMR 2019	201-2
Application of the principle of precaution	"Environmental strategy - Managing environmental risks and climate change risks" CMR 2019	102-11
Amount of provisions and guarantees for environmental risks	Given the Group's activities, there is no significant risk of an environmental nature. CaixaBank did not receive any relevant fines or sanctions related to compliance with environmental regulations in 2019	307-1
Measures to prevent, reduce or restore carbon emissions that seriously affect the environment, taking into account any activity-specific form of air pollution, including noise and light pollution	This is not relevant for the CaixaBank Group	103 Management approach on Emissions and Biodiversity
Prevention, recycling and reuse measures, and other forms of recovering and eliminating waste; actions to fight against food waste	This is not relevant for the CaixaBank Group	103 Management approach on Effluents and waste
Water consumption and supply in accordance with local limitations	This is not relevant for the CaixaBank Group	303-1
Consumption of raw materials and measures adopted to improve the efficiency of their use	This is not relevant for the CaixaBank Group	103 Management approach on Materials 301-1 / 301-2
Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energy	This is not relevant for the CaixaBank Group	103 Management approach on Energy 302-1

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Environmental issues		
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it provides	This is not relevant for the CaixaBank Group	103 Management approach on Emissions 305-1 / 305-2 / 305-3
The measures adopted to adapt to the consequences of climate change	"Environmental strategy - Managing environmental and climate risks / Driving green business" CMR 2019	201-2
The reduction goals voluntarily established in the mid and long term to reduce greenhouse gas emissions and the measures implemented for this purpose	This is not relevant for the CaixaBank Group	103 Management approach on Emissions
Preservation of biodiversity	This is not relevant for the CaixaBank Group	103 Management approach on Biodiversity
Impacts caused by activities or operations in protected areas	This is not relevant for the CaixaBank Group	304-2
Social and personnel matters		
Dialogue with local communities and measures adopted to guarantee the protection and development of these communities. Relationships with agents in local communities	"Materiality" CMR 2019 "Transparency - Strengthen the culture of transparency with customers / Commitment to transparency with shareholders and investors" CMR 2019	102-43
Measures adopted to promote employment. Impact of the company's activity on employment and local development. Impact of the company on local populations and in the surrounding area	"Contribution to society" CMR 2019 "Financial inclusion - Introduction" CMR 2019 "Financial inclusion - MicroBank" CMR 2019 "Social action and volunteering" CMR 2019	103 Management approach on Local communities and Indirect economic impacts 203-1 / 413-1
Association and sponsorship actions	"Regulatory context" CMR 2019 "Social action and volunteering" CMR 2019	102-12 / 102-13
Policies against all kinds of discrimination and diversity management. Measures to promote equal treatment and equal opportunities between men and women	"Diversity and equal opportunities" CMR 2019	103 Management approach on Diversity, Equal opportunity and Non discrimination

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Act 11/2018, of 28 December	Section or sub-section of the 2019 CMR index/ Direct response	GRI indicator equivalence
Social and personnel matters		
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities	"Diversity and equal opportunities CMR 2019	103 Management approach on Diversity, Equal opportunity and Non discrimination
Social dialogue; Procedures for informing, consulting and negotiating with staff	"Employee experience" CMR 2019	103 Management approach on Labor/Management Relations
Total workforce distributed by gender, age, country, job classification and contract type	"Foster a people-centric, agile and collaborative culture - CaixaBank Group employee profile table" CMR 2019 "Diversity and equal opportunities - Generational diversity in numbers tables" CMR 2019 "Employee experience - Working environment in figures tables" CMR 2019 "Professional development and remuneration- Professional development and remuneration in numbers" CMR 2019	103 Management approach on Employment 102-8 / 405-1
Average annual number of permanent, temporary and part-time contracts, broken down by gender, age and occupational classification	The activities of the Group are not significantly cyclical or seasonal. For this reason, the annual average indicator is not significantly different from the number of employees at year-end. On May 8, 2019, a labour agreement was reached with labour representatives on restructuring for objective, productive and organisational reasons, and which contemplates the departure of 2,023 people (mainly as of August 1, 2019).	102-8 / 405-1
Number of dismissals by gender, age and occupational classification	"Diversity and equal opportunities - Gender diversity in numbers tables" CMR 2019 "Diversity and equal opportunities - Generational diversity in numbers tables" CMR 2019 "Professional development and remuneration - Professional development and remuneration in numbers" CMR 2019	401-1

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Act 11/2018, of 28 December	Section or sub-section of the 2019 CMR index/ Direct response	GRI indicator equivalence
Social and personnel matters		
Average remuneration and its evolution disaggregated by gender, age and professional classification	"Diversity and equal opportunities - Gender diversity in numbers tables" CMR 2019 "Diversity and equal opportunities - Generational diversity in numbers tables" CMR 2019 "Professional development and remuneration- Professional development and remuneration in numbers" CMR 2019	103 Management approach on Diversity and Equal opportunity 405-2
Salary gap	"Diversity and equal opportunities - Gender diversity in numbers tables" CMR 2019	103 Management approach on Diversity and Equal opportunity 405-2
Average remuneration of Directors and Managers by gender	"Diversity and equal opportunities - Gender diversity in numbers tables" CMR 2019	103 Management approach on Diversity and Equal opportunity 102-35 / 102-36 / 102-38 / 102-39
Implementation of policies to disconnect from work	"Diversity and equal opportunities" CMR 2019	103 Management approach on Employment
Number of employees with disabilities	"Diversity and equal opportunities - Functional diversity" CMR 2019	405-1
Organisation of working hours	"Employee experience" CMR 2019	103 Management approach on Employment
Number of hours of absenteeism	"Employee experience - Working environment in numbers tables" CMR 2019	403-9
Measures for promoting work-life balance for both parents	"Diversity and equal opportunities" CMR 2019	103 Management approach on Employment
Occupational health and safety conditions	"Employee experience" CMR 2019	103 Management approach on Occupational health and Safety 403-1 / 403-2 / 403-3 / 403-6
Occupational accidents, in particular their frequency and severity, disaggregated by gender	"Employee experience - Working environment in numbers tables" CMR 2019	403-9
Type of occupational illnesses and distributed by gender	CaixaBank's activities do not lead to the development in its workers of any of the occupational diseases classified as serious.	403-10

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Social and personnel matters		
Percentage of employees covered by a collective bargaining agreement by country	"Employee experience - Labour standards and staff rights" CMR 2019	102-41
Overview of collective bargaining agreements, particularly in the field of occupational health and safety	"Employee experience - Employment standards and personnel rights" CMR 2019	403-4
Policies implemented in the field of training	"Professional development and remuneration - Development of potential" CMR 2019 "Professional development and remuneration - Ongoing training" CMR 2019	103 Management approach on Training and education 404-2
Total hours of training by job category	"Professional development and remuneration - Professional development and remuneration in numbers" CMR 2019	404-1
Protocols for integration and universal accessibility for people with disabilities. Universal accessibility for people with disabilities	"Diversity and equal opportunities - Functional diversity" CMR 2019 "Financial inclusion - Local accessible banking" CMR 2019	103 Management approach on Diversity, Equal opportunity and Non discrimination
Other information		
Complaint systems available to customers	"Transparency - Strengthen the culture of transparency with customers - Customer Contact Center and Customer Service" CMR 2019	103 Management approach on Marketing and labelling and Customer privacy.
Number of complaints received from customers and their resolution	"Transparency - Strengthen the culture of transparency with customers - Customer Service" CMR 2019	103 Management approach on Marketing and labelling and Customer privacy. 417-1 / 417-2 / 417-3 / 418-1
Amount of profit obtained, country-by-country	"Transparency - Tax transparency - Tax contributions handled by the CaixaBank Group" CMR 2019	103 Management approach on Economic performance 201-1
Measures for the health and safety of customers	This is not relevant for the CaixaBank Group	103 Management approach on Customer health and Safety
Amount of profit tax paid	"Transparency - Tax transparency - Tax contributions handled by the CaixaBank Group" CMR 2019	201-1 / 207-4
Amount of subsidies received	Appendix 6.F of the attached 2019 Consolidated Financial Statements.	201-4

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
General Content		
GRI 101: Foundations		
Organisational profile		
GRI 102: General Content	102-1 Name of the organisation	Note 1.1 of the 2019 Consolidated Financial Statements (CFS 2019)
	102-2 Activities, brands, products and services	"Business Model" section of the 2019 Consolidated Management Report (CMR 2019) "Customer solutions" CMR 2019
	102-3 Location of headquarters	Note 1.1 CFS 2019
	102-4 Location of operations	"Business Model" CMR 2019
	102-5 Ownership and legal form	Note 1.1 CFS 2019 "Our identity - Shareholding structure" CMR 2019
	102-6 Markets served	"Business Model" CMR 2019
	102-7 Scale of the organisation	"CaixaBank in 2019" CMR 2019 Consolidated balance sheets CFS 2019
	102-8 Information on employees and other workers	"Foster a people-centric, agile and collaborative culture" CMR 2019
	102-9 Supply chain	"Responsible Practices - Corporate Procurement" CMR 2019
	102-10 Significant changes in the organisation and its supply chain	"Highlights and significant events in the year" CMR 2019 Note 1.8 CFS 2019
	102-11 Precautionary principle or approach	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Environmental strategy" CMR 2019
	102-12 External initiatives	"A benchmark in responsible banking and social commitment - Principal alliances and affiliations" CMR 2019 "Diversity and equal opportunities - Adherence to national and international principles of promoting diversity" CMR 2019
	102-13 Membership of associations	"Regulatory Context" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Strategy		
GRI 102: General Content	102-14 Statement from senior decision-makers	"Letter from the Chairman" and "Letter from the CEO" sections CMR 2019
	102-15 Key impacts, risks and opportunities	"Economic context" CMR 2019 "Regulatory context" CMR 2019 "Technological, social and competitive context" CMR 2019 "Risk management" CMR 2019
Ethics and integrity		
GRI 102: General Content	102-16 Values, principles, standards and codes of conduct	"Responsible and ethical behaviour" CMR 2019 "Responsible practices - Introduction" CMR 2019
	102-17 Advice and ethical concerns mechanisms	"A benchmark in responsible banking and social commitment - Responsible practices" CMR 2019
Governance		
GRI 102: General Content	102-18 Governance structure	"Corporate Governance Structure" CMR 2019 "Senior Management" CMR 2019
	102-19 Delegating authority	"Corporate Governance Structure" CMR 2019 "Senior Management" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Responsible practices - Introduction" CMR 2019 Note 3.2 CFS 2019 Section C.1.9 ACGR 2019
	102-20 Executive-level responsibility for economic, environmental, and social topics	"Senior Management - Main Committees" CMR 2019 "Responsible practices - Introduction" CMR 2019 "Environmental strategy - Managing environmental risks and risks due to climate change" CMR 2019
	102-21 Consulting stakeholders on economic, environmental, and social topics	According to articles 34, 35 and 36 of the Regulations of the Board of Directors, the Board will arbitrate the suitable channels to receive any proposals formulated by shareholders related to the management of CaixaBank. "Materiality" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction, Global Reputation Index" CMR 2019 "Transparency - Commitment to transparency with shareholders and investors" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Governance		
GRI 102: General Content	102-22 Composition of the highest governing body	"Corporate Governance Structure" CMR 2019
	102-23 Chair of the highest governing body	"Corporate Governance Structure" CMR 2019 Sections C.1.2 and C.1.3 ACGR 2019
	102-24 Nominating and selecting the highest governance body	"Corporate Governance" CMR 2019 Section C.1.16 ACGR 2019
	102-25 Conflicts of interest	"Corporate Governance Best Practices" CMR 2019 "Shareholding structure" CMR 2019 Note 9.3 CAA 2019
	102-26 Role of the highest governing body in selecting purpose, values, and strategy	"Corporate Governance Structure" CMR 2019 "Senior Management" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction" CMR 2019
	102-27 Collective knowledge of the highest governing body	"Corporate Governance Structure" CMR 2019
	102-28 Assessment of the performance of the highest governing body	"Corporate Governance Structure" CMR 2019 Sections C.1.17 and C.1.18 ACGR 2019
	102-29 Identifying and managing economic, environmental, and social impacts	"Corporate governance structure" CMR 2019 "A benchmark in responsible banking and social commitment" CMR 2019 "Environmental strategy - Managing environmental and climate risks" CMR 2019
	102-30 Effectiveness of risk management processes	"Risk Management" CMR 2019
	102-31 Review of economic, environmental, and social topics	"Corporate Governance Structure" CMR 2019 "Senior Management" CMR 2019 Note 3.2 CFS 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Governance		
GRI 102: General Content	102-32 Highest governing body's role in sustainability reporting	The Executive Management for Intervention, Management and Capital Control is responsible for preparing and coordinating the 2019 CMR, which includes the non-financial information statement. This report is subsequently reviewed by the Management Committee, the Appointments Committee, the Audit and Control Committee, and the Board of Directors of CaixaBank. The latter is responsible for formulating the Non-Financial Information Statement which contains the sustainability information deemed to be significant in accordance with the law and the Materiality Analysis.
	102-33 Communicating critical concerns	"Corporate Governance Structure" CMR 2019 "Senior Management" CMR 2019 Section E and F ACGR 2019
	102-34 Nature and total number of critical concerns	There are no critical concerns in the 2019 financial year.
	102-35 Remuneration policies	"Remuneration" CMR 2019 Note 9.1 and 9.2 CFS 2019
	102-36 Process for determining remuneration	"Remuneration" CMR 2019
	102-37 Stakeholders' involvement in remuneration	"Corporate Governance Structure - General Shareholders' Meeting" CMR 2019
	102-38 Annual total compensation ratio	Note 9.1 CFS 2019 "Diversity and equal opportunities - Gender diversity in numbers" CMR 2019
	102-39 Percentage increase in annual total compensation ratio	Note 9.1 CFS 2019 "Diversity and equal opportunities - Gender diversity in numbers" CMR 2019
	102-40 List of stakeholders	"Our identity - Introduction" CMR 2019 CaixaBank's corporate social responsibility policy (section 4.3)
	102-41 Collective bargaining agreements	"Foster a people-centric, agile and collaborative culture" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Governance		
GRI 102: General Content	102-42 Identifying and selecting stakeholders	Stakeholders are identified and selected through a process of analysis and internal reflection carried out by the management team. The Corporate Responsibility department continually reviews identified stakeholders, as well as the related active listening, dialogue and monitoring processes, to understand and meet their expectations and needs
	102-43 Approach to stakeholder engagement	"Materiality" CMR 2019 "A benchmark in responsible banking and social commitment - Introduction, Global Reputation Index" CMR 2019 "Transparency - Strengthen the culture of transparency with customers" CMR 2019 "Transparency - Commitment to transparency with shareholders and investors" CMR 2019 "Customer Experience" CMR 2019
	102-44 Key topics and concerns raised	"Materiality" CMR 2019
Practices for creating reports		
GRI 102: General Content	102-45 Entities included in the consolidated financial statements	Note 2.1 and Appendices 1, 2 and 3 CFS 2019
	102-46 Defining report content and topic boundaries	"Materiality" CMR 2019 In addition, the requirements of Act 11/2018 of 28 December have been taken into account to define the contents of the report
	102-47 List of material topics	"Materiality" CMR 2019
	102-48 Restatements of information	Note 1.4 CFS 2019
	102-49 Changes in reporting	In the list of material topics for 2019 there have been no significant changes related to the periods subject to previous reports
	102-50 Reporting period	Financial year 2019
	102-51 Date of most recent report	The 2018 Consolidated Management Report, drawn up in accordance with the GRI standards framework and incorporating the contents required by Act 11/2018 of 28 December, was registered with the CNMV in March 2019
	102-52 Reporting cycle	Yearly

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Practices for creating reports		
GRI 102: General Content	102-53 Contact point for questions regarding the report	The usual service channels for customers, shareholders, corporate investors, and media, are available on the company website (investors@caixabank.com, accionista@caixabank.com).
	102-54 Claims of reporting in accordance with the GRI Standards	"Materiality - Criteria and scope of the Report" CMR 2019
	102-55 GRI content index	"Non-Financial Information Statement - Table of contents Act 11/2018, of 28 December and Index of GRI content" CMR 2019
	102-56 External assurance	"Independent verification report" CMR 2019
Material topics		
Material topic: Sustainable return and financial stability		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Risk management - Business model risks" CMR 2019 "Attractive shareholder returns and solid financials" CMR 2019
	103-2 The management approach and its components	"Business model - Business model risks" CMR 2019 "Attractive shareholder returns and solid financials" CMR 2019
	103-3 Evaluation of the management approach	"Attractive shareholder returns and solid financials" CMR 2019
GRI 201: Economic performance		
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	"Contributing to Society" CMR 2019 "Transparency - Tax transparency - Tax contributions handled by the CaixaBank Group" CMR 2019
	201-2 Financial implications and other risks and opportunities due to climate change	"Environmental strategy - Introduction" CMR 2019 "Environmental strategy - Promoting "green" business" CMR 2019 "Environmental strategy - Managing environmental and climate risks" CMR 2019
	201-3 Obligations of the defined benefit plan and other retirement plans	Note 23.1 CFS 2019
	201-4 Financial assistance received from the government	Appendix 6.F CFS 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
GRI 203: Indirect economic impacts		
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	"Contribution to Society" CMR 2019 "Customer solutions" CMR 2019 "Financial inclusion - Introduction" CMR 2019 "Financial inclusion - MicroBank" CMR 2019 "Financial inclusion - Financial inclusion model" CMR 2019
	203-2 Significant indirect economic impacts	"Contributing to Society" CMR 2019 "Financial inclusion" CMR 2019 "Environmental strategy - Promoting "green" business" CMR 2019
GRI 204: Procurement practices		
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	"Responsible Practices - Corporate Procurement - Corporate Procurement Indicators" CMR 2019 "Responsible Practices - Corporate Procurement - Other entity providers indicators" CMR 2019
Material topic: Corporate governance		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Corporate Governance" CMR 2019
	103-2 The management approach and its components	"Corporate Governance" CMR 2019
	103-3 Evaluation of the management approach	"Corporate Governance" CMR 2019
Material topic: Ethical and responsible culture		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Risk management - Operational and reputational risk - Conduct and compliance / Reputational" CMR 2019 "Our identity - Introduction" CMR 2019 "Our identity - Responsible and ethical behaviour" CMR 2019 "Setting the benchmark for responsible management and social commitment - Introduction" CMR 2019 "Responsible practices - Introduction" CMR 2019
	103-2 The management approach and its components	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Responsible practices - Introduction" CMR 2019
	103-3 Evaluation of the management approach	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Responsible practices - Introduction" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
GRI 205: Anti-corruption		
GRI 205: Anti-corruption	205-1 Operations assessed for corruption-related risks	"Risk management - Operational and reputational risk - Conduct and compliance" CMR 2019 "Responsible practices - Introduction" CMR 2019
	205-2 Communication and training on anti-corruption policies and procedures	"Responsible practices - Introduction" CMR 2019
	205-3 Confirmed incidents of corruption and actions taken	"Responsible practices - Introduction" CMR 2019
GRI 206: Unfair competition		
GRI 206: Unfair competition	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	On 14 February 2019, a sanction was imposed (albeit not final) and published on the website of the competition authority. At present, an appeal has been filed under contentious-administrative jurisdiction and the total amount of the sanction has been paid. Apart from the aforementioned case, in 2019, there were no other significant legal proceedings
GRI 207: Direct		
GRI 207: Direct	207-1 Approach to tax	"Transparency - Tax transparency" CMR 2019
	207-2 Tax governance, control and risk management	"Transparency - Tax transparency" CMR 2019
	207-3 Stakeholder engagement and management of concerns related to tax	"Transparency - Tax transparency" CMR 2019
	207-4 Country-by-country reporting	"Transparency - Tax transparency" CMR 2019
GRI 415: Public policy		
GRI 415: Public policy	415-1 Political contributions	"Our identity - Responsible and ethical behaviour" CMR 2019
Material topic: Active risk management		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Risk management" CMR 2019
	103-2 The management approach and its components	"Risk management" CMR 2019 Note 3 CFS 2019
	103-3 Evaluation of the management approach	"Risk management" CMR 2019 Note 3 CFS 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
GRI 419: Socio-economic compliance		
GRI 419: Socio-economic compliance	419-1 Non-compliance with social and economic laws and regulations	Note 23.3 CFS
Material topic: Cybersecurity and data confidentiality		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Risk management - Operational and reputational risk - Technological" CMR 2019 "Technological, social and competitive context" CMR 2019 "Cybersecurity" CMR 2019
	103-2 The management approach and its components	"Risk management - Operational and reputational risk - Technological" CMR 2019 "Competitive and social context" CMR 2019 "Technological, social and competitive context" CMR 2019 "Cybersecurity" CMR 2019
	103-3 Evaluation of the management approach	"Risk management - Operational and reputational risk - Technological" CMR 2019 "Competitive and social context" CMR 2019 "Cybersecurity" CMR 2019
GRI 418: Customer privacy		
GRI 418: Customer privacy	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2019, no significant disciplinary action was taken with regard to this topic and no significant sanctions have been received.

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
Material topic: Environmental and social criteria in business		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Environmental strategy - Managing environmental and climate risks " CMR 2019 "Technological, social and competitive context" CMR 2019
	103-2 The management approach and its components	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Environmental strategy - Managing environmental and climate risks " CMR 2019 "Technological, social and competitive context" CMR 2019
	103-3 Evaluation of the management approach	"A benchmark in responsible banking and social commitment - Introduction" CMR 2019 "Environmental strategy - Managing environmental and climate risks " CMR 2019 "Technological, social and competitive context" CMR 2019
GRI 307: Environmental compliance		
GRI 307: Environmental compliance	307-1 Non-compliance with environmental laws and regulations	Note 42.1 CFS 2019
GRI 308: Supplier environmental assessment		
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	"Responsible practices - Corporate Procurement" CMR 2019
	308-2 Negative environmental impacts in the supply chain and actions taken	"Responsible practices - Corporate Procurement" CMR 2019
GRI 412: Human rights assessment		
GRI 412: Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	"Responsible practices - Introduction" CMR 2019
	412-2 Employee training on human rights policies or procedures	"Responsible practices - Introduction" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index/ Reference/ Direct response
GRI 412: Human rights assessment		
GRI 412: Human rights assessment	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No significant investment agreements including human rights clauses existed because it is felt there are no risks that make them necessary
GRI 414: Supplier social assessment		
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	"Our identity - Responsible and ethical behaviour" CMR 2019 "Responsible practices - Corporate Procurement" CMR 2019
	414-2 Negative social impacts in the supply chain and actions taken	"Our identity - Responsible and ethical behaviour" CMR 2019 "Responsible practices - Corporate Procurement" CMR 2019
Material topic: Transparent communication and responsible marketing		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Transparency - Strengthen the culture of transparency with customers" CMR 2019
	103-2 The management approach and its components	"Transparency - Strengthen the culture of transparency with customers" CMR 2019
	103-3 Evaluation of the management approach	"Transparency - Strengthen the culture of transparency with customers" CMR 2019
GRI 417: Marketing and labelling		
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	"Transparency - Strengthen the culture of transparency with customers" CMR 2019
	417-2 Incidents of non-compliance concerning product and service information and labelling	In 2019, no significant sanctions were imposed due to non-compliance with laws or voluntary codes related to product and service advertising or information
	417-3 Incidents of non-compliance concerning marketing communications	In 2019, there have been no cases of non-compliance leading to the imposing of significant final sanctions, other than the aspects detailed in standard 419-1
Material topic: Quality of customer experience and satisfaction		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Customer Experience and quality" CMR 2019 "Business model" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index / Reference/ Direct response
Material topic: Quality of customer experience and satisfaction		
GRI 103: Management approach	103-2 The management approach and its components	"Customer experience and quality" CMR 2019 "Business model" CMR 2019
	103-3 Evaluation of the management approach	"Customer experience and quality" CMR 2019 "Business model" CMR 2019
Material topic: Proximity: accessibility and digitalisation		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Customer solutions" CMR 2019 "Financial inclusion - Financial inclusion model" CMR 2019
	103-2 The management approach and its components	"Customer solutions" CMR 2019 "Financial inclusion - Financial inclusion model" CMR 2019
	103-3 Evaluation of the management approach	"Customer solutions" CMR 2019 "Financial inclusion - Financial inclusion model" CMR 2019
Material topic: Continuous innovation		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Technological, social and competitive context" CMR 2019 "Risk management - Operational and reputational risk - Technological" CMR 2019 "Efficiency and Digitalisation" CMR 2019

Index of GRI content

GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index / Reference/ Direct response
Material topic: Continuous innovation		
GRI 103: Management approach	103-2 The management approach and its components	"Technological, social and competitive context" CMR 2019 "Risk management - Operational and reputational risk - Technological" CMR 2019 "Efficiency and Digitalisation" CMR 2019
	103-3 Evaluation of the management approach	"Technological, social and competitive context" CMR 2019 "Risk management - Operational and reputational risk - Technological" CMR 2019 "Efficiency and Digitalisation" CMR 2019
Material topic: Diversity: equality and work-life balance		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Diversity and equal opportunities" CMR 2019
	103-2 The management approach and its components	"Diversity and equal opportunities" CMR 2019
	103-3 Evaluation of the management approach	"Diversity and equal opportunities" CMR 2019
GRI 405: Diversity and equal opportunity		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	"Corporate governance structure - Board of Directors" CMR 2019 "Diversity and equal opportunities" CMR 2019
	405-2 Ratio of basic salary and remuneration of women to men	"Diversity and equal opportunities - Gender diversity in numbers" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index / Reference/ Direct response
Material topic: Safety: health and well-being of employees		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Employee experience" CMR 2019
	103-2 The management approach and its components	"Employee experience" CMR 2019
	103-3 Evaluation of the management approach	"Employee experience" CMR 2019
GRI 403: Occupational health and safety		
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-2 Hazard identification, risk assessment, and incident investigation	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-3 Occupational health services	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-4 Worker participation, consultation, and communication on occupational health and safety	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-5 Worker training on occupational health and safety	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-6 Promotion of worker health	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-7 Prevention and mitigation of impacts of occupational health and safety impacts directly linked by business relationships	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-8 Workers covered by an occupational health and safety management system	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019
	403-9 Work-related injuries	"Employee experience - Promoting well-being in a healthy and sustainable environment - Working environment in figures" CMR 2019
	403-10 Work-related ill health	"Employee experience - Promoting well-being in a healthy and sustainable environment" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index / Reference/ Direct response
Material topic: Management of talent and professional development		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Professional development and remuneration" CMR 2019
	103-2 The management approach and its components	"Professional development and remuneration" CMR 2019
	103-3 Evaluation of the management approach	"Professional development and remuneration" CMR 2019
GRI 401: Employment		
GRI 401: Employment	401-1 New employee hires and employee turnover	"Diversity and equal opportunities" CMR 2019
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Generally speaking, there are no differences in the social benefits received by employees based on the type of contract. However, some contracts contain specific requirements that must be met by employees in order to access the social benefits.
	401-3 Parental leave	"Employee experience - Labour standards and staff rights" CMR 2019
GRI 402: Labour/ management relations		
GRI 402: Labour/ management relations	402-1 Minimum notice periods regarding operational changes	In 2019, CaixaBank has complied with the deadlines established in current labour law for different circumstances
GRI 404: Training and education		
GRI 404: Training and education	404-1 Average hours of training per year per employee	"Professional development and remuneration - Professional development and remuneration in numbers" CMR 2019
	404-2 Programmes for upgrading employee skills and transition assistance programmes	"Professional development and remuneration" CMR 2019
	404-3 Percentage of employees receiving regular performance and career development reviews	"Corporate Culture - Employee experience" CMR 2019 "Professional development and remuneration" CMR 2019

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GRI Standard	GRI Content	Section or sub-section of the 2019 CMR index / Reference/ Direct response
Material topic: Investment with social impact and microfinance		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Financial inclusion" CMR 2019
	103-2 The management approach and its components	"Financial inclusion" CMR 2019
	103-3 Evaluation of the management approach	"Financial inclusion" CMR 2019
Material topic: Financial education		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Financial inclusion - Promoting the financial culture" CMR 2019
	103-2 The management approach and its components	"Financial inclusion - Promoting the financial culture" CMR 2019
	103-3 Evaluation of the management approach	"Financial inclusion - Promoting the financial culture" CMR 2019
Material topic: Social and volunteering commitment		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	"Social action and volunteering" CMR 2019
	103-2 The management approach and its components	"Social action and volunteering" CMR 2019
	103-3 Evaluation of the management approach	"Social action and volunteering" CMR 2019
GRI 413: Local communities		
GRI 103: Management approach	413-1 Operations with local community engagement, impact assessments, and development programmes	"Financial inclusion" CMR 2019
	413-2 Operations with significant – actual and potential – negative impacts on local communities	"Financial inclusion" CMR 2019

Principles for Responsible Banking - UNEP FI

On 22 September 2019, CaixaBank ratified its adherence to the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI). The signing of and compliance with the Principles are inline with the commitment to "Setting the benchmark for responsible management and social commitment", a strategic line set down in the Bank's 2019-2021 Strategic Plan.

The objectives of the Principles for Responsible Banking are:

- To establish a sustainable finance framework for the 21st century
- To bring the banking industry in line with the Sustainable Development Goals and the Paris Agreement
- To allow banks to demonstrate and communicate their contribution to society
- To promote ties with customers, the establishment of specific goals and transparency through public reporting

Signing the Principles implies aligning the Bank's strategy and management with the Sustainable Development Goals and the Paris Agreement, establishing objectives and reporting annually on the progress being made towards compliance. The degree of progress towards compliance with the Principles for Responsible Banking is reported below.

Principles for Responsible Banking	Principles for Responsible Person responsible	Section or subsection of the 2019 Consolidated Management Report	Details and compliance with progress on the Principles
1. ALIGNMENT Aligning business strategy with the SDGs and the Paris Agreement	*Line 5 of the 2019-2021 Strategic Plan: A benchmark in responsible banking and social commitment*	"02. A benchmark in responsible banking and social commitment	Specific monitoring metrics for the 2019-2021 Strategic Plan
	Corporate Responsibility Manager Plan approved by the Board of Directors	A benchmark in responsible banking and social commitment - Introduction	Action Plan with a focus on transparency with customers, governance, the environment, financial inclusion and social action
	Social commitment through MicroBank, a social bank 100% owned by CaixaBank	Financial inclusion - MicroBank	MicroBank's contribution to the achievement of the Sustainable Development Goals (SDG 1, SDG 8 and SDG 9)
	Environmental Strategy with 2019-2021 road map and publication of the Climate Change Declaration	Environmental strategy - Introduction	Promoting green business; managing environmental risks; minimising the environmental impact (Environmental Management Plan 2019-2021)
	Signing of the Collective Commitment to Climate Action, a UNEP FI initiative	Environmental strategy - Introduction	Objective to align the Bank's portfolio with the objectives of the Paris Agreement

Principles for Responsible Banking - UNEP FI

Principles for Responsible Banking	Principles for Responsible Banking	Section or subsection of the 2019 Consolidated Management Report	Details and compliance with progress on the Principles
2. IMPACT & TARGET SETTING Setting targets to increase our positive impact on people and the environment and reduce the negative impact	Contribution to job creation	Contributing to society Financial inclusion - MicroBank	88,351 direct and indirect jobs 20,174 jobs created due to the contribution of MicroBank
	New microloans granted and other financing with social impact	"Financial inclusion - MicroBank	Approximate target: €2.2 billion in new microloans granted in 2019-2021
	Women in strategic managerial positions	Foster a people-centric, agile and collaborative culture - Introduction - Principal metrics SP 2019-2021	Target of 43% women in managerial positions in 2021
	Environmental Management Plan 2019-2021 with public goals	Environmental strategy - Minimising our impact on the environment	Target of 10% reduction in energy consumption 2021 (r/2015) Target of 14.5% reduction in CO2 emissions$_2$ 2021 (r/2015)
	Environmental Risk Management Policy	A benchmark in responsible banking and social commitment - Introduction Environmental strategy - Managing environmental and climate risks	Specific positions in mining, agriculture, energy and infrastructure sectors
	Corporate Policy regarding the Defence Sector	"Responsible practices - Introduction"	Position in the Defence sector
	TCFD recommendations implementation project; Exposure assessment and monitoring of carbon-intensive assets in the portfolio	Environmental strategy - Managing environmental and climate risks Non-financial information statement - TCFD	Exposure assessment and monitoring of carbon intensive assets of the portfolio
	EU Taxonomy implementation project	Environmental strategy - Introduction, 2019-2021 Road Map Environmental strategy - Managing environmental and climate risks	Sustainable production assessment
	Implementation of accessibility measures	Financial inclusion - Financial inclusion model	87% of branches are accessible in 2019 99% accessible ATMs
	Employees with variable remuneration linked to quality of service	The section "Responsible practices - Introduction"	29,707 employees with variable compensation linked to service quality in 2019
	Social housing programme	Section "Financial inclusion -Providing easier access to housing	An active support policy for housing problems.

Principles for Responsible Banking - UNEP FI

Principles for Responsible Banking	Indicators of Compliance with Principles for Responsible Banking	Section or subsection of the 2019 Consolidated Management Report	Details and compliance with progress on the Principles
3. CLIENTS & CUSTOMERS Promoting sustainable customer practices and driving economic activities that create value	Financial inclusion through MicroBank	Financial inclusion - MicroBank	€725 million in microloans granted in 2019
	Environmental and Climate Change Risks and Opportunities Management Plan 2019-2021	Environmental strategy - Promoting "green" business	Positioning in the green loan market; loans linked to sustainable indices; EcoFinancing; Climate Action Lines €2,453 million in renewable energy projects financed in 2019 2019-2021 Road Map to deploy the environmental strategy
	Socially Responsible investment	Business Model - Private Banking - Socially Responsible Investment and philanthropy Responsible practices - Socially Responsible Investment" Financial Inclusion - Introduction Environmental strategy - Promoting "green" business	VidaCaixa and CaixaBank Asset Management apply the UN PRIs in to their management practices Social bond issue in September 2019 Sustainable investment funds *(FI MicroBank Fondo Ético, FI MicroBank Fondo Ecológico, FI CaixaBank Selección Futuro Sostenible)*
	Financial Culture Plan	"Financial Inclusion - Promoting the Financial Culture	Promote financial culture through digital channels, publications, face-to-face training and conferences.
4. STAKEHOLDERS Proactively consulting and working with relevant stakeholders	Annual materiality analysis in the Group's Consolidated Management Report	Materiality	Analysis of the evolution of topics relevant to Corporate Governance, Society and Environment
	Reputation management linked to remuneration of senior management	Section "Corporate Governance - Remuneration	Details and compliance with the Principles of Inclusion (2019-2023) of the Global Reputation Index in the long-term incentivisation of Senior Management
	Roadshows and ESG conferences with investors	Transparency - Commitment to transparency with shareholders and investors	Conferences and meetings with equity and fixed-income investors in the main financial centres
	Participation in Corporate Responsibility partnerships and think tanks	Section "A benchmark in responsible banking and social commitment - Introduction - Principal alliances and affiliations	Joining corporate responsibility initiatives and partnerships contribute to SDG 17
	Strategic alliance with "la Caixa" and collaboration with social entities	Social action and volunteering	10,690 local social project activities promoted through the decentralised Social Project in 2019
	Code of Conduct for Suppliers	Responsible practices - Corporate Procurement" Environmental strategy - Minimising our impact on the environment	Green procurement plan

Principles for Responsible Banking - UNEP FI

Principles for Responsible Banking	Indicators of compliance with Principles for Responsible Banking	Section or subsection of the 2019 Consolidated Management Report	Details and compliance with progress on the Principles
5. GOVERNANCE & CULTURE Having effective governance and a responsible banking culture to implement the principles	The Board of Directors and Delegated Committees (Appointments, Risks) approve the CSR policy and strategy and oversee its implementation	Corporate Governance Structure Senior Management Setting the benchmark for responsible management and social commitment - Introduction	
	Corporate Social Responsibility Policy		Corporate Social Responsibility Policy updated in 2019
	The Management Committee and dependent committees supervise the implementation of the Corporate Responsibility strategy		Corporate Responsibility and Reputation Committee Environmental Risk Management Committee Committees for: Transparency, Product, Diversity and Risk Policies
	Corporate Governance Policy	Corporate Governance - Introduction	The Policy aims to establish the criteria and guidelines that should govern the organisation and operation of the governing bodies of the Company in the development of the applicable regulations and the recommendations concerning corporate governance best practices
	CaixaBank Culture programme and training on responsible practices	Corporate Culture Responsible practices - Introduction	"Somos CaixaBank" corporate culture programme to strengthen the corporate principles
6. TRANSPARENCY & ACCOUNTABILITY Periodically reviewing the implementation of the Principles, their impacts and their contribution to society	ESG information in the Group's Consolidated Management Report, which complies with GRI and is verified	https://www.caixabank.com/responsabilidadcorporativa/publicaciones_es.html	
	Annual publication of Socio-Economic Impact and Contribution to SDGs	https://www.caixabank.com/responsabilidadcorporativa/publicaciones_es.html	
	Annual publication of the Environmental Declaration and the carbon footprint	https://www.caixabank.com/responsabilidadcorporativa/medioambiente_es.html	
	Internal working group and participation of UNEP FI working group to ensure alignment with the TCFD recommendations	Environmental strategy - Managing environmental and climate risks	Reporting commitment aligned with TCFD recommendations

Task Force on Climate-related Financial Disclosures (TCFD)

The average Liquidity coverage ratio (LCR) *Financial Stability Board* (FSB) commissioned the TCFD (*Task Force on Climate-related Financial Disclosures*) to develop a reporting framework that will help the market assess the performance of companies with regard to climate change and contribute to the decision-making of *stakeholders*. The initiative recommends the disclosure of financial information related to climate change addresses 4 main categories.

The **Environmental strategy section** of the 2019 Consolidated Management Report reflects CaixaBank's strategy and positioning in this area.

The following table shows the summary of progress of the initiative at 31 December 2019.

TCFD Recommendation	Summary response
1. GOVERNANCE Reporting on the governance of organisations around climate-related risks and opportunities	• The average Liquidity coverage ratio (LCR) **CaixaBank Board of Directors** is the senior body in charge of Environmental Risk Management Policy to be implemented within CaixaBank, S.A., approved in February 2019 by the same Board of Directors. • The supervision of all environmental risk management initiatives is the responsibility of the **Environmental Risk Committee,** under the Management Committee. • The targets of the CEO, the Chief Risk Officer and the Director General for Environmental Risk Management include indicators linked to the management of environmental and climate-related risk.
2. ENVIRONMENTAL Reporting on the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where this information is relevant	In line with the Strategic Plan and as part of the Bank's Environmental Strategy, in 2019 CaixaBank established a **2019-2021 Road Map** for environmental risk management, focused on 6 lines of action: business opportunities, definition and deployment of governance, environmental risk management policy, taxonomy, risk metrics and external reporting.
3. RISK MANAGEMENT Reporting on the processes used to identify, assess, and manage climate-related risks	• The Environmental Risk Management Policy establishes a number of **general** and sector-specific exemptions concerning activities that could have a significant environmental impact, establishing the requirements under which CaixaBank will not assume credit risk. • Operational procedures are currently being developed to integrate environmental risk assessment into lending procedures of legal entities through a questionnaire. • CaixaBank aspires to apply **EU Taxonomy** once approved by the European Commission and adapted to the banking sector. In this regard, work is being done on several fronts to classify the Bank's portfolio. • In 2007, CaixaBank became a signatory to the **Equator Principles,** through which a series of additional processes are established in relation to ESG risk assessment for certain services.
4. METRICS AND TARGETS Reporting on the metrics and targets used to assess and manage relevant climate-related risks and opportunities	• Renewable energy portfolio exposure • Operations financed under the Equator Principles framework • Opinions issued on the environmental risks of credit operations • Portfolio exposure to carbon-intensive sectors • Carbon footprint of CaixaBank S.A.

04 Glossary

Glossary

Non-financial information

This glossary contains definitions of the indicators and other terms related to the non-financial information presented in the consolidated management report.

Market share (%)

Spain, at December 2019 if no specific period is indicated.

- **Market share in credit to companies:** data produced by CaixaBank based on official data (Bank of Spain). Total credit to non-financial resident companies.
- **Market share in salary direct deposits:** quotient between the number of customers with salary direct deposits and customers covered by Social Security (not including self-employed workers and domestic employees), multiplied by a correction factor of 95%.
- **Share of private customers in Spain:** percentage of the market dominated by CaixaBank in terms of customers. The universe comprises bank account holders over the age of 18 years living in towns of more than 2,000 inhabitants. Source: FRS Inmark.
- **Digital adoption rate:** 12-month average of digital customers divided by the total number of customers. Source: ComScore
- **Adoption rate in companies Percentage of Spanish** companies that are CaixaBank customers with turnover between 1 and 100 million euros. Source: FRS Inmark.
- **Trade share:** Market share in trade (remittances, documentary credits, and guarantees).Source: Swift – Traffic Watch.
- **Market share in POS:** Data produced by CaixaBank based on official data (Bank of Spain).

Portugal

- **Market share in consumer credit:** accumulated contracts during the year according to instruction no. 14/2013 of the Bank of Portugal. Source: Bank of Portugal/Bank Customer Website. October 2019
- **Market share in deposits demand and term deposits.** Source: Data produced by CaixaBank based on official data (Bank of Portugal - Monetary and Financial Statistics). October 2019
- **Market share in investment funds:** source: APFIPP (Portuguese Association of Investment Funds, Pension Funds and Asset Management) - Mutual Funds. November 2019
- **Market share in mortgage loans:** total resident mortgage loans including securitised loans (estimate). Data produced by CaixaBank based on official data (Bank of Portugal - Monetary and Financial Statistics).
- **Market share in salary direct deposits:** number of salary direct deposits corrected by a factor of 95% due to unavailable information in the Portuguese market. It is considered that 95% of salaried employees receive their salary by direct deposit. Source: National Statistics Institute (INE) September 2019
- **Market share in insurance: data based on official data.** Source: APS (Portuguese Association of Insurers). November 2019.

General

- **Contribution to Gross Domestic Product (%):** total contribution of CaixaBank (direct and indirect) to GDP is measured by dividing Gross Value Added (GVA) by GDP. The GVA of CaixaBank Group's businesses in Spain and Portugal is calculated as the gross income (excluding gains/losses on financial assets and liabilities and others) minus general expenses. The GVA for the businesses (excluding shareholdings) is multiplied by the fiscal multiplier to include indirect contributions. Source: CaixaBank Research.
- **Intensive carbon portfolio:** ratio of credit exposure, fixed income and carbon-intensive equities to total CaixaBank Group financial instruments. Some exposures may contain a mix of power generation that includes renewable energies.
- **Citizens with a branch in their municipality:** total population of Spain in municipalities where CaixaBank has a retail branch or a subsidiary window.
- **Digital customers:** digital customers between the age of 20 and 74 years who have been active in the last 12 months. As a percentage of all customers and overall value. Spain Network.
- **Client:** any natural or legal person with a total position equal to or greater than €5 in the Entity that has made at least two non-automatic movements in the last two months.

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- **Electricity consumption:** calculated for the network of branches and corporate centres of CaixaBank, S.A. in MWh. Consumption of data per employee is calculated over average staff for the year.

- **Paper consumption:** calculated for the network of branches and corporate centres of CaixaBank, S.A. in tonnes. The consumption data per employee is calculated on average staff for the year.

- **Water consumption:** estimate based on a sample of corporate buildings and branches in the CaixaBank, S.A. corporate network.

- **Free Float (%):** The number of shares available for the public, calculated as the number of issued shares minus the shares held in the treasury, advisers, and shareholders represented on the Board of Directors. The Annual Corporate Governance Report specifies a different free float calculation to that used for management purposes, calculated according to the current regulations for the report.

- **Investment (business model context):** balance of managed loans excluding investments on a fee or commission basis, foreclosed assets and cash.

- **Investment in development and technology:** total amount invested in items identified as technology and computing, taking into account both current expenditure and activable elements, and including, among others, maintenance of infrastructure and software, development projects (digital channels, cybersecurity, business development, regulatory), telecommunications, acquisition of equipment and software, licences and rights of use.

- **Micro-credits:** collateral-free loans of up to €25,000 granted to individuals whose economic and social circumstances make access to traditional bank financing difficult. Its purpose is to promote productive activity, job creation and personal and family development.

- **Other** financing with social impact loans that contribute to generating a positive and measurable social impact on society, aimed at sectors related to entrepreneurship and innovation, the social economy, education and health. Its aim is to contribute to maximising social impact in these sectors.

- **Businesses created with the support of microloans:** the start of business is considered when the application for the microloan is made between 6 months before and 2 years after the start of the activity.

- **Number of jobs created due to the contribution of microloans:** based on a survey conducted by STIGA on entrepreneurs that have applied to MicroBank for a microloan to open or consolidate a business during 2019.

- **Number of job positions generated through the multiplier effect of purchases from suppliers:** Indicator estimated based on the VAB of CaixaBank, Spanish and Portuguese GDP, the % of employment and productivity per worker according to National Accounting, and based on the input/output tables of the National Statistics Institutes (INE) of both countries with 4th-quarter data. Source: CaixaBank Research.

- **Branches:** number of total centres. It includes retail branches and other specialised segments. It does not include windows (public service centres that are displaced, lack a main manager and are dependent on another main branch). It does not include branches and offices outside Spain or virtual/digital offices.

- **Accessible branch:** a branch is deemed to be accessible when its features enable all types of people, regardless of their abilities, to enter, move around, navigate, identify, understand and make use of the available services and facilities, and to communicate with staff. The branch must also comply with current regulations.

- **Management suppliers:** a professional or company that establishes a commercial relationship with CaixaBank, regulated through a contract, to provide or supply everything necessary for a purpose related to the bank's activity. For management purposes, suppliers with an annual amount of over 30,000 euros are reported. Excluded are creditors whose entry into competition does not bring value to the company or is not possible, including municipalities, associations, owners' communities, notaries, etc. It is provided for subsidiaries included in the corporate purchasing model.

- **Resources and values managed (business model context):** balance of resources managed on the balance sheet and off-balance sheet.

Customer experience and quality

- **Committed customers:** percentage of the total number of customers surveyed who assess experience, loyalty and recommendation with ratings of 9 or 10 across the board. Calculated for customers in Spain.

- **Customer Experience Index (IEX):** measures the overall customer experience of CaixaBank on a scale of 0 to 100. It is a synthetic index of the Experience Rates of the 8 main CaixaBank businesses: Individuals, Premier, Private, Business, Business-Bank, Companies, Institutions and Corporate. It is weighted on the basis of the contribution to the Bank's Ordinary Margin by each of these businesses, which is obtained monthly.

- **Service Quality Index (IQS):** measures the overall experience of BPI's individual customers on a scale of 0 to 100.

- **Net Promoter Score (NPS):** measures recommendations by CaixaBank customers on a scale of 0 to 10. The Index is the result of the difference between % Promoter customers (ratings 9-10) and Detractor customers (ratings 0-6). It is offered for the retail customer segment of CaixaBank Spain and for specific experiences.

Human Resources

- **Number of work-related accidents:** total number of accidents with and without sick leave occurring in the company during the whole year.
- **Pay gap (%):** estimates the impact of gender on salary (determined through a model of multiple linear regression of salary, calculated as the sum of fixed and variable remuneration, on gender and other relevant factors, including age, longevity, longevity in duty, professional duty and level) and average salary of the company. The sample excludes duties (homogenous groups) of fewer than 50 observations (people) in CaixaBank, S.A. due to the fact that there are insufficient samples to infer statistically solid conclusions, although this aspect has not been extended to the subsidiaries due to the model's loss of predictive power.
- **Number of employees with disabilities:** employees working at the Company with a recognised degree of disability equal to or greater than 33%.
- **Hours of absenteeism (manageable):** total hours of manageable absenteeism (illness and accidents).
- **Hours of training per employee:** total hours of training of all staff during the year divided by average staff.
- **Investment in employee training (€):** Total hours of training of all staff during the year divided by average staff.
- **Manageable absenteeism rate (%):** total hours of manageable absenteeism (illness and accidents) over total working hours.
- **Accident frequency rate:** number of accidents resulting in sick leave divided by the total hours worked, multiplied by 10 to the power of 6. The rate does not include accidents which happen on an employee's way to or from work, as they are outside of work hours. In addition, it includes all real hours of work and excludes any permitted forms of absence, holidays, and sick leave.
- **Women in managerial positions (%):** percentage of women in assistant management positions of A or B offices (or above) over the total number of employees in managerial positions. Data calculated for CaixaBank, S.A.
- **New additions:** total new hires during the year (even if no longer remaining in the company).
- **Number of certified professionals:** Number of employees who have passed the Financial Advice Information Course (CIAF). Other related courses officially recognised by the National Securities Market Commission (CNMV) are also included in this calculation.
- **Certified professionals:** quotient between the number of certified employees and total employees that form part of the Premier and Private Banking group.
- **Average remuneration:** average total remuneration (annual remuneration plus variable benefits paid in the year), segmenting if applied as foreseen.
- **Average remuneration of board members:** average remuneration of the Board of Directors, including variable remuneration, allowances, severance, long-term savings provisions, and other income.
- **Undesired turnover:** total final redundancies in the year over average staff multiplied by 100.
- **Total employees:** active or structural workforce at year-end. Absences, partial retirees, non-computable staff, staff in centres pending destination, grant holders and ETTs are not considered.

Information **financial**

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS:

Profitability and Efficiency

a) Customer spread: this is the difference between:

- average rate of return on loans (income from loans and advances to customers divided by the net average balance of loans and advances to customers).
- average rate for retail customer funds (cost of retail customer funds divided by the average balance of those same retail customer funds, excluding subordinated liabilities).

b) Balance sheet spread: this is the difference between:

- average rate of return on assets (interest income divided by total average assets).
- average cost of funds (interest expenses divided by total average funds).

c) ROE profit attributable to the Group (adjusted by the amount of the *Additional Tier 1* coupon, reported in shareholders' equity) divided by average shareholder equity plus valuation adjustments for the last 12 months.

Allows the Group to monitor the return on its shareholders' equity.

d) ROTE: quotient between:

- profit attributable to the Group (adjusted by the amount of the *Additional Tier 1* coupon reported in shareholder equity).
- 12-month average shareholder equity plus valuation adjustments deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

Metric used to measure the return on a company's tangible equity.

e) ROA: quotient between the net profit (adjusted by the amount of the *Additional Tier 1* coupon, reported in shareholder equity) and the average total assets, from the last twelve months.

f) RORWA: quotient between the net profit (adjusted by the amount of the *Additional Tier 1* coupon, reported in shareholder equity) and the average risk-weighted total assets, from the last twelve months.

g) Cost-to-income ratio: operating expenses (administrative expenses, depreciation and amortisation) divided by gross income (or core income for the core cost-to-income ratio) for the last 12 months.

Risk management

a) Cost of Risk (CoR): quotient between the total allowances for insolvency risk (12 months) divided by average of gross loans to customers, plus contingent liabilities, using management criteria.

b) Non-performing loan ratio: quotient between the non-performing loans and advances to customers and contingent liabilities, using management criteria, and the total gross loans and advances to customers and contingent liabilities, using management criteria.

c) Coverage ratio: quotient between the total credit loss provisions for loans to customers and contingent liabilities, using management criteria, and non-performing loans and advances to customers and contingent liabilities, using management criteria.

d) Real estate available for sale coverage ratio: quotient between the gross debt cancelled at the foreclosure or surrender of the real estate asset less the present net book value of the real estate asset; and the gross debt cancelled at the foreclosure or surrender of the real estate asset.

Reflects the coverage level via write-downs and accounting provisions on foreclosed real estate assets available for sale.

e) Real estate available for sale coverage ratio with accounting provisions: quotient between accounting coverage: charges to provisions of foreclosed assets, and the gross book value of the foreclosed asset: sum of net carrying amount and the accounting provision.

Liquidity

a) Total liquid assets: sum of HQLAs (*High Quality Liquid Assets* within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).

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b) Loan-to-deposits: quotient between net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions), and on- balance sheet customer funds.

Metric showing the retail funding structure (allows us to value the proportion of retail lending being funded by customer funds).

Other relevant indicators

- **Core income:** includes net interest income, fee and commission income, income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

- **Pensions and insurances income:** includes net interest income (savings insurances), fee and commission income (insurances, unitlinked, pension plans), income from the life-risk insurance business, the result of using the equity method for SegurCaixa Adeslas and income from the insurance investees of BPI.

- **EPS (Earnings per share):** profit attributable to the Group1 for the last 12 months divided by the average number of shares outstanding.

  The **average number of shares outstanding** is calculated as average shares issued less the average number of treasury shares.

- **BVPS (Book value per share):** equity less minority interests divided by the number of fully diluted shares outstanding at a specific date.

  Fully-diluted outstanding shares equals shares issued (less treasury shares) plus the shares resulting from a theoretical redemption/conversion of the issued exchangeable debt instruments, at a specific date.

- **TBVPS (Tangible book value per share):** quotient between equity less minority interests and intangible assets and the number of fully-diluted outstanding shares at a specific date.

- **PER (Price-to-earnings ratio):** share price divided by earnings per share (EPS).

- **P/BV:** share price divided by book value.

- **P/TBV tangible:** share price divided by tangible book value.

- **MDA (maximum distributable amount) buffer:** the capital threshold below which limitations exist on dividend payments, variable remuneration and interest payments to holders of Additional Tier 1 capital instruments. It is defined as Pillar 1 + Pillar 2 capital requirements + capital buffers + possible AT1 and T2 deficits.

- **MREL (Minimum Requirement for Eligible Liabilities):** minimum requirement of shareholder equity and eligible liabilities with the capacity to absorb losses, in addition to the issues eligible for total capital; it includes Senior non-preferred debt, Senior preferred debt and other pari-passu liabilities, in accordance with the Single Resolution Board.

- **Subordinated MREL:** comprises eligible issues for total capital and issues of Senior non-preferred debt.

Adaptation of the structure of the publicly reported income statement to the management format

Net fee and commission income. Includes the following line items:

- Fee for commission income.
- Fee for commission expense.

Gains/(losses) on financial assets and liabilities and others. Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets and liabilities held for trading (net).
- Gains/(losses) from hedge accounting (net).
- Exchange differences (net).

Administrative expenses, depreciation and amortisation. Includes the following line items:

- Administrative expenses.
- Depreciation and amortisation.

Operating income/(loss)

- (+) Gross income.
- (-) Operating expenses.

Allowances for insolvency risk and charges to provisions. Includes the following line items:

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss and net or net profit or loss due to a change.
- Provisions/(reversal) of provisions.

Of which: Allowances for insolvency risk.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

Of which: Other charges to provisions.

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on disposal of assets and others. Includes the following line items:

- Impairment/(reversal) of impairment on investments in joint ventures or associates.
- Impairment/(reversal) of impairment on non-financial assets.
- Gains/(losses) on derecognition of non-financial assets and investments (net).
- Negative goodwill recognised in profit or loss.
- Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

Profit/(loss) attributable to minority interests and others. Includes the following line items:

- Profit/(loss) for the period attributable to minority interests (non-controlling interests).
- Profit/(loss) after tax from discontinued operations.

Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

December 2019 € million	
Financial assets at amortised cost - Customers (public balance sheet)	**222,154**
Reverse repo (public and private sector)	(813)
Clearing houses	(1,239)
Other non-retail financial assets	(319)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss - Loans and advances to customers (public balance sheet)	**166**
Other non-retail financial assets	0
Fixed-income bonds considered retail financing (Financial assets at amortised cost Debt securities on the public balance sheet)	**2,403**
Fixed income bonds considered retail financing (Assets under the insurance business - Balance Sheet)	**350**
Provisions for insolvency risk	**4,704**
Gross loans to customers with management criteria	**227,406**

Liabilities under insurance contracts

December 2019 € million	
Liabilities under the insurance business (Public Balance Sheet)	**70,807**
Capital gains/(losses) associated with the assets of the insurance business (excluding unit linked)	(13,361)
Liabilities under the insurance business, using management criteria	**55,446**

Customer funds

December 2019
€ million

Financial liabilities at amortised cost - Customers deposits (Public Balance Sheet)	**221,079**
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customers deposits)	(2,878)
Multi-issuer covered bonds and subordinated deposits	(2,932)
Counterparties and others	54
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	**1,625**
Retail issuances and other	1,625
Liabilities under insurance contracts under management criteria	**57,446**
Total on-balance sheet customer funds	**188,068**
Assets under management	**102,316**
Other accounts[1]	**4,698**
Total customer funds	**384,286**

Institutional issuances for banking liquidity purposes

December 2019
€ million

Financial liabilities at amortised cost - Debt securities (Public Balance Sheet)	**33,648**
Institutional financing not considered for the purpose of managing bank liquidity	**(3,864)**
Securitisation bonds	(1,387)
Valuation adjustments	(969)
Retail	(1,625)
Issues acquired by companies within the group and other	117
Customer deposits for the purpose of managing bank liquidity[2]	**2,932**
Institutional financing for the purpose of managing bank liquidity	**32,716**

[1] Includes, among others, transitional funds associated with transfers and collection activity, as well as other customer funds distributed by the Group.
[2] A total of €2,953 million in multi-issuer covered bonds (net of retained issues) and €33 million in subordinated deposits.

Foreclosed real estate assets (available for sale and held for rent)

December 2019 € million	
Non-current assets and disposal groups classified as held for sale (Public Balance Sheet)	**1,354**
Other assets	(415)
Inventories in the heading - Other assets (Public Balance Sheet)	**19**
Foreclosed available for sale real estate assets	**958**
Tangible assets (Public Balance Sheet)	**7,282**
Tangible assets for own use	(4,915)
Other assets	(273)
Foreclosed rental real estate assets	**2,094**

05 Independent Verification report

A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of CaixaBank, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the State of non-financial information ("NFIS") for the year ended 31 December 2019 of CaixaBank, S.A. (the Parent company) and subsidiaries (hereinafter 'CaixaBank' or 'the Group') which forms part of the accompanying Group's Management Report.

The content of the Management Report includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in tables 'Table of contents Act 11/2018, of 28 December' and 'Index of GRI content' of the accompanying Management Report.

Likewise, we have carried out a moderate assurance engagement of the application of the principles of inclusivity, materiality and responsiveness, as described in the information included in the section 'Materiality/ Criteria and scope of the report' of the accompanying Management Report in accordance with the provisions of the 2008 Accountability Principles Standard AA1000 (AA1000APS) issued by AccountAbility.

Responsibility of the Board of Directors of the Parent company

The preparation of the NFIS included in CaixaBank Management Report and the content thereof are the responsibility of the Board of Directors of the Group. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with Exhaustive option in line with the details provided for each matter in tables'Table of contents Act 11/2018, of 28 December' and 'Index of GRI content' of the mentioned Management Report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of CaixaBank, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained, and for the application of AA10000APS (2008) principles.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España"). We have also carried out our moderate assurance engagement (type 2) in accordance with the 2008 AA1000 Assurance Standard (AA1000AS) issued by AccountAbility.

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to management and several Caixabank units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Caixabank personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.

- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2019, based on the materiality analysis carried out by the Group and described in section 'Materiality', considering the content required under current mercantile legislation.

- Analysis of the procedures used to compile and validate the information presented in NFIS for 2019.

- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2019.

- Analysis of the documentation and actions related to the application of the inclusivity, materiality and responsiveness principles of the AA1000APS (2008).

- Verification, through sample testing, of the information relating to the content of the NFIS for 2019 and its adequate compilation using data supplied by the Group's sources of information.

- Obtainment of a management representation letter from the Directors and Management of the Parent company.

Conclusion

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that:

- CaixaBank's NFIS for the year ended 31 December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with the mentioned in each subject in tables 'Table of contents Act 11/2018, of 28 December' and 'Index of GRI content' of the mentioned Management Report.

- the information included in the section 'Materiality/ Criteria and scope of the report' of the accompanying Management Report, regarding the application of the principles of inclusivity, materiality and responsiveness, has not been prepared, in all of their significant matters, in accordance with the provisions of the AA1000APS (2008).

Recommendations

Set out below is a summary of the main recommendations emerged during our limited assurance engagement, regarding improvements to the application of the AA1000APS (2008) principles of inclusivity, materiality and responsiveness, which do not alter our limited or moderate assurance conclusions given in this report.

Inclusivity

CaixaBank regularly updates information on the expectations of all its stakeholders and their perception of the Group, through different communication channels, enabling it to monitor its reputation and develop action plans. It is recommended that the methodology for measuring the Group's reputation be further developed and consolidated in all its subsidiaries, integrating all stakeholders' consultation processes.

Materiality

CaixaBank has updated its materiality analysis in 2019 and has carried out a specific analysis for BPI Bank, identifying the relevant topics at a global level for the Group. It has also aligned the identified material topics with the priorities of the new 2019-2021 Strategic Plan. It is recommended that this analysis incorporates all the existing internal inputs in relation to stakeholders' perception of CaixaBank, as well as further defining the topics to be considered and their alignment with GRI standards.

Responsiveness

CaixaBank's 2019-2021 Strategic Plan includes as one of its strategic lines to be a benchmark in responsible banking and social commitment. For this reason, in 2019 the Master Plan for Socially Responsible Banking has been aligned with this new Strategic Plan, reporting on progress in this area at Board level. It is recommended that the Group continue to promote communication of the degree of progress made with respect to the specific objectives defined and published on the CaixaBank's corporate website, through an annual report, both internal and external, of the key follow-up indicators which allow the impact of the Group on society to be quantified.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ignacio Marull Guash

February 21st, 2020

06 Annual Corporate **Governance Report**

For 2019

Corporate Governance in 2019

1.1 Changes in the governing bodies in 2019

In line with best corporate governance practices, the General Shareholders' Meeting held on 5 April 2019 resolved to reduce the number of Board members by two (2), thus bringing the total number of directors to sixteen (16); within the limits stipulated in the By-laws.

Shareholders also approved the re-election as Board members of Gonzalo Gortázar Rotaeche (executive director), María Amparo Moraleda Martínez (independent director), John S. Reed (independent director) and María Teresa Bassons Boncompte (proprietary director), as well as the appointment of Marcelino Armenter Vidal (proprietary director) and Cristina Garmendia Mendizábal (independent director) as new members of the Board of Directors.

Following the resolutions to re-elect and appoint the aforementioned directors and considering that directors Alain Minc, Juan Rosell Lastortras, Antonio Sáinz de Vicuña y Barroso and Javier Ibarz Alegría will not be re-elected upon reaching the end of their term of office, there are now 16 directors sitting on the Board of Directors.

Following the annual General Shareholders' Meeting, the Board of Directors agreed to appoint Gonzalo Gortázar Rotaeche as Chief Executive Officer of CaixaBank, S.A., to be vested with all the powers that may be delegated by law and those laid out in the By-laws.

The Board of Directors, acting on the recommendation of the Appointments Committee and the Audit and Control Committee (in the latter case with regard to the composition of the Appointments Committee), also agreed to restructure the various committees attached to the Board.

Specifically, the Board of Directors appointed Verónica Fisas Vergés (independent director) as a new member of the Remuneration Committee and Xavier Vives Torrents (independent coordinating director) as a new member of the Appointments Committee, replacing, respectively, Juan Rosell Lastortras and Alain Minc.

The Board of Directors also agreed to re-appoint the directors re-elected by shareholders at the General Meeting as members of the Board committees on which they had previously been sitting (namely Gonzalo Gortázar Rotaeche was appointed to the Executive Committee; María Amparo Moraleda Martínez was appointed to the Executive Committee and the Remuneration Committee; John S. Reed was appointed to the Appointments Committee; and Teresa Bassons Boncompte was appointed to the Appointments Committee).

Last but not least, the Audit and Control Committee agreed to appoint Koro Usarraga Unsain as its Chairman, while the Risk Committee appointed Eduardo Javier Sanchiz Irazu as its Chairman.

Meanwhile, the Board of Directors reached the decision on 23 May 2019 to set up a new Innovation, Technology and Digital Transformation Committee.

1.2 New Innovation, Technology and Digital Transformation Committee

At a meeting held on 23 May 2019, the Board of Directors agreed to set up a new Innovation, Technology and Digital Transformation Committee, as an advisory committee attached to the Board of Directors, based on a recommendation received from the Appointments Committee.

The committee will aid and support CaixaBank's Board of Directors on all matters relating to technological innovation and digital transformation, while also helping it monitor and analyse any trends or innovations that might impact CaixaBank's strategy and business model in this field.

COMMITTEE MEMBERSHIP IS AS FOLLOWS:

Chairman
Jordi Gual Solé

Members
Gonzalo Gortázar Rotaeche
María Amparo Moraleda Martínez
Marcelino Armenter Vidal
Cristina Garmendia Mendizábal

1.3 Progress in corporate governance in 2019

Aside from what we have discussed previously as the main corporate governance milestones in 2019 —such as the reduced size of the Board of Directors and the creation of a specialised committee to advise the Board on matters relating to technological innovation and digital transformation (the Innovation, Technology and Digital Transformation Committee)— it is also noteworthy that following the 2019 Annual General Meeting female directors account for 37.50% of total Board membership (exceeding the 30% recommendation contained in the Good Governance Code), all this in line with best corporate governance practices and trends and recommendations of regulatory bodies and market analysts.

When it comes to working practices, it is worth noting that the Company has made further progress with various technical tools and organisational aspects, such as streamlining agendas and structuring meetings, while also extending time frames in relation to work planning and organisation.

In relation to the committees, the Regulations of the Board of Directors were amended in 2019 to bring the system for delivering meeting minutes of the Appointments Committee and the Remuneration Committee in line with the system already in place for the other committees.

All this as part of a constant drive to ensure best governance at the Entity to further improve its performance by recognising the ability of CaixaBank's governing bodies to carry out their work with the utmost quality.

1.4 Challenges for 2020

In view of the findings obtained from the self-assessment of the Board and its committees, and in a bid to further improve their operation and effectiveness, the Board of Directors has appraised and established certain improvement opportunities for 2020.

Notably, these include the need to optimise and streamline agendas so as to increase the amount of time spent debating business matters, thus gaining further insight and knowledge into the performance of the wider sector and market trendsends. Alternative wording: enable closer monitoring of the changes and trends within the sector.

The Entity also intends to continue expanding and improving its technical resources and Group-specific reporting and information processes, in relation to both business and organisational aspects, without losing sight of the fact that the governing bodies are capable of performing excellent work. If necessary, one or other specialised committee may be fine-tuned or restructured to further enhance corporate governance and ultimately the Entity's performance.

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A. Capital structure

Share capital (A.1.)

At year-end, CaixaBank's share capital amounted to 5,981,438,031 euros, represented by 5,981,438,031 shares, each with a face value of 1 euro, all belonging to a single class and series and all with identical voting and dividend rights. The shares are represented through book entries and confer 5,981,438,031 voting rights. The company responsible for the book-keeping of the shares is Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR). The shares into which CAIXABANK's share capital is divided are listed for trading on the Barcelona, Bilbao, Madrid and Valencia stock exchanges through the Automated Trading System (Continuous Market).

The share capital was last changed on 14 December 2016.

On 1 June 2017, CaixaBank reported the approval of the issuance of preferential shares eventually convertible into new issue shares (Additional Tier 1), excluding the right of first refusal, for the amount of 1,000 million euros, the terms of which were established on the same day.

On 13 March 2018, CaixaBank announced the approval of an issue of contingent convertibles (convertible into new-issue shares of CaixaBank) (AT1) worth 1.25 billion euros, with the pre-emptive subscription right disapplied.

While the preference shares are perpetual, they may be redeemed under specific circumstances at the option of CaixaBank and are, in all cases, convertible into common newly-issued shares of the entity if CaixaBank or the CaixaBank Group has a Common Equity Tier 1 ratio (CET1), of less than 5.125 %, calculated in accordance with European Regulation 575/2013, of 26 June, of the European Parliament and Council, on prudential requirements of credit institutions and investment firms.

The conversion price of the preferential shares will be the highest figure between (i) the average of the daily volume-weighted average share prices of CaixaBank corresponding to the five trading days prior to the day on which the announcement of the corresponding conversion scenario is made, (ii) €2,803 (Floor Price), with respect to the preferential shares issued in June 2017, and €2,583 (Floor Price), with respect to those issued in March 2018, and (iii) the face value of a CaixaBank share at time of conversion (at the date of this report, the face value of the CaixaBank share is one euro (€1)).

Significant shareholders and related disclosures during the year (A.2)

(Disclosures to the CNMV during the year)

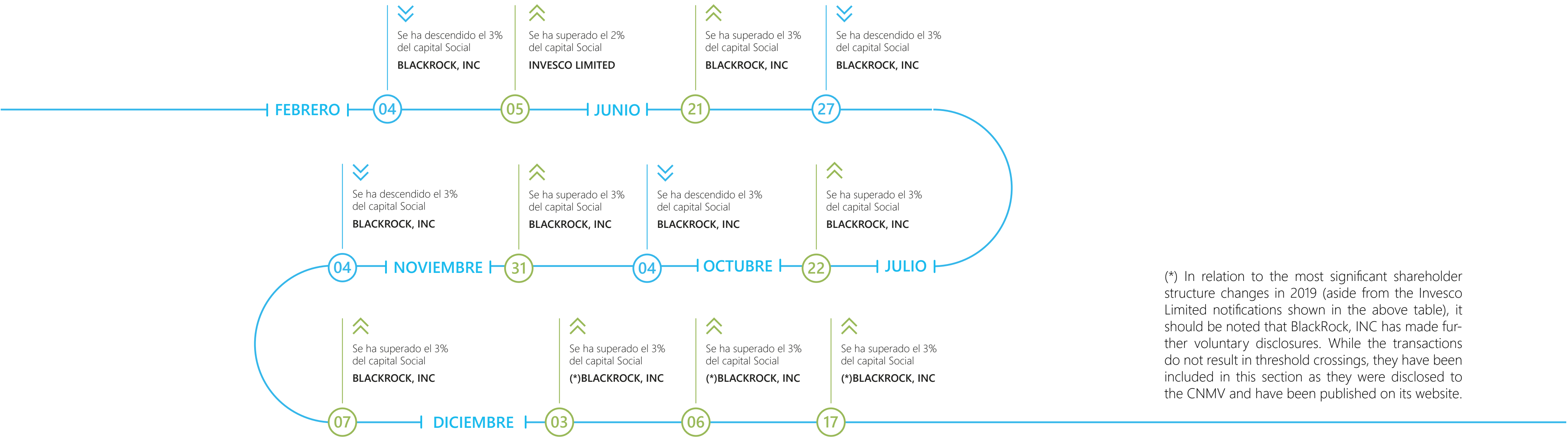
Figures at 31/12/2019

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK, INC.	0.00	3.005	0.00	0.070	3.075
LA CAIXA BANKING FOUNDATION	0.00	40.00	0.00	0.00	40.00
INVESCO LIMITED	0.00	2.025	0.00	0.00	2.025

Breakdown of the indirect holding:

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
BLACKROCK, INC	Other controlled entities belonging to BLACKROCK GROUP, INC	3.005	0.070	3.075
LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, S.A.U.	40.00	0.00	40.00
INVESCO LIMITED	INVESCO ASSET MANAGEMENT LIMITED	1.955	0.00	1.955
INVESCO LIMITED	INVESCO CAPITAL MANAGEMENT LLC	0.008	0.00	0.008
INVESCO LIMITED	INVESCO ADVISERS, INC	0.011	0.00	0.011
INVESCO LIMITED	INVESCO MANAGEMENT, S.A.	0.051	0.00	0.051

» MOST SIGNIFICANT SHAREHOLDER STRUCTURE CHANGES DURING THE YEAR:



According to public information available on the CNMV's website:

With regard to the ownership situation of "la Caixa" Banking Foundation in CaixaBank, it should be noted that at the close of 2019, Fundación Bancaria Caja de Ahorros y Pensiones de Barcelona ("la Caixa") directly held 3,493 shares in CaixaBank, plus a further 2,392,575,212 shares indirectly through CriteriaCaixa (a company 100% controlled by the Banking Foundation).

Meanwhile, tthe stake held by BlackRock, INC came to 3.075% at year-end, which is the result of adding 3.005% in shares carrying voting rights to 0.070% in voting rights through financial instruments, all held indirectly. And with respect to Invesco Limited, its indirect stake was 2.025% in shares carrying voting rights.

(*) In relation to the most significant shareholder structure changes in 2019 (aside from the Invesco Limited notifications shown in the above table), it should be noted that BlackRock, INC has made further voluntary disclosures. While the transactions do not result in threshold crossings, they have been included in this section as they were disclosed to the CNMV and have been published on its website.

List the members of the Board of Directors with voting rights in the company (A.3)

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Jordi Gual Solé Doña	0.002	0.000	0.000	0.000	0.002	0.000	0.000
Tomás Muniesa Arantegui	0.003	0.000	0.001	0.000	0.004	0.000	0.000
Gonzalo Gortázar Rotaeche	0.016	0.000	0.007	0.000	0.023	0.000	0.000
Francesc Xavier Vives Torrents	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marcelino Armenter Vidal	0.003	0.000	0.000	0.000	0.003	0.000	0.000
CajaCanarias Foundation	0.639	0.000	0.000	0.000	0.639	0.000	0.000
María Teresa Bassons Boncompte	0.000	0.000	0.000	0.000	0.000	0.000	0.000
María Verónica Fisas Vergés	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Alejandro García-Bragado Dalmau	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cristina Garmendia Mendizábal	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ignacio Garralda Ruiz de Velasco	0.000	0.000	0.000	0.000	0.000	0.000	0.000
María Amparo Moraleda Martínez	0.000	0.000	0.000	0.000	0.000	0.000	0.000
John S. Reed	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Eduardo Javier Sanchiz Irazu	0.000	0.000	0.000	0.000	0.000	0.000	0.000
José Serna Masiá	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Koro Usarraga Unsaín	0.000	0.000	0.000	0.000	0.000	0.000	0.000

TOTAL PERCENTAGE OF VOTING RIGHTS HELD BY THE BOARD OF DIRECTORS

0.671

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
Don José Serna Masiá	Doña María Soledad García Conde Angoso	0.000	0.000	0.000	0.000

Relationships among **significant shareholders** (A.4)

The company is not aware of any relationship among significant shareholders, whether family, commercial, contractual or corporate in nature.

Relationships between **significant shareholders and the company and/or group** (A.5)

LA CAIXA BANKING FOUNDATION

Nature of relationship

Commercial/ Contractual

Brief description

There are commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Relations between "la Caixa" Banking Foundation, Criteria and CaixaBank. In accordance with the Financial Ownership Management Protocol, the Banking Foundation, as parent of "la Caixa" Group; Criteria, as direct shareholder; and CaixaBank, as listed company, signed a new Internal Relations Protocol on 22 February 2018, the main objectives of which are to manage related-party transactions, establish mechanisms to avoid the emergence of conflicts of interest, govern the pre-emptive acquisition right over Monte de Piedad, govern collaboration on CSR matters and regulate the adequate flow of information to enable "la Caixa" Banking Foundation and Criteria and CaixaBank to draw up their financial statements and meet their periodic reporting and supervisory requirements as before regulatory and resolution bodies.

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Relationships between **significant shareholders or shareholders represented on the Board and directors,** or their representatives (A.6)

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Alejandro García- Bragado Dalmau	LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, S.A.U.	First Deputy Chairman of the Board of Directors of CriteriaCaixa, S.A.U. and Board member of Saba Infraestructuras, S.A.
Marcelino Armenter Vidal	LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, S.A.U.	Chief Executive Officer and member of the Executive Committee of Criteria Caixa, S.A.U. and Board member of Saba Infraestructuras, S.A. Director of Inmo Criteria Caixa, S.A.U. and Executive Deputy Chairman of management company Caixa Capital Risc, SGEIC, S.A.
Ignacio Garralda Ruiz de Velasco	MUTUA MADRILEÑA AUTOMOVILISTA SOCIEDAD DE SEGUROS A PRIMA FIJA	MUTUA MADRILEÑA AUTOMOVILISTA SOCIEDAD DE SEGUROS A PRIMA FIJA	Chairman and Chief Executive Officer of Mutua Madrileña Automovilista, Sociedad de Seguro a Prima Fija.
Natalia Aznárez Gómez	FUNDACIÓN BANCARIA CAJA NAVARRA, FUNDACIÓN CAJACANARIAS AND FUNDACIÓN CAJA DE BURGOS	CAJA CANARIAS FOUNDATION	Director of Fundación CajaCanarias.

Shareholders' agreements (A7)

The company is aware of an existing shareholders' agreement between FUNDACIÓN CAJA DE BURGOS, FUNDACIÓN BANCARIA, FUNDACIÓN BANCARIA CAJA NAVARRA, FUNDACIÓN CAJACANARIAS and "LA CAIXA" BANKING FOUNDATION, affecting 40.63 % of the company's share capital.

The share capital affected by the shareholders' agreement at time of signing was 80.597 %. This percentage pertained to the CaixaBank shares held by: Caja Navarra (now Fundación Bancaria Caja Navarra), Cajasol (now Fundación Cajasol), CajaCanarias (now Fundación CajaCanarias) and Caja de Burgos (now Fundación Caja de Burgos, Fundación Bancaria) (hereinafter, the "Foundations") and "la Caixa" Banking Foundation at 1 August 2012, the date the agreement was signed.

The current figure of 40.639 % is the sum of the stake held by "la Caixa" Banking Foundation through Criteria Caixa, S.A.U. and the stake held by Fundación Bancaria CajaCanarias, which is public information available on the CNMV website. In the first case, because it qualifies as a significant holding, and in the second, due to the seat that it holds on CaixaBank's Board of Directors. Therefore, the information on the percentage of capital affected by the Agreement does not include the holdings of the other two signatory foundations (Fundación Bancaria Caja Navarra and Fundación Bancaria Caja de Burgos), for which no information on their holdings in CaixaBank has been made public as they are not significant shareholders or members of the Board of Directors.

Brief description of the agreement

Following the merger by absorption of Banca Cívica by CaixaBank, the shareholders: "la Caixa" Banking Foundation, Caja Navarra (now Fundación Bancaria Caja Navarra), Cajasol (now Fundación Cajasol), CajaCanarias (now Fundación CajaCanarias) and Caja de Burgos (now Caja de Burgos, Fundación Bancaria) (hereinafter, the "Foundations") entered into a Shareholders' Agreement on 1 August 2012 in order to regulate relations between the Foundations and "la Caixa" Banking Foundation, as CaixaBank shareholders, and their reciprocal duties to cooperate, including their relationship with CaixaBank.

It was also agreed that "la Caixa" Banking Foundation would vote in favour of the appointment of two members of the Board of Directors of CaixaBank proposed by the Foundations and, in order to give stability to their shareholding in CaixaBank, the Foundations agreed upon a four-year lock-up period. They also acknowledged that the other Foundations (first and foremost) and "la Caixa" Banking Foundation (secondarily) would have a pre-emptive acquisition rights for two years should any of the Savings Banks wish to transfer all or part of their stake once the lock-up period had expired.

On 17 October 2016, the amendments were signed to the Integration Agreement between CaixaBank, S.A. and Banca Cívica, S.A. as well as the Shareholders' Agreement of CaixaBank, S.A., the first of which had been entered into on 26 March 2012 by Caja de Ahorros y Pensiones de Barcelona ("la Caixa"), CaixaBank, S.A., Banca Cívica, S.A and the savings banks that once formed Banca Cívica, S.A., and the second on 1 August 2012 by "la Caixa" and the savings banks that formed Banca Cívica, S.A. The amendments to the aforementioned agreements mean that the banks that comprised Banca Cívica, S.A., instead of proposing the appointment of two directors at CaixaBank, may now nominate one director at CaixaBank, S.A. and one director at VidaCaixa, S.A. (a CaixaBank subsidiary).

The other result is that the three-year extension of the agreements that was automatically triggered at the beginning of August 2016 will now have a duration of four years instead.

On 4 October 2018, the agreement was amended by a further agreement entered into by the Foundations and "la Caixa" Banking Foundation, following Fundación Cajasol's announcement that it intended to walk away from the Integration Agreement between CaixaBank, S.A. and Banca Cívica S.A., once six years had elapsed from its signing.

Amendments were also made to Recital III, Clause 1 'Purpose of the Shareholders' Agreement' to remove the mention 'to support the "la Caixa" Banking Foundation, Clause 3 'Territorial Advisory Boards'. Clause 5 'Right of First Refusal' has been removed, such that its wording is no longer applicable. Furthermore, the third paragraph of clause six 'Term of the Shareholders' Agreement' is no longer applicable.

The commitments regarding the combined Welfare Projects of the Foundations and the "la Caixa" Banking Foundation remain valid, with the same content and scope as before, with the exception of the commitments between Cajasol and "la Caixa" Banking Foundation, for which only the commitments made on the date of that document remain in force up until such time as they are completed.

The advisory nature of the Territorial Advisory Boards for Canary Islands, Navarre and Castile-Leon shall continue in force.

Date of termination of agreement, if applicable

On 17 October 2016, the parties signed a series of amendments to the integration agreement between CaixaBank, S.A. and Banca Cívica, S.A and to the Shareholders' Agreement of CaixaBank, S.A., the first of which had been entered into on 26 March 2012 by Caja de Ahorros y Pensiones de Barcelona ("la Caixa"), CaixaBank, S.A., Banca Cívica, S.A and the savings banks that then comprised Banca Cívica, S.A., and the second on 1 August 2012 by "la Caixa" and the savings banks that formed Banca Cívica, S.A.

The amendments took the form of an agreement signed on 4 October 2018 between the "Foundations" and "la Caixa" Banking Foundation, amending the Shareholders' Agreement in order to render paragraph three of clause six ("Term of the Shareholders' Agreement") null and void, among other changes.

On 29 October 2018, price sensitive information was filed with the CNMV, confirming that all parties had signed the amendments to the Integration Agreement between CaixaBank and Banca Cívica, S.A., and the CaixaBank Shareholders' Agreement. The main purpose of the amendment is to clarify the terms of the agreement in relation to certain commitments undertaken by "la Caixa" Banking Foundation to comply with the conditions approved in March 2016 by the ECB Supervisory Board for the prudential deconsolidation of Criteria in CaixaBank. Compliance with such conditions led to a reduction in the holding of the Banking Foundation, and the subsequent loss of control over CaixaBank.

The automatic three-year renewal of the agreements that took place on 1 August 2016 will instead last for four years.

The agreement will now expire on 3 August 2020.

Concerted actions

The company is not aware of any concerted actions among its shareholders.

Controlling **shareholder** (A.8)

No individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV").

Treasury shares and authorisation of the General Shareholders' Meeting (A.9 and A.10)

AT THE CLOSE OF THE YEAR:

NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	TOTAL PERCENTAGE OF SHARE CAPITAL
2,705,936	423,157	0.053

(*) THROUGH:

Name of direct shareholder	Number of direct shares
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS	19,528
MICROBANK	5,635
BANCO BPI, S.A.	393,716
CAIXABANK PAYMENT & CONSUMER	4,278
Total	423,157

At the Annual General Meeting of 28 April 2016, it was agreed to authorise the Board of Directors so that, in accordance with the provisions of Articles 146 and 509 of the Corporate Enterprises Act, it could proceed with the derivative acquisition of treasury shares, directly and indirectly, through its subsidiaries, under the following terms:

- The shares may be acquired on one or more occasions in the form of a purchase and sale, swap, dation in payment or any other legally admissible form, provided the combined nominal amount of the acquired shares and those already held by the Company does not exceed 10% of the subscribed capital.
- When the acquisition is for consideration, the price or equivalent value shall be the price of the Company share on the Continuous Market at the close of the day prior to the acquisition, +/-15%.

This authorisation is valid for five years from the adoption of the resolution at the General Shareholders' Meeting.

In addition, and for the purposes of article 146.1, section a, paragraph 2 of the Corporate Enterprises Act, a resolution was carried to expressly authorise the acquisition of shares in the Company by any of the subsidiaries, under the same terms set out in the resolution.

The shares acquired by virtue of this authorisation may be subsequently disposed of or redeemed, or else extended to employees and directors of the Company or its group as part of the remuneration systems set out in Article 146, section a, paragraph 3 of the Corporate Enterprises Act.

The Board of Directors is empowered to delegate this authorisation to any person or persons it sees fit.

All the foregoing subject to the remaining limits and requirements of the Corporate Enterprises Act and other applicable legislation and hereby revoking the unused portion of the previous authorisation granted at the General Shareholders' Meeting held on 19 April 2012.

The Board of Directors, at a meeting held on 28 January 2016, agreed to establish the rules and criteria for intervention in treasury shares on the basis of a new alerts system and in accordance with the authorisation envisaged in article 46 of the Internal Rules of Conduct to define the margin of discretion of the inside area when managing treasury shares.

Working **capital** (A.11)

The CNMV defines "estimated working capital" (without prejudice to other definitions) as the part of share capital that is not in the possession of significant shareholders or members of the board of directors or that the company does not hold in treasury shares.

>> WORKING CAPITAL

CNMV criterion	%
Share capital	100 %
Treasury shares	0.05 %
Board	0.66 %
Significant shareholders (TOTAL)	45.12 %
WORKING CAPITAL (CNMV criteria)	54.17 %

Exercise of voting rights. Neutralisation measures and other issued securities (A.12, A.13 and A.14)

There are no restrictions on the transfer of shares and/or restrictions on voting rights. Notwithstanding the above, it should be noted that Article 16 et seq. of Law 10/2014, of 26 June, on Discipline, Supervision and Solvency of Credit Institutions states that persons wishing to acquire ownership interest in the Entity (under the terms of article 16) or voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital reach certain thresholds or they obtain control of the credit institution, must give prior notice to the Bank of Spain.

Further, there are no legal restrictions or limitations set forth in the By-laws on exercising voting rights at CaixaBank. However, as explained under section B below, CaixaBank's By-laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, are able to evidence ownership of at least 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 the meeting in person.

Shareholders at the Annual General Meeting on 19 April 2012 voted to amend certain articles of the By-laws. The amendments include, among others, specification that given that the Company allows shareholders to exercise their voting rights and proxies through means of remote communication, the restriction of owning a minimum of one thousand shares to be able to attend the General Meeting would only apply to those attending in person.

Therefore, ffollowing this amendment, shareholders do not have to hold a minimum number of shares to be eligible to attend the Annual General Meeting (either in person or by proxy) and exercise their voting rights through means of remote communication.

CaixaBank has not adopted any measures to neutralise a take-over bid or to issue securities that are not traded on an EU regulated market.

B. General Shareholders' Meeting

Regulation of the General Shareholders' Meeting (B.1, B.2, B.3, B.6, B.7 and B.8)

There are no differences between the quorum and the manner of adopting corporate resolutions established by the LSC for General Shareholders' Meetings and those set by CaixaBank.

In connection with the amendments to the By-laws approved in the Annual General Meeting of 28 April 2016, and to adapt the text of the Regulations of the Annual General Meeting to the wording of the By-laws, the same General Meeting resolved as follows: first, to amend article 12 of the Regulations of the Annual General Meeting relating to the constitution of the Annual General Meeting, in order to also specify in those Regulations that the enhanced quorum required to agree on the issuance of bonds would only apply to issuances that fall within the remit of the General Meeting; and second, to include an exception to the term for attending or granting proxies for General Meetings. Therefore, it was agreed to amend articles 8 ("Right of attendance") and 10 ("Right of representation") of the Board's Regulations to expressly specify, in relation to the terms of five (5) days, that there is an exception for the specific cases where any law applicable to the Company establishes a regime that is incompatible.

Regarding amendments to the company's by-laws, CaixaBank's rules and regulations largely include the same limits and conditions as those set forth in the LSC.

The provisions of the Corporate Enterprises Act shall be applied to protect shareholders' rights when changing the By-laws.

In addition, as a credit institution, and in accordance with the terms of Article 10 of Royal Decree 84/2015, of 13 February, amendments to CaixaBank's Articles of Association are governed by the authorisation and registration procedure set forth therein. However, it is worth noting that certain changes (including the change of registered office in Spain, the increase in share capital or the textual incorporation of legal or regulatory provisions that are imperative or prohibitive, or to comply with judicial or administrative resolutions) are not subject to the authorisation procedure, although they must always be reported to the Bank of Spain to be recorded in the Registry of Credit Institutions.

As for the restriction contained in the Articles of Association concerning the minimum number of shares needed to attend a general shareholders' meeting, it is established that any shareholder who owns a minimum of one thousand (1,000) shares, whether individually or when grouped with other shareholders, may attend the general meeting.

In order to attend a General Meeting, it will be necessary for shareholders to have registered ownership of their shares in the relevant book-entry ledger at least five (5) days ahead of the date of the General Meeting. There are exceptions for specific cases where any law applicable to the Company establishes a regime that is incompatible. Shareholders entitled to attend in accordance with the above will be provided with the appropriate attendance card, which may only be replaced by a certificate of legitimacy to prove that the requirements for attendance have been met.

One (1) share is required for distance voting.

It has not been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting. Article 4 of the Regulations of the General Shareholders' Meeting states that the General Meeting shall have the remit prescribed by applicable law and regulations at CaixaBank.

All All of CaixaBank's corporate governance content is available on the website (www.caixabank.com) under "Shareholders and Investors" "Corporate Governance and Remuneration Policy":

https://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo_es.html

Specific information on Annual General Meetings can be found in the "Annual General Meeting" subsection of the "Corporate Governance and Remuneration Policy" section of the website:

https://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo/juntageneralaccionistas_es.html

Also, when a General Meeting is announced, a banner appears on the CaixaBank homepage with a direct link to all the pertinent information. Note also that there is a section at the bottom of the CaixaBank homepage titled "Direct Links", where users can access all the information on the General Meetings by clicking on the "Annual General Meeting" link.

Information on the 2019 AGM (B.4 and B.5)

Attendance figures for general shareholders' meetings held during the year of this report and during the previous two years:

	Attendance figures				
			% distance voting		
Date of General Meeting	% physically present	% present by proxy	Electronic voting	Other	Total
06/04/2017	42.54	24.43	0.03	1.25	68.25
Of which, free float	1.89	17.12	0.03	1.25	20.29
06/04/2018	41.48	23.27	0.03	0.23	65.01
Of which, free float	3.78	19.57	0.03	0.23	23.61
05/04/2019	43, 67	20.00	0.09	1.86	65.63
Of which, free float	3.02	15.96	0.09	1.86	20.93

The on floating capital is approximate, given that significant foreign shareholders hold their stakes through nominees.

All items on the agenda were approved by shareholders at the General Meeting held in 2019.

C. Company Administrative Structure

Board of Directors

Composition (C.1.1, C.1.2, C.1.3, C.1.4, C.1.5, C.1.6, y C.1.7 and C.1.29)

MAXIMUM AND MINIMUM NUMBER OF DIRECTORS ESTABLISHED IN THE ARTICLES OF ASSOCIATION AND THE NUMBER SET BY THE GENERAL MEETING:

The General Shareholders' Meeting of 5 April 2019 carried a resolution to set the number of Board members at 16.

MAXIMUM NUMBER OF DIRECTORS

22

MINIMUM NUMBER OF DIRECTORS

12

NUMBER OF DIRECTORS SET BY THE GENERAL MEETING

16

DIRECTORS:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
Jordi Gual Solé		Proprietary	Chairman	30/06/2016	06/04/2017	AGM Resolution
Tomás Muniesa Arantegui		Proprietary	Deputy chairman	01/01/2018	06/04/2018	AGM Resolution
Gonzalo Gortázar Rotaeche		Executive	Chief executive	30/06/2014	05/04/2019	AGM Resolution
Francesc Xavier Vives Torrents		Independent	Independent Coordinating Director	06/05/2008	23/04/2015	AGM Resolution
Marcelino Armenter Vidal		Proprietary	Director	05/04/2019	05/04/2019	AGM Resolution
CajaCanarias Foundation	Natalia Aznárez Gómez	Proprietary	Director	23/02/2017	06/04/2017	AGM Resolution
María Teresa Bassons Boncompte		Proprietary	Director	06/26/2012	05/04/2019	AGM Resolution
María Verónica Fisas Vergés		Independent	Director	25/02/2016	04/28/2016	AGM Resolution
Alejandro García-Bragado Dalmau		Proprietary	Director	01/01/2017	06/04/2017	AGM Resolution
Cristina Garmendia Mendizábal		Independent	Director	05/04/2019	05/04/2019	AGM Resolution
Ignacio Garralda Ruiz de Velasco		Proprietary	Director	06/04/2017	06/04/2017	AGM Resolution
María Amparo Moraleda Martínez		Independent	Director	24/04/2014	05/04/2019	AGM Resolution
John S. Reed		Independent	Director	11/03/2011	05/04/2019	AGM Resolution
Eduardo Javier Sanchiz Irazu		Independent	Director	21/09/2017	06/04/2018	AGM Resolution
José Serna Masiá		Proprietary	Director	30/06/2016	06/04/2017	AGM Resolution
Koro Usarraga Unsain		Independent	Director	30/06/2016	06/04/2017	AGM Resolution

The General Secretary and Secretary to the Board of Directors, Óscar Calderón de Oya, is not a director.

TOTAL NUMBER OF DIRECTORS **16**

RESIGNATIONS, DISMISSALS OR OTHER BOARD DEPARTURES DURING THE YEAR:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
Alain Minc	Independent	24/04/2014	05/04/2019	Audit and Control Committee. Appointments Committee	No
Juan Rosell Lastortras	Independent	24/04/2014	05/04/2019	Remuneration Committee	No
Antonio Sainz de Vicuña y Barroso	Independent	24/04/2014	05/04/2019	Risks Committee	No
Javier Ibarz Alegría	Proprietary	26/06/2012	05/04/2019	Executive Committee	No

TABLES REGARDING THE MEMBERS OF THE BOARD AND THEIR CATEGORIES:

EXECUTIVE DIRECTORS

GONZALO GORTÁZAR
Chief Executive Officer

Education

Graduated in Law and Business Studies from Comillas Pontifical University (ICADE) and holds an MBA in Business Administration from INSEAD.

Work experience

He served as Chief Financial Officer of CaixaBank and General Manager of Criteria CaixaCorp (2009-2011) up until his appointment as Chief Executive Officer in 2014.

Prior to that, he held various investment banking positions at Morgan Stanley and discharged corporate banking and investment duties at Bank of America.

He has also been First Deputy Chairman at Repsol and sat on the boards of directors of Inbursa, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Other current positions

He is currently Chairman of VidaCaixa and a director at Banco BPI.

TOTAL NUMBER OF EXECUTIVE DIRECTORS

1

PERCENTAGE OF BOARD

6.25

PROPRIETARY DIRECTORS

JORDI GUAL
Chairman

Education

He holds a PhD in Economics from the University of California at Berkeley and is a professor of Economics at IESE Business School and a Research Fellow at the Centre for Economic Policy Research (CEPR).

Work experience

He joined "la Caixa" Group in 2005. Prior to his appointment as Chairman, he served as Chief Economist and Head of Strategic Planning and Research at CaixaBank and as General Manager of Planning and Strategic Development at CriteriaCaixa. He has sat on the Board of Directors of Repsol and served as an Economics Advisor for the European Commission's Directorate-General for Economic and Financial Affairs in Brussels and as a Visiting Professor at the University of California at Berkeley, the Université Libre de Bruxelles and the Barcelona Graduate School of Economics.

Other current positions

He currently sits on the Board of Directors of Telefónica and on the Supervisory Board at Erste Bank. He is Chairman of FEDEA and Vice Chairman of Círculo de Economía and of Fundación Cotec para la Innovación, while also sitting on the Boards of Trustees of Fundación CEDE, Real Instituto Elcano and Fundación Barcelona Mobile World Capital.

TOMÁS MUNIESA
Deputy Chairman

Education

Mr Valle holds a degree in Business Studies and a Master in Business Administration from ESADE Business School.

Work experience

He joined "la Caixa" in 1976 and was appointed Assistant General Manager in 1992. In 2011, he was appointed Managing Director of CaixaBank's Insurance and Asset Management Group, where he remained until November 2018.

He was Executive Deputy Chairman and CEO of VidaCaixa from 1997 to 2018.

Prior to that, he was Chairman of MEFF, Deputy Chairman of BME, second Deputy Chairman of UNESPA, director and Chairman of the Audit Committee of the Insurance Compensation Consortium, director of Vithas Sanidad and alternate director at Inbursa.

Other current positions

He is currently Deputy Chairman of VidaCaixa and SegurCaixa Adeslas and sits on the Board of Trustees of ESADE Fundación and on the Board of Directors of Allianz Portugal.

MARCELINO ARMENTER
Proprietary director

Education

He holds a Bachelor's degree and a Master's degree in Business Administration from ESADE Business School.

Work experience

He began his career at Arthur Andersen, before joining Hidroeléctrica de Cataluña.

He has pursued his career at "la Caixa" Group since 1985, serving as Head of Audit and Internal Control (1985-1988), Head of Subsidiaries and Investees (1988-1995), CEO of Banco Herrero (1995-2001), General Manager of CaixaHolding (2001-2007), Deputy General Manager of "la Caixa" (2007-2011) and Chief Risks Officer at CaixaBank (2011-2013).

He is currently Chief Executive Officer and sits on the Executive Committee of Criteria Caixa, having previously served as General Manager. He was formerly a director of Grupo Financiero Inbursa (2017-2019).

Other current positions

He sits on the Board of Directors of Naturgy and Inmo Criteria Caixa and is Chairman and Chief Executive of Mediterranea Beach & Golf Community and Chief Executive Officer of Caixa Capital Risc. He is also a director of Saba Infraestructuras.

PROPRIETARY DIRECTORS

FUNDACIÓN CAJACANARIAS Rrepresented by Natalia Aznárez

Proprietary director

Education

She holds a degree in Business Science and Commercial Management from the University of Malaga and a Diploma in Accounting and Finance from the University of La Laguna.

Work experience

She began her career by collaborating with the general management of REA METAL WINDOWS. In 1990, she joined the marketing department of CajaCanarias, later heading up the Individual Customers segment in 1993. She was named Deputy Director of CajaCanarias in 2008, later becoming Deputy General Manager in 2010. Following the transfer of the institution's assets and liabilities to Banca Cívica, Ms Aznárez was named General Manager of CajaCanarias. Following the entity's transformation into a banking foundation, she served as General Manager until 30 June 2016.

Other current positions

She is currently head of Fundación CajaCanarias, chairman of CajaCanarias' Employee Pension Plan Control Committee, Deputy Chairman of Fundación Cristino de Vera and secretary to Fundación para el Desarrollo y Formación Empresarial CajaCanarias.

MARÍA TERESA BASSONS

Proprietary director

Education

She holds a degree in Pharmaceuticals from the University of Barcelona, specialising in Hospital Pharmacy.

Work experience

She also holds a pharmacy licence. She has been deputy chairman of the Official Pharmaceuticals Association of Barcelona (1997-2004) and Secretary General of the Council of Pharmaceutical Associations of Catalonia (2004-2008), member of the Advisory Council on Smoking of the Catalan Government (1997-2006) and of the Advisory Committee on Bioethics of the Catalan Government (2005-2008) and director of the INFARMA Conference and Exhibition at the Fira trade fair in Barcelona in 1995 and 1997 and of the publications "Circular Farmacéutica" and "l'Informatiu del COFB".

She has sat on the Board of Directors of "la Caixa" (2005-2014) and Criteria CaixaHolding (2011-2012), on the Board of Trustees of "la Caixa" Foundation (2014-2016) and on the Advisory Committee of Caixa Capital Risc until 2018.

Ms Bassons has sat on Executive Committee and chaired the Committee of Health Sector Companies of the Chamber of Commerce of Barcelona through to May 2019. She now sits on the Oncolliga Scientific Committee.

Other current positions

She is a director of Bassline and of Laboratorios Ordesa y Administradora de Terbas XXI, S.L.U.

She is a member of the Oncolliga Scientific Committee.

ALEJANDRO GARCÍA-BRAGADO

Proprietary director

Education

Mr Calderón holds a degree in Law from the University of Barcelona and is a qualified state attorney.

Work experience

In 1984 he requested an extended leave of absence to become Board Secretary at Barcelona Stock Exchange, while continuing to practise law. In 1994 he left the Barcelona Stock Exchange to become an adviser to "la Caixa". He was appointed Deputy Secretary in 1995 and as Secretary to the Board of Directors in 2003. He has also served as Deputy Chairman and Deputy Secretary to the Board of Trustees of "la Caixa" Banking Foundation (2014-2016). At CaixaBank, he has been secretary (non-director) of the Board of Directors (2009-2016) and General Secretary (2011-2014).

He was also Secretary to the Board of Directors of La Maquinista Terrestre y Marítima; Intelhorce; Hilaturas Gossipyum; Abertis Infraestructuras; Inmobiliaria Colonial; Agbar. He has also sat on the Board of Directors of Gas Natural.

Other current positions

He is first Deputy chairman of CriteriaCaixa and sits on the Board of Directors of Saba Infraestructuras.

IGNACIO GARRALDA

Proprietary director

Education

He holds a degree in law from the Complutense University of Madrid. He has been a notary public on leave of absence since 1989.

Work experience

He began his career as a notary specialising in trade transactions (1976-1982), before going on to become a licensed stock broker (1982-1989). He was a founding member of AB Asesores Bursátiles, where he served as Deputy Chairman until 2001; Deputy Chairman of Morgan Stanley Dean Witter)(1999-2001), Chairman of Bancoval (1994 to 1996) and director of Sociedad Rectora de la Bolsa de Madrid (1991-2009).

He is Chairman and Chief Executive Officer of Mutua Madrileña Automovilista, having sat on the Board of Directors since 2002 and on the Executive Committee since 2004. He presently serves as its Chairman and also chairs the Investments Committee.

Other current positions

He is the First Deputy Chairman of BME and also sits on the Board of Directors of Endesa, having chaired its Audit Committee since 2016. He is also Chairman of Fundación Mutua Madrileña and sits on the Board of Trustees of Fundación Princesa de Asturias, of Museo Reina Sofía, of Pro Real Academia Española and of the Drug Addiction Help Foundation

PROPRIETARY DIRECTORS

JOSÉ SERNA
Proprietary director

Education

He holds a degree in law from the Complutense University of Madrid. He is a state attorney (on leave of absence) and previously worked as a notary (until 2013).

Work experience

In 1971 he became a state attorney, providing services at the State Attorney's Office until taking leave of absence in 1983, while also serving as legal counsel to the Madrid Stock Exchange (1983-1987). Registered Barcelona stockbroker (1987). Chairman of the company that developed the new Barcelona Stock Exchange (1988) and Chairman of Barcelona Stock Exchange (1989-1993).

Chairman of Sociedad de Bolsas de España (1991-1992) and Deputy Chairman of MEFF. He was also Deputy Chairman of Fundación Barcelona Centro Financiero and of Sociedad de Valores y Bolsa Interdealers, S.A.

In 1994, he became a Barcelona stockbroker and member of the city's association.

Barcelona notary (2000-2013). He sat on the Board of Directors of ENDESA (2000-2007) and various group companies.

TOTAL NUMBER OF PROPRIETARY DIRECTORS

8

PERCENTAGE OF BOARD

50

INDEPENDENT DIRECTORS

XAVIER VIVES
Coordinating independent director

Education

Professor or Economics and Finance at IESE Business School. Doctorate in Economics from the University of California (Berkeley).

Work experience

Previously Professor of European Studies at INSEAD (2001-2005). Director of the Institute of Economic Analysis of the CSIC (1991-2001); and a visiting lecturer at the universities of California (Berkeley), Harvard, New York (King Juan Carlos I Chair) and Pennsylvania, as well as the Autonomous University of Barcelona and the Pompeu Fabra University.

He has also advised the World Bank, the Inter-American Development Bank, the New York Federal Reserve, the European Commission (where he was Special Advisor to the EU Vice President and European Commissioner for Competition). He is also a member of CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia and has advised many international companies. Mr Vives also served as Chairman of the Spanish Economics Association and of EARIE (European Association for Research in Industrial Economics) and Deputy Chairman of the Spanish Association for Energy Economics and Duisenberg Fellow of the ECB.

Other current positions

He is also a member of Academia Europaea; Research Fellow of the Center for Economic Studies (CESifo) and the Centre for Economic Policy Research; Fellow of the European Economic Association and of the Econometric Society.

MARÍA VERÓNICA FISAS
Independent director

Education

Ms Fisas earned a degree and master's degree in business administration from EAE Business School.

Work experience

In 2009, she joined the Board of Directors of Stanpa (Spanish National Association of Perfumery and Cosmetics), becoming its Chairman in 2019, and she is also Chairman of Fundación Stanpa.

Other current positions

She has been the CEO of Natura Bissé and the Group's General Manager since 2007. She has sat on the Board of Trustees of Fundación Ricardo Fisas Natura Bissé since 2008.

CRISTINA GARMENDIA
Independent director

Education

She earned her degree in Biological Science, specialising in Genetics, and a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre attached to the Autonomous University of Madrid. Ms Garmendia also holds an MBA from the IESE Business School of the University of Navarra.

Work experience

She served as Minister of Science and Innovation of the Government of Spain during the IX Legislature (2008-2011).

She has been Executive Deputy Chairman and Chief Financial Officer of the Amasua Group, Chairman of the Spanish Association of Biotechnology Companies (ASEBIO) and has sat on the governing council of the Spanish Confederation of Business Organisations (CEOE). She has also sat on the Boards of Directors of Science & Innovation Office Link, Naturgy, Corporación Financiera Alba, Pelayo Mutua de Seguros and was previously Chairman of Genetrix.

Other current positions

She is currently a director at Compañía de Distribución Integral Logística Holdings, Mediaset, Ysios Capital Partners and Satlantis Microsats. She is also President of the COTEC Foundation, a member of the España Constitucional Foundation, SEPI and member of the Advisory Board of the Women for Africa Foundation, as well as a member of the Social Council of the University of Seville.

INDEPENDENT DIRECTORS

MARÍA AMPARO MORALEDA
Independent director

Education

She graduated in Industrial Engineering from the ICAI Business School and holds an MBA from the IESE Business School.

Work experience

She previously served as Chief Operating Officer at Iberdrola's International Division with responsibility for the United Kingdom and the United States (2009-2012), while also heading the company Iberdrola Engineering and Construction (2009-2011). She has also sat on the Board of Directors of Faurecia (2012-2017).

She previously pursued her career at the IBM Group, serving as Executive Chairman of IBM for Spain and Portugal (2001-2009) and later extending her remit to Greece, Israel and Turkey (2005-2009). Prior to that, she served as deputy executive to the Chairman of IBM Corporation (2000-2001), General Manager of INSA (a subsidiary of IBM Global Services) (1998-2000) and Head of Human Resources for EMEA at IBM Global Services (1995-1997).

Other current positions

She is currently an independent director at Solvay, Airbus Group and Vodafone.

She also sits on the governing council of the CSIC, the Advisory Committee of SAP Ibérica, Spencer Stuart and KPMG and is a tenured member of the Spanish Royal Academy of Economic and Financial Sciences. She is also a full member of the Academy of Social and Environmental Sciences of Andalusia, trustee of MD Anderson Cancer Center of Madrid and sits on the International Advisory Board of IE Business School.

JOHN S. REED
Independent director

Education

Mr Reed earned a degree in Philosophy, Arts and Science from Washington & Jefferson College and the Massachusetts Institute of Technology

Work experience

He was a lieutenant in the U.S. Army Corps of Engineers from 1962 to 1964, before embarking on a career spanning 35 years at Citibank/Citicorp and Citigroup, the last sixteen years of which as President, eventually retiring in 2000. He would later return to work as Chairman of the New York Stock Exchange (2003-2005) and as Chairman of the MIT Corporation (2010-2014).

Other current positions

He currently sits on the Board of the American Cash Exchange and the Boston Athenaeum and on the Board of Trustees of the NBER. He is a Fellow of the American Academy of Arts and Sciences and of the American Philosophical Society.

EDUARDO JAVIER SANCHIZ
Independent director

Education

Mr Sanchiz holds a degree in Economic and Business Sciences from the University of Deusto and a Master's Degree in Business Administration from IE Business School.

Work experience

He has worked at Almirall since 2004, serving as Chief Executive Officer from 2011 to 2017. Prior to that, he served as Executive Director of Corporate Development and Finance and CFO. Mr Sanchiz has sat on the company's Board of Directors since 2005 and on its Dermatology Committee since 2015.

Going further back, he held various positions at US pharmaceutical company Eli Lilly & Co. Further positions of note include General Manager for Belgium and Mexico and Executive Officer for the business area responsible for countries from central, northern, eastern and southern Europe.

He was a member of the American Chamber of Commerce in Mexico and of the Association of Pharmaceutical Industries in a number of countries in Europe and Latin America.

Other current positions

He currently sits on the Board of Directors and the Strategy Committee of Laboratoires Pierre Fabre.

KORO USARRAGA
Independent director

Education

Ms Usarraga holds a degree and master's in Business Administration from ESADE Business School.

She has also completed the Senior Management Program (PADE) at IESE Business School. He is a member of the Official Registry of Account Auditors.

Work experience

She worked at Arthur Andersen for 20 years and was appointed partner of the audit division in 1993.

In 2001, she was appointed Corporate General Manager of Occidental Hotels & Resorts. She has also been General Manager of Renta Corporación and sat on the Board of Directors of NH Hotel Group (2015-2017).

Other current positions

She currently sits on the Board of Directors of Vocento, Vehicle Testing Equipment and 2005 KP Inversiones.

TOTAL NUMBER OF INDEPENDENT DIRECTORS

7

PERCENTAGE OF THE BOARD

43.75

Ms. Cristina Garmendia Mendizábal is member of the CaixaBank Private Banking Advisory Board. Since being appointed as director in 2019, she received a remuneration of eight thousand euros for her position on the Advisory Board, an amount not considered to be significant.

No other independent director receives from the company or any group company any amount or benefit other than compensation as a director. No independent director has or has had a business relationship with the company or any company in the group, whether in his or her own name or as a significant shareholder, director or senior executive of another company.

Perfil de los miembros del Consejo[1]

Information relating to the number of female directors at the close of the past 4 years (C.1.4)

	Number of female directors				% of directors for each category			
	2019	2018	2017	2016	Year 2019	2018	2017	2016
Executive	0	0		0	0.00	0.00	0.00	0.00
Proprietary	2	2	2	1	25.00	25.00	28.57	16.67
Independent	4	3	3	3	57.14	33.33	33.33	37.50
Other external	0	0	0	0	0.00	0.00	0.00	0.00
Total	**6**	**5**	**5**	**4**	**37.50**	**27.78**	**27.78**	**25.00**

Diversity policy (C.1.5., C.1.6., C.1.7.)

CaixaBank has a selection, diversity and suitability assessment policy in place for directors, senior management members and other key function holders of CaixaBank and its Group (the "Policy"), which was approved by the Board of Directors on 20 September 2018.

The aim of this Policy, among others, is to establish suitable diversity in the composition of the Board of Directors, thus ensuring a wide range of knowledge, qualities, perspectives and experiences in the heart of the Board, while helping to foster diverse and independent opinions and a solid and mature decision-making process.

The policy also seeks to ensure a suitable degree of diversity in the composition of the Board, particularly in terms of gender and, as the case may be, training and professional experience, age and geographical origin, while respecting the principle of non-discrimination and equal treatment, all of which are fundamental considerations when conducting selection and suitability assessment processes for CaixaBank directors.

Director selection process do not contain any hidden biases that might impede the selection of female directors at the Company. Furthermore, article 15 of the Regulations of the Board of Directors establishes one of the Appointment Committee's roles as informing the Board on matters relating to gender diversity, ensuring that director selection processes favour diversity of experiences and knowledge, and facilitate the selection of female directors, whilst establishing an objective of representation of the least represented gender on the Board of Directors, and providing guidance on how to reach this objective, all the while ensuring compliance with the diversity policy applied for the Board of Directors, as detailed in the Annual Corporate Governance Report.

Adequate diversity in the composition of the Board is taken into account throughout the entire process of selection and suitability assessment at CaixaBank, considering, in particular, gender diversity.

When analysing and suggesting candidate profiles for posts on the Board of Directors, the Appointments Committee takes gender diversity into account.

In particular, the following considerations are made:

- In the director selection and re-election procedures, the suitability assessment will consider the objective of favouring diversity of gender, knowledge, training and professional experience, age and geographical origin in the composition of the Board.
- The Board of Directors and the Appointments Committee shall ensure at all times that there is an appropriate balance of knowledge and experience, while also facilitating the selection of candidates of the less represented gender, and avoiding any kind of discrimination in this respect.
- The diversity aspects just mentioned will also be taken into account when carrying out the annual assessment of the composition and skills and expertise of the Board of Directors, especially the percentage of Board members of the less represented gender. The aim is to ensure that the number of female directors is compliant with Recommendation 14 of the Good Governance Code of Listed Companies. For these purposes, the Appointments Committee must document the degree of fulfilment of this objective and of any other objectives deemed relevant, and shall indicate, in the case of a breach, the reasons, resolution measures and schedule of actions.
- The Appointments Committee, aided by the General Secretary and the Secretary of the Board and taking into account the balance of knowledge, experience, expertise and diversity required and in place on the Board of Directors, draws up and constantly updates a competency matrix, which is approved by the Board of Directors. Furthermore, adequate diversity in the composition of the Board has been taken into account throughout the entire selection and suitability assessment at CaixaBank, considering, in particular, diversity of gender, training, professional experience, age, and geographic origin.

In relation to 2019, the Board (basing its findings on a report received from the Appointments Committee) has concluded that it currently features a satisfactory composition, with an adequate balance of knowledge and experience among its members, both in the financial sector and other relevant areas, to ensure the proper governance of the credit institution, as well as sufficient experience among members to ensure complementary points of view.

In the verification of compliance with the director selection policy, the Appointments Committee has concluded that the structure, size and composition are suitable, particularly with respect to gender diversity and diversity in training and professional experience, age and geographical origin, in accordance with the verification of compliance with the selection policy, and also taking into account the individual suitability re-assessment of each director carried out by the Appointments Committee, leading to the conclusion that the overall composition of the Board of Directors is suitable.

In particular, it should be noted that the Board is willing to continue reducing its size as and when needed in order to fulfil the diversity objectives set out in the Policy, particularly with regard to gender diversity, while also observing the conditions regarding the composition of CaixaBank's Board of Directors prescribed by the European Central Bank for the prudential deconsolidation of CriteriaCaixa from CaixaBank.

On the subject of gender diversity, note that there has been a steady increase in the number of female directors in recent years, reaching 37.50% of total Board membership in 2019. This percentage is in line with the target set by the Appointments Committee: that the number of female directors must account for at least 30% of total Board membership by 2020, in accordance with Recommendation 14 of the Good Governance Code. The Board fully intends to continue complying with Recommendation 14 throughout 2020, so as to ensure that the percentage of female directors remains above 30%.

At year-end 2019, women accounted for 37.50% of all directors, 57.14% of independent directors and 25% of proprietary directors.

Female directors account for 33.33% of the Executive Committee. Women make up 33.3% of the total membership of the Appointments Committee and 67% of the total membership of the Remuneration Committee, which is also chaired by a woman.

The Risks Committee features two female members, representing 66.66% of its total membership. Female directors account for 33.33% of the Audit and Control Committee, which also has a female director as its chairman.

Meanwhile, female directors represent 40% of the total membership of the Innovation, Technology and Digital Transformation Committee. In other words, women are represented on all the Company's committees.

It is therefore safe to say that CaixaBank's Board of Directors ranks highly among IBEX 35 companies when it comes to the presence of women, as seen from the 2018 report of the CNMV on corporate governance of entities with securities admitted to trading on regulated markets (which averaged 23.1% in 2018).

Proprietary directors appointed at the request of shareholders with less than a 3% equity interest (C.1.8)

FUNDACIÓN BANCARIA CAJA NAVARRA, FUNDACIÓN CAJACANARIAS Y FUNDACIÓN CAJA DE BURGOS

Reason

Validity of the Shareholders' Agreement described in section A.7, which entitles each of the signatories to appoint one director at CaixaBank.

MUTUA MADRILEÑA AUTOMOVILISTA SOCIEDAD DE SEGUROS A PRIMA FIJA

Reason

These are set out in the Appointments Committee's report to the Board, which includes, as an appendix, the Board's report on the proposed appointment of Ignacio Garralda Ruiz de Velasco as a proprietary director, which was submitted to and approved by shareholders at the 2017 Annual General Meeting.

The aforementioned report states that the arrival of Mr Garralda as board member will bring with it a number of significant benefits due to his extensive experience and expertise, while also facilitating the current strategic alliance between the CaixaBank Group and the Mutua Madrileña Group.

There have been no formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed, and therefore no failure to meet any such request.

Powers delegated by the Board (C.1.9)

GONZALO GORTÁZAR ROTAECHE

All powers delegable by law and under the by-laws are delegated, without prejudice to the restrictions on the delegation of powers set out in the Regulations of the Board of Directors, which apply for internal purposes only.

EXECUTIVE COMMITTEE

The Executive Committee has been delegated all of the responsibilities and powers that may be delegated by law and under the Company's by-laws. For internal purposes, the Executive Committee is subject to the limitations set forth in Article 4 of the Rules of the Board of Directors.

Positions held by directors at other CxB companies (C.1.10)

Name of director	Name of group member	Post	Does the director have executive powers?
Tomás Muniesa Arantegui	VidaCaixa, S.A., de Seguros y Reaseguros	Deputy Chairman	No
Gonzalo Gortázar Rotaeche	VidaCaixa, S.A., de Seguros y Reaseguros	Chairman	No
Gonzalo Gortázar Rotaeche	Banco BPI, S.A.	Director	No

Positions held by directors at other listed companies (C.1.11 and C.1.12)

Name of director	Name of listed company	Position
Ignacio Garralda Ruiz de Velasco	Endesa, S.A.	Director
Ignacio Garralda Ruiz De Velasco	BME Holding, S.A.	First Deputy Chairman
Jordi Gual Solé	Erste Group Bank, AG.	Member of the Supervisory Board
Jordi Gual Solé	Telefónica, S.A.	Director
María Amparo Moraleda Martínez	Solvay, S.A.	Director
María Amparo Moraleda Martínez	Airbus Group, S.E.	Director
María Amparo Moraleda Martínez	Vodafone Group PLC	Director
Marcelino Armenter Vidal	Naturgy Energy Group, S.A.	Director
Cristina Garmendia Mendizábal	Mediaset España Comunicación, S.A.	Director
Cristina Garmendia Mendizábal	Compañía de Distribución Integral Logistica Holdings, S.A.	Director
Koro Usarraga Unsain	Vocento, S.A.	Director

The information on directors and positions held at other listed companies refers to year-end.

With regard to the position held by Jordi Gual Solé at Erste Group Bank, AG, his exact title is Member of the Supervisory Board. However, due to space restrictions when filling in the form, he is listed as Director.

The company has imposed rules on the maximum number of company boards on which its own directors may sit. Article 32.4 of the Regulations of the Board of Directors states that directors must observe the restrictions on board membership laid down by current law and regulations on the organisation, supervision and solvency of credit institutions.

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Operation and workings of the Board (C.1.15, C.1.20, C.1.24, C.1.25, C.1.26, C.1.27, C.1.28, C.1.29 and C.1.35)

Amendments to the Board Regulations

The Board of Directors, at a meeting held on 21 February 2019, resolved to amend article 15.4 of the Regulations of the Board of Directors so as to explicitly state that the minutes of the Appointments Committee and of the Remuneration Committee are to be delivered to all Board members, rather than simply remaining at their disposal at the Company's General Secretary's Office. This effectively makes those committees subject to the same rules as those governing the Audit and Control Committee and the Risks Committee.

In accordance with the provisions of article 529 of the Corporate Enterprises Act, the amended text of both was reported to the Comisión Nacional del Mercado de Valores (CNMV), executed in a public document and filed at the Companies Registry. After being filed at the Companies Registry on 3 July 2019, the unabridged texts were published by the CNMV and by CaixaBank, S.A. on its corporate website (www.caixabank.com).

Proxy voting

With respect to the rules on proxy voting, article 17 of the Regulations of the Board states that directors must personally attend Board meetings. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to a fellow Board member, including the appropriate instructions therein. Non-executive directors may only grant a proxy to a fellow non-executive director, while independent directors may only grant a proxy to a fellow independent director.

Likewise, the internal regulations stipulate that the proxy shall be granted by any postal, electronic means or by fax, provided that the identity of the director is assured.

However, so that the proxyholder can vote accordingly based on the outcome of the debate by the Board, proxies are not typically granted with specific instructions and must always be given in strict accordance with legal requirements. This is consistent with the provisions of the Capital Enterprises Act governing the powers of the Chairman of the Board of Directors, who is responsible, among other matters, for encouraging debate and the active involvement of all directors at Board meetings, while safeguarding their right to form their own opinion and stance.

Decision-making

Qualified majorities other than those established by law are not required for any specific decision.

NUMBER OF BOARD MEETINGS	12
NUMBER OF BOARD MEETINGS WITHOUT THE CHAIRMAN	0

The Board of Directors held 12 meetings, as well as an off-site working event on 26 September.

NUMBER OF MEETINGS WHEN AT LEAST 80% OF DIRECTORS ATTENDED	12
% OF ATTENDANCE OVER TOTAL VOTES DURING THE YEAR	97.89 %
NUMBER OF MEETINGS IN SITU OR REPRESENTATIONS MADE WITH SPECIFIC INSTRUCTIONS OF ALL DIRECTORS	8
% OF VOTES ISSUED AT IN SITU MEETINGS OR WITH REPRESENTATIONS MADE WITH SPECIFIC INSTRUCTIONS OUT OF ALL VOTES CAST DURING THE YEAR	97.89 %

In 2019, there were just four non-attendances by CaixaBank directors. Proxies given without specific instructions count as non-attendances. Director absences occur when directors are unable to attend. Proxies, when given, do not generally include specific instructions for the proxyholder, so that the proxyholder can adhere to the outcome of the discussion by the Board.

Therefore, the percentage of non-attendances to the total votes cast in 2019 was 2.11%, on the understanding that proxies given without specific instructions count as non-attendances.

Meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

NUMBER OF MEETINGS	4

The Coordinating Director was not appointed at CaixaBank because it has an Executive Chairman, but rather as a further safeguard in the desconsolidación process with the former controlling shareholder. For this reason, he dedicates more time to the independent directors. In 2019 he held two meetings with the independent directors; one with the proprietary directors and one with the micro-proprietary directors. He reports to the Board of Directors on all such meetings and suggests and discusses improvements.

Meetings held by each Board committee:

NUMBER OF MEETINGS HELD BY THE EXECUTIVE COMMITTEE	19
NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE	18
NUMBER OF MEETINGS HELD BY THE APPOINTMENTS COMMITTEE	8
NUMBER OF MEETINGS HELD BY THE REMUNERATION COMMITTEE	9
NUMBER OF MEETINGS HELD BY THE RISKS COMMITTEE	15
NUMBER OF MEETINGS HELD BY THE INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE	1

Information

There is a procedure in place whereby directors may obtain the information needed to prepare for the meetings of the governing bodies with sufficient time.

Pursuant to article 22 of the Regulations of the Board of Directors, directors have the duty to demand and the right to obtain from the company any information they may need to discharge their duties. For such purpose, the director should 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.

Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company. If the Chairman deems that the information is confidential, he will notify the Director [...] as well as of the director's duty of confidentiality.

However, documents must be approved by the Board. In particular, documents that cannot be fully analysed and discussed during the meeting due to their size are sent out to Board members ahead of the Board meeting in question.

The Board and audits (C.1.27, C.1.28, C.1.30, C.1.31, C.1.32, C.1.33 and C.1.34)

Relations with the market and the independence of external auditors

With regard to its relationship with market agents, the Company acts on the principles of transparency and non-discrimination enshrined in applicable legislation and those set out in the Regulations of the Board of Directors, which stipulate that the Board shall disclose price-sensitive information to the Spanish Securities Market Commission (CNMV) and post the relevant information on its corporate website to inform the public immediately with regard to any material information. As for 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.

In this regard, and pursuant to Recommendation 4 of the Good Governance Code of Listed Companies, at its meeting on 30 July 2015 the Board of Directors, under its general powers to determine the Company's general policies and strategies, resolved to approve the Policy on information, communication and contact with shareholders, institutional investors and proxy shareholders which is available on the Company's website.

Under this policy, and pursuant to the authority vested in the coordinating director appointed in 2017, he or she shall liaise as and when needed with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance.

Meanwhile, the powers delegated to the Board of Directors legally and through the internal regulations specifically include the duty of supervising the dissemination of information and communications relating to the Company. Therefore, the Board of Directors is responsible for managing and supervising at the highest level the information distributed to shareholders, institutional investors and the markets in general. Consequently, the Board of Directors, through the corresponding bodies and departments, works to ensure, protect and facilitate the exercising of rights by shareholders, institutional investors and the markets in general in the defence of the corporate interest and in compliance with the following principles:

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Transparency, equality and non-discrimination, continuous information, affinity with the corporate interest, remaining at the cutting edge in the use of new technologies and compliance with the law and CaixaBank's internal regulations.

These principles apply to all information disclosed and the Company's communications with shareholders, institutional investors and relations with markets and other stakeholders, such as financial intermediaries, management companies and custodians of the Company's shares, financial analysts, regulatory and supervisory bodies, proxy advisers, information agencies and credit rating agencies.

The Company pays particular heed to the rules governing the processing of inside information and relevant information contained in applicable legislation and the Company's regulations on shareholder relations and communications with securities markets, as contained in CaixaBank's Code of Business Conduct and Ethics, the Internal Code of Conduct on Matters Relating to the Stock Market of CaixaBank, S.A. and the Regulations of the Board of Directors (also available on the Company's website).

The Audit and Control Committee submits recommendations to the Board of Directors (which are then laid before shareholders at the General Meeting) regarding the selection, appointment, re-election and replacement of the external auditor. It is also responsible for maintaining appropriate relations with the external auditor in order to receive information on any matters that might compromise its independence and any other matters related to the process of auditing the accounts. In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities directly or indirectly related to it, in addition to information on any non-audit services rendered to those entities by the aforementioned auditors or persons or entities related to them, as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the issuance of the audit report, a report containing an opinion on the independence of the auditor. This report must evaluate, without fail, any such non-audit services that may have been rendered, both individually and collectively, above and beyond statutory audit services and related to the regime of independence or the applicable audit regulations.

As an additional mechanism of ensuring the auditor's independence, article 45.4 of the Bylaws states that the General Meeting may not revoke the auditors until the period for which they were appointed terminated, unless it finds just cause. The Company has policies governing the relationship with the external auditor to guarantee compliance with applicable legislation and the independence of auditing work.

With respect to the concrete measures established to ensure the independence of external auditors, in 2018 CaixaBank's Board of Directors approved a policy governing relations with the external auditor. This policy aims to ensure that the process of appointing the account auditor of CaixaBank, S.A. and its Consolidated Group is compliant with the new regulatory framework, thus ensuring that it is an impartial and transparent process and that both the appointment and the relationship framework with the auditor are implemented in accordance with prevailing law and regulations.

Among other things, this Policy covers the principles that govern the selection, contracting, appointment, re-election and termination of the CaixaBank Account Auditor, as well as the relationship framework between both parties.

The audit firm performs the following non-audit work for the company and/or its group:

	COMPANY	GROUP COMPANIES	TOTAL
AMOUNT INVOICED FOR NON-AUDIT SERVICES (THOUSAND EUROS)	532	625	1,157
AMOUNT INVOICED FOR NON-AUDIT SERVICES/ AMOUNT FOR AUDIT WORK (IN %)	32 %	29 %	30 %

Number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group.

NUMBER OF CONSECUTIVE YEARS	**2** INDIVIDUAL **2** CONSOLIDATED
NUMBER OF YEARS AUDITED BY THE CURRENT AUDIT FIRM/ NUMBER OF FISCAL YEARS THE COMPANY HAS BEEN AUDITED (IN %)	**10 %** INDIVIDUAL **10 %** CONSOLIDATED

The Audit and Control Committee is responsible for ensuring that the financial information is correctly drawn up. Its duties include the following, which are there to avoid a qualified audit report, among other objectives:

With regard to overseeing financial reporting:

i. reporting to the Annual General Meeting about matters raised by shareholders that fall within the committee's remit and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the committee's role in this process.

ii. overseeing the process of compiling and presenting mandatory financial information regarding the Company and, where relevant, the Group, reviewing the Company's accounts, compliance with related regulatory requirements, the adequate definition of the consolidation perimeter, and the correct application of generally accepted accounting criteria.

And, in particular, knowing, understanding and overseeing the effectiveness of the system of internal control over financial reporting (ICFR), drawing conclusions with regard to the system's level of trust and reliability, and reporting on any proposals to amend accounting principles and criteria raised by the management, in order to guarantee the integrity of accounting and financial reporting systems, including financial and operational control, and compliance with applicable legislation in this regard. The committee may submit recommendations or proposals to the Board of Directors that are designed to safeguard the integrity of the mandatory financial information;

iii. ensuring that the Board of Directors submits the annual financial statements to the General Shareholders' Meeting, without qualified opinions or reservations in the audit report and that, in the event that reservations do exist, ensuring that the committee's Chairman and the auditors clearly explain the content and scope of those qualified opinions or reservations to shareholders.

iv. reporting to the Board of Directors, in advance, on the financial information and related non-financial information that the Company must periodically release to the markets and its supervisory bodies;

The Company did not change its external auditor in 2019. The auditor's report on the financial statements for the preceding year does not contain a qualified opinion or any reservation. The individual and consolidated financial statements submitted to the Board for preparation were not previously certified. The above notwithstanding, note that as part of the internal control over financial reporting (ICFR) process, the financial statements for the year ended 31 December 2019 (which form part of the annual financial statements) are to be certified by the Company's Head of Financial Accounting, Control and Capital.

Takeover bids (C.1.38)

The Company has not entered into any material agreements that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Selection (C.1.16, C.1.21, C.1.22, and C.1.23)

In accordance with article 529 decies of Royal Legislative Decree 1/2010, of 2 July, enacting the amended text of the Corporate Enterprises Act, and articles 5, 6 and 18 to 21 of the Regulations of the Board of Directors, director appointment proposals that the Board of Directors lays before the General Meeting, and the appointment resolutions carried by the Board itself by virtue of the co-option powers legally attributed to it, must be preceded by a corresponding recommendation from the Appointments Committee in the case of independent directors, and by a report in the case of all other directors. Director appointment or reappointment proposals must be accompanied by a supporting report from the Board of Directors, assessing the competence, experience and merits of the proposed nominee.

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

The Board shall also seek to ensure that the majority group of non-executive directors includes holders of stable significant shareholdings in the company or their representatives, or those shareholders that have been proposed as directors even though their holding is not significant (proprietary directors), and persons of recognised experience who can perform their functions without being influenced by the company or its group, its executive team or significant shareholders (independent directors).

The definitions established in applicable regulations and detailed in article 19 of the Regulations of the Board of Directors are used to classify directors accordingly.

The Board will also strive to ensure that among its external directors, the proportion of proprietary and independent directors on the Board reflects the existing proportion of the Company's share capital represented by proprietary directors and the rest of the capital and that independent directors account for at least one third of all directors.

No shareholder may be represented on the Board of Directors by a number of proprietary directors exceeding 40% of total Board members, without prejudice to the right of all shareholders to be represented at the Company in proportion to their stake, in accordance with applicable law.

Directors shall remain in their posts for the term of office stipulated in the By-laws (which is four years) —for as long as the General Meeting does not resolve to remove them and they do not stand down from office— and may be re-elected one or more times for periods of equal length. However, independent directors may not continue to serve as such for a continuous period exceeding 12 years.

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 financial statements for the previous financial year has passed. If the vacancy arises after the General Meeting is called but before it is held, the appointment of the director by co-option to cover the vacancy will take effect until the next General Meeting is held.

On 20 September 2018, the Board of Directors approved the policy on the selection, diversity and suitability assessment of directors, senior management members and key function holders at CaixaBank and its group (hereinafter, the "Policy"). The Policy is part of the Company's corporate governance system, governing key commitments and aspects of the Company and its Group in relation to the selection and appointment of directors.

In the director selection process, with respect to individual requirements, candidates to become directors, and current directors, must meet the suitability requirements needed to exercise their role, in accordance with the provisions of applicable regulations. In particular, they must have recognised business and professional repute, suitable knowledge and experience for performing their duties, and be able to exercise good governance at the Company.

Applicable law and regulations will also be taken into account when shaping the overall composition of the Board of Directors. In particular, the overall composition of the Board of Directors must incorporate sufficient knowledge, abilities and experience regarding the governance of credit institutions, to sufficiently understand the Company's activities, including the primary risks, and to ensure the effective capacity of the Board of Directors to take independent and autonomous decisions in the Company's interests.

The Appointments Committee, aided by the General Secretary and the Secretary of the Board and taking into account the balance of knowledge, experience, expertise and diversity required and in place on the Board of Directors, draws up and constantly updates a competency matrix, which is approved by the Board of Directors.

Where applicable, the results of applying the matrix may be used to identify future training needs or areas to strengthen in future appointments.

The selection procedure for members of the Board established in the Policy will be complemented, in any applicable areas, with the provisions of the Protocol on suitability assessment and appointments procedures for directors, senior management members and other key function holders at CaixaBank (the "Suitability Protocol"), or equivalent internal standard in place at any time.

The Protocol establishes the Company's units and internal procedures involved in the selection and ongoing assessment of members of the Board of Directors, general managers and other senior executives, the heads of the internal control function and other key posts in CaixaBank, as defined under applicable legislation. Under the "Protocol", the Board of Directors, in plenary session, assesses the suitability of proposed candidates, based on a report from the Appointments Committee. Also, with regard to the procedure to assess the suitability of candidates prior to their appointment as Director, the Suitability Protocol also establishes procedures to continually evaluate Directors and to assess any unforeseeable circumstances which may affect their suitability for the post.

There are no specific requirements, other than those relating to directors, to be appointed as Chairman of the Board of Directors. Neither the By-laws nor the Regulations of the Board of Directors establish any age limit for serving as director, or any limited mandate or stricter requirements for independent directors beyond those required by law.

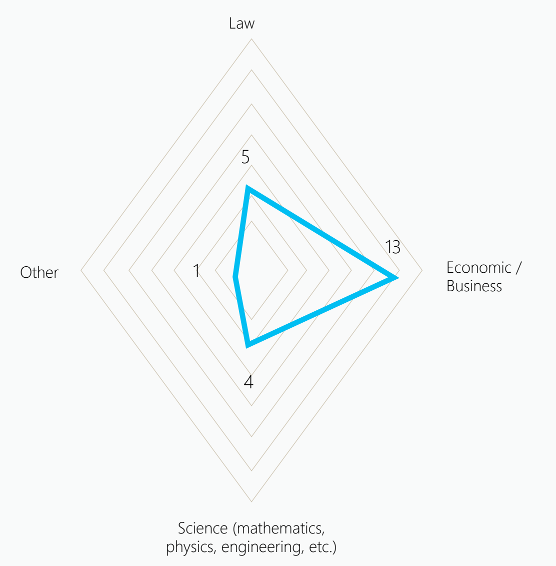
Directors shall step down when the period for which they were appointed has elapsed, when so decided by the General Meeting in exercise of its legal authority and powers under the By-laws, and when they resign.

Directors must also offer to tender their resignation to the Board of Directors in the situations described in due course (C.1.19), and shall then effectively tender their resignation if the Board sees fit.

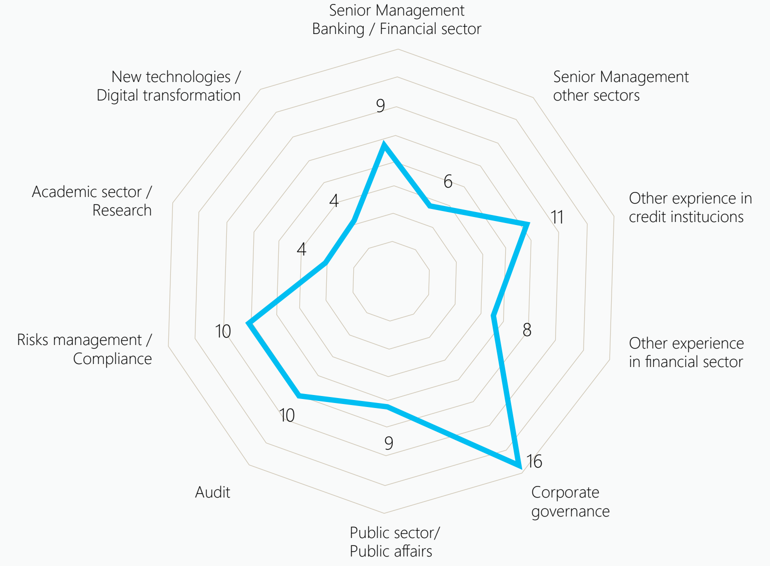
When a director leaves office prior to the end of their term, they must explain the reasons in a letter to be delivered to all Board members.

Matrix showing the knowledge, experience and diversity of the CaixaBank Board of Directors (December 2019)

FORMATION



EXPERIENCE



The matrix reveals that CaixaBank's Board of Directors has a satisfactory composition, with an adequate balance of knowledge and experience among its members, both in the financial sector and other relevant areas, to ensure the proper governance of the credit institution, as well as sufficient experience among members to ensure complementary points of view.

Obligation to **resign** (C.1.19 and C.1.36)

Article 21.2 of the Regulations of the Board of Directors stipulates that directors must offer to tender their resignation to the Board of Directors and then tender their resignation if the Board so decides, in the following cases:

a. when they depart the executive positions, posts or functions with which their appointment as director was associated;

b. when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to applicable law and regulations;

c. when they are indicted for an allegedly criminal act or are subject to disciplinary proceedings for serious or very serious misdemeanours instructed by the supervisory authorities;

d. when their continued presence on the Board would threaten the Company's interests, or when the reasons for which they were appointed cease to exist. In particular, and in the case of proprietary directors, when the shareholder they represent transfers all of its stake. They must also tender their resignation when the shareholder in question lowers its shareholding to a level that requires a reduction in the number of proprietary directors;

e. following a significant change in their professional circumstances or in the conditions that warranted their appointment as director; and

f. when, due to events attributable to the director, his or her continued presence on the Board would cause serious damage to the Company's assets or reputation in the eyes of the Board.

Article 21.3 of the Regulations of the Board of Directors states that if an individual representing a legal entity director is caught by any of the circumstances listed above, that representative must offer to tender their resignation to the legal entity that appointed them. If the latter decides that its representative should remain in office as director, the legal person director must offer to tender its resignation to the Board of Directors.

All the foregoing without prejudice to the terms of Royal Decree 84/2015 of 13 February, implementing Act 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions, on the requirements of standing and repute that directors must meet and the consequences of the subsequent failure to meet those requirements, as well as any other applicable regulations or guidelines given the company's activities.

Defendants in legal proceedings (C.1.37)

No director has notified the company that he/she has been tried or notified that legal proceedings have been filed against him or her for any of the offences described in article 213 of the LSC.

Evaluation (C.1.17 and C.1.18)

Based on the findings of the 2018 evaluation report of the Board of Directors, in 2019 the Appointments Committee monitored all the organisational improvement measures explained below.

Aside from what we have discussed previously as the main corporate governance milestones in 2019 —such as the reduced size of the Board of Directors and the creation of the Innovation, Technology and Digital Transformation Committee, plus the fact that following the 2019 AGM female directors account for 37.50% of total Board membership— CaixaBank has made further progress in developing and implementing organisational practices and approaches to work that have made the Bank more efficient and enhanced the quality of its internal functioning and operation.

It should be noted that the Bank has made further progress with various technical tools and organisational aspects, such as streamlining agendas and structuring meetings, while also extending time frames in relation to work planning and organisation.

As regards committees, the Regulations of the Board of Directors were amended in 2019 to extend the obligation to send out minutes of the meetings of the Appointments Committee and the Remuneration Committee to all board members, as the Entity had already been doing in the case of the Audit and Control Committee, the Risks Committee and the Executive Committee.

Description of the evaluation process and the areas evaluated

As stipulated in article 529.9 of the Corporate Enterprises Act and article 16 of the Regulations of the Board of Directors, the Board evaluates its performance annually. It is also compliant with Recommendation 36 of the current Good Governance Code of February 2015, which recommends that a regular self-assessment be carried out on the performance of the Board of Directors and its committees.

The Board of Directors conducted a self-assessment of its own functioning and operation in 2019, based on the self-assessment questionnaires approved by the Appointments Committee in 2018, with certain ad-hoc changes made. Since the 2019 assessment was based on the same self-assessment questionnaire used in 2018, with only minimal changes, we were able to include comparative results for the previous year.

The methodology used was largely one of analysing the responses to the questionnaires. The following aspects are addressed:

Operation of the Board of Directors (preparation, dynamic and culture; evaluation of the working tools made available to directors and of the self-assessment process for the Board of Directors); composition and functioning of the committees, performance of the Chairman, Chief Executive Officer, Independent Coordinator Director and the Secretary to the Board of Directors, as well as an individual peer assessment of each director.

Members of each committee are also sent a self-assessment form on the functioning and operation of their respective committee.

The results and conclusions reached, including recommendations, are contained in the document analysing the performance assessment of CaixaBank's Board of Directors and its committees for 2018, which was approved by the Board of Directors.

Broadly speaking, and in light of the responses received from directors as a result of the self-assessments and activity reports drawn up by each committee, the Board of Directors holds a positive view of the quality and efficiency of its own operation and that of its committees in 2019.

Total remuneration received by the Board of Directors (C.1.13. y C.1.39)

» **6,831**

REMUNERATION ACCRUED IN THE YEAR BY THE BOARD OF DIRECTORS (THOUSAND EUROS)[1]

» **5,546**

AMOUNT OF VESTED PENSION INTERESTS FOR CURRENT MEMBERS (THOUSAND EUROS)

» **0**

AMOUNT OF VESTED PENSION INTERESTS FOR FORMER MEMBERS (THOUSAND EUROS)[2]

[1] The Remuneration Policy provides a breakdolwn of remuneration payable to directors "in their capacity as such" and to the Executive Director.

[2] No information is provided on consolidated pension rights for former directors, since the Company has no type of commitment (contribution or benefit) with former executive directors under the pensions system.

Director remuneration in 2019, as reported in this section, takes the following aspects into account:

At year-end 2019, the Board of Directors comprised a total of 16 members, with Gonzalo Gortázar acting as Chief Executive Officer and being the only Board member to discharge executive functions.

On 5 April 2019, the General Shareholders' Meeting agreed to reduce the number of directors by two, thus bringing the total number to sixteen. It also approved the appointment of Marcelino Armenter (proprietary director) and Cristina Garmendia (independent director) as new members of the Board of Directors. Meanwhile, the following directors departed the Board due their posts having expired: Alain Minc, Juan Rosell, Antonio Sáinz de Vicuña and Javier Ibarz.

Following the General Meeting, the Board of Directors resolved to restructure the various committees attached to the Board of Directors, doing so on the recommendation of the Appointments Committee and the Audit and Control Committee (referring to the composition of the Appointments Committee). The Board appointed Verónica Fisas (independent director) as a new member of the Remuneration Committee, and Xavier Vives (independent coordinating director) as a new member of the Appointments Committee. The Board of Directors also agreed to re-appoint the directors re-elected by shareholders at the General Meeting as members of the Board committees on which they had previously been sitting. Last but not least, the Audit and Control Committee agreed to appoint Koro Usarraga as its Chairman, while the Risks Committee appointed Eduardo Javier Sanchiz as its Chairman.

On 23 May 2019, the Board of Directors decided to set up a new Innovation, Technology and Digital Transformation Committee. It also agreed that Amparo Moraleda, Cristina Garmendia and Marcelino Armenter would sit on that committee, in addition to the Chairman and Chief Executive Officer.

The total remuneration of the Board of Directors does not include remuneration for seats held on other boards on the Company's behalf outside the consolidated group, which amounted to 246,000 euros, nor the amount of contributions made to savings schemes with non-vested economic rights during the year, which came to 509,000 euros.

CaixaBank's DNA
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

Agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction

NUMBER OF BENEFICIARIES	TYPE OF BENEFICIARY	DESCRIPTION OF AGREEMENT
32	Chief Executive Officer and three members of the Management Committee, five executive officers and 23 middle managers.	Chief Executive Officer: One year of the fixed components of his remuneration. Management Committee members: indemnity clause equivalent to one annual payment of the fixed components of their remuneration, or the amount payable by law, whichever is higher. There are currently three committee members for whom the indemnity to which they are legally entitled remain less than one year of their salary. Further, the Chief Executive Officer and the members of the Management Committee are entitled to one annual payment of their fixed remuneration, payable in monthly instalments, as consideration for their non-compete undertaking. This payment would be discontinued were this covenant to be breached. Executive officers and middle managers: 28 executives and middle managers: between 0.1 and 1.5 annual payments of their fixed remuneration above that provided for at law. Executives and middle managers of Group companies are included in the calculation.

These contracts must always be communicated to and/or approved by the Board of Directors (not only in the situations and circumstances required by law). These clauses are also communicated to shareholders at the General Meeting.

The Board of Directors is responsible for approving the Remuneration Policy of the Board of Directors, the Identified Staff and the General Staff of the CaixaBank Group, subject to a preliminary report from the Remuneration Committee and in accordance with the system set out in the By-laws. The Board also approves the remuneration of directors within the limit set by the General Meeting and, in the case of executive directors, the additional remuneration payable for their executive duties and the other terms of their contracts. The Board approves the appointment and removal of senior managers, as well as the terms of their contract, including clauses on termination benefits.

It should be noted that the Board Remuneration Policy includes detailed information on the remuneration of directors, particularly the CEO, and is approved by the General Meeting. For the other managers (five beneficiaries) who do not qualify as senior management, and middle managers (23 beneficiaries), the impact of their dismissal generating the right to receive compensation would be immaterial since in these cases the clauses are absorbed by the legal compensation payable in such cases.

The Management Committee (C.1.14)

MEMBERS (EXCLUDING CEO)

JUAN ANTONIO ALCARAZ
Chief Business Officer

Education

Mr Alcaraz holds a degree in Business Sciences from Cunef (Complutense University of Madrid) and a Master of Business Administration from the IESE Business School.

Work experience

He joined "la Caixa" in December 2007 and is now in charge of the following business units as Chief Business Officer: Retail Banking, Global Customer Experience and Specialized Consumer Segments (Imaginbank, Family, Senior, Agrobank, and Holabank).

He also heads: CaixaBank Digital Business and CaixaBank Business Intelligence.

He has served as General Manager of Banco Sabadell (2003-2007) and prior to that as Deputy General Manager of Santander and Central Hispano (1990-2003).

Other current positions

He is also the Chairman of CaixaBank Payments & Consumer and sits on the Board of Directors of SegurCaixa Adeslas. He is also Chairman of Asociación Española de Directivos, member of the Advisory Board of Foment del Treball, trustee of Fundación Tervalis, member of the Advisory Board of the International University of Catalonia and a member of RICS.

XAVIER COLL
Chief Human Resources and Organisation Officer

Education

He holds a degree in Medicine from the University of Barcelona, a Master of Business Administration from the University of Chicago and a Master of Public Health from Johns Hopkins University. He was a recipient of the "la Caixa" Fulbright Scholarship.

Work experience

He joined the "la Caixa" in 2008 as Chief Human Resources Officer and currently sits on its Management Committee. He has over 30 years of experience in the international health sector, in multilateral development banking and in the financial industry.

Prior to joining "la Caixa" group, he was Director of the President's Office and Vice President of Human Resources at the World Bank and Director of Human Resources at the European Investment Bank.

JORDI MONDÉJAR
Chief Risks Officer

Education

Mr Mondéjar holds a degree in Economic and Business Sciences from the University of Barcelona. He is a member of the Official Registry of Account Auditors.

Work experience

He worked at Arthur Andersen from 1991 through to 2000, where he specialised in financial audits at financial institutions and other regulated entities.

He joined "la Caixa" Group in 2000, serving as Head of Financial Accounting, Control and Capital prior to his appointment as Chief Risks Officer in 2016.

Other current positions

He sits on the Board of Directors of Sareb and is non-executive Chairman of Buildingcenter, S.A

IÑAKI BADIOLA
Head of Corporate Institutional Banking and International Banking

Education

Mr Badiola holds a degree in Economic and Business Science from the Complutense University of Madrid and a Master in Business Administration from IE Business School.

Work experience

His track record in the financial industry spans more than 20 years and includes financial positions at various companies operating in the following sectors: technology (EDS), distribution (ALCAMPO), public administration (GISA), transportation (IFERCAT) and real estate (Harmonia).

He has previously served as Executive Manager of CIB and Corporate Manager of Structured Finance and Institutional Banking.

MATTHIAS BULACH

Head of Financial Accounting, Control and Capital

Education

Mr Bulach holds a degree in Economic Sciences from the University of St. Gallen and a Master in Business Administration from the IESE Business School.

Work experience

He joined "la Caixa" in 2006 as head of the Economic Analysis Office, carrying out strategic planning, analysing the banking and regulatory system and providing support to the Chairman's Office on the task of restructuring the financial sector. Prior to his appointment as Executive Director in 2016, he served as Corporate Manager of Planning and Capital. Before joining the Group, he was a Senior Associate at McKinsey & Company, where he specialised in the financial sector and in developing and deploying international projects.

Other current positions

He currently sits on the Supervisory Board of Erste Group Bank AG and on the Boards of Directors of CaixaBank Asset Management, CaixaBank Payments & Consumer and BuildingCenter S.A.

JORGE FONTANALS

Executive Director of Resources

Education

Mr Fontanals holds a degree in Business Administration and completed an Advanced Management Program at the ESADE Business School.

Work experience

Prior to his appointment as Head of Resources in 2014, he served as Corporate Manager of IT at CaixaBank and before that he held various managerial positions relating to resources at both CaixaBank and other Group companies.

Other current positions

He currently sits on the Boards of Directors of CaixaBank Facilities Management, SILK Aplicaciones and SILC Inmobles.

MARÍA LUISA MARTÍNEZ

Executive Director of Communication, Institutional Relations, Brand and CSR

Education

Ms Martínez holds a degree in Modern History from the University of Barcelona and in Information Sciences from Autonomous University of Barcelona. She has also completed the Senior Management Program (PADE) at IESE Business School.

Work experience

She joined "la Caixa" in 2001 to head up media relations. In 2008 she was appointed Head of Communication with responsibility for corporate communication and institutional management with the media. In 2014, she was appointed Corporate Head of Communication, Institutional Relations, Brand and CSR and she has served as Executive Manager of those same disciplines since 2016.

Other current positions

She is also president of Autocontrol (the self-regulatory organisation of the advertising industry in Spain); of Dircom Cataluña (professional association of communications executives and professionals); and sits on the Communication Committee of the Spanish Chamber of Commerce.

JAVIER PANO

Chief Financial Officer

Education

Mr Pano holds a degree in Business Sciences and a Master of Business Administration from the ESADE Business School.

Work experience

He has been CaixaBank's CFO since July 2014 and is also Chairman of the ALCO and head of liquidity management and wholesale funding, having previously held positions of responsibility in the realm of capital markets.

Before joining "la Caixa" in 1993, he held various key positions at different companies.

Other current positions

He sits on the Board of Directors of both BPI and Cecabank.

MARISA RETAMOSA
Head of Internal Audit

Education

Ms Retamosa holds a Degree in Computer Science from the Polytechnic University of Catalonia. She is CISA (Certified Information System Auditor) and CISM (Certified Information Security Manager) certified by ISACA.

Work experience

She has been Corporate Manager of Security and Resources Governance, and previously served as Head of Security and Service Control in IT Services. She has also served as Head of the Resource Audit Division.

She joined "la Caixa " in 2000. Prior to that, she worked at Arthur Andersen (1995-2000), where she performed system and process audit and risk consulting activities.

JAVIER VALLE
Executive Director of Insurance

Education

Mr Valle holds a degree in Business Studies and a Master in Business Administration from ESADE Business School. Community of European Management Schools (CEMS) at HEC Paris.

Work experience

Over the ten last years he has been General Manager at Bansabadell Vida, Bansabadell Seguros Generales and Bansabadell Pensiones, as well as CEO of Zurich Life. He was CFO of the Group Zúrich in Spain and Director of Investments for Spain and Latin America.

Other current positions

He is managing director of VidaCaixa, deputy chairman and member of the Executive Committee and Governing Board of Unespa and director of the Consortium of Insurance Compensation and of ICEA.

ÓSCAR CALDERÓN
General Secretary and Secretary to the Board of Directors

Education

Mr Calderón holds a degree in Law from the University of Barcelona and is a qualified state attorney.

Work experience

He has also served as state attorney before the High Court of Justice (Tribunal Superior de Justicia) of Catalonia, where he represented and defended the Spanish State in civil, criminal and employment cases and in adversary proceedings involving public bodies. He was a member of the Provincial Compulsory Purchase Tribunal (1999-2002). State Lawyer, Secretary of the Catalan Regional Administrative Court for Tax and Economic Appeals (2002-2003).

He joined "la Caixa" Group in 2004, serving as legal counsel attached to the General Secretary's Office of "la Caixa"; Deputy Secretary to the Board of Directors of Inmobiliaria Colonial (2005-2006); Secretary to the Board of Directors of Banco de Valencia (2013); and Deputy Secretary to the Board of Directors of "la Caixa" until June 2014. He was served as trustee and Deputy Secretary of "la Caixa" Foundation through to its dissolution in 2014, and as Secretary to the Board of Trustees of "la Caixa" Banking Foundation until 2017.

Other current positions

He is currently trustee and Secretary to the Board of Trustees of Fundación del Museo de Arte Contemporáneo de Barcelona (MACBA). He is also Secretary of Fundación de la Economía Aplicada (FEDEA).

Total remuneration accrued by senior management staff who are not also executive directors:

JORGE MONDÉJAR LÓPEZ
Chief Risks Officer

JAVIER PANO RIERA
Chief Financial Officer

FRANCESC XAVIER COLL ESCURSELL
Chief Human Resources And Organisation Officer

JORGE FONTANALS CURIEL
Head Of Resources

MARÍA LUISA MARTÍNEZ GISTAU
Executive Director For Communication, Institutional Relations, Brand And CSR

ÓSCAR CALDERÓN DE OYA
General And Board Secretary

JUAN ANTONIO ALCARAZ GARCÍA
Chief Business Officer

MATTHIAS BULLACH
Head Of Financial Accounting, Control And Capital

IÑAKI BADIOLA GÓMEZ
Executive Director Of CIB And International Banking

MARISA RETAMOSA FERNÁNDEZ
Head Of Internal Audit

JAVIER VALLE T-FIGUERAS
Executive Director Of Insurance

This amount includes total fixed, in-kind and short-term variable remuneration, insurance premiums and discretionary pension benefits and other long-term benefits assigned to members of the Senior Management. He has also been awarded a provisional incentive of 245,975 shares under the Provisional Incentive relating to the first cycle of the Conditional Annual Incentives Plan pegged to the 2019-2021 Strategic Plan, which was approved by shareholders at the Annual General Meeting held on 5 April 2019.

The remuneration received in 2019 by CaixaBank's Senior Management for representing the Company on the boards of listed and other companies, both within and outside the consolidated group, amounted to 1,305 thousand euros, as shown in the statements of profit or loss of the respective companies.

TOTAL SENIOR MANAGEMENT REMUNERATION (THOUSAND EUROS) **10,234**

SHARES HELD BY MANAGEMENT COMMITTEE MEMBERS IN CAIXABANK:

Altos Directivos no miembros del Consejo de Administración	% derechos de voto atribuidos a las acciones		% derechos de voto a través de instrumentos financieros		% total de derechos de voto	% derechos de todo que pueden ser transmitidos a través de instrumentos financieros	
	Directo	Indirecto	Directo	Indirecto		Directo	Indirecto
Juan Antonio Alcaraz García	0,003 %	0,000 %	0,005 %	0,000 %	0,008 %	0,000 %	0,000 %
Iñaki Badiola Gómez	0,001 %	0,000 %	0,002 %	0,000 %	0,003 %	0,000 %	0,000 %
Matthias Bulach	0,000 %	0,000 %	0,001 %	0,000 %	0,001 %	0,000 %	0,000 %
Óscar Calderón de Oya	0,001 %	0,000 %	0,001 %	0,000 %	0,002 %	0,000 %	0,000 %
Francesc Xavier Coll Escursell	0,001 %	0,000 %	0,002 %	0,000 %	0,003 %	0,000 %	0,000 %
Jorge Fontanals Curiel	0,000 %	0,000 %	0,002 %	0,000 %	0,002 %	0,000 %	0,000 %
Mª Luisa Martínez Gistau	0,000 %	0,000 %	0,001 %	0,000 %	0,001 %	0,000 %	0,000 %
Jordi Modéjar López	0,001 %	0,000 %	0,002 %	0,000 %	0,003 %	0,000 %	0,000 %
Javier Pano Riera[1]	0,002 %	0,000 %	0,002 %	0,000 %	0,004 %	0,000 %	0,000 %
Marisa Retamosa Fernández	0,000 %	0,000 %	0,001 %	0,000 %	0,001 %	0,000 %	0,000 %
Javier Valle T-Figueras	0,000 %	0,000 %	0,000 %	0,000 %	0,000 %	0,000 %	0,000 %
% total de derechos de voto en poder de Altos Directivos no miembros del Consejo de Administraación	0,009 %	0,000 %	0,019 %	0,000 %	0,028 %	0,000 %	0,000 %

Board Committees (C.2)

EXECUTIVE COMMITTEE

Name	Post	Category
Jordi Gual Solé	Chairman	Proprietary
Tomás Muniesa Arantegui	Member	Proprietary
Gonzalo Gortázar Rotaeche	Member	Executive
María Verónica Fisas Vergés	Member	Independent
María Amparo Moraleda Martínez	Member	Independent
Francesc Xavier Vives Torrents	Member	Independent

% OF EXECUTIVE DIRECTORS
16.67

% OF PROPRIETARY DIRECTORS
33.33

% OF INDEPENDENT DIRECTORS
50

Brief description

Article 39 of the By-laws and articles 12 and 13 of the Regulations of the Board of Directors describe the organisation and operation of the Executive Committee.

Funtions. Organisation and operation (C.2.1)

The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth by Law, in the Company's Articles of Association and in these Regulations.

The composition of the Executive Committee, which reflects the composition of the Board and its internal rules, is determined by the Board of Directors.

The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

The designation of members of the Executive Committee and the Board's permanent delegation of powers to this particular committee will require the vote for of at least two thirds of Board members.

The Executive Committee meets whenever called by its Chairman or by the person substituting him if this is not possible – if the post is vacant or in cases of absence or impossibility, for example – and its meetings shall be taken to be quorate when the majority of its members are in attendance, either in person or by proxy.

The Executive Committee reports to the Board on the main business addressed and on the decisions reached at its meetings.

The Committee's resolutions are adopted by the majority of the members attending the meeting in person or by proxy and they are valid and binding with no need for subsequent ratification by the Board sitting in plenary, without prejudice to Article 4.5 of the Rules of the Board of Directors.

The Executive Committee has been delegated all of the responsibilities and powers available to it both legally and under the Company's By-laws. For internal purposes, the Executive Committee is subject to the limitations set forth in Article 4 of the Rules of the Board of Directors.

Activities during the year

In 2019, the committee addressed a number of recurring matters, plus various one-off business concerns, either making a decision on the matter or hearing and taking note of the information received. The following table contains a summary of the main matters addressed over the course of 2019:

- Monitoring of earnings, results and other accounting aspects.
- Aspects relating to products and services and other business matters.
- Indexes and other aspects related to quality and reputation.
- Credit and surety activity.
- Position regarding foreclosed real estate assets and non-performing assets.
- Sales of debt portfolio and other aspects related to non-performing loans.
- Supervisory activity and disclosures to regulators.
- Subsidiaries and other.
- Organisational changes and restructuring measures.

Regulation (C.2.3)

There are no specific regulations for the Board committees. The Executive Committee is governed by applicable legislation, the Company's By-laws and the Regulations of the Board of Directors. In aspects not specifically laid out for the Executive Committee, the operational rules governing the Board itself will be applied, by virtue of the Regulations of the Board available on the CaixaBank corporate website (www.caixabank.com).

There is no express mention in the Company's By-laws that the committee must draw up an activities report. However, the Executive Committee approved its annual activity report at a meeting held in December 2019, including the performance assessment for 2019.

AUDIT AND CONTROL COMMITTEE

Name	Post	Category
Koro Usarraga Unsain	Chairwoman	Independent
Eduardo Javier Sanchiz Irazu	Member	Independent
José Serna Masiá	Member	Proprietary

% OF EXECUTIVE DIRECTORS
0.00

% OF PROPRIETARY DIRECTORS
33.33

% DE CONSEJEROS INDEPENDIENTES
66.67

Brief description

Article 40 of the By-laws and article 14 of the Regulations of the Board of Directors and applicable legislation describe the organisation and operation of the Audit and Control Committee.

Functions. Organisation and operation

The Audit and Control Committee comprises exclusively non-executive directors, in the number determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). Most of the members of the Audit and Control Committee shall be independent and one (1) of them shall be appointed on the basis of their knowledge and experience of accounting or auditing, or both.

The Board of Directors shall also ensure that members of the Audit and Control Committee, particularly its Chairperson, have sufficient knowledge and experience in accounting, auditing or risk management, and in any other areas required for the Audit and Control Committee to fulfil all of its duties.

Taken as a whole, members of the Audit and Control Committee, who are appointed based on the expertise and dedication to the matters entrusted to them, shall possess the pertinent technical knowledge in relation to the Entity's activity, and diversity will be encouraged wherever possible.

The Audit and Control Committee shall meet ordinarily on a quarterly basis in order to review the mandatory financial information to be submitted to the authorities, as well as the information that the Board of Directors must approve and include within its annual public documentation. In such cases, the committee will count on the presence and support of the internal auditor and of the external auditor if any type of review report is issued. At least a part of these meetings will take place without the presence of the management team, so that they can discuss specific issues that arise from the reviews conducted.

The Audit and Control Committee appoints a Chairman from among its independent directors. The Chairman must be replaced every four (4) years but may be re-elected once a period of one (1) year has transpired from his or her departure. The Chairman of the Committee will act as a spokesperson at meetings of the Board of Directors and, as the case may be, at the Company's General Shareholders' Meetings.

It shall also appoint a Secretary and may appoint a Deputy Secretary, neither of whom need be a committee member. In the event that such appointments are not made, the Secretary to the Board shall act as Secretary. The Secretary shall assist the committee's Chairman in planning its meetings, and gathering and handing out the necessary information sufficiently in advance, while taking minutes of such meetings.

The Audit and Control Committee will establish an annual work plan to include the committee's main activities during the year.

Members of the Company's management team or other employees may be required to attend the meetings of the Audit and Control Committee and to lend their assistance and allow the committee to access any information they may have when the committee so requests. The committee may insist on this without the appearance of any other executive. The Committee may also require the Company's auditors to attend its meetings, along with other people, though only by invitation from the committee's Chairman, and only to deal with specific points of the agenda for which they have been convened.

The Audit and Control Committee has set up an effective and regular communication channel between the committee (normally acting through its chairman) and its usual stakeholders and contacts, such as the Company's management team and notably its finance department; the head of internal audits; and the main auditor responsible for account auditing. In particular, communication between the Audit and Control Committee and the external auditor must be smooth and continuous, in accordance with prevailing regulations on audit activity, and must not jeopardise the auditor's independence or the effectiveness with which it carries out audit work or processes.

The Audit and Control Committee must have adequate, relevant and sufficient access to any information or documentation held by the Company and may seek advice from external experts if it deems this necessary for the proper performance of its duties.

The Company provides the Audit and Control Committee with sufficient resources to fulfil its functions.

The committee will be validly convened when a majority of members are in attendance. Resolutions are carried by a majority of members physically in attendance or represented by proxy, and minutes are taken of the resolutions carried at each meeting. The minutes are then reported to the Board of Directors sitting in plenary and a copy sent out or delivered to all Board members.

The committee's chairman reports to the Board on its activities and work, doing so at meetings scheduled for that specific purpose or at the immediately following meeting if the chairman deems this necessary.

It draws up an annual report on its performance, highlighting the main incidents to have occurred when discharging its duties (if any). The findings contained in this report may be used as an input when evaluating the Board of Directors. Furthermore, if the committee deems it appropriate, it will include suggested improvements in the report.

In particular, the Audit and Control Committee's report discusses significant activities carried out during the period, while also discussing those carried out with the support of external experts, all of which are posted on the Company's website sufficiently in advance of the Annual General Meeting.

The committee will meet as often as needed to fulfil its duties, and will be convened by the committee's Chairman, either at his/her own initiative or when requisitioned by the Chairman of the Board of Directors, or by two (2) members of the committee itself.

Notwithstanding any other tasks that may be assigned to the committee from time to time by the Board of Directors, the Audit and Control Committee shall have the following basic remit:

- reporting to the Annual General Meeting about matters raised by shareholders that fall within the committee's remit and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the committee's role in this process.
- overseeing the process of compiling and presenting mandatory financial information regarding the Company and, where relevant, the Group, reviewing the Company's accounts, compliance with related regulatory requirements, the adequate definition of the consolidation perimeter, and the correct application of generally accepted accounting criteria.
- ensuring that the Board of Directors submits the annual financial statements to the General Shareholders' Meeting, without qualified opinions or reservations in the audit report and that, in the event that reservations do exist, ensuring that the committee's Chairman and the auditors clearly explain the content and scope of those qualified opinions or reservations to shareholders.
- reporting to the Board of Directors, in advance, on the financial information and related non-financial information that the Company must periodically release to the markets and its supervisory bodies;
- overseeing the effectiveness of internal control systems, and discussing any weaknesses found in the internal control system that may have been detected during the audit with the auditor, all this without compromising its independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board of Directors and set a deadline for follow-up;
- overseeing the efficiency of the internal audit, establishing and supervising a mechanism that allows employees of the Company or of the group to which it belongs, confidentially and, if deemed appropriate, anonymously, to report any potentially significant irregularities or breaches —especially financial and accounting irregularities— they may observe within the Company, receiving periodical information on its functioning, and proposing any actions it deems relevant for improvement and reducing the risk of irregularities in the future.

Activities during the year

The committee analysed a number of recurring matters, such as those relating to the supervision of financial and non-financial reporting, supervision of internal auditing, compliance with corporate governance rules and fulfilment of the Treasury Shares Policy.

The committee paid particular attention to overseeing the process of drawing up the mandatory financial information and other relevant information for the year and releasing it to the market, as well as the non-financial information. The persons responsible for drawing up the information attended 15 of the 18 committee meetings held in 2019, enabling the committee to become fully familiar with the process of drawing up the interim financial information with sufficient prior notice, as well as the separate and consolidated annual financial statements.

The committee has heard about and approved the principles, assessment criteria, judgments and estimates and accounting practices applied by CaixaBank and has verified that all such matters are compliant with accounting regulations and criteria established by the competent regulatory and supervisory bodies. All this to ensure the integrity of the accounting and financial reporting systems, including financial and operational control, and compliance with prevailing legislation.

The committee set and pursued its objectives for 2019, as per its activities plan and focusing on the task of supervising the financial and non-financial information that the Entity is required to release; supervising the effectiveness of the internal control and risk control system, in coordination with the Risks Committee, especially the internal capital adequacy and liquidity assessment processes (ICAAP and ILAAP), the Recovery Plan, the confidential consulting and whistle-blowing channel; and monitoring the Entity's most significant subsidiaries.

In addition, and as part of its ordinary remit, the committee discussed, examined, and took decisions or issued reports on the following matters:

- Financial and non-financial information.
- Risk management and control.
- Regulatory compliance.
- Internal Audit.
- Relationship with the financial auditor:
  - Independence of the financial auditor.
  - Assessment of the work of the financial auditor.
- Related-party transactions
- Communications with regulatory bodies

All committee members have been selected on the merits of their knowledge and experience in relation to accounting and/or auditing.

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KORO USARRAGA UNSAIN
Date of appointment of the chairperson:
05/04/2019

EDUARDO JAVIER SANCHIZ IRAZU
Member:
06/04/2018

JOSÉ SERNA MASIÁ
Member:
23/03/2017

Regulation (C.2.3)

There are no specific regulations for the Board committees. The organisation and duties of the Audit and Control Committee are detailed in the Regulations of the Board, which are available on the CaixaBank corporate website (www.caixabank.com), including matters relating to the composition and structure of the committee.

In accordance with article 14.3 (e) of the Regulations of the Board of Directors and prevailing legislation, the Audit and Control Committee approved the annual report on its operation at a meeting held in December 2019, which includes its performance assessment for 2019 (available on the corporate website).

APPOINTMENTS COMMITTEE

Name	Post	Category
John S. Reed	Chairman	Independent
María Teresa Bassons Boncompte	Member	Proprietary
Xavier Vives Torrents	Member	Independent

% OF EXECUTIVE DIRECTORS
0.00

% OF PROPRIETARY DIRECTORS
33.33

% OF INDEPENDENT DIRECTORS
66.67

Brief description

Article 40 of the By-laws and article 15 Regulations of the Board of Directors describe the organisation and operation of the Appointments Committee, which is also governed by applicable law and regulations.

Funtions. Organisation and operation

The Appointments Committee comprises a number of non-executive directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members. All members must be non-executive and the majority must be independent. Members of the Appointments Committee are appointed by the Board of Directors, on the recommendation of the Audit and Control Committee, and the committee's chairman is appointed from among the independent directors who sit on the committee.

The Appointments Committee is self-governing. It is required to elect a Chairman and may appoint a Secretary if it so wishes. If no secretary is appointed, the Secretary to the Board of Directors shall act as Secretary, or otherwise one of the Deputy Secretaries.

It meets as often as considered appropriate to ensure the sound performance of its duties. Meetings will be called by the committee's Chairman, either on his/her own initiative, or when requisitioned by two (2) or more committee members. It must also meet whenever the Board or its Chairman requests that a report be issued or a resolution carried.

The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means that provides acknowledgement of receipt.

The Secretary of each committee is responsible for calling meetings and for filing the minutes and documents laid before the committee.

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Minutes are taken of the resolutions carried at each meeting and then reported to the Board sitting in plenary.

Committee meetings will be quorate and validly convened with the attendance, in person or by proxy, of the majority of its members and resolutions are carried by a majority of members who attend in person or by proxy.

It draws up an annual report on its operation and functioning, highlighting the main incidents to have occurred (if any) when discharging its duties. The findings contained in this report may be used as an input when evaluating the Board of Directors. Furthermore, if the committee deems it appropriate, it will include suggested improvements in the report.

Notwithstanding any other duties that the Board of Directors may ascribe to the committee, the Appointments Committee has the following core remit:

- Evaluating and proposing to the Board of Directors the assessment of skills, knowledge and experience required of Board members and key personnel at the Company.
- Submitting to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the Annual General Meeting, as well as the proposals for the reappointment or removal of such Directors by the Annual General Meeting;
- Reporting on the appointment and, as the case may be, dismissal of the Coordinating Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.
- Reporting on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Proposing, if deemed appropriate, the basic terms of the contracts of senior executives other than their pay and remuneration, and reporting those terms once established.
- Examining and organising, under the supervision of the Coordinating Director and with the support of the Chairman of the Board of Directors, the succession of the latter and of the Company's chief executive officer and, as the case may be, sending proposals to the Board of Directors so that the succession process is suitably planned and takes place in orderly fashion.
- Reporting to the Board on gender diversity issues, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge, and facilitate the selection of female directors, whilst establishing a representation target for the less represented sex on the Board of Directors as well as preparing guidelines on how this should be achieved. In any case, it must always ensure compliance with the diversity policy applied in relation to the Board of Directors, which will be specified in the Annual Corporate Governance Report.
- Periodically evaluating, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chairman, CEO and Secretary, making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the Coordinating Director when appraising the Chairman's performance. Evaluating the composition of the Management Committee as well as its replacement lists to ensure proper coverage as members come and go.
- Periodically reviewing the Board of Directors selection and appointment policy in relation to senior executives and making recommendations.
- Supervising the Company's activities when it comes to corporate social responsibility and submitting to the Board any proposals it deems appropriate here.

Activities during the year

As part of its ordinary remit, the committee discussed, scrutinised and took decisions or issued reports on the following matters: size and composition of the Board; assessment of suitability; appointments of directors, committee members and key function holders at the Company; verification of director categories; gender diversity; the policy for selecting directors, senior management and other key function holders; matters relating to diversity and sustainability and the corporate governance documentation to be submitted in relation to 2019, in accordance with article 15 of the Regulations of the Board of Directors.

In 2019, the committee supervised and controlled the sound operation of the Company's corporate governance system by monitoring the different succession plans in place (key positions on the Board and within the management team), while also proposing the creation of the Innovation, Technology and Digital Transformation Committee. To round off its activities in the year, the committee focused its attention on the self-evaluation of the Board (individual and collective); the evaluation of the Board's structure, size and composition; the evaluation of the functioning of the Board and its Committees; and the monitoring of the recommendations contained in the Good Governance Code of Listed Companies and the annual planning of director training.

Regulation (C.2.3)

There are no specific regulations for the Board committees. The organisation and functions of the Appointments Committee are detailed in the Regulations of the Board, which are available on the CaixaBank corporate website (www.caixabank.com), including matters relating to the composition and structure of the committee.

In accordance with the provisions of article 15.4 (vi) of the Regulations of the Board and prevailing legislation, the Appointments Committee approved its annual activity report at a meeting held in December 2019. This report includes a performance assessment in 2019 and is available on the corporate website.

REMUNERATION COMMITTEE

Name	Post	Category
María Amparo Moraleda Martínez	Chairman	Independent
Verónica Fisas Vergés	Member	Independent
Alejandro García-Bragado Dalmau	Member	Proprietary

% OF EXECUTIVE DIRECTORS
0.00

% OF PROPRIETARY DIRECTORS
33.33

% OF INDEPENDENT DIRECTORS
66.67

Brief description

Article 40 of the By-laws and article 15 of the Regulations of the Board of Directors describe the organisation and operation of the Remuneration Committee, which is also governed by applicable law and regulations.

Funtions. Organisation and operation

The Remuneration Committee comprises a number of non-executive directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members. All members must be non-executive and the majority must be independent. The committee's Chairman is appointed from among the independent directors who sit on the committee.

The Remuneration Committee is self-governing. It is required to elect a Chairman and may appoint a Secretary if it so wishes. If no secretary is appointed, the Secretary to the Board of Directors shall act as Secretary, or otherwise one of the Deputy Secretaries.

It meets as often as considered appropriate to ensure the sound performance of its duties. Meetings will be called by the committee's Chairman, either on his/her own initiative, or when requisitioned by two (2) or more committee members. It must also meet whenever the Board or its Chairman requests that a report be issued or a resolution carried.

The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means that provides acknowledgement of receipt.

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The Secretary of each committee is responsible for calling meetings and for filing the minutes and documents laid before the committee.

Minutes are taken of the resolutions carried at each meeting and are then reported to the Board and made available to all Board members via the Board's Secretary's Office. In the interests of privacy and confidentiality, minutes are not sent out or delivered unless the Chairman of the committee decides to do so.

Committee meetings will be quorate and validly convened with the attendance, in person or by proxy, of the majority of its members and resolutions are carried by a majority of members who attend in person or by proxy.

It draws up an annual report on its performance, highlighting the main incidents to have occurred when discharging its duties (if any). The findings contained in this report may be used as an input when evaluating the Board of Directors. Furthermore, if the committee deems it appropriate, it will include suggested improvements in the report.

Notwithstanding any other duties that the Board of Directors may ascribe to the committee, the Remuneration Committee has the following core remit:

- Drafting the resolutions related to remuneration and, particularly, reporting and proposing to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial, and without prejudice to the competences of the Appointments Committee in relation to any conditions that it has proposed not related to remuneration.
- Ensuring compliance with the remuneration policy for directors and Senior Managers and reporting on the basic terms set out in the contracts of those individuals and the compliance thereof.
- Reporting and preparing the general remuneration policy of the Company, particularly policies relating to the categories of staff whose professional activities have a significant impact on the Company's risk profile and also policies in place to prevent or manage conflicts of interest with the Company's customers.
- Analysing, formulating and periodically reviewing remuneration programmes, weighing their adequacy and performance and ensuring compliance.

Activities during the year

The committee analyses recurring issues such as annual remuneration, salary policy and remuneration systems and corporate governance.

The committee also discussed, scrutinised, and took decisions or issued reports on the following matters that fall within its core remit:

- The remuneration policy, system and amount of annual remuneration for directors and senior managers, and the individual remuneration and other contractual terms and conditions of executive directors and senior managers.
- Reporting and recommending basic terms of contract for senior managers.
- General Remuneration Policy. Remuneration Policy for the Identified Staff.
- Analysing, drawing up and reviewing remuneration programmes.
- Advising the Board to submit remuneration reports or policies to the General Shareholders' Meeting. Reports to the Board on proposals and motions to be laid before the General Shareholders' Meeting.

Regulation (C.2.3)

There are no specific regulations for the Board committees. The organisation and duties of the Remuneration Committee are set out in the Regulations of the Board of Directors, which are available on CaixaBank's corporate website (www.caixabank.com), including matters relating to the composition and structure of the committee.

In accordance with article 15.4 (vi) of the Regulations of the Board and prevailing legislation, the Remuneration Committee approved its annual activity report at a meeting held in December 2019. This report includes a performance assessment in 2019 and is available on the corporate website.

RISKS COMMITTEE

Name	Post	Category
Eduardo Javier Sanchiz Irazu	Chairman	Independent
Koro Usarraga Unsain	Member	Independent
Fundación CajaCanarias representada por Doña Natalia Aznárez Gómez	Member	Proprietary

% OF EXECUTIVE DIRECTORS
0.00

% OF PROPRIETARY DIRECTORS
33.33

% OF INDEPENDENT DIRECTORS
66.67

HEAD OF RISK MANAGEMENT

JORDI MONDÉJAR LÓPEZ
Director General de Riesgos
22 de noviembre de 2016 (1)

[1] Miembro del Comité de Dirección desde 10 de julio de 2014.

Brief description

Article 40 of the By-laws and article 14 of the Regulations of the Board of Directors describe the organisation and operation of the Risks Committee.

Funtions. Organisation and operation

The Risks Committee comprises exclusively non-executive directors, all possessing the relevant knowledge, expertise and experience to fully understand and control the Company's risk strategy and appetite, in the number determined by the Board of Directors, between a minimum of three (3) and a maximum of six (6) members and with a majority of independent directors.

The committee meets as often as needed to fulfil its duties, and is convened by the committee's Chairman, either at his/her own initiative or when requisitioned by the Chairman of the Board of Directors, or by two (2) members of the committee itself.

The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means that provides acknowledgement of receipt.

The Secretary is responsible for calling meetings and for filing the minutes and documents laid before the committee.

The committee will be validly convened when a majority of members are in attendance. Resolutions are carried by a majority of members physically in attendance or represented by proxy, and minutes are taken of the resolutions carried at each meeting. The minutes are then reported to the Board of Directors sitting in plenary and a copy sent out or delivered to all Board members.

The committee's Chairman reports to the Board on the activities and work performed by the committee, doing so at meetings specifically arranged for that purpose or at the immediately following meeting when the Chairman deems this necessary.

It draws up an annual report on its performance, highlighting the main incidents to have occurred when discharging its duties (if any). The findings contained in this report may be used as an input when evaluating the Board of Directors. Furthermore, if the committee deems it appropriate, it will include suggested improvements in the report.

The Entity shall ensure that the delegated Risks Committee is able to fully discharge its functions by having unhindered access to the information concerning the risk Entity's position and, if necessary, specialist outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance of persons from within the organisation whose work is related to its functions, and it may obtain all necessary advice for it to form an opinion on the matters that fall within its remit. All such requests are channelled through the Secretary to the Board of Directors.

Notwithstanding any other tasks that the Board of Directors may ascribe to the committee from time to time, the Risks Committee shall have the following core remit:

- Advising the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.

- Proposing to the Board the Group's risk policy.
- Working with the Board of Directors to determine the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establishing the information that the committee should receive.
- Regularly reviewing exposures with its main customers and business sectors, as well as broken down by geographic area and type of risk.
- Examine the information and control processes of the Group's risk as well as the information systems and indicators.
- Appraising and making decisions in relation to regulatory compliance risk within the scope of its remit, broadly meaning the risk management of legal or regulatory sanctions, financial loss, material or reputational damage that the Company could sustain as a result of non-compliance with laws, rules, regulations, standards and codes of conduct, detecting any and monitoring risk of non-compliance and examining possible deficiencies in the principles of professional conduct.
- Reporting on new products and services or significant changes to existing ones.

Activities during the year

As part of its ordinary remit, the committee discussed, scrutinised and reached decisions or issued reports on matters relating to Strategic Risk Processes (Risk Assessment and Risk Catalogue), the Risk Appetite Framework (RAF), the Recovery Plan, the Group's Risk Policy, the risk scorecard, the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), monitoring of regulatory compliance and the Global Risks Committee, among other matters.

Regulation (C.2.3)

There are no specific regulations for the Board committees. The organisation and functions of the Risks Committee are detailed in the Regulations of the Board, which are available on the CaixaBank corporate website (www.caixabank.com), including matters relating to the composition and structure of the committee.

In accordance with article 14.3 (e) of the Regulations of the Board of Directors and prevailing legislation, the Risks Committee approved the annual report on its operation at a meeting held in December 2019, which includes its performance assessment for 2019.

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COMISIÓN DE INNOVACIÓN, TECNOLOGÍA Y TRANSFORMACIÓN DIGITAL

Name	Post	Category
Jordi Gual Solé	Chairman	Proprietary
Gonzalo Gortázar Rotaeche	Member	Executive
María Amparo Moraleda Martínez	Member	Independent
Marcelino Armenter Vidal	Member	Proprietary
Cristina Garmendia Mendizábal	Member	Independent

% OF EXECUTIVE DIRECTORS
20

% OF PROPRIETARY DIRECTORS
40

% OF INDEPENDENT DIRECTORS
40

Funtions. Organisation and operation

The Innovation, Technology and Digital Transformation Committee will comprise a minimum of three (3) and a maximum of five (5) members.

The Chairman of the Board of Directors and the Chief Executive Officer will always sit on the committee. The other members are appointed by the Board of Directors, on the recommendation of the Appointments Committee, paying close attention to the knowledge and experience of candidates on those subjects that fall within the committee's remit, such as technology and innovation, information systems and cybersecurity.

The Chairman of the Board of Directors also chairs the Innovation, Technology and Digital Transformation Committee.

Meanwhile, the Secretary to the Board of Directors serves as Secretary of the Innovation, Technology and Digital Transformation Committee.

It meets as often as considered appropriate to ensure the sound performance of its duties. Meetings will be called by the committee's Chairman, either on his/her own initiative, or when requisitioned by two (2) or more committee members. It must also meet whenever the Board or its Chairman requests that a report be issued or a resolution carried.

The committee will be quorate and validly convened when the majority of its members attend in person or by proxy. Resolutions are carried by a majority of members physically in attendance or represented by proxy, and minutes are taken of the resolutions carried at each meeting. The minutes are then reported to the Board of Directors sitting in plenary and a copy sent out or delivered to all Board members.

Without prejudice to any other functions ascribed to it by the Board of Directors, the committee has the following core remit:

- Assisting the Board of Directors in identifying, monitoring and analysing new competitors, new business models, technological advances and main trends and initiatives relating to technological innovation, while studying those factors that make certain innovations more likely to succeed and increase their transformation capacity.
- Advising the Board of Directors on the implementation of the strategic plan in aspects relating to digital transformation and technological innovation (the digital strategy) and, in particular, reporting on plans and projects designed by CaixaBank in this field, as well as any new business models, products, customer relationships, and so on, that may be developed.
- Fostering a climate of debate and reflection to allow the Board of Directors to spot new business opportunities emerging from technological developments, as well as possible threats.
- Supporting the Board of Directors in analysing the impact of technological innovation on market structure, the provision of financial services and customer habits. Among others aspects, the committee shall analyse the potential disruption of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and matters relating to protection of privacy and data usage.
- Stimulating discussion and debate on the ethical and social implications deriving from the use of new technologies within the banking and insurance business.
- Supporting the Risks Committee, on the latter's request, in monitoring technological risks and matters relating to cybersecurity.

NUMBER OF FEMALE DIRECTORS WHO WERE MEMBERS OF BOARD COMMITTEES AT THE CLOSE OF THE PAST FOUR YEARS (C.2.2)

	2019	2018	2017	2016
Audit and Control Committee	1 (33.33%)	1 (25.00%)	1 (33.33%)	1 (33.33%)
Appointments Committee	1 (33.33%)	1 (33.33%)	2 (66.67%)	2 (66.67%)
Remuneration Committee	2 (66.67%)	1 (33.33%)	2 (66.67%)	1 (33.33%)
Risks Committee	2 (66.67%)	2 (40.00%)	1 (25.00%)	1 (25.00%)
Executive Committee	2 (33.33%)	2 (25.00%)	2 (25.00%)	1 (14.29%)
Innovation Committee	2 (40.00%)	-	-	-

With respect to the information on the participation of female directors on the Appointments Committee, the Remuneration Committee and the Risks Committee, it is important to note that up until 25 September 2014 there were just three committees attached to the Board of Directors, namely: the Appointments and Remuneration Committee, the Audit and Control Committee and the Executive Committee.

Thereafter, and pursuant to Act 10/2014 on the organisation, supervision and solvency of credit institutions, the CaixaBank Board of Directors resolved to change the Appointments and Remuneration Committee into an Appointments Committee, create a Remuneration Committee and a Risks Committee, and amend the Regulations of the Board of Directors accordingly to incorporate the provisions of the new Law and establish the duties of the new Board Committees. There are therefore a total of five Board committees, namely: the Appointments Committee, the Remuneration Committee, the Risks Committee, the Audit and Control Committee and the Executive Committee.

On 23 May 2019, the Board of Directors agreed to set up a new Innovation, Technology and Digital Transformation Committee. It also agreed that Amparo Moraleda, Cristina Garmendia and Marcelino Armenter would sit on that committee, in addition to the Chairman and Chief Executive Officer.

D. Related-Party And Intragroup Transactions

Procedure for approval of related-parties transactions (D.1)

The Board of Directors, as a plenary body, shall approve, subject to a report from the Audit and Control Committee, all transactions that the Company or companies in its group perform with directors, in accordance with the law, or when the authorisation of those transactions rests with the Board of Directors; with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented on the Board of Directors of the Company or group companies; or with persons related to them (Related-Party Transactions).

The operations that simultaneously meet the following three characteristics will be exempt from the need for this approval:

a. where they are governed by standard-form agreements applied on an across-the-board basis to a large amount of clients;

b. where they are carried out at generally-established prices or rates by whoever is acting as the administrator of the good or service in question; and

c. where the amount involved is no more than 1% of the Company's annual revenue.

Therefore, the Board of Directors or, in its absence, other duly authorised bodies or persons (for reasons of urgency, duly justified and in the scope of the authorisation conferred. In these cases the decision must then be ratified at the first Board meeting held following its approval) shall approve related-party transactions subject to a favourable report from the Audit and Control Committee. Any directors affected by the approval of these transactions shall abstain from the debate and voting on the transactions. V

On the subject of relations with significant shareholders who hold an equity interest of over 30%, Act 26/2013, on savings banks and banking foundations, imposes the obligation on banking foundations to approve a financial participation management protocol, governing, among other matters, the general rules and criteria for performing transactions between the banking foundation and the investee credit institution, as well as the mechanisms for preventing possible conflicts of interest. Accordingly, "la Caixa" Banking Foundation approved its Protocol for managing its ownership interest in CaixaBank.

Following the decision reached by the Governing Council of the European Central Bank on 26 September 2017, confirming that CriteriaCaixa no longer exercises control or dominant influence over CaixaBank and therefore does not belong to the same group, and as per the terms of the Management Protocol, "la Caixa" Banking Foundation, as parent of "la Caixa" Group, CriteriaCaixa, as a direct shareholder of CaixaBank, and CaixaBank, as a listed company, entered into a new Internal Relations Protocol on 22 February 2018 (available on the corporate website), which, among other matters, sets out the general rules and procedure for performing transactions or providing services at arm's length, and identifies the services that companies of "la Caixa" Banking Foundation Group provide or may provide to companies of the

CaixaBank Group, and, likewise, those that companies of the CaixaBank Group provide or may provide to companies of "la Caixa" Banking Foundation Group. The Protocol describes the situations and terms for approving transactions, which generally rests with the Board of Directors. In certain cases stipulated in Clause 3.4 of the Protocol, certain intragroup transactions will be subject to prior approval from CaixaBank's Board of Directors, which will rely on a preliminary report from the Audit Committee. The same rules will apply for all other signatories of the Protocol.

Significant transactions with CaixaBank's significant shareholders (D.2)

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
CRITERIA CAIXA, S.A.U.	CAIXABANK, S.A.	Corporate	Dividends and other profit distributed	239,254
CRITERIA CAIXA, S.A.U.	CAIXABANK, S.A.	Commercial	Other instruments that might entail a transfer of resources or obligations between the Company and the related party	846,070

Significant transactions with CaixaBank directors or managers (D.3)

There are no significant transactions, either because of their amount or subject matter, entered into between the Company or entities within its group and directors or managers of the Company.

Note 41 to the consolidated financial statements shows all the balances held with managers and directors in 2019.

Material transactions carried out with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities (and transactions conducted with entities established in tax havens) (D.4)

There are no material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

Nor are there any intragroup transactions conducted with entities established in countries or territories which are considered to be tax havens.

Note 41 to the consolidated financial statements shows the balances with CaixaBank Group associates and joint ventures in aggregate form as well as additional breakdowns for 2019.

Significant transactions with other related parties (D.5)

There are no further transactions beyond those carried out in the ordinary course of business and on an arm's length basis.

Note 41 to the consolidated financial statements shows all the balances held with managers and directors in 2019.

Mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders (D.6)

Directors and managers

Article 29 of the Regulations of the Board of Directors regulates the non-compete duty of company directors. This non-compete prohibition can only be waived if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption or waiver. Any director granted such a non-compete waiver by the General Meeting must abide by the terms and safeguards contained in the waiver resolution and must invariably abstain from taking part in discussions and voting on matters in which they are caught by a conflict of interest, all the foregoing in accordance with applicable law and regulations.

Article 30 of the Regulations imposes the general obligation on directors to take the necessary steps to avoid situations that could generate a conflict of interest between the Company and the directors or their related parties. Directors must invariably inform the Board of Directors of any situation that might entail, whether directly or indirectly, a conflict between them and their related parties and the Company. Any such situation will be disclosed in the notes to the financial statements.

Further, article 3 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 VII of the Regulation establishes the Company's Policy on Conflicts of Interest, while article 43 states the duties in place in the event of personal or family-related conflicts of interest among those subject to the policy, including to always act with freedom of judgement, with loyalty to CaixaBank, its shareholders and customers, to abstain from intervening in or influencing decisions that may affect people or companies with which there are conflicts of interest, and to inform Regulatory Compliance of any such incidents.

With a view to strengthening transparency and good governance at the Company, and in accordance with the Management Protocol for the Financial Participation of "la Caixa" Banking Foundation, "la Caixa" Banking Foundation (as parent of its group), CriteriaCaixa (as the direct shareholder of CaixaBank) and CaixaBank (as a listed company) entered into a new internal relations protocol, which is available on the Company's corporate website.

Significant shareholders

The new Protocol, currently in force, pursues the following main objectives: managing related-party transactions derived from the execution of transactions or the provision of services; establishing mechanisms in a bid to avoid conflicts of interest; granting a right of first refusal in favour of "la Caixa" Banking Foundation in the event that CaixaBank decides to sell Monte de Piedad; governing the basic principles of a potential collaboration between CaixaBank and "la Caixa" Banking Foundation on matters relating to CSR; regulating the proper flow of information so that "la Caixa" Banking Foundation, Criteria and CaixaBank may draw up their financial statements and comply with their regular reporting and supervisory obligations. The Protocol lays down the procedures to be followed by CaixaBank and "la Caixa" Banking Foundation with regard to, inter alia, conflicts of interest, their relationship with significant shareholders, related-party transactions and the use of inside information, pursuant to prevailing legislation at all times.

Listed Group companies in Spain (D.7)

In Spain, the Bank is the only listed company belonging to the CaixaBank Group.

E. Risk Management and Control Systems

This section contains the information required under heading E in the form of a references table, providing direct access to relevant information on each of the issues raised.

Circular 2/2018, of 12 June, of the Spanish National Securities Market Commission (CNMV)	Location
And risk management and control systems	
E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.	See section **3.2. Risk governance, management and control** of Note 3 to the AFS.
E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.	See section **3.2. Risk governance, management and control** - ***3.2.1 Governance and organisation*** in Note 3 to the CFS; section C.2. Committees attached to the Board of Directors explained in this document and the section on **Tax transparency** in the CMR.
E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.	See section **3.2. Risk governance, management and control** - ***3.2.2 Strategic risk management processes*** - Corporate Risk Catalogue described in Note 3 to the CFS and sections on Responsible and ethical behaviour, Risk Management and Transparency – **Tax transparency** in the CMR.
E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.	See section**3.2. Risk governance, management and control** - ***3.2.2 Strategic risk management processes*** - Risk Appetite Framework and ***3.2.3. Risk culture*** described in Note 3 to the CFS.
E.5 State which risks, including tax compliance risks, have materialised during the year.	See Performance, results and activity and Risk management – Main milestones in 2019 in the CMR; sections **3.3** to **3.17** (description of each risk of the Corporate Risk Catalogue) in Note 3 and section **23.3. Provisions for procedural matters and disputes for taxes outstanding** in Note 23 to the CFS.
E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.	See section ***3.2. Risk governance, management and control*** - ***3.2.4.*** **Internal control framework** and sections **3.3** to **3.17** (description of each risk in the Corporate Risk Catalogue) in Note 3 to the CFS, the section on ***Corporate governance*** (Code of Business Conduct and Ethics of CaixaBank), ***Responsible behaviour and ethics and Responsible practices and Tax transparency*** in the CMR.

CFS - Consolidated annual financial statements of the CaixaBank Group for 2019
CMR - Consolidated Management Report of the CaixaBank Group for 2019

F. Systems for Risk Management and Internal Control over financial reporting (ICFR)

Environment for internal control over financial reporting

Governance and bodies in charge

The CaixaBank **Board of Directors** has formally assumed responsibility for the existence of a suitable and effective ICFR system, and has delegated its design, implementation and functioning to the Bank's **Executive Division of Financial Accounting, Control and Capital.**

Article 40.3 of the CaixaBank Articles of Association establishes that the **Audit and Control Committee** is responsible for the following functions, inter alia:

- **Oversee the effectiveness of the Company's internal control,** the internal audit and risk management systems, and discuss any significant weakness in the internal control system detected during the audit with the accounts auditors.
- **Oversee the mandatory financial information preparation and presentation process.**

The **Audit and Control Committee** has taken on the role of overseeing the ICFR system. Its oversight activity seeks to ensure ICFR's continued effectiveness, gathering sufficient evidence of its correct design and operation.

The **Global Risk Committee** is responsible for knowing and analysing the most relevant events and changes in the policies and methodologies regarding the admission, monitoring, mitigation and management of impairment or incidents of all risks within the scope of monitoring and management (as well as the reliability of financial information, among others), approved by the corresponding committees, and for monitoring the impact on the Bank's different departments.

The **Risks Committee** is responsible for advising the Board of Directors on the global risk propensity, present and future, and its strategy, reporting on the framework of risk appetite, assisting in the surveillance of this strategy's application, ensuring that the Group's actions are consistent with the previously decided level of risk tolerance, and monitoring the level of suitability of the risks assumed with the established profile.

This allocation of responsibilities has been disseminated to the organisation through the **'Internal Control over Financial Reporting'** policy (hereinafter, ICFR Policy) and the related **Standard** (hereinafter, "ICFR Standard").

The **ICFR Policy** has been approved by the Board of Directors. It describes the most general aspects of ICFR such as the financial reporting to be covered, the applicable internal control model, policy supervision, custody and approval, etc.

For its part, the **ICFR Standard** has been approved by the Company's Management Committee. This establishes the **Function of Internal Control over Financial Reporting** (hereinafter, **ICFR**), responsible for:

- **Ensuring** that the practices and processes conducted by the Company to prepare the financial information **ensure its reliability** and compliance with applicable regulations.
- **Assessing whether the financial information** drawn up by the different companies of the CaixaBank Group **complies with the following principles:**
  - **i.** The transactions, facts and other events presented in the financial information exist and were recorded at the right time (existence and occurrence).
  - **ii.** The information includes all transactions, facts and other events in which the bank is the affected party (completeness).
  - **iii.** The transactions, facts and other events are recorded and measured in accordance with applicable standards (valuation).
  - **iv.** Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
  - **v.** The 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).

Both regulations allow for disseminating a common methodology in the Group. All CaixaBank Group entities that have an ICFR model act in a coordinated manner.

Following the takeover of BPI in 2017, a project was undertaken to standardise the methodology applied by BPI, leading to implementation of its own ICFR system in 2019.

Both the ICFR Policy and the ICFR Standard describe the **internal control model of the 3 lines of defence** applicable to the ICFR system, in line with regulatory guidelines and best practices in the industry:

>> INTERNAL CONTROL MODEL OF THE 3 LINES OF DEFENCE

First Line of Defence:

The **First Line of Defence** comprises the business units and their support functions, which are the risk-taking areas. They are responsible for developing and maintaining effective controls over their businesses, and for identifying, managing and measuring, controlling, mitigating and reporting the main risks regarding the Reliability of Financial Reporting.

Furthermore, they are responsible for the processes monitored by the ICFR Unit, helping to identify risks and controls and the formal establishment and descriptive documentation of the activities and controls which affect the generation of financial information.

Second Line of Defence:

The **Second Line of Defence** acts independently from the business units and support area, and performs risk identification, measurement, monitoring and reporting, establishes management policies and control procedures, and is responsible for reviewing application thereof by the First Line of Defence. The ICFR Function, which is focused on covering the risk in "Reliability of financial reporting", falls under this line.

Third Line of Defence:

The **Third Line of Defence,** which consists of the Internal Audit unit, is responsible for assessing the effectiveness and efficiency of risk management and the internal control systems, applying principles of independence and objectivity.

Organisational **Structure and Functions**

Review and approval of the organisational structure and lines of responsibility and authority are carried out by the CaixaBank **Board of Directors,** through the **Management Committee** and the **Appointments Committee.**

The **Organisation** area designs the organisational structure of CaixaBank and proposes to the Bank's governing bodies any suitable changes. Then, the **General Human Resources and Organisation Division** proposes the people to be appointed to carry out the duties defined.

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

The Bank operates a **"Policy on disclosure and verification of financial information"** approved by the Board of Directors, the main objectives of which are:

- Define the **scope of information to disclose** and criteria related to control and verification of financial information.
- Provide the Bank with a **reference framework** that allows management of the reliability risk of the financial information to be disclosed, standardising control and verification criteria.
- Define the **governance framework** to be followed both for information to disclose and for verification of documentation.

Under this Policy, verification of information to be disclosed is structured around three main points:

- **Suitability and quality of information.** That is, when information is disclosed, it meets the specifications in current regulations with respect to criteria, content and type of information to be disclosed, and it is also subject to a control environment that can provide a reasonable degree of assurance with regard to quality.
- Compliance with internal **governance** prior to disclosure of information.
- Compliance with **periodicity and disclosure deadlines.**

Annual review of compliance with the Policy is conducted on the basis of attestations (within the ICFR system) by the persons in charge of drawing up and/or reviewing the information and by means of direct review by the Divisions of Financial Internal Control, Structural Risks and Regulated Models, and Non-Financial Risks. The results are reported to the relevant Governance Bodies.

Code of Ethics and Principles of Action and other internal policies

Code of Ethics and Principles of Action

CaixaBank has a **Code of Ethics and Principles of Action,** which is the highest-level standard in the Bank's internal regulations hierarchy, approved by its Board of Directors. This establishes the values (leadership, trust and social commitment) and ethical principles behind its actions, which must govern the activity of all employees, executives and members of the Board of Directors. These principles are as follows: compliance with laws and regulations at all times, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.

As the Code establishes, CaixaBank undertakes to provide its customers with accurate, truthful and understandable information on its operations, the terms and conditions of products and services, and fees and procedures for filing claims and resolving incidents.

Moreover, CaixaBank provides shareholders and institutional investors with all relevant financial and corporate information in accordance with current regulations and in compliance with CaixaBank's information, communication and contact policy for shareholders, institutional investors and proxy firms.

The Code of Ethics is available on CaixaBank's website (www.caixabank.com).

Derived from the values and ethical principles stipulated in the Code of Ethics, CaixaBank has put in place **Standards of Conduct** regarding specific issues. Some of the most relevant aspects of this are:

Penal Compliance Corporate Policy

Approved by the Board of Directors, this lays out the **CaixaBank Penal Prevention Model.** Its objective is to prevent and avoid crimes within the organisation, following the stipulations of the Criminal Code, in relation to the criminal responsibility of the corporate person. Through this Policy, the Bank strengthens its model of organisation, prevention, management and control, which is designed according to the culture of compliance that articulates decision-making at all tiers of CaixaBank.

Anticorruption Policy

As a policy approved by the CaixaBank Board of Directors, the Anticorruption Policy is designed to prevent the Bank and its external collaborators, directly or through intermediaries, from engaging in conduct **that may be against the law** or the core principles of CaixaBank as set out in the Code of Ethics.

The Policy sets rules on accepting and giving gifts, travel and entertainment expenses, relations with political and government institutions, sponsorships, donations, and at-risk suppliers. Furthermore, it details the types of conduct, practices and activities that are prohibited, in order to avoid situations that could constitute extortion, bribery, facilitation payments or influence peddling.

General Conflict of Interest Corporate Policy - CaixaBank Group

Approved by the Board, this Policy sets out to furnish a global benchmark framework for CaixaBank Group companies, stating, in a standard harmonised way, the general principles and procedures of action to be taken to **address any real or potential conflicts of interest** arising in the course of their respective activities and services.

Internal Regulation on Market Conduct (RIC)

This Regulation, approved by the CaixaBank Board of Directors, is designed to adapt the actions of CaixaBank and companies of the CaixaBank Group, along with their boards of directors and management, employees and agents, to the **standards of conduct** contained in Regulation 596/2014 of the European Parliament, the Law on the Securities Market and its implementing regulations, which are applicable to **activities related to the securities market.** The overall purpose is to promote transparency in markets and to protect, at all times, the legitimate interests of investors.

All covered persons must understand, comply with, and enforce this Regulation and the current legislation of the securities market related to their specific area of activity. Other stakeholders may also access it on the CaixaBank website.

Telematic Code of Conduct

The Code is designed to set clear and transparent rules on the use of resources provided by CaixaBank to its employees in the context of the performance of their job duties; ensure the **proper use of the technical and IT resources** owned by CaixaBank as regards information security; raise employee awareness of the need for proper use of the communications network and improved distribution of collective resources; and raise awareness regarding the security of IT and communications equipment inside and outside the Bank's premises.

In addition to these rules, CaixaBank has a **range of internal policies and standards** of various kinds, covering the corresponding areas. In Compliance, policies can be classified into risk-related categories:

>> CATEGORÍAS DE POLÍTICAS SEGÚN TAXONOMÍA DE RIESGO

Customer **protection**	**Markets**	**Employee** activities	**Data protection,** privacy and regulatory reporting
Internal governance	**Money laundering and terrorist financing**	**Sanctions**	**AEOI initiatives** (tax compliance)

In particular, we should highlight an internal standard on Regulatory Compliance, which describes the content and scope of application of a range of internal regulations that must be adhered to by CaixaBank employees. This includes matters regarding confidential query and whistleblowing channels.

The **degree of internal dissemination of the Code of Ethics and Standards of Conduct** is universal. Specifically:

- All **new employees** are given a document setting out the Code of Ethics and the main Standards of Conduct. Once the content is explained, the employee declares that /she has read, understands and accepts each of the terms thereof, manifesting his/her acceptance and undertaking to adhere to them.
- In addition, in 2019 we continued to run training events for new CaixaBank employees at head office, including time devoted to compliance matters.
- As with the Code of Ethics, the Standards of Conduct are available on the corporate **Intranet.**

  Some Standards of Conduct are also available on the Bank's corporate website.
- **Training** is also carried out each year on the Code of Ethics and the Standards of Conduct, specifically through CaixaBank's own e-learning platform, which includes a final test. This guarantees continual monitoring of courses taken by the Bank's employees.

  As in previous years, a range of training courses were defined for 2019 for employees, which are mandatory and regulatory, i.e. they are linked to the receipt of variable remuneration.

  Among planned training, we highlight the course on **"Code of Ethics, Anticorruption Policy and Conflicts of Interest".** The course was designed to explain the key points of the Code of Ethics, the Anticorruption Policy and the Conflict of Interest Policy from the standpoint of employees.
- In parallel to all the above, and in response to the needs at any given time to continue working on the dissemination of CaixaBank values and principles, **notices and briefing notes** are sent out. For example, in the framework of complying with the Code of Ethics, there is an annual notice regarding Gifts.

Meanwhile, depending on the area where there has been a breach to the Code of Ethics and/or Code of Conduct, the body responsible for analysing it and proposing corrective actions and potential sanctions varies. These include:

- **Corporate Penal Risk Management Committee:** A high-level body with autonomous powers of initiative and control, with the capacity to raise consultations, request information, propose measures, begin investigations or carry out any process required in relation to crime prevention and managing the Penal Prevention Model. The Committee analyses conduct reported in complaints of potential criminal offences. If disciplinary measures are required as a result of the analysis conducted, it is transferred to CaixaBank's Incidents Committee.

  The Corporate Penal Risk Management Committee reports to the Global Risk Committee, and, if relevant, to the Risk Committee.

- The **RIC Committee:** A collegiate body that analyses potential breaches, and proposes corrective actions and sanctions. Likewise, any queries regarding the content of the RIC can be forwarded to the RIC Committee Secretary or the Corporate Regulatory Compliance Division, depending on the issue.

Whistleblowing channel for reporting financial irregularities

CaixaBank has put in place a range of **confidential whistleblowing channels** for communications relating to the matters within the scope of the Code of Ethics, the Anticorruption Policy, the Penal Risk Prevention Model, the Internal Rules of Conduct on matters relating to the Stock Market and any other internal CaixaBank policy or standard.

A **query** is understood as a confidential request by an employee for clarification of specific questions, as a result of the interpretation or application of the concepts laid forth in the policies and standards mentioned earlier.

A **complaint** is a confidential notification by an employee to make the Bank aware of a potential breach of those rules, policies or standards.

In 2019, the channels specified above have been for the **exclusive use of the Bank's employees.** If the queries/complaints are put forward by customers, they must be processed through the customer services channels established by CaixaBank, whether internal or official.

Queries and complaints are personal, and can only be put forward by the interested parties themselves, and not on behalf of a group or third party.

Access to such channels is internal. They are available on the Corporate Intranet. We should also highlight the significant effort of the organisation in disseminating and raising awareness of the channels, including in the **training courses** that detail the mandatory use of said channels when the circumstances arise. One example is the course on "Code of Ethics, Anticorruption Policy and Conflicts of Interest".

Queries received through these channels are received and managed by **Regulatory Compliance,** apart from those relating to the Code of Telematic Conduct, which are handled by **Security and Governance.** As for complaints, they are managed by Regulatory Compliance. Periodically, Regulatory Compliance reports to the Audit and Control Committee.

The channels have established a range of guarantees. These include:

- **Confidentiality:** It is expressly forbidden to disclose to third parties any kind of information concerning the content of queries or complaints. This information will only be known to the individuals directly involved in handling the case.

- **Protection of the reporting party's identity:** The identity of the individual reporting or communicating the possible breach will be protected, and in no event will it be revealed to the party being reported.

  Regulatory Compliance will provide the name of the reporting party to other departments or areas only when this information is strictly necessary in order to investigate the report, and in all such cases the prior consent of the reporting party will be sought.

- **Prohibition on reprisals:** CaixaBank expressly prohibits and does not tolerate reprisals against individuals reporting a possible breach of the Bank's rules of conduct or against those aiding/involved in the investigation, provided they have acted in good faith and played no part in the reported event. CaixaBank will take appropriate measures to ensure that complainants and persons submitting queries are protected.

- **Sharing of the same workplace:** If a complainant and the person complained of share the same workplace, the Bank will determine whether or not steps should be taken accordingly.

- **Incompatibilities:** In the event that any individual involved in reporting a possible breach through the confidential channels is related by kinship, marriage, or consanguinity to any person tasked with handling, investigating, or deciding on the case, the latter will be barred from taking part and will be replaced with a person not under his or her authority.

- **Rights of person reported:** The person reported must be informed of the complaint against him or her as soon as suitable checks have been made and a case file has been opened for processing.

CaixaBank will notify the person reported of the complaint and its subject matter within one month.

In 2019, a project was undertaken to introduce best practices for whistleblowing channel access and management: a **new channel for enquiries and whistleblowing.** CaixaBank regards the channel as a key element of **preventing and rectifying breaches** and detecting and preventing criminal conduct.

The key features of the new channel are:

- **New environment:** implementation of the new tool accessible internally and over the Internet, 24 hours a day, 365 days a year, using corporate and personal devices.

- **Wider scope of users:** in addition to employees, the channel will be open to Directors of the Bank, temporary staff, agents and suppliers.

- **Anonymous whistleblowing:** whistleblowers can use the channel in their own name or anonymously.

- **Processing partly outsourced:** to ensure that the entire process is transparent and effective, examination of complaints is partly outsourced to an independent expert.

The launch of the new query and whistleblowing channel is planned for the **first quarter of 2020.**

CaixaBank's DNA
Strategic lines
Non-financial information statement
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Training

CaixaBank and its subsidiaries provide an **ongoing training plan** on accounting and financial topics, tailored to the job positions and duties of employees involved in preparing and reviewing financial information.

In 2019, training focused on the following topics:

- Accounting
- Audit
- Internal Control
- Legal/Tax
- Risk Management
- Regulatory Compliance

These training actions were aimed mainly at the staff of the Financial Accounting, Control and Capital Division, the Audit, Control and Compliance Division, the Non-Performing Loans, Recoveries and Assets Division, and members of the Bank's senior management. An estimated 67,939 hours of this type of training was provided.

With respect to **ICFR** training, an **online training course** was launched in the last quarter of 2019. 39 employees Intervention and Accounting, Corporate Information and Control of Investees, Planning and Capital and Risks, among others, have been certified in addition to the 87 who were trained in 2018 and the 498 between 2013 and 2017.

This course is intended to raise awareness among all employees either directly or indirectly involved in preparing financial information of the importance of establishing mechanisms which guarantee the reliability of the same, as well as their duty to ensure compliance with applicable regulations. The course is structured in two blocks:

- The **first section** covers ICFR standards, with particular reference to the CNMV's guidelines issued in June 2010.
- **Next,** the **second section** covers the methodology established at the CaixaBank Group to ensure compliance with all prevailing ICFR regulatory requirements.

Financial Accounting, Control and Capital (FACC) also subscribes to various national and international accounting and financial publications, journals and websites. These are checked regularly to ensure that the bank takes into account any developments when preparing financial information. FACC is also a member of and attends meetings of international and domestic bodies and working parties that discuss matters relating to accounting standards and financial issues. Other areas of the Bank are also present in these forums.

In the framework of the **CaixaBank Strategic Plan for 2019-2021,** announced on 27 November 2018, a new strategic element is to 'Encourage an agile, collaborative culture focused on people'. During this period, talent and diversity will take centre stage by ensuring that talent can develop its potential through meritocracy, diversity and empowerment. The Bank will also define and deploy the best value proposition for employees – improving the employee experience – and focus on the key attributes of agility and collaboration.

As in 2018, professional development programmes and courses for the various business areas were drawn up in accordance with **business segmentation** and the profiles and skills of potential participants and the objectives set.

In 2015, the **Risks School** was set up, in collaboration with the Instituto de Estudios Bursátiles (IEB), the Universidad Pompeu Fabra (UPF) and the Universitat Oberta de Catalunya (UOC). The main purpose of this initiative is to support the training of critical professional skills and promote a decentralised management model so that employees increasingly have the necessary skills to approve lending transactions.

The Risks School has four different levels and training is adapted to the various profiles of CaixaBank employees according to their professional functions and requirements. It offers virtual content on the Virtaula corporate platform which is complemented with classroom-based sessions with internal training staff. The training is accredited by external experts from UPF.

In 2019, 196 employees were certified within the basic programme, 739 people completed the retail postgraduate diploma course, and 285 staff members were awarded the first business banking postgraduate diploma. A further 600 employees are currently in training. Over the coming years it is expected that all CaixaBank employees will receive training in the four levels offered by the Risks School.

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empleados certificados sobre el SCIIF

Another important initiative is CaixaBank's agreement with the Universidad Pompeu Fabra (UPF) Barcelona School of Management and the CISI (Chartered Institute for Securities & Investment) whereby both institutions **certify the training taken by the Bank's employees** with a single demanding exam, in accordance with European regulations on specialist training for bank employees. This training initiative is aimed at branch managers and Premier Banking managers as well as CaixaBank Private banking advisers, directors and centre managers and so that they are able to **offer customers the best possible service.** With this, CaixaBank is anticipating the prevailing EU regulations and is also the first Spanish financial institution to certify employee training with a post-graduate university diploma in Financial Advice. In 2019, 165 employees, comprising branch managers, Premier Banking managers and Private Banking staff, completed the **postgraduate diploma in financial advice** in a new form: trainees must first complete the financial reporting and advice postgraduate course (CIAF), explained below, and then move on to the remainder of the programme to obtain the full diploma. 493 employees are currently taking this course. In addition, 7,458 employees obtained the qualification in its previous format as a postgraduate diploma via a single examination.

In 2016, the Group signed an agreement with the UPF Barcelona School of Management to accredit employees with the **postgraduate course in financial reporting and advice** (CIAF). This course is shorter than the last one, but meets the MiFID II advisory requirements, and is taken by Commercial Assistant Managers, as well as employees in the Business Banking segment. In its two editions, finished in 2019, 1,578 employees were certified. Currently, 2,214 employees are taking new editions that will end in late 2019 or early 2020.

As to the new **training** required by the Bank of Spain on the new **Property Lending Contracts Act,** CaixaBank has created a training programme in partnership with UPF consisting of 53 teaching hours. In 2019, the course was passed by 9,842 employees, and a further 7,534 employees are currently in training. The course has a wider scope than employees directly facing customers, embracing staff involved in any process touching on this type of product.

In 2019, specific training was also provided to executives in the **Rethink management development programme,** in three areas: C1 programme for junior executives and C2 programme for senior executives, with broader scope and greater dedication, and programmes focused on strengthening specific skills. Talent identification and management programmes were also available.

In 2019, **training provided to Directors of the Bank** involved a tighter focus on managing banking risk and new technologies, alongside single-topic sessions for some Board committees.

This year, the Board of Directors discussed strategic issues regarding digitisation, business units and governance, and held an offsite event on banking risk and new technologies.

For their part, some of the Board committees held a range of **sessions and specific events** within their meetings to look at risk and solvency issues, as follows:

- Three joint single-topic sessions for the Audit and Control Committee and the Risks Committee, looking in detail at solvency issues (such as ICAAP, ILAAP and the CaixaBank Group's Recovery Plan) and key points relating to the Group's insurance business.

- Two work sessions run by the Audit and Control Committee to discuss **internal audit** topics, and a third session to provide training on the Group's **deferred tax assets.**

- A single-topic work session of the Risks Committee to provide members with training on **Credit Risk Models,** in addition to 15 single-topic presentations within the Risks Committee's agenda, with a special focus on catalogue risks.

Finally, in 2019 we provided 19 training sessions – with a total duration of 40 hours – to **newly appointed Directors,** so that they could acquire a clear understanding of the structure, business model, risk profile and internal governance of CaixaBank and its Group, with a special focus on the applicable regulatory framework. They were also given a file containing the key documents on the internal regulations of the Bank and the industry. Such training was in all cases internal, provided by Bank executives.

In addition, Financial Accounting, Control and Capital (FACC), the main area involved in the preparation of financial information, during 2019 provided training and classroom workshops on different topics that are relevant to the performance of their duties, mainly related to **developments in accounting standards,** and internal training sessions for sharing knowledge among different management teams.

Risk assessment in financial reporting

The **risk identification** process followed by the Company is as follows:

Determining the scope, including the selection of the financial information, relevant headings and entities of the Group generating it, using quantitative and qualitative criteria. In 2019, this activity was carried out at the beginning of the year using data at 31 December 2018 and revised in the second half using data at 30 June 2019.

Analysis and classification of key Group entities to determine the required standard of control for each entity.

Identification of the Group's material processes which are involved, directly or indirectly, in preparing financial information.

Identification of risks associated with each process and their mitigating controls.

Documentation of existing controls to mitigate identified risks.

Continual assessment of the effectiveness of ICFR.

Reporting to Governing Bodies.

As indicated in the ICFR Standard, the Bank has a methodology for **identifying processes, relevant areas and risks associated to financial reporting,** including error or fraud.

The ICFR Standard sets out the methodology to identify the key areas and significant processes associated with financial reporting relating to the identification of risks, based on:

- establishing specific guidelines for **responsibilities** and implementation and updating;
- establishing the **criteria** to be followed and **information sources** to be used in the identification process;
- establishing criteria to be followed to identify relevant **subsidiaries** with regard to ICFR.

The ICFR Function periodically, at least once a year, reviews all the risks within the ICFR scope and all control activities designed to mitigate these. This process is carried out in conjunction with all the areas involved. However, if, during the course of the year, unidentified circumstances arise that could affect the preparation of financial information, the ICFR function must evaluate the existence of risks in addition to those already identified.

Risks relate to potentially material errors (intentional or otherwise) in relation to financial reporting objectives, which must comply with the following principles:

- Transactions, facts and other events presented in the financial information in fact exist and were recorded at the right time (**existence and occurrence**).
- The information includes all transactions, facts and other events in which the Bank is an affected party (**completeness**).
- Transactions, facts, or other events are reported and measured in accordance with applicable standards (**measurement**).
- Transactions, facts and other events are classified, presented and disclosed in financial reporting in accordance with applicable standards (**presentation, disclosure and comparability**).
- Financial information shows, at the corresponding date, the rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (**rights and obligations**).

The risk identification process takes into account both routine transactions and less frequent transactions which are potentially more complex, as well as the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.). The Bank also has an analysis procedure in place implemented by the various business areas involved in corporate transactions and non-recurring or special transactions, with all accounting and financial impacts being studied and duly reported.

The impact of risks on the reliability of the reporting of financial information is analysed in each of the processes entailed in its preparation.

The governance and management bodies receive regular information on the main risks inherent in financial reporting, while the Audit and Control Committee monitors the generation, preparation and review of financial reporting via the Internal Audit function and the opinion of both External Audit and Supervisory Bodies.

CaixaBank's DNA
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

Procedures and activities for control over financial reporting

Procedures for **reviewing and authorising financial reporting**

The preparation and review of financial information is carried out by the **Executive Division of Financial Accounting, Control and Capital,** which requests collaboration from all Bank departments and companies of the Group, in order to get further details on any information that it deems necessary.

Financial reporting is a key element of the process of oversight and decision-making by the highest Governance and Management Bodies of the Bank. Therefore, the preparation and review of financial reporting must be based on **suitable human and technical resources** that enable the Bank to provide true, accurate and clear information about its business in accordance with prevailing laws and regulations.

In particular, the professional experience of the personnel involved in reviewing and authorising the financial information is of a suitable standard and all are appointed in the light of their **knowledge and experience in accounting, auditing or risk management.** Likewise, by establishing control mechanisms, the technical measures and IT systems ensure that the financial information is reliable and complete.

Financial reporting is monitored by the various hierarchical levels within Financial Accounting, Control and Capital and, where applicable, double checked with other areas of the Bank. Finally, the key financial information disclosed to the market is examined and, if applicable, approved by the highest-ranking governing bodies (the Board of Directors and the Audit and Control Committee) and the bank's management.

With regard to activities and control procedures directly related to transactions which may have a material impact on the financial statements, the Bank has in place a process whereby it **constantly reviews all documentation concerning the activities** carried out, any risks inherent in financial reporting and the controls needed to mitigate critical risks. This ensures that all documentation is complete and up to date.

In this respect, the following information is detailed in the **documentation on critical processes and control activities** of financial information:

- Associated **processes and subprocesses.**
- **Risks** of financial information along with their Financial Assertions and the possibility of Risk due to Fraud. In this respect, we highlight that the risks are specified according to risk categories and models that form part of the Bank's **Corporate Risk Catalogue,** produced by the Executive Division of Corporate Risk Management Function & Planning.
- **Control activities** implemented to mitigate risk, with these characteristics:

>> **Classification**
Key / Standard

>> **Automation**
Manual / Automatic / Semiautomatic

>> **Evidence**
Evidence/proof that the control is working correctly

>> **System**
IT applications or programmes used in the control activity

>> **Financial assertions**
existence and occurrence; completeness; valuation; presentation, disclosure and comparability; rights and obligations.

>> **Control executor**
Person responsible for implementing the control

>> **Purpose**
Preventive / Detective / Corrective

>> **Frequency**
How often the control is executed

>> **Certification**
According to the frequency of control, the period(s) in the year when certification is conducted

>> **COSO Component**
Type of control activity according to COSO classification *(Committee of Sponsoring Organisations of the Treadway Commission)*

>> **Person responsible for the control**
Person who ensures the control is executed correctly

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

To assess the effectiveness of existing controls, CaixaBank has an **internal bottom-up certification process of key controls.** The objective is to guarantee the reliability of financial reporting when made public to the market.

The persons responsible for each of the key controls submit attestations guaranteeing their **effective execution** during the period in question. The process is carried out at least quarterly although there are also ad-hoc non-standard attestations where controls of financial reporting are carried out during different periods.

The Financial Accounting, Control and Capital Executive Manager informs the **Management Committee** and the **Audit and Control Committee** of the outcome of this attestation process. This result is also passed on to the **Board of Directors.**

In 2019, the Bank conducted the **attestation process on a quarterly basis.** No material weaknesses were detected.

Attestations were also conducted at times other than standard quarter-ends for certain financial information to be made public to the markets. Again, no material weaknesses were detected.

Internal Audit performs supervisory functions, as described in section 5.

The preparation of the financial statements requires senior executives to make certain **judgements, estimates and assumptions** in order quantify assets, liabilities, income, expenses and obligations. 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 tested data and assumptions.

The procedures for reviewing and approving the judgements and estimates are outlined in the ICFR Policy and the ICFR Standard. The Board of Directors and the Management Committee are responsible for approving this information.

This year the Bank has addressed the following:

- The criterion to temporarily allocate income obtained from secondary activities provided to the profit and loss account.
- The measurement of goodwill and intangible assets.
- The term of the lease agreements and the discount rate used in the measurement of the lease liabilities.
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.
- Impairment losses on financial assets, and of the fair value of guarantees associated thereto, according to their classification in accounts, which entail the need to make judgements regarding: i) the consideration of 'a significant increase in credit risk' (SICR), ii) the definition of default; and iii) the incorporation of forward-looking information.
- The measurement of investments in joint ventures and associates.
- The determination of share of the profit or loss of investments in associates.
- The actuarial assumptions used to measure liabilities under insurance contracts.
- The classification, useful life of and impairment losses on property, plant and equipment and intangible assets.
- Impairment losses on non-current assets and disposal groups classified as held for sale.
- The actuarial assumptions used to measure post-employment liabilities and obligations.
- The measurement of the provisions required to cover labour, legal and tax contingencies.
- The income tax expense determined based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets.
- The fair value of certain financial assets and liabilities.

Procedures for **IT systems**

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 these are policies regarding:

Information Security Management System

CaixaBank has an **Information Security** Management System (ISMS) based on international best practices. This ISMS has obtained, and each year renews, ISO 27001:2013 certification by the British Standards Institution (BSI). This system defines, amongst other policies, those for accessing IT systems and the internal and external controls which ensure all of the policies defined are correctly applied.

Operational and business continuity

The Bank 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. This IT Contingency Plan has been designed and operates according to ISO 27031:2011. Ernst&Young has certified that the regulatory governance body for Technological Contingency at CaixaBank has been designed, developed and is operating in accordance with this regulation.

The British Standards Institution (BSI) has certified that CaixaBank's Business Continuity Management System is ISO 22301:2012 compliant. These certifications attest:

- CaixaBank management's commitment to business continuity and technological contingency.
- The existence of business continuity and technological contingency management best practices.
- A cyclical process based on continuous improvement.
- That CaixaBank has deployed and operates business continuity and technological contingency management systems which are compliant with international standards.

Which offer:

- **Assurance** to our customers, investors, employees and society in general that the Bank is able to respond to serious events that may affect business operations.
- **Compliance with the recommendations** of regulators, the Bank of Spain, MiFID and Basel III.
- **Advantages** in terms of the Bank's image and reputation.
- **Annual audits, both internal and external,** which ensure we keep our systems up to date.

Information technology (IT) governance

CaixaBank's information and technology (IT) governance model ensures that its **IT services are aligned with the Bank's business strategy** and comply with all regulatory, operational and business requirements. IT governance is an essential part of overall governance and encompasses organisational structures and guidelines to ensure that the IT services support and facilitate the fulfilment of strategic objectives. The Regulations on Information Technology (IT) Governance at CaixaBank is implemented on the basis of requirements specified in the standard 'ISO 38500:2008 - Corporate Governance of Information Technology', in accordance with the technical guide contained in the technical report 'ISO 38502:2014 - Governance of IT Governance - Framework and model'. The certification of the model was updated by Deloitte Advisory, S.L. in December 2018.

CaixaBank's IT services have been designed to meet the business' needs, guaranteeing the following:

- Segregation of duties;
- Change management;
- Incident management;
- IT quality management;
- Risk management; operational, reliability of financial reporting, etc.;
- Identification, definition and monitoring of indicators (scorecard);
- Existence of governance, management and monitoring committees;
- Regular reporting to management;
- Rigorous internal controls which include annual internal and external audits.

Procedures for overseeing the management of outsourced **activities and independent experts**

The CaixaBank Group has a **Cost, Budget Management and Purchasing Policy,** approved by the Management Committee on 18 June 2018, which defines the global reference framework for the companies of the Group, and details the general principles and procedures regarding the definition, management, execution and control of the budget for CaixaBank's operational and investment costs.

This policy is detailed in the **Group's internal regulations** which mainly regulate processes regarding:

Budget drafting and approval

Budget execution and demand management

Procurement and commissioning

Payment of invoices to suppliers

Most of the processes carried out between Group entities and suppliers are managed and recorded by programs which include all activities. The Efficiency Committee is responsible for ensuring that the budget is applied in accordance with internal regulations.

To ensure correct cost management, the CaixaBank Efficiency Committee has delegated duties to two committees:

- **Expenditure and Investments Committee (CGI):** reviews and ratifies all expenses and investment proposed by the various areas and subsidiaries in projects. It queries the need for and reasonableness of expenditure by means of a profitability and/or efficiency analysis from the standpoint of the Bank.
- **Purchasing Board:** oversees achieving maximum savings in contracting goods and services, encouraging equal opportunities among suppliers. The Bank's Code of Business Conduct and Ethics stipulates that assets must be purchased and services engaged objectively and transparently, avoiding situations that could affect the impartiality of the people involved. Hence all procurement must be based on at least 3 competing bids submitted by different suppliers. Purchases above a given threshold must be managed by the specialist team of buyers for the given category: IT, Professional Services, Marketing, Facilities or Building Works.

The CaixaBank Group has a **Suppliers' Portal** offering quick and easy communication between suppliers and Group companies. This channel allows suppliers to submit all the necessary documentation when bidding for contracts or processing their standard-approval for eligibility. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

CaixaBank has an **Outsourcing Policy** which establishes the methodological framework and criteria to take into account when outsourcing services. The policy determines the roles and responsibilities of each activity and states that all outsourcing must be assessed according to its criticality and risk, as well as defining various control and supervision levels according to its classification. The policy was updated in 2019 to bring it into line with the new regulatory framework.

The wording of the new policy on outsourcing governance, in conjunction with the second line of defence for non-financial risks, ensures:

- CaixaBank senior management's **commitment** to outsourcing governance.
- Compliance with outsourcing management initiative **best practices.**
- A cyclical process based on **continuous improvement.**

Formalisation of this Policy means:

- Our customers, investors, employees and other stakeholders **trust** in the decision-making and control process for outsourcing initiatives.
- **Compliance** with the recommendations of regulators, such as the Bank of Spain, MiFID and Basel III.
- **Advantages** in terms of the Bank's image and reputation.

CaixaBank has increased its control efforts even further, and ensures that future outsourcing does not represent a loss of supervision, analysis and enforcement capacities of the service or activity in question.

The following procedure is followed when there is a new outsourcing initiative:

- **Analysis** of the applicability of the outsourcing model to the supplier.
- Assessment of the **outsourcing decision** by measuring criticality, risks and the outsourcing model.
- **Approval** of the risk inherent in the initiative by a collegial internal body.
- **Engagement** of the supplier.
- **Transfer of service to** external supplier.
- **Oversight and monitoring** of the activity or service rendered.

All outsourced activities are subject to controls largely based on **performance indicators.** Each person in charge of an outsourced activity shall request that the supplier report all indicators and keep these up-to-date. These are then reviewed internally on a periodical basis.

In **2019,** valuation and calculation **services** commissioned from independent experts mainly concerned the following:

- Certain internal audit and technology services
- Certain financial consultancy and business intelligence services
- Certain marketing and various procurement services
- Certain IT and technology services
- Certain financial services
- Certain financial, fiscal and legal advisory services
- Certain processes related to Human Resources and various procurement services
- Certain processes related to Information Systems

Reporting and communications

Accounting policies

Sole responsibility for specifying and communicating the Group's accounting principles rests with the **Accounting Policies and Regulation Department,** which reports to Financial Accounting, Control and Capital (FACC).

Its responsibilities include **monitoring and analysing regulations** applicable to the Group, for their interpretation and subsequent application in financial reporting, uniformly across all companies that comprise the Group; it also **continually updates** accounting criteria applied for any new kind of contract or operation, or any regulatory change.

Furthermore, the Department **analyses and studies the accounting implications** of individual transactions, to anticipate impacts and ensure the correct accounting process is applied in the consolidated financial statements, and resolves any questions or conflicts surrounding accounting matters that are not included in a cost sheet, or where there are any doubts regarding their interpretation. At least monthly, accounting queries that have been concluded by the Department are shared with the rest of the Financial Accounting, Control and Capital Division, explaining the technical arguments that support them or the interpretations made, as well as issues currently being analysed.

In the **process for creating new products,** through participation in the Groups' Product Committee, the Department analyses the accounting implications of the products, on the basis of their characteristics, whereby this analysis leads to the creation or update of a cost sheet, detailing all the potential events which a contract or transaction may involve. In addition, the main characteristics of administrative operation, tax regulations and accounting criteria and standards are described. Additions and amendments to the accounting circuits are notified immediately to the Organisation and most can be consulted on the Entity's intranet.

This Department also participates in and supports the **Regulation Committee of the CaixaBank Group** regarding accounting regulations. In the event of any regulatory change that must be implemented in the Group, the Department communicates this in writing to the Departments or Group subsidiaries affected, and participates or leads the implementation projects for such changes wherever relevant.

These activities prompted the **drafting and ongoing maintenance of a manual on accounting policies,** which establishes the accounting standards, principles and criteria adopted by the Group. This manual guarantees the comparability and quality of the financial information of all companies of the Group, and is complemented by the queries received by the Department.

Communication with operation managers is permanent and fluid.

Additionally, the Policies and Regulation Department is responsible for developing **training activities** in the organisation's relevant business departments, on accounting news and notifications.

Mechanisms for financial reporting

CaixaBank has internally-developed IT tools that ensure the completeness and homogeneity of **financial information capturing and elaboration processes.** All of these applications have IT contingency mechanisms which guarantee that the data is held and can be accessed in any circumstances.

We should emphasise that the Company is currently undergoing a project to improve the **architecture of accounting information,** with a view to increase quality, completeness, immediacy and access to data provided by business applications. The various IT applications are gradually being including in the scope of the project which currently includes a very significant materiality of balances.

For the purposes of preparing **consolidated financial reporting,** both CaixaBank and the companies that comprise the Group use specialised tools to deploy data capture, analysis and preparation mechanisms with standard formats. The accounts plan, which is incorporated in the consolidation application, has been defined to comply with requirements of the various regulators.

With respect to the Systems used for **ICFR management,** the Company has the **SAP Governance, Risk and Compliance (SAP GRC)** tool in place, in order to guarantee its completeness, reflecting the existing risks and controls. The application also supports the Corporate Risk Catalogue and Operational Risk Indicators (KRIs), for which the Executive Corporate Risk Management Function & Planning Division is responsible.

Oversight of the operation of the system for internal control over financial reporting

Notwithstanding the risk management and control functions of the **Board of Directors,** the **Audit and Control Committee** is entrusted with overseeing the **process for preparing and submitting regulated financial information** and the effectiveness of the Bank's internal control and risk management systems and discussing with auditors any significant weaknesses in the internal control system identified during the course of the audit.

The duties and activities of the Audit and Control Committee include those related to overseeing the process for preparing and submitting financial information as described in section 1.1.

As part of its duty to oversee the process for preparing and submitting regulated financial information, the Audit and Control Committee carries out, inter alia, the following activities:

- **Review of the Annual Internal Audit Plan** and assessment of whether the Plan has sufficient scope to provide appropriate coverage for the main risks to which the Bank is exposed. Subsequently, the Annual Plan is laid before the Board of Directors.
- **Review and assessment of the conclusions** of the audits carried out and the impact on financial reporting, where applicable.
- **Ongoing monitoring** of corrective action, prioritising each one.

The Internal Audit function, represented by the Management Committee's Executive Division for Audit, is governed by the principles contained in the Internal Audit Regulations of the CaixaBank Group, approved by the CaixaBank Board of Directors.

CaixaBank's internal audit is an **independent and objective activity** for assurance and enquiry designed to add value and improve operational performance. Internal audit contributes to achieving the strategic objectives of the CaixaBank Group by providing a systematic and disciplined approach to evaluating and improving risk control and management processes and corporate governance. Its objective is to guarantee effective and efficient supervision of the internal control system through ongoing assessment of the organisation's risks and controls. In addition, the Internal Audit function supports the Audit and Control Committee in its supervisory role by submitting regular reports on the outcome of internal audit engagements.

Internal Audit has **auditors working in various audit teams** which specialise in reviewing the main risks to which the Bank is exposed. One of these teams is the Financial Audit, Investees and Regulatory Compliance Division where specialists oversee processes at Financial Accounting, Control and Capital, which is responsible for preparing the bank's financial and accounting information. The Annual Internal Audit Plan takes a multiyear approach to review the risks and controls in financial reporting for all auditing engagements where these risks are relevant.

In each review Internal Audit:

- **Identifies the necessary controls** to mitigate the risks inherent in the process under review.
- Analyses the **effectiveness and efficiency** of the existing controls on the basis of their design.
- Verifies that these **controls are applied.**
- **Reports** the findings of the review and issues an opinion on the control environment.
- **Recommends** corrective actions.

Internal Audit has developed a **specific work programme to review ICFR,** focusing on the scheduled review of relevant processes (transversal and business) defined by the Internal Control over Financial Reporting team, which is complemented by a review of existing controls in audits of other processes. Currently, this work programme is completed by reviewing proper attestation and evidence of effective execution of a sample of controls, selected according to ongoing audit indicators. Based on this, the Internal Audit function publishes an annual global report that includes an assessment of the performance of ICFR during the year.

The annual assessment of ICFR at 31/12/2019 focused on:

- Review of **application of the Reference Framework** defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV as a standard of best practices in this area.
- Verification of **application of the Internal Control over Financial Reporting Policy and Standard** to ensure that ICFR across the Group is suitable and effective.
- Assessment of the **internal bottom-up attestation of key controls.**
- Evaluation of the **specifications of the relevant processes, risks and controls** in financial reporting.

Furthermore, in 2019, Internal Audit carried out a range of reviews of the generation and presentation of financial information, focused on financial-accounting areas, corporate risk management, financial instruments, information systems, and the insurance business, among others.

The Audit and Control Committee and executive team will be informed of the results of the ICFR evaluation. The evaluation reports set out action plans specifying corrective measures and their criticality for mitigating risks in financial reporting, and deadlines for resolution.

The Bank has in place a **procedure for regular discussions with its statutory auditor.** Senior management is kept permanently informed of the conclusions reached during the review of the financial statements. The statutory auditor assists the Audit and Control Committee by reporting on the audit plan, the preliminary findings on publication of the financial statements and the final findings, as well as, if applicable, any weaknesses encountered in the internal control system, prior to authorisation for issue of the financial statements. Also, when reviewing the interim financial information, the Audit and Control Committee shall be informed of the work carried out and the conclusions reached.

In addition, and within its areas of activity, Internal Audit's reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analysed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them. **Internal Audit reports** are sent to senior management. The Audit and Control Committee receives a monthly report on the activities carried out by Internal Audit, with specific information on all significant weaknesses identified in the course of reviews during the reporting period.

Internal Audit **constantly oversees the fulfilment of recommendations,** focusing particularly on high-risk weaknesses, with regular reports. 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.

External auditor report

In accordance with the recommendation concerning the Auditor's Report included in the guidelines on the information relating to Internal Control over Financial Reporting in Listed Companies published by the National Securities Market Commission on its website, the auditor of the financial statements of CaixaBank has reviewed the information on internal control over financial reporting system. The final report concludes that, as a result of the procedures applied regarding information on ICFR, there are no relevant inconsistencies or incidents.

This report is attached as an Appendix to this Annual Corporate Governance Report.

G. Extent of compliance with Corporate Governance Recommendations

1

That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies [X] Explanation [ ]

2

That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:

a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies [ ] Complies partially [ ] Explanation [ ] Not applicable [X]

This recommendation is not deemed to be applicable to CaixaBank, since the bank is the only listed company within its group.

3

That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one of more of the recommendations of the Code of Corporate Code and, if so, the alternative rules that were followed instead.

Complies [X] Complies partially [ ] Explanation [ ]

4

That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisers that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

Complies [X] Complies partially [ ] Explanation [ ]

5

That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies [ ] Complies partially [X] Explanation [ ]

The Board of Directors, in its meeting dated 10 March 2016, agreed to propose at the Annual General Meeting on 28 April the ratification of an agreement to delegate powers in favour of the Board of Directors in order to issue bonds, preference shares and any other fixed income securities or instruments of a similar nature which are convertible into CaixaBank shares, or which directly or indirectly give the right to the subscription or acquisition of the company's shares, including warrants. The proposed delegation expressly included the power to disapply the pre-emptive subscription right of shareholders. This proposal was approved at the Annual General Meeting held on 28 April 2016.

The capital increases that the Board of Directors may approve under this authorisation to carry out the conversion of shares in whose issuance the pre-emptive subscription right has been disapplied are not subject to the maximum limit of 20% of the share capital that the Annual General Meeting of 23 April 2015 unanimously agreed for any capital increases that the Board of Directors may approve (the legal limit of 50% of the capital at the time of the approval does apply).

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies, and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, and Spanish Act 11/2015 of 18 June on the recovery and resolution of credit institutions and investment services companies, anticipate the need for credit entities to provide, in certain proportions, different instruments in the composition of their regulatory capital so that they can be considered suitably capitalised. Therefore, different capital categories are contemplated that must be covered by specific instruments. Despite the Company'sCompany's adequate capital situation, it was deemed necessary to adopt an agreement that allows instruments to be issued that may be convertible in certain cases. To the extent that the issuance of these instruments implies the need to have an authorised capital that, at the time of its issuance, covers a possible convertibility and in order to provide the company with greater flexibility, it was deemed suitable for the capital increases that the Board approves to be carried out under the delegation agreement in this report in order to address the conversion of shares in whose issuance the pre-emptive subscription right has been excluded, not being subject to the maximum limit of 20% of the capital which is applicable to all other capital increases that the Board is authorised to approve.

6

That listed companies which draft the reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

a) Report regarding the auditor's independence.

b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

c) Report by the audit committee regarding related-party transactions.

d) Report on the corporate social responsibility policy.

Complies ☒ Complies partially ☐ Explanation ☐

7

That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Cumple ☒ Explique ☐

8

That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meeting which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies ☒ Complies partially ☐ Explanation ☐

9

That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies ☒ Complies partially ☐ Explanation ☐

10

That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

a) Immediately distributes the additions items and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies ☐ Complies partially ☒ Explanation ☐ Not applicable ☐

With regard to section c), the Board agrees that there are different presumptions about the direction of the vote for proposals submitted by shareholders and those submitted by the Board (as established in the Regulations of the Company's General Meeting), opting for the presumption of a vote in favour of agreements proposed by the Board of Directors (because the shareholders absent for the vote have had the opportunity to record their absence so their vote is not counted and they can also vote early in another direction through the mechanisms established for that purpose) and for the presumption of a vote against agreements proposed by shareholders (since there is a probability that the new proposals will deal with agreements that are contradictory to the proposals submitted by the Board of Directors and it is impossible to attribute opposite directions for their votes to the same shareholder. Additionally, shareholders who were absent have not had the opportunity to assess and vote early on the proposal).

Although this practice does not reflect the wording of Recommendation 10, it does better achieve the final objective of Principle 7 of the Good Governance Code which makes express reference to the Corporate Governance Principles of the OECD, which outline that the procedures used in Shareholders' Meetings must ensure the transparency of the count and the adequate registration of votes, especially in situations of voting battles, new items on the agenda and alternative proposals, because it is a measure of transparency and a guarantee of consistency when exercising voting rights.

11

That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Complies ☒ Complies partially ☐ Explanation ☐ Not applicable ☐

12

That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies ☒ Complies partially ☐ Explanation ☐

CaixaBank's DNA
Strategic lines
Non-financial information statement
Glossary
Independent Verification Report
Annual Corporate Governance Report for 2019

13

That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies ☐ Explanation ☒

At 31 December 2019, the Board of Directors comprised a total of 16 members.

In line with best corporate governance practices, the General Shareholders' Meeting held on 5 April 2019 resolved to reduce the number of Board members by two (2), thus bringing the total number of Board members to sixteen (16). This number is within the limits stipulated in the by-laws and is close to the recommendation contained in the Code of Good Governance (that Boards should have between five and fifteen members). Meanwhile, and given its status as a credit institution, CaixaBank has six (6) Board committees, four (4) of which are compulsory and two (2) voluntary. The most recent of these were set up in 2019. It is therefore believed that the Board's current composition is suited to its current workload.

It should also be noted that the Board's current size and composition is justified by the need to incorporate a certain number of independent directors and also to comply with the shareholders' agreement stemming from the merger with Banca Cívica, which will remain in force until August 2020.

With all this in mind, the Board is believed to have the right number of members to ensure its maximum effectiveness and involvement of directors, with a wide range of opinions.

14

That the Board of Directors approves a selection policy for directors that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies ☒ Complies partially ☐ Explanation ☐

15

That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive.

Complies [X] Complies partially [ ] Explanation [ ]

16

That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies [X] Explanation [ ]

17

That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [X] Explanation [ ]

18

That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies [X] Complies partially [ ] Explanation [ ]

19

That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

20

That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

21

That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation [ ]

22

That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explanation [ ]

23

That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

24

That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

25

That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies [X] Complies partially [ ] Explanation [ ]

26

That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies [X] Complies partially [ ] Explanation [ ]

According to the provisions of Article 7.2 of the Regulations of the Board of Directors, the Chairman is vested with ordinary powers to draw up the agenda for such meetings and steer discussions and deliberations.

However, any director may request that further items be included on the agenda.

27

That irector absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies [ ] Complies partially [X] Explanation [ ]

To help prevent unavoidable absences leading to de facto changes in the balance of the Board of Directors, the law allows directors to grant a proxy upon a fellow director (for non-executive directors, the proxy must be granted to a fellow non-executive director), as set out in Principle 14 of the Good Governance Code and in the corporate By-laws (article 37) and the Regulations of the Board of Directors (article 17), which states that directors must personally attend Board meetings. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to a fellow Board member, including the appropriate instructions therein. Non-executive directors may only delegate a proxy to a fellow non-executive director, while independent directors may only delegate to a fellow independent director.

It should also be noted that CaixaBank's Corporate Governance Policy states that in relation to the duty of directors to attend Board meetings, and in the event of their unavoidable absence, directors shall endeavour to grant their proxy in writing, and separately for each meeting, to a fellow Board member. Every attempt must be made to ensure that each and every director attends at least 80% of Board meetings. As such, proxies are a comparative rarity at CaixaBank.

The Board of Directors considers, as good corporate governance practice, that when directors are unable to attend meetings, proxies are not generally delegated with specific instructions. This does not amend, de facto, the balance of the Board given that delegations may only be made by non-executive directors to other non-executive directors, and independent directors may only delegate to other independent directors, while directors are always required to defend the company's corporate interest regardless of their director status.

Moreover, and reflecting the freedom of each director who may also delegate with the appropriate instructions as suggested in the Board's Regulations, the decision to delegate without instructions represents each director's freedom to consider what provides most value to their proxy, and they may finally decide on the grounds that they want to give their proxy freedom to adapt to the result of the Board meeting debate. This, in addition, is in line with the law on the powers of the Chairman of the Board of Directors, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all directors, safeguarding their right to adopt any position or stance they see fit.

Therefore, the freedom to appoint proxies with or without specific instructions, at the discretion of each director, is considered good practice and, specifically, the absence of instructions is seen as facilitating the proxy's ability to adapt to the content of the debate.

28

That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies ☒ Complies partially ☐ Explanation ☐ Not applicable ☐

29

That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies ☒ Complies partially ☐ Explanation ☐

30

That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies ☒ Complies partially ☐ Explanation ☐

31

That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies ☒ Complies partially ☐ Explanation ☐

32

That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ Complies partially ☐ Explanation ☐

33

That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [X] Complies partially [ ] Explanation [ ]

34

That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

35

That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies [X] Explanation [ ]

36

That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.

d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explanation [ ]

37

That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

38

That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

39

That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Complies [X] Complies partially [ ] Explanation [ ]

40

That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [X] Complies partially [ ] Explanation [ ]

41

That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

42

That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.

b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.

b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [X] Complies partially [ ] Explanation [ ]

43

That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Complies partially [ ] Explanation [ ]

44

That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

45

That the risk management and control policy identify, as a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.

b) Fixing of the level of risk the company considers acceptable.

c) Means identified in order to minimise identified risks in the event they transpire.

d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies [X] Complies partially [ ] Explanation [ ]

46

That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Complies partially [ ] Explanation [ ]

47

That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Complies partially [ ] Explanation [ ]

48

That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies [X] Complies partially [ ] Explanation [ ]

49

That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Complies partially [ ] Explanation [ ]

50

That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [X] Complies partially [ ] Explanation [ ]

51

That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Complies partially [ ] Explanation [ ]

52

That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

53

That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:

a) Verification of compliance with internal codes of conduct and the company's corporate governance rules

b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.

c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.

d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.

e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.

f) Supervision and evaluation of the way relations with various stakeholders are handled.

g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.

h) Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.

Complies [X] Complies partially [ ] Explanation [ ]

54

That the corporate social responsibility policy include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:

a) The objectives of the corporate social responsibility policy and the development of tools to support it.

b) Corporate strategy related to sustainability, the natural environment and social issues.

c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.

d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.

e) Means of supervising non-financial risk, ethics, and business conduct.

f) Communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X] Complies partially [ ] Explanation [ ]

55

That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Complies [X] Complies partially [ ] Explanation [ ]

56

That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies [X] Explanation [ ]

57

That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The foregoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies [X] Complies partially [ ] Explanation [ ]

58

That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are llinked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the bench-marks used for evaluation are not comprised of one-off, seldom occu-rring or extraordinary events.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

59

That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

60

That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

61

That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

62

That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The foregoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies [ ] Complies partially [ ] Explanation [X] Not applicable [ ]

The prohibition on directors transferring ownership of a number of shares equivalent to two times their fixed annual remuneration within three years of acquiring those shares is not applied as such at CaixaBank. There is no provision governing this matter, although executive directors (who are the only directors entitled to receive share-based remuneration) are expressly prohibited from transferring shares received under their remuneration package, no matter the amount, until 12 months have elapsed from receiving them.

The purpose established in Principle 25 that director remuneration be conducive to achieving business objectives and the company's best interests is also achieved through the existence of malus and clawback clauses, and via the remuneration structure for executive directors, whose remuneration in shares (corresponding to half their variable remuneration and in relation to long-term incentive plans) is not only subject to a lock-up period but is also deferred. Moreover, this variable remuneration constitutes a limited part of their total remuneration, thus complying fully with the prudential principles of not providing incentives for risk-taking while being suitably aligned with the Company's objectives and its sustainable growth.

The Annual General Meeting of 6 April 2017 approved the Remuneration Policy for the Board of Directors, extending the deferral period from three to five years applicable from 2018 onward (this change was made to comply with the EBA Guidelines on sound remuneration policies). The policy was maintained in the Amendments to the Remuneration Policy of the Board of Directors approved at the Annual General Meetings of 6 April 2018 and 5 April 2019. Meanwhile, the long-term incentive plans were ratified at the Annual General Meetings held on 23 April 2015 and 5 April 2019.

63

That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

64

That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

H. Further information of interest

Ethical principles or good practices to which CaixaBank adheres:

INTERNATIONAL

» Body responsible for promoting the principles of the United Nations. CaixaBank has held the presidency since 2012.

» Promotes sustainable finance and the integration of environmental and social aspects in the business (2018).

» Defines the role and responsibilities of the financial sector to guarantee a sustainable future (2019).

» The pension plan management company, VidaCaixa (2009), the management company of Group assets, CaixaBank Asset Management (2016) and BPI Gestão de Activos (2019), are signatories.

» Pursues achievement of the ODS goals through the promotion of impact investments. CaixaBank Asset Management holds the presidency of the Spanish National Board (2019).

» Promotes microfinances as a tool to fight against social and financial exclusion in Europe via self-employment and the creation of micro-businesses.

» Entity that represents savings banks and retail banking in Europe. CaixaBank teams participate in several committees.

» Public commitment to ensure that its policies promote gender equality (2013).

» Principles that promote integrity in the green and social bonds market (2015).

» Iniciativa del Financial Stability Board que promueve la divulgación de las exposiciones climáticas de las empresas (2018).

» Initiative that fosters the dialogue with worldwide companies that have the highest levels of greenhouse gas emissions (2018).

» Commitment to ESG* risk assessment in project financing of over 7 million euros (2007).

» Global and collaborative initiative of companies committed to using 100% renewable energy (2016).

» CaixaBank is the first European bank to become a member of this United Nations body responsible for promoting responsible, sustainable and universally accessible tourism (2019).

DOMESTIC

Partnership with the "la Caixa", the first Social Action Project in Spain and one of the largest foundations of the world.

Commitment to foster, promote and spread new CSR ideas (2008).

Chair to promote innovation and sustainability in the agrobusiness industry (2016).

Monitors compliance with ODS by Spanish companies (2017). Created by "la Caixa " in collaboration with the Democratic Leadership and Governance Chair of ESADE (2017).

Company that represents to the savings banks in Spain. CaixaBank teams participate in several committees.

Promotes economic growth linked to a low-carbon economy through public-private partnerships, of which CaixaBank is a founding partner (2016).

These intend to ensure that enough private capital is allocated to sustainable investors. Subscribed to the United Nations' European network of centres for sustainability (2019).

Promotes the commitment of companies to improve society by acting responsibly. CaixaBank is on the Board of Trustees and the Advisory Board (2011).

Promotes the integration of social, environmental and governance issues in the management of companies (2010).

Defends the CSR and the fight against corruption of Spanish companies (2019).

Signatory to the Financial Education Plan promoted by the Bank of Spain and the Spanish Securities Market Regulator (CNMV), whose objective to improve society's knowledge of financial affairs (2010).

Spanish association of Social Responsibility professionals. CaixaBank is a member of the Board (2011).

Collaboration agreement to develop concrete proposals that aid the financing and full implementation of Smart City proposals: more inclusive and sustainable cities, both as regards society as a whole and the entire planet (2019).

RECOGNITION BY THE MAIN SUSTAINABILITY INDEXES AND RATING AGENCIES

	(0-100)	(CCC-AAA)	(0-100)	(1-5)	(D-/A+)	(D-/A)	
2019	81	A	74	3,8	C	A-	Robust
2018	79	A	74	4	C	A-	Robust
	Only 25 banks are included worldwide		Outperformer		Prime	Leadership	

CaixaBank is also a signatory to the UN Women's Empowerment Principles (since 2014); the United Nations Global Compact (since 2012); the Diversity Charter (since 2011); "Más mujeres, mejores empresas ("More women, better companies") (renewed in 2019); "EJE&CON" (since February 2019); and the Generation and Talent Observatory (since 2016). Since 2015, CaixaBank has been compliant with and committed to the Code of Good Tax Practices drawn up within the framework of the Large Companies Forum in collaboration with the Spanish tax authorities. Furthermore, CaixaBank, through its London branch, has voluntarily subscribed to the Code of Practice on Taxation for Banks, organised and enforced by the tax authorities of the United Kingdom.

CaixaBank has been adhered to the programme of voluntary agreements to reduce greenhouse gas emissions since 2009. It also actively takes part in the carbon footprint and offsetting registry kept by the Spanish Ministry for the ecological transition and the demographic challenge and has voluntarily pledged to monitor its emissions and roll out measures to further reduce its footprint, beyond its minimum legal obligations.

CaixaBank also adheres to the OECD Guidelines for Multinational Enterprises, which foster sustainable and responsible business conduct.

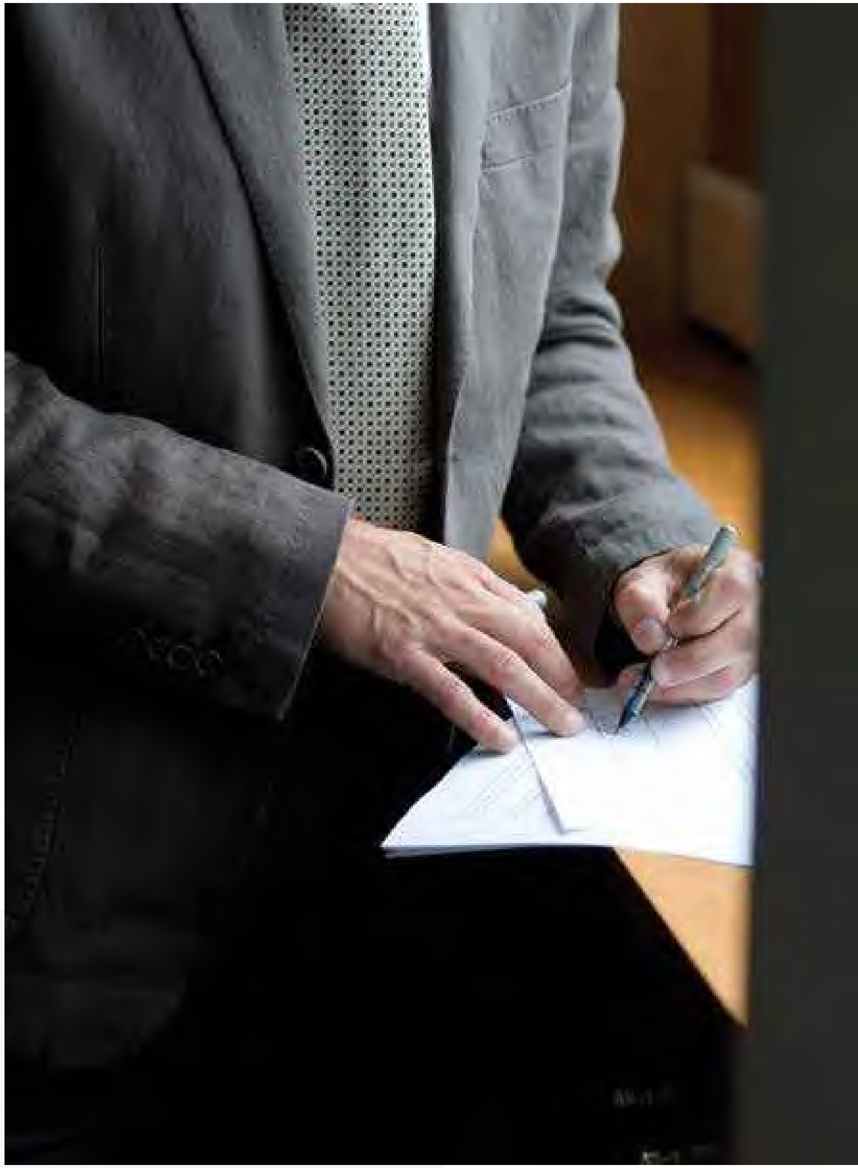
Last but not least, in 2015 CaixaBank signed the Code of Good Practices of the Spanish Government for the viable restructuring of mortgage debts on primary residences, which aims to protect families at risk of exclusion.

This annual corporate governance report was authorised for issue by the company's Board of Directors at a meeting held on:

20/02/2020

State if any directors have voted against or abstained from approving this report.

Yes ☐ No ☒



The English version is a translation of the original in Spanish and is provided for information purposes only. In case of discrepancy, the original version in Spanish shall prevail.

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Auditor's report on "Information regarding the Internal Control System over Financial Reporting (ICSFR)" of CaixaBank, S.A. for the 2019 financial year

To the Board of Directors of CaixaBank, S.A.,

In accordance with the request of the Board of Directors of CaixaBank, S.A. ("the Company") and our engagement letter dated 8 November 2019, we have applied certain procedures in respect of the attached "Information regarding the Internal Control System over Financial Reporting" ("ICSFR"), included in Annual Corporate Governance Report in section "*F. Internal control and risk management systems in relation to the process of issuing financial information (ICSFR)*" of CaixaBank, S.A. for the 2019 financial year, which includes a summary of the Company's internal control procedures relating to its annual financial information.

The Board of Directors is responsible for adopting the necessary measures to reasonably ensure the implementation, maintenance and supervision of an appropriate internal control system, and for developing improvements to that system and preparing and establishing the content of the accompanying Information regarding the ICSFR.

In this regard, it should be borne in mind that, regardless of the quality of the design and operating efficiency of the internal control system used by the Company in relation to its annual financial information, only a reasonable, but not absolute, degree of assurance may be obtained in relation to the objectives it seeks to achieve, due to the limitations inherent in any internal control system.

In the course of our audit work on the consolidated annual accounts and in accordance with Spanish Auditing Standards, the sole purpose of our evaluation of the Company's internal control system is to enable us to establish the scope, nature and timing of our audit procedures in respect of the Company's annual accounts. Accordingly, our internal control evaluation, performed for the purposes of our audit, is not sufficient in scope to enable us to issue a specific opinion on the effectiveness of such internal control over the regulated annual financial information.

For the purposes of the present report, we have exclusively applied the specific procedures described below, as indicated in the "*Guidelines concerning the auditor's Report on the Information regarding the Internal Control System over Financial Reporting for listed entities*" published by the National Securities Market Commission (hereinafter NSMC) on its web site, which sets out the work to be performed, the scope of such work and the content of this report. In view of the fact that, in any event, the scope of the work resulting from these procedures is reduced and substantially less than the scope of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, its design or operational efficiency, in relation to the Company's annual financial information for the 2019 financial year described in the accompanying Information regarding the ICSFR. Had we applied additional procedures to those determined by the aforementioned Guidelines, or had we performed an audit or review of the internal control system in relation to the regulated annual financial information, other matters could have come to light in respect of which you would have been informed.

In addition, provided that this special work neither constitutes an account audit it is not even submitted to the Law of Account audit, we do not express an opinion of audit in the terms foreseen in the mentioned regulation.

PricewaterhouseCoopers Auditores, S.L., Pº de la Alameda, 35 Bis, 46023 Valencia, España
Tel.: +34 963 036 900 / +34 902 021 111, Fax: +34 963 036 901, www.pwc.es

The procedures applied were as follows:

1. Reading and understanding the information prepared by the Company in relation to the ICSFR – as disclosed in the Directors' Report – and the evaluation of whether such information includes all the information required as per the minimum content set out in Section F regarding the description of the ICSFR, in the model of the Annual Corporate Governance Report, as established in Circular nº 5/2013 of the NSMC, dated June 12, 2013, as modified by Circular nº 7/2015 of the NSMC dated December 22, 2015 and in Circular nº 2/2018 of the NSMC dated June 12, 2018.

2. Making enquiries of personnel in charge of preparing the information mentioned in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that enables us to assess whether the terminology used is in line with the framework of reference; (iii) obtain information as to whether the control procedures described have been implemented and are functioning in the Company.

3. Review of supporting documentation explaining the information described in point 1 above and which mainly comprises the information made directly available to the persons responsible for preparing the information on the ICSFR. Such documentation includes reports prepared by the internal audit function, senior management and other internal and external specialists in support of the functions of the Audit and Control Committee.

4. Comparison of the information described in point 1 above with our knowledge of the Company´s ICSFR, obtained by means of the application of the procedures performed within the framework of the audit engagement on the consolidated annual accounts.

5. Reading the minutes of meetings of the Board of Directors, Audit and Control Committee and other committees of the Company, for the purposes of evaluating the consistency between the matters dealt with therein in relation to the ICSFR and the information described in point 1 above.

6. Obtaining a representation letter concerning the work performed, duly signed by the persons responsible for the preparation and drafting of the information mentioned in point 1 above.

As a result of the procedures applied in relation to the Information regarding the ICSFR, no inconsistencies or incidents have been identified which could affect such information.

This report has been prepared exclusively within the framework of the requirements of article 540 of the revised Spanish Companies Act and Circular nº 5/2013 of the NSMC, dated June 12, 2013, as modified by Circular nº 7/2015 of the NSMC, dated December 22, 2015 and by Circular nº 2/2018 of the NSMC dated June 12, 2018, for the purposes of describing the ICSFR in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ramón Aznar Pascua

21 February, 2020

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

ISSUER IDENTIFICATION

Year-end date: 31/12/2019

Tax Identification No. [C.I.F.]: A-08663619

Company Name:

CAIXABANK, S.A.

Registered Office:

CL. PINTOR SOROLLA N.2-4 (VALENCIA)

A. OWNERSHIP STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last amendment	Share capital (Euros)	Number of shares	Number of voting rights
14/12/2016	5,981,438,031.00	5,981,438,03	5,981,438,031

Please state whether there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of the shareholder	% voting rights attributed to shares		% voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
INVESCO LIMITED	0.00	2.02	0.00	0.00	2.02
BLACKROCK, INC	0.00	3.00	0.00	0.07	3.07
LA CAIXA BANKING FOUNDATION	0.00	40.00	0.00	0.00	40.00

Breakdown of the indirect holding:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial assets	total % of voting rights
INVESCO LIMITED	INVESCO ASSET MANAGEMENT LIMITED	1.95	0.00	1.95
INVESCO LIMITED	INVESCO ADVISER, INC	0.01	0.00	0.01
INVESCO LIMITED	INVESCO MANAGEMENT, S.A.	0.05	0.00	0.05
BLACKROCK, INC	OTHER CONTROLLED ENTITIES	3.00	0.07	3.07

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial assets	total % of voting rights
	BLACKROCK, INC GROUP			
LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, SAU	40.00	0.00	40.00
INVESCO LIMITED	INVESCO CAPITAL MANAGEMENT LLC	0.00	0.00	0.00

A.3. In the following tables, list the members of the Board of Directors with voting rights in the company:

Name of the director	% of voting rights attributed to shares		% of voting rights through financial assets		total % of voting rights	% voting rights that can be transmitted through financial assets	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
IGNACIO GARRALDA RUIZ DE VELASCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSÉ SERNA MASIÁ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KORO USARRAGA UNSAIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EDUARDO JAVIER SANCHIZ IRAZU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MARÍA VERÓNICA FISAS VERGÉS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOMÁS MUNIESA ARANTEGUI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ALEJANDRO GARCÍA-BRAGADO DALMAU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JORDI GUAL SOLÉ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FRANCESC XAVIER VIVES TORRENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Name of the director	% of voting rights attributed to shares		% of voting rights through financial assets		total % of voting rights	% voting rights that can be transmitted through financial assets	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MARÍA AMPARO MORALEDA MARTÍNEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GONZALO GORTÁZAR ROTAECHE	0.02	0.00	0.00	0.00	0.02	0.00	0.00
CAJA CANARIAS FOUNDATION	0.64	0.00	0.00	0.00	0.64	0.00	0.00
JOHN S. REED	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MARÍA TERESA BASSONS BONCOMPTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MARCELINO ARMENTER VIDAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CRISTINA GARMENDIA MENDIZÁBAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	0.67

Breakdown of the indirect holding:

Name of the director	Name or company name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial assets	% of total voting rights	% rights of vote that can be transmitted through financial assets
JOSÉ SERNA MASIÁ	MARÍA SOLEDAD GARCÍA CONDE ANGOSO	0.00	0.00	0.00	0.00

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociededades de Capital ("Corporate Enterprises Act or "LSC"). If so, describe these agreements and list the party shareholders:

[√] Yes
[ ] No

Shareholders bound by agreement	Percentage of affected shares	Brief description of the agreement	Maturity date of the agreement, if there is one
CAJA NAVARRA BANKING FOUNDATION, CAJACANARIAS FOUNDATION AND CAJA DE BURGOS FOUNDATION, LA CAIXA BANKING FOUNDATION	40.63	After the merger by takeover of Banca Cívica by CaixaBank, the shareholders: "la Caixa" Banking Foundation, and Caja Navarre (currently Caja Navarra Banking Foundation), Cajasol (currently Cajasol Foundation), CajaCanarias (currently CajaCanarias Foundation) and Caja de Burgos (currently Caja de Burgos Banking Foundation), ("the Foundations", hereinafter) entered into a Shareholders' Agreement on 1 August 2012 in order to regulate relations between the Foundations and "la Caixa" Banking Foundation, as CaixaBank shareholders, and their reciprocal duties to cooperate, including their relationship with CaixaBank. For further information, please see the section titled Shareholders' Agreement of the free-format Annual Corporate Governance Report.	The agreement will expire on 3 August 2020.

State whether the company is aware of any concerted actions among its Shareholders. If so, provide a brief description:

[ ] Yes
[√] No

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

[ ] Yes
[√] No

A.9. Complete the following tables with details of the company's treasury shares:

At the close of the year:

Number of shares held directly	Number of shares held indirectly(*)	& of total share capital
2,705,936	423,157	0.05

(*) through:

Name or corporate name of direct shareholder	Number of direct shares
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS	19,528
MICROBANK	5,635
BANCO BPI, S.A.	393,716
CAIXABANK PAYMENT & CONSUMER	4,278
Total	423,157

A.11. Estimated working capital:

	%
Estimated working capital	54.16

A.14. State if the company has issued shares which are not traded on an EU regulated market.

[ ] Yes
[√] No

B. GENERAL SHAREHOLDERS' MEETING

B.4. Give details of attendance at General Shareholders’ Meetings held during the year of this report and the two previous years:

Date of General Shareholders' Meeting	Attendance details				
	% attending in person	% present by proxy	% Distance voting: Electronic voting	% Distance voting: Other	Total
06/04/2017	42.54	24.43	0.03	1.25	68.25
Of which, working capital	1.89	17.12	0.03	1.25	20.29
06/04/2018	41.48	23.27	0.03	0.23	65.01
Of which, working capital	3.78	19.57	0.03	0.23	23.61
05/04/2019	43.67	20.00	0.09	1.86	65.62
Of which, working capital	3.02	15.96	0.09	1.86	20.93

B.5. State whether any point on the agenda of the General Shareholders’ Meetings during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. State whether the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders’ Meetings, or on distance voting:

[√] Yes
[ ] No

Number of shares required to attend General Shareholders' Meetings	1,000
Number of shares required for distance voting	1

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	22
Minimum number of directors	12
Number of directors set by the general meeting	16

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

Name of the director	Representative	Category of the director	Position on the board	Date first appointed to Board	Last re-election date	Method of selection to Board
IGNACIO GARRALDA RUIZ DE VELASCO		Proprietary	DIRECTOR	06/04/2017	06/04/2017	AGM RESOLUTION
JOSÉ SERNA MASIÁ		Proprietary	DIRECTOR	30/06/2016	06/04/2017	AGM RESOLUTION
KORO USARRAGA UNSAIN		Independent	DIRECTOR	30/06/2016	06/04/2017	AGM RESOLUTION
MR. EDUARDO JAVIER SANCHIZ IRAZU		Independent	DIRECTOR	21/09/2017	06/04/2018	AGM RESOLUTION
MARÍA VERÓNICA FISAS VERGÉS		Independent	DIRECTOR	25/02/2016	04/28/2016	AGM RESOLUTION
TOMÁS MUNIESA ARANTEGUI		Proprietary	DEPUTY CHAIRMAN	01/01/2018	06/04/2018	AGM RESOLUTION

Name of the director	Representative	Category of the director	Position on the board	Date first appointed to Board	Last re-election date	Method of selection to Board
ALEJANDRO GARCÍA-BRAGADO DALMAU		Proprietary	DIRECTOR	01/01/2017	06/04/2017	AGM RESOLUTION
JORDI GUAL SOLÉ		Proprietary	CHAIRMAN	30/06/2016	06/04/2017	AGM RESOLUTION
FRANCESC XAVIER VIVES TORRENTS		Independent	INDEPENDENT COORDINATING DIRECTOR	06/05/2008	23/04/2015	AGM RESOLUTION
MARÍA AMPARO MORALEDA MARTÍNEZ		Independent	DIRECTOR	24/04/2014	05/04/2019	AGM RESOLUTION
GONZALO GORTÁZAR ROTAECHE		Executive	CHIEF EXECUTIVE OFFICER	30/06/2014	05/04/2019	AGM RESOLUTION
CAJA CANARIAS FOUNDATION	NATALIA AZNÁREZ GÓMEZ	Proprietary	DIRECTOR	23/02/2017	06/04/2017	AGM RESOLUTION
JOHN S. REED		Independent	DIRECTOR	11/03/2011	05/04/2019	AGM RESOLUTION
MARÍA TERESA BASSONS BONCOMPTE		Proprietary	DIRECTOR	06/26/2012	05/04/2019	AGM RESOLUTION
CRISTINA GARMENDIA MENDIZÁBAL		Independent	DIRECTOR	05/04/2019	05/04/2019	AGM RESOLUTION
MARCELINO ARMENTER VIDAL		Proprietary	DIRECTOR	05/04/2019	05/04/2019	AGM RESOLUTION

Total number of directors	16

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of the director	Director category at the time of termination	Date of last appointment	Date director left	Specialised committees of which s/he was a member	State whether the withdrawal took place before the end of the mandate
ALAIN MINC	Independent	24/04/2014	05/04/2019	Audit and Control Committee. Appointments Committee.	NO
JUAN ROSELL LASTORTRAS	Independent	24/04/2014	05/04/2019	Remuneration Committee.	NO
ANTONIO SÁINZ DE VICUÑA Y BARROSO	Independent	24/04/2014	05/04/2019	Risks Committee Executive Committee	NO
JAVIER IBARZ ALEGRÍA	Proprietary	06/26/2012	05/04/2019	Executive Committee.	NO

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

EXECUTIVE DIRECTORS		
Name or held profile of the director	Position in the company of the company	Social
GONZALO GORTAZAR ROTAECHE	Chief Executive Officer	Gonzalo Gortázar, born in Madrid in 1965, is CEO of CaixaBank since June 2014. Graduated in Law and in Sciences Business studies by the Comillas Pontifical University (ICADE) and Master's degree in Business Administration with distinction for INSEAD. He is currently Chairman of VidaCaixa and a director at Banco BPI. He was Managing Director of Finances of CaixaBank until his appointment as CEO in June 2014. He was previously Chief Executive Officer of Criteria CaixaCorp between 2009 and June 2011. From 1993 to 2009 he worked in Morgan Stanley in London and in Madrid, where he held several positions in the Investment Banking división, leading the Financial Institutions Group in Europe until the middle of 2009, when he began his work with Criteria. Previously, he held several positions in Bank of America, in Corporate and Investment Banking. He has been First Deputy Chairman of Repsol and Director of the Ibursa Financial Group, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Total number of executive directors	1
Percentage of Board	6.25

PROPRIETARY DIRECTORS		
Name of the director	Name or corporate name of the significant shareholder represented or proposing appointment	Profile
IGNACIO GARRALDA RUIZ DE	MUTUA MADRILEÑA AUTOMOVILISTA SOCIEDAD DE SEGUROS A PRIMA FIJA	Ignacio Garralda Ruiz de Velasco, born in Madrid in 1951, has been a director at CaixaBank since 2017. He holds a degree in law from the Complutense University of Madrid. He has been a notary public on leave of absence since 1989. He began his professional career as Notary for Commercial Matters, from 1976 to 1982, the year in which he became a Licensed Stock Broker of the Ilustre Colegio de Agentes de Cambio y Bolsa de Madrid until 1989. He was a founding member of AB Asesores Bursátiles, S.A, where he was Vice-Chairman until 2001, Vice-Chairman of Morgan Stanley Dean Witter, SV, S.A. from 1999 to 2001 and Chairman of Bancoval, S.A. from 1994 to 1996. Between 1991 and 2009 he was on the Board of the Governing Body of the Madrid Stock Exchange. He is currently Chairman and CEO of Mutua Madrileña Automovilista. He has been a board member since 2002 and a member of the Executive Committee since 2004. He presently serves as its Chairman and also chairs the Investments Committee. He is First Deputy Chairman of Spanish Stock Exchanges and Markets (BME), member of the Board of Directors of Endesa S.A. and has been Chairman of its Audit Committee since 2016. He is also Chairman of Fundación Mutua Madrileña and sits on the Board of Trustees of Fundación Princesa de Asturias, of Museo Reina Sofía, of Pro Real Academia Española and of the Drug Addiction Help Foundation.
JOSÉ SERNA MASIÁ	LA CAIXA BANKING	José Serna Masiá (Albacete, 1942) has been a member of CaixaBank's Board of Directors since July 2016. He graduated in Law at the Complutense University of Madrid in 1964, and began his career in legal counselling with Butano, S.A. (1969/70). In 1971 he became a State Attorney, providing services at the State Attorney's Office for Salamanca and at the Ministries for Education and Science and Finance. He then joined the Adversary Proceedings Department of the State at the Audiencia Territorial de Madrid (now the Tribunal Superior de Justicia - High Court of Justice), before taking leave of absence in 1983. From 1983 to 1987 he was legal counsel to the Madrid Stock Exchange. In 1987, he became a stockbroker at Barcelona Stock Exchange and was appointed secretary of its Governing Body. He took part in the stock market reform of 1988 as Chairman of the company that developed the new Barcelona Stock Exchange and also as a member of the Advisory Committee to the recently created Comisión Nacional del Mercado de Valores,

Name of the director	Name or corporate name of the significant shareholder represented or proposing	Profile
		of the Spanish Securities Market Commission. In 1989, he was elected Chairman of the Barcelona Stock Exchange, a role that he held for two consecutive terms until 1993. From 1991 to 1992, he was Chairman of the Spanish Sociedad de Bolsas (Stock Exchange Company), which groups the four Spanish stock exchanges together, and Deputy Chairman of the Spanish Financial Futures Market, in Barcelona. He was also Deputy Chairman of the Barcelona Centro Financiero Foundation and of Sociedad de Valores y Bolsa Interdealers, S.A. In 1994, he became a stockbroker and member of the Association of Chartered Trade Brokers of Barcelona. He was on the Board of Directors of ENDESA from 2000 to 2007. He was also a member of the Control and Auditing Committee, chairing it from 2006 to 2007. He was also a director of the companies ENDESA Diversificación and ENDESA Europa. He worked as a notary in Barcelona from 2000 through to 2013.
TOMÁS MUNIESA ARANTEGUI	LA CAIXA BANKING FOUNDATION	Tomás Muniesa, born in Barcelona in 1952; he has been the Vice-chairman of CaixaBank since April 2018. He holds a degree in Business Studies and a Master of Business Administration from the ESADE Business School. He joined 'La Caixa' in 1976, and was appointed Assistant Managing Director in 1992. In 2011, he was appointed Managing Director of CaixaBank's Insurance and Asset Management Group, where he remained until November 2018. He was the Executive Vice-chairman and CEO of VidaCaixa from 1997 to November 2018. He currently holds the positions of Vice-chairman of CaixaBank, VidaCaixa and SegurCaixa Adeslas. He is also a member of the Trust of the ESADE Foundation and Director of Allianz Portugal. Previously, he was Chairman of MEFF (Managing Company of Derivatives), Deputy Chairman of BME (Spanish Stock Exchanges and Markets), Second Deputy Chairman of UNESPA, Board Member and Chairman of the Audit Committee of the Insurance Compensation Consortium, Board Member of Vithas S.L. and Alternate Board Member of the Inbursa Financial Group in Mexico.
ALEJANDRO GARCÍA-BRAGADO DALMAU	LA CAIXA BANKING FOUNDATION	Born in Girona in 1949, he has sat on CaixaBank's Board of Directors since January 2017. He graduated in law from the University of Barcelona. After becoming a State Attorney in 1974 he first worked in Castellón de la Plana before moving to Barcelona in late 1975. In 1984 he requested an extended leave of absence to become the Barcelona Stock Exchange’s legal advisor and in 1989, once the stock exchange became a company, was appointed Secretary to the Board of Directors while continuing to practice law. In 1994 he left the Barcelona Stock Exchange to concentrate on his legal profession and to provide legal advice to ”la Caixa”. In 1995 he was appointed Deputy Secretary to the Board of Directors

PROPRIETARY DIRECTORS		
Name of the director	Name or corporate name of the significant shareholder represented or proposing appointment	Profile
		in 1995 and then Secretary in 2003. He was appointed Deputy Manager in 2004 and Executive Manager in 2005. He served as Deputy Chairman and Deputy Secretary to the Board of Trustees of Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona ”la Caixa” from June 2014 through to December 2016. At CaixaBank, he was Secretary (non-director) of the Board of Directors from May 2009 to December 2016, and General Secretary from July 2011 through to May 2014. He was also Secretary to the Board of Directors of La Maquinista Terrestre y Marítima, SA; Intelhorce; Hilaturas Gossipyum; Abertis Infraestructuras, SA; Inmobiliaria Colonial, SA; and Sociedad General de Aguas de Barcelona, SA. He served on the Board of Gas Natural SDG, S.A. from September 2016 up to May 2018. He has been First Vice Chairman at CriteriaCaixa since June 2014 and has sat on the Board of Directors of Saba Infraestructuras since September 2018.
JORDI GUAL SOLÉ	LA CAIXA BANKING FOUNDATION	Jordi Gual, born in Lleida in 1957. He has been CaixaBank's Chairman since 2016. He holds a PhD in Economics (1987) from the University of California at Berkeley and is a professor of Economics at the IESE Business School and a Research Fellow at the Centre for Economic Policy Research (CEPR) in London. He currently sits on the Board of Directors of Telefónica and on the Supervisory Board at Erste Group Bank. He is Chairman of FEDEA and Vice Chairman of Círculo de Economía and of Fundación Cotec para la Innovación, while also sitting on the Boards of Trustees of Fundación CEDE, Real Instituto Elcano and Fundación Barcelona Mobile World Capital. Prior to his appointment as Chairman of CaixaBank, he was the Chief Economist and Head of Strategic Planning and Research for CaixaBank and Director General of Planning and Strategic Development for CriteriaCaixa. He joined the “la Caixa” group in 2005. He has been a member of the Board of Directors of Repsol and served as an Economics Advisor for the European Commission's Directorate-General for Economic and Financial Affairs in Brussels and as a Visiting Professor at the University of California at Berkeley, the Université Libre de Bruxelles and the Barcelona Graduate School of Economics. Jordi Gual's work on banking, European integration, regulation and competition policy has been widely published. In 2019 he was awarded the Gold Badge by the Spanish Institute of Financial Analysts, having previously received the research prize from the European Investment Bank in 1999 and the special award as part of his degree in economic and business sciences back in 1979. He was also a Fullbright Scholar.

PROPRIETARY DIRECTORS		
Name of the director	Name or corporate name of the significant shareholder represented or proposing appointment	Profile
CAJA CANARIAS	SIGNATORY FOUNDATIONS OF THE SHAREHOLDE	Natalia Aznárez Gómez, born in Santa Cruz de Tenerife in 1964, has represented Fundación CajaCanarias on CaixaBank's Board of Directors since February 2017. She holds a degree in Business and Commercial Management from Universidad de Málaga and Diploma in Business (specialising in accounting and finance) from Universidad de La Laguna. She has taught accounting and finances at Universidad de La Laguna. She began her career by collaborating with the General Management of REA METAL WINDOWS, to launch the distribution of their products in Spain. In 1990, she joined the CajaCanarias marketing department. In 1993 she headed the Individuals Segment at CajaCanarias, being involved in the development of financial products and the launching of campaigns, the development and implementation of CRM, a Personal and Private Banking service. Following, she became Director of the Marketing Area. In 2008, she was appointed as Deputy Director of CajaCanarias, in charge of human resource management for the entity and, in 2010, she was appointed as Vice General Director of CajaCanarias. After Banca Cívica acquired all the assets and liabilities of CajaCanarias, Ms Aznárez Gómez became General Manager at CajaCanarias as the financial institution indirectly carrying out the financial activity. Following the entity's transformation into a banking foundation, she served as General Manager until 30 June 2016. She has actively served on several committees in the savings bank sector, including the executive committee of the Savings Bank Association for Labour Relations (Asociación de Cajas de Ahorros Para Relaciones Laborales, ACARL), the Euro6000 Marketing Committee, and the marketing committee and the human resources committee of the Spanish Confederation of Savings Banks (Confederación Española de Cajas de Ahorros, CECA). She has also held several positions at foundations. She is currently chair of the CajaCanarias employee pension plan control committee, vice-chair of the Cristino de Vera Foundation, secretary of the CajaCanarias Business Learning and Development Foundation, and director of the CajaCanarias Foundation.
MARÍA TERESA BASSONS BONCOMPTE	LA CAIXA BANKING	Maria Teresa Bassons Boncompte was born in Cervelló in 1957. She has been a member of the CaixaBank Board of Directors since June 2012. She graduated with a Bachelor Degree in Pharmacy from the University of Barcelona (1980) and she is a Specialist in Hospital Pharmacy. She also holds a pharmacy licence. She was a member of the Barcelona Chamber of Commerce's Executive Committee from 2002 to May 2019, and the Chair of its Enterprise Commission for the Health Sector. She has also been Deputy Chairwoman of the Col'legi Officer of Farmacèutics of Barcelona (1997-2004) and General Secretary for the Consell de Col'legis

PROPRIETARY DIRECTORS		
Name of the director	Name or corporate name of the significant shareholder represented or proposing appointment	Profile
		of Farmacèutics de Catalunya (2004-2008). She is a member of the Board of Directors of Bassline, S.L. and has been an Administrator of TERBAS XXI, S.L. and a member of the Board of Laboratorios Ordesa since January 2018, as well as a member of the Oncolliga Scientific Committee. She was a member of the Board of Directors of Criteria CaixaHolding from July 2011 to May 2012, a board member of Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from April 2005 to June 2014, Trustee of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from June 2014 to June 2016 and a member of the Consultative Committee of Caixa Capital Risc until June 2018. She has also been a member of the Advisory Council on Smoking of the Health Department of the Catalan Government (1997-2006) and of the Advisory Committee on Bioethics of the Catalan Government (2005-2008) and director of the INFARMA Conference and Exhibition at the Fira in Barcelona in the 1995 and 1997 events, and director of the publications "Circular Farmacéutica" and "l'Informatiu del COFB" for twelve years. In 2008 she was awarded the Medal of Professional Merit by the General Council of Pharmacists in Spain. In June 2018 she was named Academician of the Catalan Royal Academy of Pharmacy.
MARCELINO ARMENTER VIDAL	LA CAIXA BANKING	Marcelino Armenter Vidal was born in Las Palmas de Gran Canaria in 1957. He has been a member of the CaixaBank Board of Directors since June 2019. He holds a Bachelor's degree and a Master's degree in Business Administration and Management from ESADE Business School. His current roles are CEO and member of the Executive Committee of Criteria Caixa, S.A.U. He has held both of these posts since March 2019. Other positions he currently holds are: Director of Naturgy Energy Group, S.A. since September 2016, Chairman of Mediterranea Beach & Golf Community, S.A.U. since February 2017 and CEO since September 2017, Director of Inmo CriteriaCaixa, S.A.U. since October 2017, CEO of the management company Caixa Capital Risc, S.G.E.I.C., S.A. since February 2002 and Executive Deputy Chairman since October 2018, and Director of Saba Infrastructures, S.A. since September 2018. He began his career at Arthur Andersen, before joining Hidroeléctrica de Cataluña. He has worked with "la Caixa" since 1985 holding various positions and responsibilities. From 1985 until 1988 he was the Director of Internal Audit and Control of the Caixa Group. From 1988 to 1995 he was the Manager of the Investee Area. From 1995 to 2001 he held the role of Chief Executive Officer of Banco Herrero. From 2001 to 2007 he was the Chief Executive Officer of Caixa Holding. From 2007 to 2011 he held the post of Assistant Chief Executive Officer of "la Caixa". From 2011 to 2013, he was Managing Director of

PROPRIETARY DIRECTORS		
Name of the director	Name or corporate name of the significant shareholder represented or proposing appointment	Profile
		CaixaBank Risks. From 2013 up to the end of March 2019 he was Chief Executive Officer of Criteria Caixa, S.A.U. and from 2017 up to the end of November 2019 was a Director of the Inbursa Financial Group.

Total number of proprietary directors	8
Percentage of Board	50.00

INDEPENDENT DIRECTORS	
Name of the director	Profiel
KORO USARRAGA UNSAIN	Koro Usarraga Unsain (San Sebastián, 1957) has been a member of CaixaBank's Board of Directors since 2016. She has a degree in Business Administration and a Masters in Business Management from ESADE, took the PADE (Senior Management Programme) at IESE and is a qualified chartered accountant. She was an independent Director of NH Hotel Group from 2015 to October 2017. She worked at Arthur Andersen for 20 years and in 1993 was appointed partner of the audit division. In 2001 she assumed responsibility for the General Corporate Management of Occidental Hotels & Resorts, a group with significant international presence and specialising in the holiday sector. She was responsible for the finance, administration and management control departments, as well as IT and human resources. She was General Manager of Renta Corporación, a real estate group specialising in the purchase, refurbishment and sale of properties. She is a Director of Vocento, S.A. and has been a shareholder and Administrator of 2005 KP Inversiones, S.L. since 2005, which is engaged in investing in companies and management consultancy. She is also an Administrator of Vehicle Testing Equipment, S.L.
EDUARDO JAVIER SANCHIZ IRAZU	Eduardo Javier Sanchiz Irazu was born in Vitoria in 1956. He has been a member of the CaixaBank Board of Directors since 2017. He holds a degree in economics the University of Deusto, San Sebastián campus, and a Master's Degree in Business Administration from the Instituto Empresa in Madrid. He was CEO of Almirall from July 2011 until 30 September 2017. During this period, the company underwent a significant strategic transformation with the aim of becoming a global leader in skin treatment. Previously, after jointing Almirall in May 2004, he was executive director of Corporate Development and Finance and Chief Financial Officer In both positions, Eduardo led the company's international expansion through a number of alliances with other companies, and through licensing of external products, in addition to five acquisitions of companies and product portfolios. He also coordinated the IPO process in 2007. He was a member of the Almirall Board of Directors from January 2005 and member of the Dermatology Committee from its creation in 2015. Before his arrived at Almirall, he worked during 22 years, of which 17 were abroad, in the American Eli Lilly & Co pharmaceutical company, in

INDEPENDENT DIRECTORS	
Name of the director	Profile
	positions of finances, marketing, sales and general management. He was able to live in six different countries and some of his significant positions include General Manager in Belgium, General Manager in Mexico and, in his last position in the company, Executive Officer for the business area that encompasses countries in the centre, north, east and south of Europe. He was a member of the American Chamber of Commerce in Mexico and of the Association of Pharmaceutical Industries in a number of countries in Europe and Latin America. He currently sits on the Strategic Committee of Laboratorio Pierre Fabre and has also sat on its board of directors since May 2019.
MARÍA VERÓNICA FISAS VERGÉS	Born in Barcelona in 1964, Verónica Fisas has served on the Board of Directors of CaixaBank since February 2016. She holds a degree in Law and a Master in Business Administration. She joined Natura Bissé very early in her career, thus acquiring extensive knowledge of the company and of all its departments. She has been the CEO of the Board of Directors of Natura Bissé and the General Director of the Natura Bissé Group since 2007. Since 2008, she has also been a trustee of Ricardo Fisas Natura Bissé Foundation. In 2001, as the CEO of the United States subsidiary of Natura Bissé, she was responsible for the expansion and consolidation of the business, and obtained outstanding results in product distribution and brand positioning. In 2009 she joined the Board of Directors of Stanpa, Asociación Nacional de Perfumería y Cosmética, becoming Chair of Stanpa in 2019 and, in turn, Chair of Fundación Stanpa. She received the Work-Life Balance Award at the 2nd Edition of the National Awards for Women in Management in 2009, and the IWEC Award (International Women’s Entrepreneurial Challenge) for her professional career, in 2014. In November 2017, Emprendedores magazine named Verónica Fisas as 'Executive of the Year'.
FRANCESC XAVIER VIVES TORRENTS	Xavier Vives Torrents was born in Barcelona in 1955. He has been a member of the CaixaBank Board of Directors since 2008 and the Lead Director from 2017. He is a Professor of Economics and Finance at the IESE Business School. He also holds a PhD in Economics from the University of California, Berkeley. He was Professor of European Studies at INSEAD from 2001-2005; Director of the Institute of Economic Analysis at the Consejo Superior de Investigaciones Científicas between 1991-2001; and Visiting Professor in the universities of California (Berkeley), Harvard, New York (lectureship King Juan Carlos I in 1999-2000) and Pennsylvania, as well as in the Universitat Autónoma of Barcelona and in the Universitat Pompeu Fabra. He has been advisor to, among others institutions, the World Bank, the Inter-American Development Bank, the Bank of New York Federal Reserve, the European Commission – being Special Adviser of the Deputy Chairman of the EU and Commissioner of Competition, Mr. Joaquín Almunia, the Government of Catalonia as a member of the CAREC (Council Assessor per a Reactivació Economic i the Creixement), and international enterprises. Mr Vives also served as Chairman of the Spanish Economic Association in 2008; and Deputy Chairman of the Spanish Energy Economics Association in 2006-2009 and was a Duisenberg Fellow at the European Central Bank in 2015. He is currently a member of the Academy Europaea; Research Fellow of the Center for Economic Studies (CESifo) and the Centre for Economic Policy Research; Fellow of the European Economic Association since 2004 and of the Econometric Society since 1992, and Chairman of EARIE (European Association for Research in Industrial Economics) from 2016 to 2018. He has published numerous articles in international journals and directed the publication of various books. He received the King Juan Carlos I National Award for Research into Social Sciences in 1988; Prize

INDEPENDENT DIRECTORS	
Name of the director	Profile
	"Societat Catalan d´Economia", 1996; the Narcís Monturiol Medal from the Government of Catalonia in 2002; and the "Premi Catalunya d'Economia" (Catalonia Economics Award), 2005; The IEF Award for academic excellence for his professional career in 2012; beneficiary of the European Research Council Advanced Grant, 2009-2013 and 2018-2023, and the Rey Jaime I
MARÍA AMPARO MORALEDA MARTÍNEZ	María Amparo Moraleda (Madrid, 1964) has been a member of CaixaBank's Board of Directors since 2014. She graduated in Industrial Engineering from the ICAI and holds an MBA from the IESE Business School. She is an independent director at several companies: Solvay, S.A. (from 2013), Airbus Group, S.E. (since 2015) Vodafone Group (since 2017). She is also a member of the Supervisory Board of the Spanish High Council for Scientific Research (since 2011) and a member of the advisory boards of SAP Ibérica (since 2017) and of Spencer Stuart (since 2017). Between 2012 and 2017, she was a member of the board of directors of Faurecia, S.A. and member of the Advisory Board of KPMG España (since 2012). Between January 2009 and February 2012 she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011. She was Executive Chairman of IBM Spain and Portugal between July 2001 and January 2009, responsible for Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001 she was assistant executive to the President of IBM Corporation. From 1998 to 2000 she was General Manager at INSA (a subsidiary of IBM Global Services). From 1995 to 1997 she was Head of HR for EMEA at IBM Global Services and from 1988 to 1995 she held various offices and management positions at IBM España. She is also a member of various boards and trusts of different institutions and bodies, including the Academy of Social Sciences and the Environment of Andalusia, the Board of Trustees of the MD Anderson Cancer Center in Madrid and the International Advisory Board of Instituto de Empresa. In December 2015 she was named full academic member of Real Academia de Ciencias Económicas y Financieras. In 2005 she was inducted into the Women in Technology International (WITI) organisation's Hall of Fame, which recognises, honours, and promotes the outstanding contributions women make to the scientific and technological communities that improve and evolve society. Her numerous accolades include: the Values Leadership Award (FIGEVA Foundation – 2008), the Javier Benjumea Prize (Engineering Association of the ICAI – 2003) and the Award for Excellence (Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs – Fedepe – 2002).
JOHN S. REED	John Reed (Chicago, 1939) has been a member of CaixaBank's Board of Directors since 2011. He was raised in Argentina and Brazil. completed his university studies in the United States. In 1961, he earned a degree in Philosophy and Arts and Sciences from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree programme. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled at MIT to study a Master in Science. John Reed worked in Citibank/Citicorp and Citigroup for 35 years, the last 16 of which as Chairman, retiring in April 2000. From September 2003 to April 2005, he began working again as Chairman of the New York Stock Exchange, and was Chairman of the MIT Corporation from 2010 to 2014. He was appointed Chairman of the Board of American Cash Exchange in February 2016. He is the Chairman of the Boston Athanaeum and a trustee of the NBER. He is a Fellow of the American Academy of Arts and Sciences and of the American Philosophical Society.

INDEPENDENT DIRECTORS	
Name of the director	Profile
CRISTINA GARMENDIA MENDIZÁBAL	Cristina Garmendia Mendizábal was born in San Sebastian in 1962. She has been a member of the CaixaBank Board of Directors since June 2019. She has a degree in Biological Sciences, specialising in Genetics, an MBA from the IESE Business School of the University of Navarra and a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid. She is currently a Director of Compañía de Distribución Integral Logista Holdings, S.A., Mediaset, Ysios Capital and Satlantis Microsats. She has been Executive Deputy Chairwoman and Chief Financial Officer of the Amasua Group, Chairwoman of the Association of Biotechnological Companies (ASEBIO) and member of the Board of directors of the Confederación Española de Organizaciones Empresariales (CEOE) as well as member of the governing bodies of, among others companies, Science & Innovation Office Link, S.L., Naturgy Energy Group, S.A. (previously Gas Natural, S.A.), Financial Corporation Alba, Pelayo Insurance and Chairwoman of Genetrix S.L. She has been Minister for Science and Innovation of the Government of Spain during the entire IX Legislative period from April 2008 to December 2011. She is Chairwoman of the COTEC Foundation, member of the España Constitutional Foundation, SEPI and member of the Advisory Board of the Women for Africa Foundation, as well as member of the Social Board of the University of Sevilla.

Number of independent directors	7
Percentage of Board	43.75

State whether any independent director receives from the company or any group company any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company which has or has had such a relationship.

Should this be the case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of director	Description of the relationship	Grounded statement
CRISTINA GARMENDIA MENDIZÁBAL	She is a member of the Advisory Board of CaixaBank Private Banking.	Ms. Cristina Garmendia Mendizábal is member of the Advisory Board of CaixaBank Private Banking. Since being appointed as director of the Advisory Board Advisor in 2019, she received a remuneration of eight thousand euros, which is not considered significant.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:			
Name of the director	Reason	Company, executive or shareholder with whom the relationship is	Profile
No information given			

Total number of other external directors	N/A
Percentage of Board	N/A

State any changes in status that have occurred during the period for each director:

Name or corporate name of the director	Date of change	Previous category	Current category
No information given			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of total Directors of each category			
	Year 2019	Year 2018	Year 2017	Year 2016	Year 2019	Year 2018	Year 2017	Year 2016
Executive					0.00	0.00	0.00	0.00
Proprietary	2	2	2	1	25.00	25.00	28.57	16.67
Independent	4	3	3	3	57.14	33.33	33.33	37.50
Other external					0.00	0.00	0.00	0.00
Total	6	5	5	4	37.50	27.78	27.78	25.00

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name or corporate name of the director	Company name of the listed company	Post
IGNACIO GARRALDA RUIZ DE VELASCO	Endesa, S.A.	DIRECTOR
IGNACIO GARRALDA RUIZ DE VELASCO	BME Holding, S.A.	1st DEPUTY CHAIRMAN
JORDI GUAL SOLÉ	Erste Group Bank, AG.	DIRECTOR

Name or corporate name of the director	Company name of the listed company	Post
JORDI GUAL SOLÉ	Telefónica, SA	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	Vodafone Group PLC	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	Solvay, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	Airbus Group, S.E.	DIRECTOR
CRISTINA GARMENDIA MENDIZÁBAL	Mediaset España Comunicación, S.A.	DIRECTOR
CRISTINA GARMENDIA MENDIZÁBAL	Compañía de Distribución Integral Logistica Holdings, S.A.	DIRECTOR
KORO USARRAGA UNSAIN	Vocento, S.A.	DIRECTOR
MARCELINO ARMENTER VIDAL	Naturgy Energy Group, S.A.	DIRECTOR

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

[√] Yes
[ ] No

C.1.13 State total remuneration received by the Board of Directors:

Board compensation in financial year (thousand euros)	6,831
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	5,546
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	

C.1.14 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year:

Name	Position
JORGE MONDÉJAR LÓPEZ	CHIEF RISKS OFFICER
JAVIER PANO RIERA	CHIEF FINANCIAL OFFICER
FRANCESC XAVIER COLL ESCURSELL	CHIEF HUMAN RESOURCES AND ORGANISATION OFFICER
JORGE FONTANALS CURIEL	HEAD OF RESOURCES
MARÍA LUISA MARTÍNEZ GISTAU	EXECUTIVE DIRECTOR FOR COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND CSR
ÓSCAR CALDERÓN DE OYA	GENERAL AND BOARD SECRETARY

Name	Position	
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER	
MATTHIAS BULLACH	HEAD OF FINANCIAL ACCOUNTING, CONTROL AND CAPITAL	
IGNACIO BADIOLA GÓMEZ	EXECUTIVE DIRECTOR OF CIB AND INTERNATIONAL BANKING	
MARÍA LUISA RETAMOSA FERNÁNDEZ	HEAD OF INTERNAL AUDIT	
FRANCISCO JAVIER VALLE T-FIGUERAS	EXECUTIVE DIRECTOR OF INSURANCE	
Total senior management remuneration (thousand euros)		10,234

C.1.15 Indicate whether any changes have been made to the Board Regulations during the year:

[√] Yes
[ ] No

C.1.21 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed chairperson of the board of directors:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board regulations establish any stricter term limits or other requirements for independent directors other than those required by law:

[ ] Yes
[√] No

C.1.25 Indicate the number of board meetings held during the year, and how many times the board has met without the Chairman's attendance. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	12
Number of Board meetings without the attendance of the chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	4

Please specify the number of meetings held by each Board committee during the year:

Number of meetings of the AUDIT AND CONTROL COMMITTEE	18
Number of meetings of the INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE	1
Number of meetings of the APPOINTMENTS COMMITTEE	8
Number of meetings of the REMUNERATION COMMITTEE	9
Number of meetings of the RISKS COMMITTEE	15
Number of meetings of the EXECUTIVE COMMITTEE	19

C.1.26 State the number of meetings held by the Board of Directors during the year and the information on member attendance:

Number of meetings with the physical attendance of at least 80% of directors	12
% of attendance over total votes during the year	97.89
Number of meetings with the physical attendance, or proxies with with specific instructions, of all directors	8
% of issued votes, attending in person and proxies carried out with specific instructions, over the total of votes cast during the year	97.89

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

[ ] Yes
[√] No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the Board.

C.1.29 Is the Secretary of the Board also a Director?

[ ] Yes
[√] No

Complete if the Secretary is not also a Director:

Name or corporate name of the secretary	Representative
ÓSCAR CALDERÓN DE OYA	

C.1.31 Indicate whether the company has changed its external audit firm during the year. If so, please identify the incoming and outgoing auditor:

[ ] Yes
[√] No

If there were any disagreements with the outgoing auditor, please provide an explanation:

[ ] Yes
[√] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or group:

[√] Yes
[ ] No

	Company	Company of the group	Total
Amount of non-audit work (thousand euros)	532	625	1,157
Amount invoiced for non-audit / amount of audit work (in %)	32.00	29.00	30.00

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

[ ] Yes
[√] No

C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated financial statements of the company. 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.

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
No. of financial years audited by the current auditing company / No. of years that the company or the group has been audited (in %)	10.00	10.00

C.1.35 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
[ ] No

Details of procedure

There is a procedure for directors to have the necessary information to prepare meetings of the governing bodies with enough time.

Pursuant to article 22 of the Regulations of the Board of Directors, directors have the duty to demand and the right to obtain from the company any information they may need to discharge their duties. For such purpose, the director should 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.

Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company. If the Chairman deems that the information is confidential, he will notify the Director [...] as well as of the director’s duty of confidentiality.

However, documents must be approved by the Board. In particular, documents that cannot be fully analysed and discussed during the meeting due to their size are sent out to Board members ahead of the Board meeting in question.

C.1.39 Identify individually, for directors, and collectively, in other cases, and provide details of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of operation.

Number of beneficiaries	32
Type of beneficiary	**Description of agreement**
Chief Executive Officer and three members of the Management Committee, five executive officers and 23 middle managers.	Chief Executive Officer: One year of the fixed components of his remuneration. Management Committee members: indemnity clause equivalent to one annual payment of the fixed components of their remuneration, or the amount payable by law, whichever is higher. Currently there are 3

Type of beneficiary	Description of agreement
	which legal compensation is still lower than 1 annuity. Similarly, the CEO and the members of the Management Committee have established an annuity of the fixed components of the remuneration package, payable in monthly payments, to remunerate the agreement of non-competition. This payment would be discontinued were this covenant to be breached. Executive officers and middle managers: 28 executives and middle managers: between 0.1 and 1.5 annual payments of their fixed remuneration above that provided for at law. Executives and middle managers of Group companies are included in the calculation.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group, beyond the cases stipulated by regulations. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?	√	

C.2. Board Committees

C.2.1. Give details of all the board committees, their members and the proportion of proprietary and independent Directors.

AUDIT AND CONTROL COMMITTEE		
Name	Post	Category
JOSÉ SERNA MASIÁ	MEMBER	Proprietary
KORO USARRAGA UNSAIN	CHAIRMAN	Independent
EDUARDO JAVIER SANCHIZ IRAZU	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Names of the directors with experience	KORO USARRAGA UNSAIN
Date of appointment of the chairman	05/04/2019

INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE		
Name	Post	Category
JORDI GUAL SOLÉ	CHAIRMAN	Proprietary
GONZALO GORTÁZAR ROTAECHE	MEMBER	Executive
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
CRISTINA GARMENDIA MENDIZÁBAL	MEMBER	Independent
MARCELINO ARMENTER VIDAL	MEMBER	Proprietary

% of executive directors	20.00
% of proprietary directors	40.00
% of independent directors	40.00
% of other external directors	0.00

APPOINTMENTS COMMITTEE		
Name	Post	Category
JOHN S. REED	CHAIRMAN	Independent
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	Proprietary
FRANCESC XAVIER VIVES TORRENTS	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

REMUNERATION COMMITTEE		
Name	Post	Category
ALEJANDRO GARCÍA-BRAGADO DALMAU	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	CHAIRMAN	Independent
MARÍA VERÓNICA FISAS VERGÉS	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

RISKS COMMITTEE		
Name	Post	Category
KORO USARRAGA UNSAIN	MEMBER	Independent
EDUARDO JAVIER SANCHIZ IRAZU	CHAIRMAN	Independent
CAJA CANARIAS FOUNDATION	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

EXECUTIVE COMMITTEE		
Name	Post	Category
MARÍA VERÓNICA FISAS VERGÉS	MEMBER	Independent
TOMÁS MUNIESA ARANTEGUI	MEMBER	Proprietary
JORDI GUAL SOLÉ	CHAIRMAN	Proprietary
FRANCESC XAVIER VIVES TORRENTS	MEMBER	Independent
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
GONZALO GORTÁZAR ROTAECHE	MEMBER	Executive

% of executive directors	16.67
% of proprietary directors	33.33
% of independent directors	50.00
% of other external directors	0.00

C.2.2 Complete the following table with information regarding the number of female directors who were members of board committees at the close of the past four years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND CONTROL COMMITTEE	1	33.33	1	25.00	1	33.33	1	33.33
COMMITTEE OF INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION	2	40.00	0	0.00	0	0.00	0	0.00
APPOINTMENTS COMMITTEE	1	33.33	1	33.33	2	66.67	2	66.67

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
APPOINTMENTS REMUNERATION	2	66.67	1	33.33	2	66.67	1	33.33
RISKS COMMITTEE	2	66.67	2	40.00	1	25.00	1	25.00
EXECUTIVE COMMITTEE	2	33.33	2	25.00	2	25.00	1	14.29

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

Name of significant significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
CRITERIA CAIXA, S.A.U.	CAIXABANK, S.A.	Corporate	Dividends and other profit distributed	239,254
CRITERIA CAIXA, S.A.U.	CAIXABANK, S.A.	Commercial	Other instruments that might entail a transfer of resources or obligations between the Company and the related party	846,070

D.3. Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or senior managers of the company:

Name of name of the administrators or managers	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousand euros)
No information given				N/A

D.4. List any relevant transactions 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.

In any event, note any intragroup transactions conducted with entities established in countries or territories which are considered to be tax havens:

Corporate name of the company in its group	Brief description of the transaction	Amount (thousand euros)
No information given		N/A

D.5. State any significant transactions conducted between the company or other companies in its group with other related parties, which have not been reported in the previous sections:

Name company related party	Brief description of the transaction	Amount (thousand euros)
No information given		N/A

D.7. Is there more than one company in the group listed in Spain?

[ ] Yes
[√] No

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Code of Good Governance of listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to assess the company's actions. General explanations are unacceptable.

1. The Articles of Association 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.

   Complies [X] Explain [ ]

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

   a) The 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 any conflicts of interest that may arise.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

This recommendation is not deemed to be applicable to CaixaBank, since the bank is the only listed company within its Group.

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

   a) Changes that have occurred since the last General Shareholders' Meeting.

   b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

   Complies [X] Partially compliant [ ] Explain [ ]

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisers that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

   And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

   Complies [X]   Complies partially [ ]   Explanation [ ]

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

   And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

   Complies [ ]   Complies partially [x]   Explanation [ ]

The Board of Directors, in its meeting dated 10 March 2016, agreed to propose at the Annual General Meeting on 28 April the ratification of an agreement to delegate powers in favour of the Board of Directors in order to issue bonds, preference shares and any other fixed income securities or instruments of a similar nature which are convertible into CaixaBank shares, or which directly or indirectly give the right to the subscription or acquisition of the company's shares, including warrants. The proposed delegation expressly included the power to disapply the pre-emptive subscription right of shareholders. This proposal was approved at the Annual General Meeting held on 28 April 2016.

The capital increases that the Board of Directors may approve under this authorisation to carry out the conversion of shares in whose issuance the pre-emptive subscription right has been disapplied are not subject to the maximum limit of 20% of the share capital that the Annual General Meeting of 23 April 2015 unanimously agreed for any capital increases that the Board of Directors may approve (the legal limit of 50% of the capital at the time of the approval does apply).

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies, and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, and Spanish Act 11/2015 of 18 June on the recovery and resolution of credit institutions and investment services companies, anticipate the need for credit entities to provide, in certain proportions, different instruments in the composition of their regulatory capital so that they can be considered suitably capitalised. Therefore, different capital categories are contemplated that must be covered by specific instruments. Despite the Company's adequate capital situation, it was deemed necessary to adopt an agreement that allows instruments to be issued that may be convertible in certain cases. To the extent that the issuance of these instruments implies the need to have an authorised capital that, at the time of its issuance, covers a possible convertibility and in order to provide the company with greater flexibility, it was deemed suitable for the capital increases that the Board approves to be carried out under the delegation agreement in this report in order to address the conversion of shares in whose issuance the pre-emptive subscription right has been excluded, not being subject to the maximum limit of 20% of the capital which is applicable to all other capital increases that the Board is authorised to approve.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

   a) Report regarding the auditor's independence.

   b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

   c) Report by the audit committee regarding related-party transactions.

   d) Report on the corporate social responsibility policy.

   Complies [X] Complies partially [ ] Explanation [ ]

7. The company should broadcast its general meetings live on the corporate website.

   Complies [X] Explanation [ ]

8. The audit committee should strive to ensure that the Board of Directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

   Complies [X] Complies partially [ ] Explanation [ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

   Complies [X] Complies partially [ ] Explanation [ ]

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

a) Immediately distributes the additions and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Compliant [ ]   Partially complies [X]   Explain [ ]   Not applicable [ ]

With regard to section c), the Board agrees that there are different presumptions about the direction of the vote for proposals submitted by shareholders and those submitted by the Board (as established in the Regulations of the Company's General Meeting), opting for the presumption of a vote in favour of agreements proposed by the Board of Directors (because the shareholders absent for the vote have had the opportunity to record their absence so their vote is not counted and they can also vote early in another direction through the mechanisms established for that purpose) and for the presumption of a vote against agreements proposed by shareholders (since there is a probability that the new proposals will deal with agreements that are contradictory to the proposals submitted by the Board of Directors and it is impossible to attribute opposite directions for their votes to the same shareholder. Additionally, shareholders who were absent have not had the opportunity to assess and vote early on the proposal).
Although this practice does not reflect the wording of Recommendation 10, it does better achieve the final objective of Principle 7 of the Good Governance Code which makes express reference to the Corporate Governance Principles of the OECD, which outline that the procedures used in Shareholders' Meetings must ensure the transparency of the count and the adequate registration of votes, especially in situations of voting battles, new items on the agenda and alternative proposals, because it is a measure of transparency and a guarantee of consistency when exercising voting rights.

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Complies [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

    In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

    Complies [X]   Partially compliant [ ]   Explain [ ]

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

    Compliant [ ]   Explanation [X]

At 31 December 2019, the Board of Directors comprised a total of 16 members.
In line with best corporate governance practices, the General Shareholders' Meeting held on 5 April 2019 resolved to reduce the number of Board members by two (2), thus bringing the total number of Board members to sixteen (16). This number is within the limits stipulated in the by-laws and is close to the recommendation contained in the Code of Good Governance (that Boards should have between five and fifteen members). Meanwhile, and given its status as a credit institution, CaixaBank has six (6) Board committees, four (4) of which are compulsory and two (2) voluntary. The most recent of these were set up in 2019. It is therefore believed that the Board's current composition is suited to its current workload.
It should also be noted that the Board's current size and composition is justified by the need to incorporate a certain number of independent directors and also to comply with the shareholders' agreement stemming from the merger with Banca Cívica, which will remain in force until August 2020.
With all this in mind, the Board is believed to have the right number of members to ensure its maximum effectiveness and involvement of directors, with a wide range of opinions.

14. That the Board of Directors approves a selection policy for directors that:

    a) Is concrete and verifiable;

    b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

    c) Favours diversity in knowledge, experience and gender.

    That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

    And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

    The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

    Complies [X] Partially compliant [ ] Explain [ ]

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive.

    Complies [X] Partially compliant [ ] Explain [ ]

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

    This criterion may be relaxed:

    a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

    b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

    Complies [X] Explain [ ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [X] Explain [ ]

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

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies [X] Partially compliant [ ] Explain [ ]

19. Following verification by the nomination committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the request of shareholders controlling less than 3 percent of capital; It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

    The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

    Complies [X]   Explain [ ]

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

    And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

    Complies [X]   Partially compliant [ ]   Explain [ ]

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

    Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

    This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

    Complies [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies [X] Complies partially [ ] Explanation [ ]

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies [X] Complies partially [ ] Explanation [ ]

As established in Article 7.2 of the Regulations of the Board, the Chairman has the authority to set the agenda of the meetings of the Board, directing the discussions and deliberations in its debates.
However, any director may request that further items be included on the agenda.

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies [ ] Complies partially [x] Explanation [ ]

To help prevent unavoidable absences leading to de facto changes in the balance of the Board of Directors, the law allows directors to grant a proxy upon a fellow director (for non-executive directors, the proxy must be granted to another non-executive director), as set out in Principle 14 of the Good Governance Code and in the corporate By-laws (article 37) and the Regulations of the Board of Directors (article 17), which states that directors must personally attend Board meetings. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to a fellow Board member, including the appropriate instructions therein. Non-executive directors may only delegate a proxy to a fellow non-executive director, while independent directors may only delegate to a fellow independent director.

It should also be noted that CaixaBank's Corporate Governance Policy states that in relation to the duty of directors to attend Board meetings, and in the event of their unavoidable absence, directors shall endeavour to grant their proxy in writing, and separately for each meeting, to a fellow Board member. Every attempt must be made to ensure that each and every director attends at least 80% of Board meetings. As such, proxies are a comparative rarity at CaixaBank.

The Board of Directors considers, as good corporate governance practice, that when directors are unable to attend meetings, proxies are not generally delegated with specific instructions. This does not amend, de facto, the balance of the Board given that delegations may only be made by non-executive directors to other non-executive directors, and independent directors may only delegate to other independent directors, while directors are always required to defend the company's corporate interest regardless of their director status.
Moreover, and reflecting the freedom of each director who may also delegate with the appropriate instructions as suggested in the Board's Regulations, the decision to delegate without instructions represents each director's freedom to consider what provides most value to their proxy, and they may finally decide on the grounds that they want to give their proxy freedom to adapt to the result of the Board meeting debate. This, in addition, is in line with the law on the powers of the Chairman of the Board of Directors, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all directors, safeguarding their right to adopt any position or stance they see fit.

Therefore, the freedom to appoint proxies with or without specific instructions, at the discretion of each director, is considered good practice and, specifically, the absence of instructions is seen as facilitating the proxy's ability to adapt to the content of the debate.

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies partially [ ] Explanation [ ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies [X] Explanation [ ] Not applicable [ ]

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly drawn up in the minutes, of the majority of directors present.

Complies [X] Complies partially [ ] Explanation [ ]

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [X] Complies partially [ ] Explanation [ ]

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [X] Complies partially [ ] Explanation [ ]

34. When a lead independent director has been appointed, the Articles of Association or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

35. The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies [X] Explanation [ ]

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.

d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explanation [ ]

37. When an executive committee exists, its membership mix by Director class should resemble that of the Board. The Secretary of the Board should also act as Secretary to the Executive Committee.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Complies [X] Complies partially [ ] Explanation [ ]

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [X] Complies partially [ ] Explanation [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

    a) Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.

    b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

    c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

    a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.

    b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor’s independence.

    c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

    d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

    e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor’s billing, and all other rules regarding the auditor’s independence.

Complies [X] Partially compliant [ ] Explain [ ]

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Partially compliant [ ] Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

45. That the risk management and control policy identify, as a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.

b) Fixing of the level of risk the company considers acceptable.

c) Means identified in order to minimise identified risks in the event they transpire.

d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies [X] Complies partially [ ] Explanation [ ]

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Complies partially [ ] Explanation [ ]

47. Members of the Appointments and Remuneration Committee - or of the Appointment Committee and Remuneration Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to perform. The majority of their members should be independent Directors.

Complies [X] Complies partially [ ] Explanation [ ]

48. Large cap companies should operate separately constituted appointment and remuneration committees.

Complies [X] Explain [ ] Not applicable [ ]

49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Partially compliant [ ] Explain [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [X] Partially compliant [ ] Explain [ ]

51. The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.

Complies [X] Partially compliant [ ] Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the Regulations of the Board, and aligned with those applicable to legally mandatory Board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

53. That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:

a) Verification of compliance with internal codes of conduct and the company's corporate governance rules.

b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.

c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.

d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.

e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.

f) Supervision and evaluation of the way relations with various stakeholders are handled.

g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.

h) Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.

Complies [X] Complies partially [ ] Explanation [ ]

54. The corporate social responsibility policy should state the principles or commitments that the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The objectives of the corporate social responsibility policy and the development of tools to support it.

b) Corporate strategy related to sustainability, the natural environment and social issues.

c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.

d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.

e) Means of supervising non-financial risk, ethics, and business conduct.

f) Communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X] Complies partially [ ] Explanation [ ]

55. That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Complies [X] Complies partially [ ] Explanation [ ]

56. That the remuneration package of directors be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualification and accountability that the position demands, but not so high as to compromise the independence of criterion of non-executive directors.

Complies [X] Explanation [ ]

57. Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The foregoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies [X] Complies partially [ ] Explanation [ ]

58. In the case of variable awards, remuneration policies should include limits and 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 that kind.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor’s report which would diminish said results.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

61. A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies [X] Complies partially [ ] Explanation [ ] Not applicable [ ]

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The foregoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies [ ]   Complies partially [ ]   Explanation [X]   Not applicable [ ]

The prohibition on directors transferring ownership of a number of shares equivalent to two times their fixed annual remuneration within three years of acquiring those shares is not applied as such at CaixaBank. There is no provision governing this matter, although executive directors (who are the only directors entitled to receive share-based remuneration) are expressly prohibited from transferring shares received under their remuneration package, no matter the amount, until 12 months have elapsed from receiving them. The purpose established in Principle 25 that director remuneration be conducive to achieving business objectives and the company's best interests is also achieved through the existence of malus and clawback clauses, and via the remuneration structure for executive directors, whose remuneration in shares (corresponding to half their variable remuneration and in relation to long-term incentive plans) is not only subject to a lock-up period but is also deferred. Moreover, this variable remuneration constitutes a limited part of their total remuneration, thus complying fully with the prudential principles of not providing incentives for risk-taking while being suitably aligned with the Company's objectives and its sustainable growth.
The Annual General Meeting of 6 April 2017 approved the Remuneration Policy for the Board of Directors, extending the deferral period from three to five years applicable from 2018 onward (this change was made to comply with the EBA Guidelines on sound remuneration policies). The policy was maintained in the Amendments to the Remuneration Policy of the Board of Directors approved at the Annual General Meetings of 6 April 2018 and 5 April 2019. Meanwhile, the long-term incentive plans were ratified at the Annual General Meetings held on 23 April 2015 and 5 April 2019.

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [X]   Complies partially [ ]   Explanation [ ]   Not applicable [ ]

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

Complies [X]   Complies partially [ ]   Explanation [ ]   Not applicable [ ]

State if any directors have voted against or abstained from approving this report.

[ ] Yes
[√] No

I declare that the details included in this statistical annex coincide and are consistent with the descriptions and details included in the Annual Corporate Governance Report published by the company.

TIMBRE DEL ESTADO

0,03 EUROS

TRES CÉNTIMOS DE EURO

ON9637229

CLASE 8.ª

DECLARACIÓN DE RESPONSABILIDAD SOBRE EL CONTENIDO DEL INFORME FINANCIERO ANUAL DEL GRUPO CAIXABANK CORRESPONDIENTE AL EJERCICIO 2019

Los abajo firmantes declaran que, hasta donde alcanza su conocimiento, las cuentas anuales elaboradas con arreglo a los principios de contabilidad aplicables ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de CaixaBank, S.A. y de las empresas comprendidas en la consolidación tomados en su conjunto, y que el informe de gestión incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de CaixaBank, S.A. y de las empresas comprendidas en la consolidación tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Las Cuentas Anuales e Informe de Gestión de CAIXABANK, S.A. Y SOCIEDADES QUE COMPONEN EL GRUPO CAIXABANK, correspondientes al ejercicio 2019, formuladas por el Consejo de Administración en su reunión del día 20 de febrero de 2020, constan en el reverso de 614 hojas de papel timbrado de clase 8ª del nº OM9198575 al nº OM9198825 ambas inclusive, del nº ON9637001 al nº ON9637218 ambas inclusive y del nº ON1284712 al nº ON1284856 ambas inclusive y en el anverso y reverso de la hoja de papel timbrado de clase 8ª nº ON9637229 que contiene las firmas de los miembros del Consejo que los suscriben.

Valencia, 20 de febrero de 2020

Don Jordi Gual Solé Presidente	Don Tomás Muniesa Arantegui Vicepresidente
Don Gonzalo Gortázar Rotaeche Consejero Delegado	Don Francesc Xavier Vives Torrents Consejero Coordinador
Don Marcelino Armenter Vidal Consejero	Doña María Teresa Bassons Boncompte Consejera

Fundación Bancaria Canaria Caja General de Ahorros de Canarias – Fundación CajaCanarias
Representada por:
Doña Natalia Aznárez Gómez
Consejera

Doña María Verónica Fisas Vergés
Consejera

Don Alejandro García-Bragado Dalmau
Consejero

Doña Cristina Garmendia Mendizábal
Consejera

Don Ignacio Garralda Ruíz de Velasco
Consejero

Doña María Amparo Moraleda Martínez
Consejera

Don John Shepard Reed
Consejero
No firma por no haber asistido presencialmente, sino mediante videoconferencia. El Secretario,

Don Eduardo Javier Sanchiz Irazu
Consejero

Don José Serna Masiá
Consejero

Doña Koro Usarraga Unsain
Consejera