MODEL APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR END 31/12/2013

Company Tax ID No. (C.I.F.): A-08663619

Corporate name:

CAIXABANK, S.A.

Registered office:

AVENIDA DIAGONAL, 621-629 - BARCELONA

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
16/12/2013	4,956,284,390	4,956,284,390	4,956,284,390

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

Yes **No** ✓

Type	Number of shares	Nominal amount	Nominal amount of voting rights	Other rights

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

Name or corporate name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Name of direct holder	Number of voting rights	
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	3,186,068,875	-	-	64.283

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	14/11/2013	It has fallen from 70% of the share capital

A.3 Complete the following tables on company Directors holding voting rights through company shares.

Name or corporate name of Director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Name of direct holder	Number of voting rights	
Isidro Fainé Casas	675,745		0	0.014%
Juan María Nin Génova	376,997		0	0.008%
Eva Aurín Pardo	1,290		0	0.000%
Mª Teresa Bassons Boncompte	3,775		0	0.000%
Fundación Caja Navarra	52,200,000		0	1.053%
Fundación de Carácter Especial Monte San Fernando	50,015,625		0	1.009%
Salvador Gabarró Serra	8,235		0	0.000%
Susana Gallardo Torrededia	0		61,592	0.001%
Javier Godó Muntañola	0		1,447,205	0.029%
Javier Ibarz Alegría	1,068		0	0.000%
David K. P. Li	0		0	0.000%
Mª Dolors Llobet Maria	814		0	0.000%
Juan José López Burniol	21,560		0	0.000%
Alain Minc	11,762		0	0.000%
John S. Reed	11,427		0	0.000%
Leopoldo Rodés Castañé	11,407		0	0.000%
Juan Rosell Lastortras	0		38,525	0.001%
Francesc Xavier Vives Torrents	3,046		0	0.000%

% of total voting rights held by the Board of Directors	2,116%

Complete the following tables on share options held by Directors.

Name or corporate name of Director	Number of direct options	Indirect options		Number of equivalent shares	% of total voting rights
		Direct holder	Number of voting rights		

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

Related-party name or corporate name	Type of relationship	Brief description

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

Related-party name or corporate name	Type of relationship	Brief description
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	COMMERCIAL, CONTRACTUAL AND CORPORATE	CaixaBank, S.A. is the bank through which Caja de Ahorros y Pensiones de Barcelona, "la Caixa" indirectly carries on its financial activity and, therefore, is part of the Group of companies controlled by "la Caixa" and, hence, its corporate relationship. There are also commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Protocol of Relationships between CaixaBank and "la Caixa" submitted to the CNMV on July 1, 2011. Following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad's activity to CaixaBank, "la Caixa" and CaixaBank resolved to amend the Internal Protocol of Relationships signed on July 1, 2011, to

		remove reference to the exceptionality of Monte de Piedad's indirect activity. Said amendment was submitted to the CNMV on August 1, 2012.

A.6 Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes ✓ **No**

Shareholders bound by agreement	**% of share capital affected**	**Brief description of agreement**
➢ CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA" ➢ CAJA DE AHORROS MUNICIPAL DE BURGOS ➢ FUNDACIÓN CAJA NAVARRA ➢ CAJA GENERAL DE AHORROS DE CANARIAS ➢ FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	80,597	Following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 the shareholders Caja de Ahorros y Pensiones de Barcelona, (hereinafter ´la Caixa´), Caja Navarra, Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter ´the Savings Banks´) entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of "la Caixa"´. They also agreed on the pledge given by "la Caixa" to vote in favor of the appointment of two members of the Board of Directors of CaixaBank proposed by the ´Savings Banks´ and, in order to give stability to their shareholding in CaixaBank, the ´Savings Banks' agreed a four-year lock up period, as well as a commitment to exercise their preemptive acquisition rights over two years

		in favor of the other Savings Banks in the first place and subsidiarily ”la Caixa”, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

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

Yes **No** ✓

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action

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

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

Yes ✓ **No**

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

Remarks
Caja de Ahorros y Pensiones de Barcelona, “la Caixa” exercises control over CaixaBank as established by Article 4 of the Spanish Securities Market Act (Ley de Mercado de Valores) CaixaBank is the bank through which “la Caixa” indirectly carries on its financial activity, and therefore is part of the group of companies controlled by “la Caixa”. In order to foster the Company’s transparency, autonomy and good governance, and in accordance with Recommendation 2 of the Unified Good Governance Code, CaixaBank and “la Caixa”, as controlling shareholder, signed an Internal Protocol of Relationships. The initial Protocol which was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market was replaced by a new Protocol when a number of reorganization transactions were carried out at the “la Caixa” Group, as a result of which CaixaBank became the bank through which “la Caixa” indirectly carries on its financial activity. Thereafter, following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad’s activity to CaixaBank, the Protocol was amended by means of a novation agreement to remove reference to the exceptionality of Monte de Piedad’s indirect activity. The Protocol’s main purpose is to develop the basic principles governing relations between “la Caixa” and CaixaBank; define the main areas of activity of CaixaBank,

bearing in mind that CaixaBank is the vehicle via which the financial activity of "la Caixa" is carried on; demarcate the general parameters governing any mutual business or social dealings between CaixaBank and its Group and "la Caixa" and other "la Caixa" group companies; and to ensure an adequate flow of information to allow "la Caixa" and CaixaBank to prepare financial statements and meet their periodic reporting and supervision obligations with the Bank of Spain, the CNMV and other regulatory bodies.

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

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
2,190,809	-	0.044

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
Total	

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital
07/01/2013	447,610	0	0.847
04/04/2013	40,893,457	0	1.201
10/04/2013	1,631,281	0	1.187
04/07/2013	31,340,938	0	0.756
21/08/2013	26,515,481	0	0.301
22/10/2013	35,603,715	0	0.474
16/12/2013	33,948,532	0	0.057

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

Keep current mandate of the Ordinary General Meeting of Shareholders held on April 19, 2012 which annulled the unused portion of the authorization for treasury stock acquisition granted on May 12, 2011, and agreed to grant the Company's Board of Directors powers for the derivative acquisition of treasury stock, directly or through group companies for the purpose of either disposals, redemption or for remuneration schemes specified in paragraph 30, section a) of article 146 of the Corporate Enterprises Act, within a period of five years from the adoption of the resolution agreed on April 19, 2012, under the following terms:

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

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

In addition, for the purposes of article 146.1, section a, paragraph 2 of the Corporate Enterprises Act, a resolution is made to expressly authorize the acquisition of shares in the Company by any of the subsidiaries, in the same terms as set out herein.

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

A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes **No** ✓

Description of restrictions

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

Yes **No** ✓

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

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes **No** ✓

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's By-laws. Describe how it differs from the system of minimum quorums established in the LSC.

Yes **No** ✓

	Quorum % other than that established in article 193 of the LSC for general cases	Quorum % other than that established in article 194 of the LSC for the special cases described in article 194
Quorum required for first call		
Quorum required for second call		

Description of differences

B.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework set forth in the LSC.

Yes **No** ✓

Describe how they differ from the rules established in the LSC.

	Qualified majority other than that established in article 201.2 of the LSC for general cases described in 194.1 of the LSC	Other cases requiring a qualified majority
% set by company for adopting corporate resolutions		
Describe the differences		

B.3 Indicate the rules governing amendments to the company's By-laws. In particular, indicate the majorities required to amend the By-laws and, if applicable, the rules for protecting shareholders' rights when changing the By-laws.

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

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 8.1 of Royal Decree 1245/1995, of July 14, amendments to CaixaBank's By-laws are governed by the authorization and registration procedure set forth therein. Nevertheless, certain amendments (including the change of registered office within Spain or an increase in the share capital) are not governed by the authorization procedure although they still must be reported to the Bank of Spain.

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

	Attendance data				
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
25/04/2013	72.798	4.056	0.026	0.077	76.957

B.5 Indicate whether the By-laws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes ✓ **No**

Number of shares required to attend the General Meetings	1,000

B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarization", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

Yes **No** ✓

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

All CaixaBank's corporate governance content is available on the website (www.caixabank.com) under "Shareholders and Investors" "Corporate Governance": http://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo_en.html
Specific information on Annual General Meetings can be found in the "Annual General Meeting" subsection of the "Corporate Governance" section of the website: http://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo/juntageneralaccionistas_en.html

Also, when a General Meeting is announced, a banner appears on the CaixaBank homepage with a direct link to all the pertinent information. We would also note that there is a section on the CaixaBank homepage entitled "Direct Links" where users can access all the information on the General Meetings.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 List the maximum and minimum number of Directors included in the By-laws.

Maximum number of Directors	22
Minimum number of Directors	12

C.1.2 Complete the following table with Board members' details.

Name or corporate name of Director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
ISIDRO FAINÉ CASAS	--	CHAIRMAN	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN MARÍA NIN GÉNOVA	--	DEPUTY CHAIRMAN & CHIEF EXECUTIVE	21/06/2007	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
ALAIN MINC	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
DAVID K. P. LI	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
EVA AURÍN PARDO	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
FRANCESC XAVIER VIVES TORRENTS	--	DIRECTOR	05/06/2008	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
FUNDACIÓN CAJA NAVARRA	JUAN FRANCO PUEYO	DIRECTOR	20/09/2012	25/04/2013	VOTE AT SHAREHOLDERS' MEETING
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	GUILLERMO SIERRA MOLINA	DIRECTOR	20/09/2012	25/04/2013	VOTE AT SHAREHOLDERS' MEETING
JAVIER GODÓ MUNTAÑOLA	--	DIRECTOR	02/05/2005	19/05/2010	VOTE AT SHAREHOLDERS' MEETING

JAVIER IBARZ ALEGRÍA	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
JOHN S. REED	--	DIRECTOR	03/11/2011	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
JUAN JOSÉ LÓPEZ BURNIOL	--	DIRECTOR	12/05/2011	12/05/2011	VOTE AT SHAREHOLDERS' MEETING
JUAN ROSELL LASTORTRAS	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
LEOPOLDO RODÉS CASTAÑÉ	--	DIRECTOR	30/07/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARIA DOLORS LLOBET MARIA	--	DIRECTOR	07/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARÍA TERESA BASSONS BONCOMPTE	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
SALVADOR GABARRÓ SERRA	--	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SUSANA GALLARDO TORREDEDIA	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING

Total number of Directors	18

Indicate any board members who left during this period.

Name or corporate name of Director	Status of the Director at the time	Leaving date
ISABEL ESTAPÉ TOUS	INDEPENDENT	12/12/2013

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

EXECUTIVE DIRECTORS

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

Total number of executive Directors	1
% of the board	5.555

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of Director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
FUNDACIÓN CAJA NAVARRA	APPOINTMENTS AND REMUNERATION COMMITTEE	FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	APPOINTMENTS AND REMUNERATION COMMITTEE	FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS
EVA AURÍN PARDO	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
JAVIER GODÓ MUNTAÑOLA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
JAVIER IBARZ ALEGRÍA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”

MARIA DOLORS LLOBET	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
MARÍA TERESA BASSONS BONCOMPTE	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”

Total number of proprietary Directors	11
% of the board	61.111

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of Director	Profile
ALAIN MINC	Member of the Board of Directors of CaixaBank since 2007. He is a graduate from the École des Mines de Paris and the École Nationale d’Administration (ENA) in Paris. He founded his own consultancy firm, **AM Conseil**, in 1991. He has been Chairman of the Supervisory Board of French newspaper *Le Monde*, Deputy Chairman of Compagnie Industriali Riunite International and General Manager of Cerus Compagnies Européennes Réunies. He was also a finance inspector and CFO at Saint-Gobain. He is currently a Director at Prisa and Direct Energie. He has written more than 30 books since 1978, many of them best-sellers, including: *Rapport sur l´informatisation de la société; La Machine égalitaire; Les vengeances des Nations; Le Nouveau Moyen-âge; Rapport sur la France de l’an 2000; www.capitalisme.fr; Epître à nos nouveaux maîtres (2003), Les Prophètes du bonheur: historie personnelle de la pensée économique (2004); Ce monde qui vient (2004); Le Crépuscule des petits dieux (2006); Une sorte de Diable, les vies de John M. Keynes (December 2006); Une histoire de France (2008), Dix jours qui ébranleront le monde (2009),Une historie politique des intellectuels (2011); Un petit coin de paradis, L’Âme des Nations in 2012; L’ Homme aux deux visage in*

	2013.
FRANCESC XAVIER VIVES TORRENTS	Member of the Board of Directors of CaixaBank since 2008. 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 also a Professor of European Studies at INSEAD in 2001-2005; Director of the Institute of Economic Analysis at the High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, Pennsylvania and New York (King Juan Carlos I Chair 1999-2000), as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra. He also advises the World Bank, the Inter-American Development Bank, the European Commission and various international companies. 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. He is currently a Director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992 and a member of the CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia. In 2011, he was appointed Special Advisor to the Vice-President of the European Commission and Competition Commissioner, Joaquín Almunia. He has published numerous articles in international journals and directed the publication of various books. Mr. Vives Torrents has also received several awards including the King Juan Carlos I Prize for Research into Social Sciences in 1988; the Catalan Society for Economics prize in 1996; the Narcís Monturiol Medal from the Government of Catalonia in 2002; the Catalonia Economics Prize in 2005; the IEF Award for academic excellence for his professional career in 2012. He is also the recipient of a European Research Council Advanced Grant in 2009-2013 and was awarded the Rey Jaime I Economics Prize in 2013.
JOHN S. REED	Member of the Board of Directors of CaixaBank since 2011. He was raised in Argentina and Brazil and completed his university studies in the

	United States, where he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree program. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science. He worked at Citibank/Citicorp and Citigroup for 35 years, 16 of those as chairman before retiring in April 2000. From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and is now the Chairman of the MIT Corporation. Mr. Reed is a member of the board of directors of MDRC, the Isabella Stewart Gardner Museum and the NBER. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society.
SUSANA GALLARDO TORREDEDIA	Member of the Board of Directors of CaixaBank since 2007. She holds a degree in Politics and Economics (BSc Degree) from Oxford Polytechnic (now Brookes University (UK) and in Banking and Finance from the City of London Polytechnic. She also completed the Senior Management Program (PADE) at the IESE Business School in 2007-2008. Throughout her professional career, she has completed an internship at First Interstate Bank of California, has worked on the trading desk at the Bank of Europe, and Financial Advisor for REVELAM S.L. She is currently a board member of the Landon Group and is a member of its Investment Committee. Susana is on the Family Business Advisory Committee of the Family Firm Institute, and is Vice Chair of Pronovias. She also holds a place on the Global Advisory Board of Babson College, Boston, Massachusetts. Susana chairs the Bienvenido Foundation, and is a trustee of the Casa Teva Foundation, the Aurea Foundation and the Hospitalitat Mare de Déu de Lourdes Foundation.

Total number of independent Directors	4
% of the board	22.222

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, Director or senior manager of an entity which maintains or has maintained the said relationship.

Yes

If applicable, include a statement from the board detailing the reasons why the said Director may carry on their duties as an independent Director.

Name or corporate name of Director	Description of the relationship	Reasons
ISABEL ESTAPÉ TOUS	SERVICES RENDERED: Notary authorizing the deeds signed by Group companies.	Not applicable as she was no longer a director at December 31, 2013.

OTHER EXTERNAL DIRECTORS

Name or corporate name of Director	Committee notifying or proposing appointment
DAVID K. P. LI	APPOINTMENTS AND REMUNERATION COMMITTEE
JUAN ROSELL LASTORTRAS	APPOINTMENTS AND REMUNERATION COMMITTEE

Total number of other external Directors	2
% of the board	11.111

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

Name or corporate name of Director	Reasons	Company, executive or shareholder with whom the relationship is maintained
DAVID K. P. LI	David K. P. Li is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's	THE BANK OF EAST ASIA,

	Board of Directors, so he cannot be considered a proprietary Director. Mr. Li became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, once CaixaBank's stake in The Bank of East Asia exceeded 5%, the Appointments and Remuneration Committee reviewed Mr. Li's position and decided – at the General Meeting on June 5, 2008 – to change his status from independent Director to other external Director in accordance with the stipulations of article 16.4 of Criteria CaixaCorp's International Offering Memorandum.	LIMITED
JUAN ROSELL LASTORTRAS	Mr. Rosell Lastortras is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary Director. Mr. Rosell became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, following his subsequent appointment as a general Director at the General Assembly of Caja de Ahorros y Pensiones de Barcelona, "la Caixa", the Appointments and Remuneration Committee reviewed Mr. Rosell's position and proposed that the CaixaBank Board change his status to other external Director. This was agreed by the Board at its meeting on June 26, 2012.	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

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

Name or corporate name of Director	Date of change	Previous category	Current category

C.1.4 Complete the following table on the number of female Directors over the past four years and their category.

	Number of female Directors				% of total Directors of each type			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	3	3	2	2	27.27	27.27	22.22	25.00
Independent	1	2	2	2	25.00	40.00	33.33	40.00
Other external	0	0	0	0	0	0	0	0
Total	4	5	4	4	22.22	26.32	23.53	23.53

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female Directors on the board to guarantee an even balance between men and women.

Explanation of measures
At December 31, 2013, the Board of Directors included 4 women (5 women up until December 12) out of 18 directors. This percentage, though not equal, and which could increase at any time, is in the upper range of the companies on the IBEX 35. When analyzing and proposing candidates' profiles for appointment to the Board of Directors, the Appointments and Remuneration Committee not only takes into account matters of gender diversity but also criteria of repute, knowledge and professional experience to be appointed a director of a credit institution.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female Directors, and whether the company makes a conscious effort to search for female candidates who have the required profile.

Explanation of measures
Women candidates are not discriminated against in the selection process of directors. Article 14 of the Regulations of the Board of Directors stipulates that one of the responsibilities of the Appointments and Remuneration Committee is to report to the Board on matters of gender diversity.

When, despite the measures taken, there are few or no female Directors, explain the reasons.

Explanation of the reasons
At December 31, 2013 women comprised 22.2 % of the Board of Directors. Women comprise 25% of the independent Directors and 33.3% of the members of the Executive Committee. Therefore, even though the number of female directors is not equal, it is deemed to be neither few nor non-existent.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

As a significant shareholder of CaixaBank and in representation of this share holding, Caja de Ahorros y Pensiones de Barcelona, “la Caixa” proposed the appointment of nine (9) Directors, namely:

Name or corporate name of Director	Position on the board	Category
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER	EXECUTIVE
EVA AURÍN PARDO	MEMBER	PROPRIETARY
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY
JAVIER IBARZ ALEGRÍA	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY

LEOPOLDO RODÉS CASTAÑÉ	MEMBER	PROPRIETARY
MARIA DOLORS LLOBET	MEMBER	PROPRIETARY
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	PROPRIETARY
SALVADOR GABARRÓ SERRA	MEMBER	PROPRIETARY

Likewise, following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 Caja de Ahorros y Pensiones de Barcelona, "la Caixa" and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter "the Savings Banks"), entered into a shareholders agreement which, *inter alia*, stated the pledge given by “la Caixa” to vote in favor of the appointment of two (2) Directors to the CaixaBank Board of Directors proposed by the Savings Banks, namely:

FUNDACIÓN CAJA NAVARRA (represented by Juan Franco Pueyo)	MEMBER	PROPRIETARY
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO (represented by Guillermo Sierra Molina)	MEMBER	PROPRIETARY

C.1.8 Explain, when applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Name or corporate name of shareholder	**Reason**
FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS	Following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 the shareholders Caja de Ahorros y Pensiones de Barcelona, (hereinafter ´la Caixa´), Caja Navarra, Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter ´the Savings Banks´) entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal

	relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of ”la Caixa”´. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by the ´Savings Banks´ and, in order to give stability to their shareholding in CaixaBank, the ´Savings Banks’ agreed a four-year lock up period, as well as a commitment to exercise their preemptive acquisition rights over two years in favor of the other Savings Banks in the first place and subsidiarily ”la Caixa”, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

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

Yes **No** ✓

Name or corporate name of shareholder	Explanation

C.1.9 Indicate whether any Director has resigned from office before their term of office has expired, whether that Director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that Director.

Name of Director	Reasons for resignation
ISABEL ESTAPÉ TOUS	She was appointed Director of the Criteria Caixaholding, S.A.U.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

Name or corporate name of Director	Brief description
JUAN MARÍA NIN GÉNOVA	All powers delegable under the law and the By-laws are delegated, without prejudice to the limitations established in the Regulations of the Board of Directors for the delegation of powers that, in all events, apply for procedural purposes.

C.1.11 List the Directors, if any, who hold office as Directors or executives in other companies belonging to the listed company's group.

Name or corporate name of Director	Corporate name of the group entity	Position
JUAN MARÍA NIN GÉNOVA	VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR
JAVIER GODO MUNTAÑOLA	VIDACAIXA, S.A. DE SEGUROS Y	DIRECTOR

	REASEGUROS	
MARIA DOLORS LLOBET MARIA	NUEVO MICRO BANK. S.A.U.	DIRECTOR

C.1.12 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name of Director	**Name of listed company**	**Position**
ISIDRO FAINÉ CASAS	TELEFONICA. S.A.	VICE CHAIRMAN
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS. S.A.	FIRST VICE CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL YPF. S.A.	FIRST VICE CHAIRMAN
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	DIRECTOR
JUAN MARÍA NIN GÉNOVA	REPSOL YPF. S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GAS NATURAL. S.D.G., S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	ERSTE GROUP BANK AG	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GRUPO FINANCIERO INBURSA	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BANCO BPI, S.A.	DIRECTOR
ALAIN MINC	DIRECT ENERGIE	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES. S.A. (GRUPO PRISA)	DIRECTOR
DAVID K. P. LI	THE BANK OF EAST ASIA, LIMITED	EXECUTIVE CHAIRMAN
JUAN ROSELL LASTORTRAS	GAS NATURAL. S.D.G.,S.A.	DIRECTOR
SALVADOR GABARRO SERRA	GAS NATURAL. S.D.G.,S.A.	EXECUTIVE DIRECTOR CHAIRMAN

C.1.13 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its Directors may sit.

Yes ✓ **No**

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

C.1.14 Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

	Yes	**No**
Investment and financing policy	✓	
Design of the structure of the corporate group	✓	
Corporate governance policy	✓	
Corporate social responsibility policy	✓	
Strategic or business plans management targets and annual budgets	✓	
Remuneration and evaluation of senior officers	✓	
Risk control and management, and the periodic monitoring of internal information and control systems	✓	
Dividend policy, as well as the policies and limits applying to treasury stock	✓	

C.1.15 List the total remuneration paid to the Board of Directors in the year.

Board remuneration (thousands of euros)	5,615
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	100
Total board remuneration (thousands of euros)	5,715

C.1.16 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position(s)
IGNACIO ÁLVAREZ-RENDUELES VILLAR	HEAD OF INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	CHIEF RISK OFFICER
JOAQUIN VILAR BARRABEIG	HEAD OF AUDIT, INTERNAL CONTROL AND REGULATORY COMPLIANCE
ANTONIO MASSANELL LAVILLA	HEAD OF RESOURCES
FRANCESC XAVIER COLL ESCURSELL	HEAD OF HUMAN RESOURCES
TOMÁS MUNIESA ARANTEGUI	CHIEF INSURANCE AND ASSET MANAGEMENT OFFICER
ALEJANDRO GARCÍA-BRAGADO DALMAU	SECRETARY GENERAL AND SECRETARY OF THE BOARD
JAUME GIRÓ RIBAS	HEAD OF COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND CORPORATE RESPONSIBILITY
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER
GONZALO GORTÁZAR ROTAECHE	CHIEF FINANCIAL OFFICER
JAVIER PANO RIERA	HEAD OF TREASURY AND CAPITAL MARKETS
IGNACIO REDONDO ANDREU	HEAD OF LEGAL ADVISORY

Total remuneration received by senior management (thousands of euros)	12,781

C.1.17 List, if applicable, the identity of those Directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

Name or corporate name of Director	Name or corporate name of significant shareholder	Position
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”	CHAIRMAN
ISIDRO FAINÉ CASAS	FUNDACIÓN "LA CAIXA"	CHAIRMAN
ISIDRO FAINÉ CASAS	CRITERIA CAIXAHOLDING, S.A.U.	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	FUNDACIÓN "LA CAIXA"	DEPUTY CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CRITERIA CAIXAHOLDING, S.A.U.	DEPUTY CHAIRMAN
EVA AURÍN PARDO	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”	DIRECTOR
EVA AURÍN PARDO	FUNDACIÓN "LA CAIXA"	TRUSTEE
JAVIER GODO MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, “LA CAIXA”	SECOND VICE PRESIDENT
JAVIER GODO MUNTAÑOLA	FUNDACIÓN "LA CAIXA”	DEPUTY CHAIRMAN
JAVIER IBARZ ALEGRÍA	CAJA DE AHORROS Y PENSIONES DE BARCELONA,	DIRECTOR

	"LA CAIXA"	
JAVIER IBARZ ALEGRÍA	FUNDACIÓN "LA CAIXA"	TRUSTEE
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	FUNDACIÓN "LA CAIXA"	TRUSTEE
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MARIA DOLORS LLOBET MARIA	FUNDACIÓN "LA CAIXA"	TRUSTEE
MARIA DOLORS LLOBET MARIA	SABA INFRAESTRUCTURAS, S.A.	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	FUNDACIÓN "LA CAIXA"	TRUSTEE
SALVADOR GABARRO SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	FIRST VICE PRESIDENT
SALVADOR GABARRO SERRA	FUNDACIÓN "LA CAIXA"	DEPUTY CHAIRMAN

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

Name or corporate name of Director	**Name or corporate name of significant shareholder**	**Relationship**

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

Yes ☐ **No** ✓

Description of amendments

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing Directors. List the competent bodies, procedures and criteria used for each of these procedures.

Articles 5 and 17-19 of the Regulations of the Board of Directors stipulate that proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of cooption legally attributed to it must be preceded by the pertinent proposal of the Appointments and Remuneration Committee, in the case of independent Directors, and by a report, in the case of the remaining Directors.

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

The Board will also strive to ensure that the group of external Directors includes stable significant shareholders of the Company or their representatives (stakeholder Directors) and persons of recognized experience who have no relationship with the executive team or significant shareholders (independent Directors). In order to classify the Entity's Directors we have used the definitions included in the rules on preparing annual corporate governance reports for listed companies pursuant to Ministerial Order ECC/461/2013, of March 20.

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

The Board will also strive to ensure that its external Directors include stakeholder and independent Directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital. At least one third of the Company's Directors will be independent Directors.

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

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

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

Therefore, and in accordance with the obligations listed in article 2 of Royal Decree 1245/1995, of July 14 on the incorporation of banks, transborder operations and other matters relating to legislation governing credit entities, and the wording of Royal Decree 256/2013, of April 12 which incorporates into legislation on credit entities the European Banking Authority's guidelines on the assessment of the suitability of members of the management body and key function holders published on November 22, 2012, in 2013 CaixaBank approved a "Protocol on Procedures for Selecting and Assessing the Suitability of Posts" (the "Protocol") which establishes the units and internal procedures at the Entity to ensure the selection and ongoing assessment of, inter alia, members of the Board of Directors.

The board, in plenary session, assesses the suitability of proposed candidates, based on a report from the Appointments and Remuneration Committee.

When assessing the suitability of candidates, the three recommendations listed in Royal Decree 1245/1995, i.e. that they should be persons of good business and professional repute, they should possess the appropriate knowledge and experience to perform their duties, and the aptitude to exercise the Entity's good governance, are taken into account.

Also, with regard to the procedure to assess the suitability of candidates prior to their appointment as Director, the Protocol also establishes procedures to continually assess Directors (biannually) and to assess any unforeseeable circumstances which may affect their suitability for the post.

Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Meeting in use of the attributes granted thereto, legally or in the By-laws, and when they resign.

In the event of the conditions described in C.1.21, Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation.

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

C.1.20 Indicate whether the board has evaluated its performance during the year.

Yes ✓ **No**

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities.

Description of amendments

C.1.21 Indicate the cases in which Directors must resign.

Article 20 of the Regulations of the Board of Directors stipulates that the Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation, in the following cases:

a) when they depart the executive positions 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; when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;

c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;

d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of stakeholding external Directors, when the shareholder they represent sells its stakeholding in its entirety. They must also do so when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external stakeholding Directors;

e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and

f) when due to facts attributable to the Director, his remainder on the Board causes a serious damage to the corporate net worth or reputation in the judgment of the Board.

C.1.22 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

Yes **No** ✓

Measures for limiting risk

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

Yes ✓ **No**

Explanation of rules
Articles 15 and 36.1 of the Regulations of the Board of Directors and the By-laws stipulate that the Board of Directors must meet when requested to do so by at least two (2) of its members or one of the independent Directors. In this case, the meeting will be called by the Chairman, through any written means, addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. No Director is expressly entrusted with the task of coordinating external Directors. This task is considered to be unnecessary given the qualitative composition of CaixaBank's Board where nearly all Directors are external (17 out of the 18 members).

The Board, as a plenary body, shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the company; and the functioning of the Committees.

C.1.23 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes **No** ✓

If applicable, describe the differences.

Description of differences

C.1.24 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed Chairman.

Yes **No** ✓

Description of requirements

C.1.25 Indicate whether the Chairman has the casting vote.

Yes ✓ **No**

Matters where the Chairman has the casting vote
Articles 35. (iv) and 16.4 of the By-laws and of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

C.1.26 Indicate whether the By-laws or the board regulations set any age limit for Directors.

Yes **No** ✓

Age limit for Chairman ☐

Age limit for CEO ☐ **Age limit for Directors** ☐

C.1.27 Indicate whether the By-laws or the board regulations set a limited term of office for independent Directors.

Yes ☐ **No** ✓

Maximum number of years in office	

C.1.28 Indicate whether the By-laws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a Director may hold. Also indicate whether only one Director of the same category may be appointed as a proxy. If so, give brief details.

Article 16 of the Regulations of the Board of Directors stipulates that Directors will do everything possible to attend the Board meetings. When they are unable to do so in person, they shall endeavor to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The proxy shall be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.
However, proxies are not usually granted with specific instructions so that proxies may adhere to the matters under discussion by the Board.

C.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	14
Number of board meetings held without the Chairman's attendance	0

Indicate the number of meetings of the various board committees held during the year.

Number of meetings of the Executive or Delegated Committee	24
Number of meetings of the Audit Committee	12
Number of meetings of the Nomination and Remuneration Committee	16
Number of meetings of the Nomination Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the xxx Committee	

C.1.30 Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Directors' attendance	5
% of attendances of the total votes cast during the year	91.73

C.1.31 Indicate whether the consolidated and individual financial statements submitted for authorization for issue by the board are certified previously.

Yes **No** ✓

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorization for issue by the board.

Name	Position

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

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

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

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

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

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

C.1.33 Is the Secretary of the board also a Director?

Yes **No** ✓

C.1.34 Explain the procedures for appointing and removing the Secretary of the board, indicating whether their appointment and removal have been notified by the Nomination Committee and approved by the board in plenary session.

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

	Yes	**No**
Does the Nomination Committee propose appointments?	Yes	
Does the Nomination Committee advise on dismissals?	Yes	
Do appointments have to be approved by the board in plenary session?	Yes	
Do dismissals have to be approved by the board in plenary session?	Yes	

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

Yes ✓ **No**

Remarks

C.1.35 Indicate and explain, where applicable, the mechanisms implemented by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

As well as appointing the auditor, the Audit and Control Committee is responsible for maintaining the appropriate relations with the external auditors in order to receive information on those matters that could jeopardize their independence and any other matters related to the process of auditing the accounts. In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must contain an opinion of the provision of the aforementioned services.

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

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

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

C.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor.

Yes **No** ✓

Outgoing auditor	Incoming auditor

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

Yes ☐ **No** ☐

Explanation of the disagreements

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

Yes ✓ ***No***

	Company	Group	Total
Amount of non-audit work (in thousands euros)	**456**	**505**	**961**
Amount of non-audit work as a % of the total amount billed by the audit firm	**15.23**	**18.31**	**16.71**

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

Yes **No** ✓

Explanation of reasons

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

	Company	Group
Number of consecutive years	12	12

	Company	Group
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	86	86

C.1.40 Indicate and give details of any procedures through which Directors may receive external advice.

Yes ✓ **No**

Procedures
Article 22 of the Regulations of the Board of Directors expressly states that to receive assistance in fulfilling their duties, external Directors may request that legal, accounting or financial advisors or other experts be hired, at the expense of the Company. The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that: ➢ it is not necessary for the proper performance of the duties entrusted to the external Directors; ➢ the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company; ➢ the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or ➢ it may entail a risk to the confidentiality of the information that must be handled. Also, article 13.8 of the Regulations of the Board of Directors stipulates that in order to best comply with its functions, the Audit and Control Committee may avail itself of the advice of external experts, when it deems necessary for the adequate fulfillment of its duties.

C.1.41 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**

Procedures
Article 21 of the Regulations of Board of Directors stipulates that Directors have the duty of diligently informing themselves on the running of the Company. For such purpose, they may request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible. 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 who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations. Notwithstanding the above, significant, complex documents, such as financial information, the accounts or the annual reports on corporate governance or director remuneration, are sent to directors in advance of board meetings.

C.1.42 Indicate and, where appropriate, give details of whether the company has established rules obliging Directors to inform the board of any circumstances that might harm the organization's name or reputation, tendering their resignation as the case may be.

Yes ✓ **No**

Details of rules
In addition to the response to C.1.21 above, article 20 of the Regulations of the Board stipulates that Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgment of the Board.

C.1.43 Indicate whether any Director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the LSC.

Yes **No** ✓

Name of Director	**Criminal proceedings**	**Remarks**

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the Director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

Yes ☐ **No** ☐

Decision/action taken	Justified explanation

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

Not applicable.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries	57
Type of beneficiary	**Description of the resolution**
1 CEO, 12 Management Committee members, 16 Executives	2-6 annual payments (fixed remuneration or fixed and variable remuneration, depending on contractual conditions). Any compensation payments for early termination or rescission of contracts with the right to receive compensation shall only be paid as the positive difference between the compensation entitlement and the cumulative amount in the employee's favor in the policy governing pension benefit obligations or other long-term savings plans, which the manager shall be entitled in the case of termination or rescission of contracts
28 employees – specialists and middle management	0.25-2.4 annual payments (fixed remuneration or fixed and non-fixed remuneration, depending on contractual conditions). Some middle managers have compensation clauses in the event of unfair dismissal, the amounts of which are calculated based on their individual professional and wage conditions.

Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group.

	Board of Directors	General Shareholders' Meeting
Body authorizing clauses	YES	NO

	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.

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER	EXECUTIVE
SUSANA GALLARDO TORREDEDIA	MEMBER	INDEPENDENT
JAVIER IBARZ ALEGRÍA	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY
MARIA DOLORS LLOBET MARIA	MEMBER	PROPRIETARY

% of executive Directors	**16.66**
% of proprietary Directors	**66.67**
% of independent Directors	**16.67**
% of other external Directors	**0**

AUDIT COMMITTEE

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

% of executive Directors	**0**

% of proprietary Directors	**33.33**
% of independent Directors	**66.67**
% of other external Directors	**0**

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
SUSANA GALLARDO TORREDEDIA	CHAIRMAN	INDEPENDENT
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	PROPRIETARY
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY

% of executive Directors	**0**
% of proprietary Directors	**66.67**
% of independent Directors	**33.33**
% of other external Directors	**0**

NOMINATION COMMITTEE

Name	Position	Type

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

REMUNERATION COMMITTEE

Name	Position	Type

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

XXX COMMITTEE

Name	Position	Type

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

C.2.2 Complete the following table on the number of female Directors on the various board committees over the past four years.

	Number of female Directors			
	Year t **Number %**	**Year t-1** **Number %**	**Year t-2** **Number %**	**Year t-3** **Number %**
Executive Committee	33.33	42.86	42.86	50.00
Audit Committee	0	0	0	33.33
Nomination and Remuneration Committee	66.67	66.67	33.33	0
Nomination Committee				
Remuneration Committee				
XXX Committee				

C.2.3 Indicate whether the Audit Committee is responsible for the following:

	Yes	No
Monitoring the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.	Yes	
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	Yes	
Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.	Yes	
Establishing and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	Yes	
Making recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms of their engagement.	Yes	
Receiving regular information from the external auditor on the progress and findings of the audit program, and checking that senior management are acting on its recommendations.	Yes	
Monitoring the independence of the external auditor.	Yes	

C.2.4 Describe the organizational and operational rules and the responsibilities attributed to each of the board committees.

AUDIT AND CONTROL COMMITTEE

Brief description

Articles 40 and 13 of the By-laws and Regulations of the Board of Directors describe the organization and operation of the Audit and Control Committee.

1.1) Organization and operation

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

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

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

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

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

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

1.2) Responsibilities

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

(i) to report at the Annual General Meeting on matters posed by shareholders in the area of its competence;

(ii) to propose to the Board of Directors, for submission to the Annual General Meeting, the appointment of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof;

(iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports;

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

(v) to oversee the process for preparing and submitting regular financial account information and the effectiveness of the Company's internal control environment, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;

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

In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.

In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;

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

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

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

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

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

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

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

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

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

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Articles 39 and 14 of the By-laws and Regulations of the Board of Directors describe the organization and operation of the Appointments and Remuneration Committee.

1.1) Organization and operation

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

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

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

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

1.2) Responsibilities

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

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

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

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

(iv) to report on the appointments and departures of Senior Executives which the chief executive proposes to the Board; (v) to report to the Board on matters of gender diversity; and

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

EXECUTIVE COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

1.2) Responsibilities

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

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

AUDIT AND CONTROL COMMITTEE

Brief description

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

In compliance with article 13.6 of the Regulations of the Board of Directors, at its meeting on 27 February 2014 the Audit and Control Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2013.

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

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

Unlike the Audit and Control Committee Control which is obliged to prepare an annual activities report as stipulated in the Company's By-laws, the Appointments and Remuneration Committee is under no obligation to prepare an annual activities report. In spite of this, at its meeting on 19 February 2014 the Appointments and Remuneration Committee approved its annual activities report detailing its performance during 2013.

EXECUTIVE COMMITTEE

Brief description

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. Aspects not specifically defined for the Executive Committee are governed by the rules of procedure set forth in the Regulations of the Board of Directors for general Board procedures and which is available on CaixaBank's website (www.caixabank.com).

There is no express mention in the Company's By-laws that the Committee must prepare an activities report. Nevertheless, and in line with its obligation to inform the Board of the main aspects covered and decisions taken at its meetings, at its meeting on 27 February 2014 the Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2013.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of Directors.

Yes ✓ **No**

If the answer is no, explain the composition of the Executive or Delegate Committee.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body
The Board, in plenary session, is responsible for approving transactions which the Company conducts with Directors, significant shareholders, shareholders with Board representation or other persons related thereto. Nevertheless, the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions: i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients; ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and iii) the amount does not exceed 1% of the consolidated annual revenue of the group of which the Company is the parent. Intragroup transactions are regulated by the Internal Protocol of Relationships between Caja de Ahorros y Pensiones de Barcelona, "la Caixa" and CaixaBank. This sets, *inter alia*, the general criteria to carry out transactions or provide intragroup services under market conditions, as well as identifying the services which "la Caixa" provides and will provide to CaixaBank and CaixaBank Group companies and those which CaixaBank and/or CaixaBank Group companies provide or will provide in turn to "la Caixa" and "la Caixa" Group companies. The Protocol establishes the circumstances and terms for approving intragroup operations. In general the Board of Directors is the competent body for approving these transactions.

Procedures
The Board of Directors or the Executive Committee (for reasons or urgency and under the authorization conferred) shall approve related-party transactions based on a favorable report from the Audit and Control Committee. Any Directors affected by these transactions shall abstain from the debate and voting on the transactions. Intragroup transactions are regulated by clause 4 of the Internal Relations Protocol which is available on the CaixaBank website (http://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Gobierno_corporativo/ProtocoloCABK_en.pdf) It should be noted that certain intragroup operations described in Clause 4.3, given their importance, shall be subject to prior approval of the CaixaBank Board of Directors which must be in possession of a report from the Audit and Control Committee and also of the ”la Caixa” Board of Directors, which must likewise be in possession of a report from the ”la Caixa” Audit and Control Committee.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

Pursuant to article 4 of the Regulations of the Board of Directors, the Board in plenary session is responsible for approving transactions which the Company conducts with Directors, significant shareholders, shareholders with Board representation or other persons related thereto.

Nevertheless, for reasons of urgency and under the authorization conferred, the Executive Committee shall approve these transactions, which must subsequently be submitted for ratification.

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 or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (in thousands of euros)
"la Caixa"	CaixaBank		Capital increase (CaixaBank Optional Scrip Dividend program)	691,939

"la Caixa"	CaixaBank		Demand and time deposits	878,206
"la Caixa"	CaixaBank		Hedging derivatives – assets	34,000
"la Caixa"	CaixaBank		Hedging derivatives - liabilities	484,000
"la Caixa"	CaixaBank		Loan	70,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Undrawn available amount	750,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Acquisition of "Servicios Gestión Inmobiliaria"	98,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Plain vanilla bonds acquired	1,350,000
Abertis Infraestructuras	CaixaBank	"la Caixa" associate	Time and demand deposit balances	682,000
Gas Natural	CaixaBank	Joint control "la Caixa"	Time and demand deposit balances	1,533,000

Note 42 of the consolidated financial statements shows all the balances with "la Caixa" Group companies in aggregate form

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or Directors.

Name or corporate name of Director or senior manager	**Name or corporate name of related party**	**Relationship**	**Type of transaction**	**Amount (in thousands of euros)**

All transactions were carried out in the ordinary course of business and on an arm's length basis.

Note 42 of the consolidated financial statements shows all the balances with managers and directors

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 case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company	Brief description of the transaction	Amount (in thousands of euros)
VidaCaixa SA	Sale of stake in Banca Cívica Vida y Pensiones	158,839
VidaCaixa SA	Sale of stake in Cajasol Vida y Pensiones	113,500
VidaCaixa SA	Sale of stake in Caja Canarias Aseguradora Vida y Pensiones	93,900
SegurCaixa Adeslas, SA	Sale of non-life insurance business	193,300

Note 42 of the consolidated financial statements shows all the balances with CaixaBank Group associates and jointly controlled entities

D.5. Indicate the amount from related-party transactions.

All transactions were carried out in the ordinary course of business and on an arm's length basis.

Note 42 of the consolidated financial statements shows all the balances with managers and directors.

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

Directors and Executives

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

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

Article 28 of the same regulation stipulates that a Director may not use the Company's assets or avail themselves of their position at the Company in order to obtain an economic advantage unless they are paid an adequate consideration.

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

Significant shareholders

In order to foster the Company's transparency, and good governance, and in accordance with Recommendation 2 of the Unified Good Governance Code, CaixaBank and "la Caixa", as controlling shareholder, signed an Internal Protocol of Relationships. The initial Protocol which was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market was replaced by a new Protocol when a number of reorganization transactions were carried out at the ´la Caixa´ Group, as a result of which CaixaBank became the bank through which ´la Caixa´ indirectly carries on its financial activity. Thereafter, following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad's activity to CaixaBank, the Protocol was amended by means of a novation agreement to remove reference to the exceptionality of Monte de Piedad's indirect activity.

The Protocol's main purpose is to

(i) to develop the basic principles that should govern relations between "la Caixa" and CaixaBank, in that the latter is the instrument through which the former indirectly carries on its financial activities;

(ii) to delimit CaixaBank's main fields of activities, taking into account its nature as the bank through which "la Caixa" indirectly carries on its financial activities;

(iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with "la Caixa" Group companies; and, particularly, owing to their importance, the provision of property services by one or more companies of "la Caixa" to the company or property companies of CaixaBank.

(iv) to govern the proper flow of information to permit "la Caixa" and, insofar as is necessary, CaixaBank as well- to draw up its financial statements and to meet its period reporting and oversight duties with regard to the Bank of Spain, the CNMV and other regulatory bodies.

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

Yes ☐ **No** ✓

Identify the listed subsidiaries in Spain

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Yes ☐ **No** ☐

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the risk management system in place at the company.

Global risk management aims to ensure the Company's robust risk profile, preserve capital adequacy and optimize the return/risk ratio by identifying, measuring and assessing risks and ensuring that they are always taken into account in CaixaBank's business decision-making process. This way, it sets a risk profile that is aligned with strategic objectives. The system of authorization levels is based on fundamental risk variables and transaction amounts, enabling risks to be quantified using scenarios based on capital use and expected loss.

Risk control is fully ingrained in the business and the organization plays a proactive role in ensuring that it is implemented. Senior management participates directly in maintaining the internal control framework, ensuring that it is executed prudently, and in the ongoing management and planning of capital to guarantee the level of capital available is in keeping with the Entity's risk level. The risk management system is comprehensive and consolidated at corporate level.

The Board-approved General Risk Management Principles can be summarized as follows:

- Risk is inherent to the Entity's business
- Risk is the ultimate responsibility of the Board and requires involvement of Senior Management
- Medium-low risk profile
- Involvement throughout the organization
- Management throughout the full cycle of transactions: from preliminary analysis until approval, monitoring of solvency and profitability, to repayment or recovery of impaired assets
- Joint decision-making
- Independence
- Approval based on the borrower's repayment ability and an appropriate return
- The use of standard criteria and tools
- Decentralized decision-making
- Use of advanced techniques
- Allocation of appropriate reserves

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

The CaixaBank Board of Directors is the Entity's highest risk-policy setting body. Senior Management acts within the framework of the duties assigned by the Board of Directors and set up the following risk management committees:

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

CaixaBank has a dedicated Directorate-General of risk. The **Global Directorate-General of Risk** is the global oversight unit that implements the role of independence required under the Basel Committee, with the responsibility of managing risks at corporate level and to supervise the healthy state of the assets and the adequacy and security mechanisms.

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

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

All employees have also been informed of the Strategic Plan which includes all the risk related structures: quality, reputation, corporate governance, solvency and liquidity and risk-adjusted return. The Committee periodically revises and approves various reports regarding the risks assumed jointly by all Group entities.

As a final guarantee of the control mechanisms, 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 regular financial account information and the effectiveness of the Company's internal control environment, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

Priority and emerging risks are risks that could have a material effect on the entity's results and the long-term sustainability of its business model.

- **Macroeconomic risks**. In Spain, the imbalances present before the start of the economic crisis are still being corrected and must be watched closely until there is a firm recovery in domestic demand.

- **Regulatory risks**. The transition to a safer, global financial system entails stricter regulatory requirements for entities. CaixaBank will face the challenge with solid levels of solvency and liquidity. The European Banking Union process will entail a change in responsibilities and the oversight model, which must be underpinned by robust resolution mechanisms. Following the independent reviews of Spain's banking system, carried out under the terms of the Memorandum of Understanding, and the assessments conducted by the IMF through the Financial Sector Assessment Program for Spain, provisioning levels in the sector must satisfy the global with a view to its assuming supervision responsibilities.

- **Reputational risks**. As a result of the economic crisis, excessive leveraging of households and businesses, and the decline in the value of investments in hybrid products, among other reasons, confidence in banks has eroded considerably in Spain. In order to restore the confidence of its customers in the financial system, CaixaBank is focusing on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, compliance and money laundering prevention structures.

Pursuant to the guidelines issued by the Basel Committee, the risks incurred as a result of the activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, and compliance risk.

Based on the above, and in line with macroeconomic risks, we believe Credit Risk is the key risk for the Group. In 2013 the economy remained weak, with unemployment standing at over 26% and a sharp correction of the market value in the real estate sector, which is still far from normal levels. This backdrop continues to affect customers' ability to comply with their payment of obligations and looks set to remain that way in the near future.

The work of the Corporate Directorate of Global Risk Management is structured on the basis of modeling the most significant risks, such as:

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

For a description of the process for assessing the main risks, indicating those which are critical and who is involved, please see section E.4., given its quantitative link with risk tolerance levels.

E.4 Identify if the company has a risk tolerance level.

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

The thresholds are defined based on quantitative metrics. For market risk, board authorization is required for any excesses in the Value at Risk limits. For credit risk, the Board has established reporting duties based on certain percentage increases in Expected Loss, Risk-weighted Assets and NPL. For structural balance sheet risk management, the Entity has set limits on changes in the net margin above a certain limit and for the Value at Risk applied to the balance sheet. The Entity has the right to change any previously-established tolerance levels and limits.

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

All risk measurement, monitoring and management work is carried out in accordance with the recommendation of the Basel Committee on Banking Supervision, European directives and Spanish legislation.

The mission of the Department of Credit Risk Models, Optimization and Capital Analysis, which reports to the Corporate Directorate of Global Risk Management, is to build, maintain and monitor the credit risk management systems. It is also in charge of guaranteeing and advising on the use of these systems, while seeking to ensure that the decisions based on these measurements take their quality into account. As established in the best practices, this corporate directorate is independent from the business areas in order to ensure that risk rating policies are not affected by commercial considerations.

In accordance with Bank of Spain Circular 3/2008, the CaixaBank Group uses internal models to assess credit risk for the following types of exposure:

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

Expected loss is the result of multiplying three factors: exposure at default, probability of default, and loss given default.

Exposure

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

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

Probability of default

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

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

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

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

The Corporate Rating function, which reports to Corporate Directorate of Analysis and Approval, has internal models in place to obtain ratings for the large companies segment. These are "expert" models which lend greater weight to analysts' qualitative judgments. In view of the lack of internal default delinquency in this segment, the models were built in line with the Standard & Poor's methodology, and thus the global default rates published by the rating agency could be used, making the methodology much more reliable. The models were developed on the basis of data with sufficiently significant historical depth, so they include the cycle effect to a reasonable degree and ensure the stability of the measurements obtained.

The results of all the tools are linked to a risk master scale that provides a standard classification for the lending portfolio, i.e. it allows risk to be grouped according to a common expected NPL ratio.

Loss given default

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

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

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

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

Unexpected loss and economic capital

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

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

Traditionally, two concepts have been distinguished:

- Economic capital is that which an entity ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity’s own estimate, adjusted according to the tolerance to risk, volume and type of activity. In this respect, it is the responsibility of the Entity’s board of directors and senior executives to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.95%. This responsibility is emphasized in Pillar 2 of the Basel Capital Accord.

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

Economic capital is not a substitute for regulatory capital, but complements it to move towards the real risk profile assumed by the Entity and incorporate risks which were not envisaged -or only partially considered– in the regulatory requirements.

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

Risk-adjusted return

To determine the price of operations, the pricing tools included in the applications systems (based on appropriate coverage of the risk premium) and data from the RAR (risk-adjusted return) tool are used.

The RAR is consolidated in the business and corporate banking network, to achieve greater control over the balance between risk and returns.

Market risk in trading activities

The Directorate-General of Risk in Market Operations, which reports to the Corporate Directorate of Global Risk Management, is responsible for valuing financial instruments in addition to measuring, monitoring and following up on associated risks and estimating the counterparty risk and operational risk associated with financial market activities.

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

The two most commonly-used methods for measuring risk are sensitivity and VaR (value at risk). Sensitivity calculates risk as the impact a slight change in risk factors has on the value of positions, proceeding as follows:

- For interest rate and inflation risk, a calculation is performed of the change in the present value of each of the future flows (actual or forecast) in the event of a one basis point (0.01%) change at all stages of the curve.

- For currency risk, a calculation is performed of the change in the counter value of each of the foreign currency flows in the event of a one per cent (1%) change in the exchange rate.

- For risk involving the price of shares or other equity instruments arranged by the Treasury Desk and for commodity price risk, the change in the current value of the position or portfolio is calculated according to a variation of one percentage point (1%) in the prices of its components.

- For volatility risk (variability of rates or prices), which includes operations with option characteristics (interest rate caps and floors and foreign currency or equity options), the change in the current value of each future flow is calculated according to the variations of the volatilities listed on all sections of the curve, in interest rates and/or in the prices of the asset.

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

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

The Bank of Spain approved the internal model for estimating capital for market risk of trading activities in 2006. The scope of the model covers virtually all strict treasury positions and the trading derivatives over investees. In 2013, the average 1-day VaR for trading activities was €7 million. The highest market risk levels, up to €13.1 million, were reached in March, mainly as VaR anticipates a potentially different movement in the daily market value of equity positions (mainly transactions with equity derivatives).

Two methodologies are used to obtain this measurement:

- The parametric VaR technique, based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. In accordance with the recommendations of the Basel Committee on Banking Supervision, it is applied using two time horizons: a 75-day data window, giving more weight to recent observations, and a one-year data window, giving equal weight to all observations.

- The historical VaR technique, which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes over the last year are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behavior of risk factors. The parametric VaR technique assumes fluctuations that can be modeled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, although it must be said that the risk associated with options has been a minor risk.

A downgrade in the credit rating of asset issuers can also give rise to adverse changes in quoted market prices. Accordingly, Risk Models completes the quantification of market risk with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income positions (Spread VaR), which constitutes an estimate of the specific risk attributable to issuers of securities.

VaR measurements are complemented by two risk metrics related to other regulatory requirements: Stressed VaR and Incremental Default and Migration Risk. 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. 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% and a one-year time horizon. The average values of these risk measures in 2013 were €11.1 million and €25.9 million, respectively.

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

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

2. Historical scenario analysis: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei

in 1990, the US debt and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, or the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 and concerns surrounding Spanish sovereign debt in 2011 and 2012.

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

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR limits, complemented by the definition of VaR sublimits, maximum losses and sensitivities for the various management units that could assume market risk in trading activities of the Treasury Desk. The risk factors are managed by the Executive Directorate of Treasury and Capital Markets within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations. The Corporate Directorate of Global Risk Management is in charge of monitoring compliance with these thresholds and the risks undertaken, and produces a daily report on position, risk quantification and the utilization of risk thresholds, which is distributed to Management, Treasury Desk officers and the Internal Audit division.

Counterparty risk is controlled by an integrated real-time system that provides up-to-date information of the available limit for any counterparty, by product and maturity The system encompasses the banking and insurance businesses as well as the positions of guaranteed funds. Risk is therefore measured both in respect of current market value and future exposure.

Therefore, management of market risk in relation to trading positions at CaixaBank complies with the methodology and monitoring directives proposed by Basel Committee.

Operational risk

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

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

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

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

- Operational Risk Committee: set up in 2013, it oversees the Group’s operational risk and its implications in solvency and capital management. The Operational Risk Committee reports to the Global Risk Committee.

- Areas of business and support, and subsidiaries: identifying, assessing, managing, controlling and communicating operational risks within their activities. The operational risk coordinators at each center play a crucial role.

- Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk at the CaixaBank Group. It assists the various areas of business and subsidiaries, and consolidates reporting information for Management. It operates as part of the Corporate Directorate of Risk Models and Policies within Global Risk Management.

- Assessment of Risk Models and Internal Audit: monitoring trends in current legislation, calculating capital requirements and implementing the established operational risk assessment, control and management procedures.

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

- Identification and detection of all current and potential operational risks, based on qualitative techniques -the opinion of process experts, risk indicators, extreme scenarios of operational losses– and procedures for the management of operational risks, in order to define the operational risk profile for CaixaBank. An objective is in place to conduct an annual assessment and qualitative measurement of operational risks targeting the main ones. The measurements are based on expected loss and VaR.

- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database. CaixaBank has become a member of the ORX international consortium for the exchange of operational risk loss data with other financial institutions with a view to gaining greater insight into the risk profile of the financial sector and being able to manage the losses already sustained by competitors sooner.

- Active management of the Group’s risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making in order mitigate risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring the main qualitative risks (e.g. real losses) through remedial steps and action plans is the key to achieving this management goal. The operational risk information systems supporting infrastructure are being upgraded to improve their management.

Management of structural balance sheet interest rate risk

The balance sheet consists of clusters of assets and liabilities with different maturity dates and interest rates. Interest rate risk occurs when changes in the curve structure of market rates affect these clusters, leading to their renewal at rates that differ from the previous ones with effects on their economic value and on net interest income.
Interest-rate risk is managed and controlled directly by CaixaBank management, through the Asset-Liability Committee (ALCO). The mission of the ALCO is to optimize and ensure profitability of the financial structure of the balance sheet, both the banking and the insurance businesses, by coordinating prices, maturities and volumes among the activities generating assets and liabilities, and to coordinate the actions proposed with the Risk Department.

The CaixaBank Group manages this type of risk with a two-fold objective: to reduce the sensitivity of net interest income to interest rate fluctuations and to preserve the economic value of the balance sheet. To attain these objectives, CaixaBank actively manages the 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 complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers.

The Asset and Liability Management (ALM) and Liquidity Division (which reports to the Directorate-General of Risk) is responsible for analyzing this risk and proposing hedging transactions in accordance with these objectives to the ALCO. Carrying out this function involves the use of the following assessment measures:

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

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and changes in the slope of the curve.
The sensitivity of equity to interest rates measures the potential effect on the present value of the balance sheet in the event of interest rate fluctuations. The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of structural risk, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

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

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

In accordance with current regulations, CaixaBank does use its own funds for the structural interest rate risk assumed, in view of the low risk profile of its balance sheet. Even when balance sheet interest rate risk assumed by CaixaBank is substantially below levels considered significant (outliers), in keeping with the proposals of Basel II, CaixaBank continues to take a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

Liquidity risk

Asset and Liability Management (ALM), which reports to the Directorate-General of Risk, is responsible for analyzing, monitoring and managing liquidity risk.

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

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

The ALCO Committee monitors medium-term liquidity on a monthly basis through the analysis of time lags forecast in the balance sheet structure, and verifies compliance with the thresholds and operating lines of action approved by the Board of Directors. ALCO makes proposals to the Board of Directors on the optimum issues or finance/investment programs to suit market conditions and the instruments and terms needed to assist business growth.

Management of short-term liquidity ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to the banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times.

The CaixaBank Group actively manages liquidity risk, and with a view to pre-empting possible lending funds requirements it has several ordinary finance programs that cover the different maturity dates in order to guarantee the proper levels of liquidity at all times. These programs are the "2013 Promissory Notes Scheme" and two fixed income programs, the "2013 Base Prospectus for Non-Participating Securities" and the "CaixaBank – Euro Medium Term Note Program". Additionally, as another prudent measure to prepare for potential stress on liquid assets or market crises, the CaixaBank Group has a series of guarantee deposits at the European Central Bank which it can use to obtain high levels of liquidity on short notice (ECB facility).

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

Actuarial risk

The Group's policies regarding actuarial risk are described in Note 3 of the accompanying consolidated financial statements.

In 2013, the European authorities set 1 January 2016 as the application date of the Solvency II directive. By then, legislation currently under discussion should be completed, and all the Solvency II rules (the Omnibus II Directive, Delegated Acts, Implementing Technical Standards and Guidelines) should be approved in Europe and transposed into national law.

In preparation for Solvency II during the transitional phase from 1 January 2014 until the application date, the EIOPA (the European insurance advisor) has issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II until 2016. On 30 December 2013, the Spanish DGIPF issued a communiqué to all insurance companies and groups about the need to comply with these guidelines under the terms therein.

In 2013, the Group worked actively on implementing Solvency II, participating in insurance sector working groups and in quantitative and qualitative impact studies conducted by the supervisors, making the necessary adaptations and improvements to its systems and operation.

E.5 Identify any risks which have occurred during the year.

Risks occurring in the year

Credit risk

Circumstances responsible for this occurrence

NPL rate. At December 31, 2013, the Group's non-performing loans totaled €25,365 million (11.66%). At 31 December 2012 this figure was €20,150 million (8.62%).

Real estate development and foreclosed assets. At December 31, 2013, the Group's gross financing of real estate development stood at €19,980 million (€26,992 at December 31, 2012) and the net carrying amount of foreclosed assets was €6,169 million (€5,088 million at December 31, 2012).

This situation compares very favorably with that of the resident private sector in the system total, which in eleven months has increased from 10.43% (December 31, 2012) to 13.08% (November 30, 2013, the last available date).

Operation of control systems

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

Control systems have worked correctly, enabling it to manage the risk effectively. The Group's Board of Directors has been informed of their performance.

Risks occurring in the year

Market risk

Circumstances responsible for this occurrence

This year, the average VaR for the treasury area's trading activities was €7 million. The highest market risk levels (i.e. €13.1 million) were reached in March, mainly as VaR anticipates a potentially different movement in daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

Operation of control systems

Control systems have worked correctly, enabling it to manage the risk effectively. The Group's Board of Directors has been informed of their performance.

Risks occurring in the year

Balance sheet interest rate risk

Circumstances responsible for this occurrence

No critical risks occurred in 2013.

Operation of control systems

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

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

Risks occurring in the year

Liquidity Risk

Circumstances responsible for this occurrence

Unlike in previous years, in 2013 the wholesale financing markets remained open for longer periods of time and the perception of Spanish credit risk has improved, particularly sovereign and financial. The year was particularly positive for CaixaBank, given investors' strong appetite for the issuances carried out and with spreads narrowing as the year progressed.

The following mechanisms were used during the year to securely manage liquidity:

Maintaining a comfortable liquidity cushion and prudent business limits.

Provision of a number of ordinary financing programs and a significant financing capacity through instruments of the highest quality like mortgage or public-sector covered bonds.

Diversified issues both in terms of the instruments issued, the investors with whom they were placed and the various maturities used. A new investor base was created through plain vanilla bond issues.

a) Comfortable cushion of collateralized assets in the ECB that allow for immediate liquidity to be available.

Availability of a Liquidity Risk Contingency Plan with an action plan for each of the established crisis scenarios, with details of commercial, institutional and communication measures to deal with such situations.

The high position in liquid assets and the possibility of obtaining financing in the wholesale market has helped reduce our dependence on financing raised from the ECB's three-year extraordinary long-term auctions.

Optimizing collateral by generating new securitization funds and settling others.

Operation of control systems

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

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

E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

The main risk inherent in the commercial banking activity is credit risk. In 2013, the Group's risk management policy continued to deal with the rise in NPLs and carefully implement the measures necessary to effectively collect debts that are difficult to recover. This policy is implemented as soon as any signs of deterioration in debtor solvency appear, by constantly monitoring their development and that of the mortgaged assets offered as collateral. In this respect, and without prejudice to the ongoing controls over the loans portfolio, CaixaBank has taken steps to mitigate the impact of the recession on its individual customers.

CaixaBank's Department of Risk Monitoring and Prevention Management reports to the Corporate Directorate of Global Risk Management. Its function is two-fold: to prepare follow-up reports on individual borrowers or economic groups with higher risk levels, and to monitor risk holders whose creditworthiness shows signs of deteriorating, using a rating and monitoring scoring system based on risk alerts for each borrower.

The monitoring scoring plays a key role in assisting both the approval system, as discussed above, and the monitoring process. Therefore, borrowers who are more likely to default in the short term are analyzed more thoroughly and more frequently.

Another feature of the alert system is that it is fully integrated with the customer information systems. The alerts are allocated to each borrower and a rating is established on a monthly basis. Additionally, information on a customer's alerts is integrated with the rest of the data on the customer, and included for consideration whenever the customer applies for a new loan.

The outcome of the monitoring process is the establishment of “Action Plans” for each of the borrowers analyzed. The “Action Plans” aim to complement the alert-based scoring system, while acting as a guide to the approvals policy for future loans.

The Department of Risk Monitoring and Recoveries also has a priority focus on monitoring the property developers and builders segment. With respect to individuals, a risk prevention project enables early detection of any signs of deterioration in their ability to pay separate analysis of each case in order to adopt the best solution.

After careful risk analysis, in certain cases, CaixaBank tailors installments falling due in the short term to the current income available to debtors, confiding in the belief that delaying collections will help ensure the loans are repaid in full. The various options available to ensure this objective is achieved are analyzed along with the customer to identify the option best suited to his needs, always ensuring that the final objective of recovering the loan is achieved and internal risk approval procedures are followed.

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

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

b) Gross backtesting, which compares the total result obtained during the day (therefore including any 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 calculating the total risk of the portfolio.

With regard to liquidity risk, the ALCO periodically monitors a series of indicators and warnings to detect signs of liquidity stress in order to adopt the corrective measures laid down in the Liquidity Risk Contingency Plan. A monthly analysis is also performed of the potential liquidity levels under each of the hypothetical crisis scenarios.

Below is a description of the oversight mechanisms of the risk function and of the Group’s internal control framework, which operates independently of the admission and concession team, and the teams responsible for developing and implementing models, defining and applying policies and monitoring risk:

- **Internal validation**
- **Audit, Internal Control and Regulatory Compliance**

Internal validation

The Basel Capital Accord (Basel II) focuses on determining the minimum capital requirements for each entity in accordance with its risk profile. For credit risk, it allows entities to use internal rating models and their own estimates of risk parameters to determine their capital requirements.

The importance of the capital determination process requires proper control environments to ensure that reliable estimates are obtained from both quantitative and qualitative perspectives. The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity. It must also be carried out on a continuous basis at the entities to act as a complementary to traditional control functions (internal audit and supervision).

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

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

The Risk Models Validation Unit's work methodology is based on the preparation of annual plans specifying the objectives and work to be performed in the year. The Risk Models Validation Unit's planning is designed to complement the recurring tasks with specific reviews and to ensure that the opinions issued each year remain valid.

Regulatory compliance activities comprise:

- Validation cycles, a set of periodic reviews for the purposes of analyzing, on an annual basis, their performance and integration within the risk management processes. This guarantees an updated opinion on the status of the internal models and their uses.

- Exhaustive reviews of relevant modifications, which require a prior opinion by the Risk Models Validation Unit, such as the approval and implementation of internal models or the validation of parameter estimation processes.

- Regulatory reporting:

    - The update, at least annually, of the IRB Monitoring Dossier, a document required by the supervisor for each internal model.

    - Presentation of the Risk Models Validation Report.

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned. There are also internal projects designed to optimize tasks or automate recurring tasks.

The scope of work undertaken by the Risk Models Validation Unit has been extended since it was set up as an independent unit in 2006. In 2010, along with reviews in the area of credit risk, assessment of the internal market risk model was added.

In 2013, the Risk Models Validation Unit was added to the global project to achieve an advanced measurement approach (AMA) for operational risk.

Audit, Internal Control and Regulatory Compliance

After the ”la Caixa” Group’s reorganization in 2011, which culminated with the creation of CaixaBank (quoted bank), and in the wake of the recent integration of financial institutions, the Group has become far more complex.

In the current environment of economic volatility and changes in the financial system and the regulatory framework, the demands on and duties of Senior Management and governing bodies are increasing, as is stakeholder sensitivity to corporate governance and internal control.

The Directorate-General of Audit, Internal Control and Regulatory Compliance is in charge of ensuring the correct performance of and supervising the Group’s internal control model. It reports systematically and regularly to CaixaBank’s Executive Vice President-CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group’s internal control framework.

This Directorate-General comprises three organizational units (Internal Control, Regulatory Compliance and Internal Audit), which operate independently from other CaixaBank Group areas and companies, in accordance with the guidelines set out by the EBA (European Banking Authority) in the *EBA Guidelines on Internal Governance* 27/09/2011 (adopted by the Bank of Spain on 27/06/2012).

In 2012 and 2013, significant progress was made to strengthen the Group's internal control model: The organizational structure was bolstered with the creation of the Internal Audit Area, mainly to develop the Corporate Risk Map, the transversal project included in the review of the 2011-2014 Strategic Plan. In addition, an analysis was carried out of the function and objectives of the three areas of the Directorate-General of Control, resulting in its reorganization and reinforcing its resource structure.

(1) “la Caixa” Group companies are understood to be companies that are subsidiaries of CaixaBank.

Internal Control

The Internal Control Area was created in 2012, making significant progress towards strengthening the CaixaBank Group's internal control model.

CaixaBank's control environment is organized into three “lines of defense.”

- The first involves the Entity’s own areas, constituting the first control level.
- The Internal Control Area is the second line of defense, together with Global Risk Management, Internal Control over Financial Reporting (ICFR) and Regulatory Compliance, among others, which oversee the proper operation of risk management and control carried out by the business areas.
- The Internal Audit Area is the third, as an element of supervision.

The mission of the Internal Control Area is to ensure management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the CaixaBank Group’s risks, thereby generating confidence for stakeholders.

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To fulfill this mission, a Corporate Risk Map Project is being carried out in 2013 and 2014. The Corporate Risk map will be the internal control model's basic management tool.

The Corporate Risk Map will provide a comprehensive and synthetic vision of the Group's control environment and will integrate the current risk maps.

The Internal Control Area operates under the principle of independence from the other areas of the organization and Group companies. It is also transversal, as it assesses the risk control mechanisms that affect the entire set of activities and businesses carried out by the Group.

Its main duties include:

- Coordinating the Risk Map and Corporate Controls
- Advising Senior Management on the control protocols and action plans needed to resolve any control deficiencies
- Systematically and regularly reporting on the control environment to Senior Management and the Audit and Control Committee

Regulatory Compliance

The objective of Regulatory Compliance is to oversee compliance risk, defined as the risk to CaixaBank and CaixaBank Group companies of legal or regulatory penalties, or financial, material or reputational loss, as a result of failure to comply with the laws, regulations, rules, self-regulation standards or codes of conduct applicable to its businesses.

Oversight of compliance risk is carried out through the establishment of second-tier controls, which allows for the detection of potential deficiencies in the procedures implemented in the Entity to ensure compliance with regulations in all its areas of activity. When deficiencies are detected, it develops, together with the areas affected, proposals for improvement initiatives, which are monitored regularly until they are effectively implemented. The Regulatory Compliance Area also ensures that best practices in integrity and rules of conduct are followed at the Entity, such as the Code of Business Conduct and Ethics, the Telematic Code of Conduct, and the Internal Rules of Conduct on matters relating to the Stock Market. Its functions include enforcing compliance with these rules and analyzing, where are appropriate, any potential deficiencies in their application. It also manages the Confidential Consulting and Whistle-blowing Channel available exclusively to employees. This channel handles questions and reports related to compliance with the Code of Business Conduct and Ethics and the Telematic Code of Conduct, and to any financial and accounting irregularities that may arise.

The Regulatory Compliance Area liaises with the main supervisory bodies (principally the CNMV and the Bank of Spain) and, as appropriate, handles any requirements issued by them. The areas involved and Legal Advisory prepare the responses.

The Regulatory Compliance Area reports regularly on its control activities to Senior Management and the Audit and Control Committee. It has sufficient functional and professional independence to perform its oversight and reporting duties and in no case is involved in the management decisions or operations of the activities it supervises.

Within the Regulatory Compliance Area, there as an independent unit, the Prevention of Money Laundering and Terrorist Financing Operating Unit (MLPOU), whose sole mission is to enforce compliance with anti-money laundering and terrorist financing laws, helping the commercial areas raise customer awareness, and control and report suspicious transactions.

The MLPOU is managed and supervised by the Prevention of Money Laundering and Terrorist Financing Committee, and reports on its activities to Senior Management and the Audit and Control Committee.

Internal Audit

Internal Audit is the third line of defense in CaixaBank's internal control framework, as an element of supervision.

The mission of Internal Audit is to guarantee effective supervision, evaluating the internal control systems and management of the Organization's risks on an on-going basis. It performs an independent corporate function to foster good corporate governance.

It reports systematically to the Audit and Control Committee and provides Senior Management with an objective overview of the effectiveness of the internal control framework.

Internal Audit is strategically focused on detecting, supervising and monitoring the Group's main risks. Its main objectives are to contribute to good corporate governance and the achievement of the Organization's strategic objectives through:

Evaluation of the quality and effectiveness of the Group's internal control framework in to order guarantee its correct performance and the mitigation of the main risks

Review of compliance with internal and external regulations

Evaluation of the appropriateness of the activities carried out by the various group units, ensuring that a system to detect fraud is in place

According to the CaixaBank 2011-2014 Strategic Plan, the guidelines for Internal Audit are as follows:

Monitor the annual planning focused on the main risks and approved by the Audit and Control Committee

Handle requests by the Board of Directors, Senior Management and supervisory authorities

Ensure the efficient use of resources by enhancing ongoing auditing, engaging qualified auditors and appropriate outsourcing arrangements.

Proposing and monitoring recommendations to mitigate the control weaknesses identified

It is also responsible for internal supervision within the global risk management framework of Basel: Pillar 1 (credit risk, operational risk and market risk), Pillar 2 (internal capital adequacy assessment process and other risks), Pillar 3 (information of prudential relevance) and the appropriate adaption of the control environment to manage and mitigate risks.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.

F.1 The entity’s control environment

Specify at least the following components with a description of their main characteristics:

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

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

Article 40.3 of CaixaBank's By-laws, states that the **Audit and Control Committee's** responsibilities will include at least the following:

- “**Overseeing the effectiveness** of the Company’s **internal control** environment, internal audit and risk management systems, and discussing with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.
- **“Overseeing the process for preparing and submitting regular financial information.”**

In this regard, the Audit and Control Committee is charged with overseeing ICFR. Its oversight activity seeks to ensure its continued effectiveness by gathering sufficient evidence of its correct design and operation.

The Entity has been notified of this role and an **internal, classified Internal Control over Financial Reporting Code** has been approved by the Management Committee and Board of Directors. The **Internal Control over Financial Reporting Unit** ("**ICFR**") reports directly to the Finance Director and

- "**Assesses** whether the practices and processes in place at the Entity **ensure the reliability of the financial information** and compliance with applicable regulations.

- **Evaluates that the financial information** reported by the various business areas and entities comprising the CaixaBank Group **comply with the following principles:**

i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).

ii. The information includes all transactions, facts and other events in which the entity is the affected party (completeness).

iii. Transactions, facts and other events are recorded and valued 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. Financial information shows, at the corresponding date, the Entity’s rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

The Code also details the responsibilities of the Internal Accounting Units which are involved in preparing financial information. These responsibilities include certifying the execution of the key controls identified with the required frequency, as well as helping to identify risks and controls and the formal establishment and descriptive documentation of the activities and controls which affect the preparation of financial information.

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

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

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

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

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

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

The ***CaixaBank Code of Business Conduct and Ethics***, which has been approved by the Board of Directors, sets out the core ethical values and principles that guide its conduct and govern the actions of all employees, executives and officers. The Code is available to all employees on the Company's intranet and can also be accessed by shareholders, customers, suppliers and other interested parties under the Corporate Responsibility section of the CaixaBank, website.

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

The Code also states that the Entity undertakes to provide its customers and shareholders with accurate, truthful and understandable information on its transactions and commissions and the procedures for handling claims and resolving incidents. CaixaBank also makes all its financial and relevant corporate information available to its shareholders, in line with prevailing legislation.

All employees have access to a ***Confidential Consulting and Whistle-blowing Channel.*** Any breaches of the Code of Ethics are resolved by an internal collegiate body which delegates all measures to be taken to the relevant business areas. The Regulatory Compliance Unit resolves all queries.

All new employees must adhere to the Code. The Regulatory Compliance and Human Resources departments are drawing up an on line course on the Code which all CaixaBank employees must take during 2014.

Likewise, due to prevailing legislation and self-regulatory agreements proposed by Management and the Governing Bodies, there are two specific codes regulating the conduct of employees in specific areas. These are:

I. ***Code of Conduct*** *on matters relating to the Securities Market (CoC).*

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

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

The Code is available to all employees on the Regulatory Compliance section of the Entity's intranet and all covered parties must adhere to it. Other stakeholders may also access it on the CaixaBank website.

The CoC Oversight Body is charged with analyzing any breaches and imposing corresponding corrective measures or disciplinary action.

There are two on line courses available in this regard:

- One for all covered persons; and
- Another for all employees which focuses on identifying and notifying any market abuse or suspicious operations, the corporate conflict of interest policy and employees' general obligations regarding privileged information.

II. ***The Entity also has a Telematic Code of Conduct*** which implements the conduct and best practices associated with access to the Entity's data and information systems.

It applies to all CaixaBank employees and is disseminated internally on the Regulatory Compliance portal on the intranet. The Entity also has a Confidential Consulting and Whistle-blowing Channel which is available to all employees via the intranet. All queries are dealt with and responded to by Information Security.

All new employees must adhere to the Telematic Code of Conduct and all new versions of the same are announced via the intranet.

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

All notifications about possible breaches of the Code of Ethics or the Telematic Code of Conduct, as well as reports of potential irregularities regarding financial and accounting information must be sent to the Regulatory Compliance Unit via the **Confidential Consulting and Whistle-blowing Channel** set up by CaixaBank and available to all employees on the intranet. This unit is responsible for managing the channel, while all reports are dealt with by an internal collegiate unit which alerts the relevant business units of the measures to be applied.
The collegiate body, which is formed by the General Secretary's Office, Human Resources, Regulatory Compliance and Legal Advisory, notifies the Audit and Control Committee of any complaints regarding financial and accounting information pursuant to the ICFR guidelines.
This internal channel is exclusively for employees and can be accessed via various links on the intranet. All reports must be individual and confidential. The whistle-blower is only identified to the business areas involved in the investigation if it is absolutely necessary and only with the employee's consent. This also guarantees the employee's indemnity except in cases of intentional claims or their participation in the events.

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

One of **CaixaBank's** priorities in the area of **training** during the year was to orientate and integrate new employees from Banco de Valencia and transmit to them the Entity's corporate values and culture as a key part of its induction programs.

Also, as in 2012, under this year's **Training Plan** the entire workforce received training in the most **significant regulatory issues and the insurance business.** NPL prevention and management, skills training and commercial training were some of the key programs in 2013.

As in 2012, **professional development** programs and courses for the various **business areas** were drawn up in accordance with the profiles and skills of potential participants and the objectives set.

The Management Development Centre also runs **specific training courses for managers**, following on from the leadership programs for Business Area Heads and activities aimed at executives from central services and new business areas. **Talent identification and management** programs were also available.

CaixaBank and its subsidiaries also offer an **Ongoing Accounting and Financial Training Plan** which is adapted to the requirements inherent in the job and responsibilities of personnel involved in preparing and reviewing financial information.

In 2013, training courses focused on the following areas:

- Accounting rules
- Auditing
- Internal Control
- Legal/Fiscal
- Risk management

The various courses were aimed at personnel in the Finance, Audit, Internal Control and Compliance Directorates-General, as well as members of the Entity's senior management. An estimated 2,250 hours of training were provided.

The Directorate-General of Finance also subscribes to various national and international accounting and financing publications, journals and websites. These are checked regularly to ensure that the Entity takes into account any developments when preparing financial information.

We would note that in the last quarter of 2013, the Entity launched **an on-line ICFR training course**. This two-hour long 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 **first section** covers ICFR standards, with particular reference to the CNMV's guidelines issued in June 2010, while the second covers the methodology established at the CaixaBank Group to ensure compliance with all prevailing ICFR regulatory requirements.

The course was aimed at 236 employees in the Finance, Audit, Internal Control, Regulatory Compliance, Resources and Risks Directorates-General as well as the General Secretary's Office. Employees at subsidiaries which are involved in reporting and preparing financial information were also invited to attend.

In total, the **Entity gave over one million hours of classroom-based and online training** in 2013 to its staff. Among the subjects covered were accounting and auditing principles as well as internal control and risk management. CaixaBank is committed to **informal e-learning** via its Virtaula platform where employees can share knowledge. Training via this platform in 2013 also amounted to over 800,000 hours.

F.2 Risk assessment in financial reporting

Report at least:

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

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

CaixaBank's **risk identification process** is as follows:

1. Determining the **scope** of the review: relevant headings and Group Entities generating this financial information are selected, using quantitative and qualitative criteria.
2. **Documentation** of the processes, applications and Business Areas involved, either directly or indirectly, in preparing financial information.
3. Identifying and assessing **risks** Details of the processes concerning risks which may cause errors in the financial information. A financial information risk map is defined.
4. Documentation of existing **controls** to mitigate critical risks identified.
5. Continual assessment of the efficiency of ICFR. **Reports** submitted.

As indicated in the internal regulations which govern Internal Control over Financial Reporting, CaixaBank has a **policy outlining the risk identification process and the relevant areas and risks associated with financial information reporting**, including risks of error or fraud.

This policy implements the methodology to identify key processes, areas and risks associated with financial information, based largely on:

- Establishing specific guidelines for responsibilities and implementation and updating; and
- Establishing the criteria to be followed when identifying these. Both quantitative and qualitative criteria are used. The different possible combinations of these two types of criteria (qualitative and quantitative) are used to determine whether a financial statement item is considered significant or insignificant.
- The sources to be used.

Using the most recent financial information available and in collaboration with the different areas that have processes which affect the reporting and preparation of financial information, the ICFR function periodically, at least once a year, identifies the main risks which could have an impact on its reliability as well as the controls in place to mitigate them.

However, when, during the course of the year, previously unidentified circumstances arise that could lead to potential errors in financial information or substantial changes in the Group's operations, the ICFR function must evaluate the existence of risks in addition to those already identified.

In any case, risks will refer to possible errors (intentional or otherwise) in relation to the financial information objectives: existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations.

The risk identification process takes into account both routine transactions as well as less frequent transactions which are potentially more complex as well as the effects of other types of risks (operational, technology, financial, legal, reputational, environmental, etc.).

The Entity also has a communication and analysis procedure in place at the various Business Areas involved in these corporate transactions and operations, which identify the pertinent accounting and financial effects. The scope of consolidation is also assessed on a monthly basis by the Consolidation function which is part of Auditing and Accounting.

The impact of risks on the reliability of the reporting of financial information is analyzed in each of the processes entailed in its preparation. The governing and management bodies receive periodic information on the main risks inherent in the financial information, while the Audit and Control Committee, via the Internal Audit function, is responsible for overseeing the entire process.

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

F.3 **Control activities**

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

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

The Entity's **Directorate-General of Finance** is responsible for reporting, preparing and reviewing all financial information. It demands that the various Business Areas collaborate in ensuring that the financial information submitted is sufficiently detailed.

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

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

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

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

- The **first control level** is carried out by the various business areas which generate the financial information. This is intended to guarantee that the items are correctly accounted for.

- The **second control level** is the business area Intervention Unit. Its basic function is to ensure accounting control concerning the business applications managed by the Entity's different business units, which help validate and ensure that the applications work correctly and adhere to defined accounting circuits, generally accepted accounting principles and applicable accounting regulations.

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

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

- Finally, the **third control level** corresponds to the ICFR function which assesses whether the practices and processes in place at the Entity ensure the reliability of the financial information and compliance with applicable regulations. It specifically evaluates that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:

i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
ii. The information includes all transactions, facts and other events in which the Entity is the affected party (completeness).
iii. Transactions, facts and other events are recorded and valued 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. 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).

With regard to activities and control procedures directly related to transactions which may have a material impact on the financial statements, the Entity has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks. This ensures that all documentation is complete and up-to-date. This documentation includes a description of all activities carried out during the process from its start, indicating any particularities of specific products or operations.

The **documentation of the critical processes and control activities** contains the following information:

- A description of the processes and associated subprocesses
- A description of the financial information risks along with the financial statement assertions and the possibility of the risk of fraud.
- Control activities carried out to mitigate the risk along with their characteristics:
  - Classification - Key / Standard
  - Category - Preventive / Detective
  - Method - Manual / Automatic / Combined
  - System – IT applications or programs used in the control activity
  - Control executor – Person responsible for implementing the control
  - Person responsible for the control – Person who ensures the control is executed correctly
  - Frequency - How often the control is executed
  - Evidence – Evidence/proof that the control is working correctly

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

As part of the ICFR evaluation process, in 2012 the ICFR Unit designed and rolled out a ***hierarchical certification of the key controls identified process*** to guarantee the accuracy of the quarterly financial information coinciding with when it is disclosed to the market. The persons responsible for each of the controls identified shall submit certifications guaranteeing their efficient execution during the period in question.

Each quarter the Finance Officer informs the Board of Directors and Audit and Control Committee of the outcome of this certification process.

In 2013, CaixaBank carried out its quarterly certification process of financial information. No significant incidences which may affect the accuracy of the financial information were identified.

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

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

The procedures for reviewing and approving judgments and estimates are outlined in the **Judgments and Estimates Review and Approval Policy** which forms part of the internal ICFR regulations and has been approved by the Management Committee and the Board of Directors.

This year the Entity has carried out the following:

- Impairment losses on certain financial assets and the fair value of the related guarantees.
- The measurement of goodwill and other intangible assets.
- The useful life of and impairment losses on other intangible assets and property and equipment.
- Impairment losses on non-current assets held for sale.
- The measurement of investments in jointly controlled entities and associates.
- Actuarial assumptions used to measure liabilities arising under insurance contracts.
- Actuarial assumptions used to measure post-employment liabilities and commitments.
- The fair value of certain financial assets and liabilities.
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.
- The measurement of the provisions required to cover labor, legal and tax contingencies.
- The capitalization and recoverability of tax assets

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

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

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

Specifically there are policies regarding:

I. **Secure access to information**: all CaixaBank employees are issued their own, unique ID and password with which to access the Entity's IT system. Access to the various environments, applications or operating systems is granted according to user type (internal or external) in addition to work center and category in the case of internal users.

II. **Operating and business continuity**: the Entity has in place an IT Contingency Plan to deal with serious situations to guarantee its IT services are not interrupted. It also has strategies in place to enable it to recover information in the shortest time possible.

The British Standards Institution (BSI) has certified that CaixaBank's business continuity program is ISO 22301 compliant. The certificate accredits:

- Management's commitment to business continuity.
- The existence of business continuity management best practices.
- The existence of a cyclical process aimed at continuous improvement.
- That CaixaBank's business continuity management system is compliant with international standards.

This certificate provides:

- Assurance to our customers, investors, employees and society in general that the Entity 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 Entity's image and reputation.
- Annual audits, both internal and external, which ensure we keep our system up-to-date.

III. **Segregation of duties**: A number of employees with clearly defined and segregated duties participate in developing and operating the financial information systems. Personnel in the Finance department are responsible for defining requirements and final validation tests before any system can be rolled out. The IT department is responsible for the following duties:

- The project leaders are in charge of functional analysis, project management, operations and ongoing management and integration tests.
- The development teams comprise personnel from collaborating companies who design, build and test the IT systems while at all times following the development methodologies defined by the Entity. Requests to access information to resolve incidents must be authorized internally.
- The IT systems business area operates those IT systems which require prior authorization to access the systems managed.
- This access, which is only granted for a few hours along with a password, upholds the unequivocal relationship with the real user who has requested it and any action carried out is duly audited.

IV. **Change management**: the Entity has in place various mechanisms and policies to avoid any possible failures caused by updates or changes to IT systems. The Changes Committees ensure that the change management regulations are complied with and the process objectives are met. These include being in possession of all information regarding changes (planning, nature, parties affected, implementation plan) to assess and determine how the service will be affected. They must also be in possession of global information regarding any changes to be carried out and identify any risk conflicts.

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

Incidents are managed efficiently when risks are correctly assessed, prioritized and monitored according to their urgency; communication times are reduced and problems identified along with proposals on how these can be improved.
An incident progress report and proposed improvements are reported regularly to the Entity's Incident Committee and management.

In conjunction with Information Systems, the ICFR function has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks. This supports the Entity's key processes regarding the preparation and publication of financial information.

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

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

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

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

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

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

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

The 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 as well as all the necessary documentation once services have been contracted. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

The Entity has in place internal control policies to **supervise all outsourced** activities and designs and establishes controls to **monitor all outsourced services** which may have an impact on accounting records. These include overseeing services, deliveries and managing incidents and discrepancies. In this regard the Entity's internal regulations have been amended to state that the Management Center must supervise all services which affect the reporting and preparation of financial information to ensure that the process is correctly followed, the validity of the data and methods used, as well as the reasonableness of the assumptions used (if applicable) by the third party company.

In 2013, valuation and calculation services commissioned from independent experts mainly concerned the following:

- A calculation of actuarial studies of the commitments assumed with employees
- Appraisals of assets acquired as payment of debts and assets used as collateral in loan transactions
- Certain processes related to Information Systems
- Certain processes related to Human Resources
- Certain fiscal and legal advisory services
- Certain Front Office processes

F.4 Information and communication

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

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

The Accounting business area – Accounting Circuits and Policies, which reports to the Directorate-General of Finance, is responsible for defining the Entity's accounting policy.

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

This business area is charged with resolving any accounting queries not included in the circuit and any queries as to its interpretation. Additions and amendments to the accounting circuits are notified immediately and can be consulted on the Entity's intranet.

Accounting criteria are constantly updated in line with new contract types or transactions or any regulatory changes. In this process all new events which may have an accounting impact both for CaixaBank and the CaixaBank Group are analyzed. The various areas involved in these new events work together to review them. The conclusions of these reviews are transferred to and implemented in the various accounting circuits and, if necessary, the various documents comprising the general accounting documents. The affected business areas are informed via existing communication channels, mainly the Intranet. The latest review coincided with the preparation of the 2013 financial statements.

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

The Entity has in place various mechanisms for the **capture and preparation** of financial information based on tools which it has developed internally. In order to ensure the completeness, standardization and correct functioning of these mechanisms, the Entity has upgraded its applications. In 2011 it began reviewing and updating its applications to adapt them to future needs,

with work continuing in 2013.

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

During **2013**, the Entity studied various **ICFR management tools** available on the market.

The tool chosen, **SAP Governance, Risk and Compliance (SAP GRC)**, guarantees the integrity of ICFR, uniformly reflecting all the activities involved in a process and associating them with existing risks and controls. It will also facilitate the internal hierarchical key control

Certification process and the monitoring of action plans regarding potential weaknesses detected.

SAP GRC will also support the Corporate Risk Map and Key Risk Indicators, for which the Internal Control and Credit Risk Models business areas are respectively responsible.

According to the schedule drawn up, this IT tool will be fully operational in the first quarter of 2014.

F.5 **Monitoring**

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

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

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 regular financial account information and the effectiveness of the Company’s internal control environment, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.

The duties of the Audit and Control Committee include those related to overseeing the process for preparing and submitting regular financial information as described in section F.1.1.

Its duties include “overseeing the process for preparing and submitting regular financial information” and carrying out, *inter alia*, the following activities:

- Approval of an annual internal audit plan and those responsible for carrying it out. This process includes assessing whether the Plan has sufficient scope to provide appropriate coverage for the main risks to which the Entity is exposed.
- Assessment of the conclusions of the audits carried out and the impact on financial information, where applicable.
- Constant monitoring of corrective action, prioritizing each one.

The Entity has an internal audit function under the Directorate-General of Audit, Internal Control and Regulatory Compliance, whose mission is to ensure the correct performance of and supervise the Group’s internal control framework.

The internal audit function is governed by the principles contained in the Internal Audit Regulations approved by the Executive Committee. The mission of Internal Audit is to guarantee effective supervision of the internal control system through ongoing assess of the organization’s risks and provide support to the Audit and Control Committee by drafting reports and reporting regularly on the results of work carried out. Section E.6 provides a description of the internal audit function and all the functions of the Directorate-General of Audit, Internal Control and Compliance.

Internal Audit has auditors working in various audit teams which specialize in reviewing the main risks to which the Entity is exposed. One of these teams is the Financial Audit and Investees department where specialists oversee processes at the Directorate-General of Finance, which is responsible for preparing the Entity's financial and accounting information. The Internal Audit's annual plan includes a multiyear review of the risks and controls in financial reporting for all auditing work where these risks are relevant.

In each review Internal Audit:

- Identifies the necessary controls to mitigate the risks associated with the process' activities.
- Analyzes the effectiveness of the existing controls on the basis of their design.
- Verifies that these controls are applied.
- Reports its conclusions of the review and issues an opinion on the control environment.
- Recommends corrective actions.

  Internal Audit carried out its annual assessment of ICFR at December 31, 2013, focused on the following:
- Revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the voluntary best practices for internal control over financial reporting.
- Verifying the application of the methodology established in the Internal Control over Financing Reporting Code to guarantee that Group ICFR is adequate and effective.
- Assessing the hierarchical certification of key controls identified process.
- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information

It also studied the execution of key controls by the various areas subject to ICFR.

In 2013, Internal Audit also revised the processes which affect the preparation and presentation of financial information, focusing on, *inter alia*, financial-accounting, financial instruments, legal and compliance, information systems and the insurance and real estate businesses. Also, and due to the merger and absorption of Banca Cívica and Banco de Valencia, it studied the completeness of the information transferred to CaixaBank's systems.

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

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

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

Also, when reviewing the interim financial information, the Audit and Control Committee shall be informed of the work carried out and the conclusions reached.

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

Internal Audit constantly oversees the fulfillment of recommendations, focusing particularly on critical-risk weaknesses, and reports to senior management on a regular basis.

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.

F.6 Other relevant information

F.7 External auditor review

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

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

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company’s behavior. General explanations are not acceptable.

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

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant ✓ Explain

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

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

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

   See sections: D.4 and D.7

   Compliant ✓ Partially compliant Explain Not applicable

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

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

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

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

   See section: B.6

   Compliant ✓ Partially compliant Explain

4. **Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.**

   Compliant ✓ Explain

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

   a) **The appointment or ratification of Directors, with separate voting on each candidate;**

   b) **Amendments to the By-laws, with votes taken on all articles or groups of articles that are materially different.**

   Compliant ✓ Partially compliant Explain

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

   Compliant ✓ Explain

7. **The Board of Directors should perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It**

should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.

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

Compliant ✓ Partially compliant Explain

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

   a) **The company's general policies and strategies, and in particular:**

      i) **The strategic or business plan, management targets and annual budgets;**

      ii) **Investment and financing policy;**

      iii) **Design of the structure of the corporate group;**

      iv) **Corporate governance policy;**

      v) **Corporate social responsibility policy;**

      vi) **Remuneration and evaluation of senior officers;**

      vii) **Risk control and management, and the periodic monitoring of internal information and control systems;**

      viii) **Dividend policy, as well as the policies and limits applying to treasury stock.**

      See sections: C.1.14, C.1.16 and E.2

   b) **The following decisions:**

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

      ii) **Directors' remuneration and, in the case of executive Directors, the additional remuneration for their executive functions and other contract conditions**

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

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

      v) **The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax**

havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

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

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

1. They are governed by standard form agreements applied on an across the-board basis to a large number of clients;

2. They go through at market prices, generally set by the person supplying the goods or services;

3. Their amount is no more than 1% of the company's annual revenues.

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

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

See sections: D.1 and D.6

Compliant ✓ Partially compliant Explain

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

See section: C.1.2

Compliant Explain ✓

At December 31, 2013, the board comprised 19 members with one vacancy.

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

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

See sections: A.3 and C.1.3

Compliant ✓ Partially compliant Explain

11. **That among external Directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary Directors and the remainder of the company's capital.**

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

    1 **In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.**

    2 **In companies with a plurality of shareholders represented on the board but not otherwise related.**

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

    Compliant ✓ Explain

12. **The number of independent Directors should represent at least one third of all board members.**

    See section: C.1.3

    Compliant Explain ✓

The number of CaixaBank board members is set at 19. At December 31, 2013 there were 18 members as a vacancy arose on December 12. Caja de Ahorros y Pensiones de Barcelona, “la Caixa”, the Entity’s core shareholder with a 64.283% stake (at December 31, 2013), has 10 representatives on the CaixaBank board. However, the Entity is not compliant with the Recommendation that independent Directors should represent at least one third of all board members as, under the shareholder agreement signed following the merger and absorption of Banca Cívica by CaixaBank, there are two other proprietary Directors representing the Savings Banks (see section A.6), and two of the external Directors (six members in total, four of whom are independent and two are other external Directors) cannot be considered independent (see section C.1.3) as one has lost that category after having been appointed a member of the “la Caixa” General Assembly while the other is the Executive Chairman of BEA where CaixaBank is a significant shareholder.

At December 31, 2013, the CaixaBank board comprised 19 directors, four of whom are independent. A vacancy arose on December 12 following the departure of an independent Director.

On the day this Report was approved, the Board of Directors agreed to fill the vacancy left by Isabel Estapé Tous’ resignation by appointing another independent Director.

13. **The nature of each Director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year’s Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to**

or greater than that of others applying successfully for a proprietary directorship.

See sections: C.1.3 and C.1.8

Compliant ✓ Partially compliant Explain

14. **When women Directors are few or non existent, the Nomination Committee should take steps to ensure that:**

    a) **The process of filling board vacancies has no implicit bias against women candidates;**

    b) **The company makes a conscious effort to include women with the target profile among the candidates for board places.**

    See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

    Compliant ✓ Partially compliant Explain Not applicable

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

    See sections: C.1.19 and C.1 41

    Compliant ✓ Partially compliant Explain

16. **When a company's Chairman is also its chief executive, an independent Director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the board's evaluation of the Chairman.**

    See section: C.1.22

    Compliant Partially compliant Explain Not applicable ✓

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

    a) **Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;**

    b) **Comply with the company By-laws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;**

    c) **Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.**

    In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full board meeting; the

relevant appointment and removal procedures being spelled out in the board regulations.

See section:C.1.34

Compliant ✓ Partially compliant Explain

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

See section:C.1.29

Compliant ✓ Partially compliant Explain

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

See sections: C.1.28, C.1.29 and C.1.30

Compliant Partially compliant ✓ Explain

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

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

Compliant ✓ Partially compliant Explain Not applicable

21. **The board in full should evaluate the following points on a yearly basis:**

    a) **The quality and efficiency of the board's operation;**

    b) **Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;**

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

    See sections: C.1.19 and C.1.20

Compliant ✓ Partially compliant Explain

22. **All Directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless**

the By-laws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: C.1.41

Compliant ✓ Explain

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

See section: C.1.40

Compliant ✓ Explain

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

Compliant ✓ Partially compliant Explain

25. **Companies should require their Directors to devote sufficient time and effort to perform their duties effectively, and, as such:**

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

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

    See sections: C.1.12, C.1.13 and C.1.17

Compliant ✓ Partially compliant Explain

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

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

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

    See section: C.1.3

Compliant ✓ Partially compliant Explain

27. **Companies should post the following Director particulars on their websites, and keep them permanently updated:**

    a) **Professional experience and background;**

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

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

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

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

Compliant ✓ Partially compliant Explain

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

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

Compliant ✓ Partially compliant Explain

29. **The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the By-laws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a Director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in Ministerial Order ECC/461/2013.**

    The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Compliant ✓ Explain

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

    The moment a Director is indicted or tried for any of the crimes stated in article 213 of the Corporate Enterprises Act, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Compliant ✓ Partially compliant Explain

31. **All Directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In**

particular, independents and other Directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

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

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

Compliant ✓ Partially compliant Explain Not applicable

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

See section: C.1.9

Compliant ✓ Partially compliant Explain Not applicable

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

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

Compliant ✓ Partially compliant Explain Not applicable

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

Compliant ✓ Explain Not applicable

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

Compliant Explain ✓ Not applicable

No qualifications are expressly included and therefore, a priori, do not affect this either way.

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

Compliant ✓ Explain Not applicable

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

See sections: C.2.1 and C.2.6

Compliant ✓ Partially compliant Explain Not applicable

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

Compliant Explain ✓ Not applicable

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

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

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

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its Directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;

b) These committees should be formed exclusively of external Directors and have a minimum of three members. Executive Directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.

c) Committees should be chaired by an independent Director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: C.2.1 and C.2.4

Compliant Partially compliant ✓ Explain

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

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

See sections: C.2.3 and C.2.4

Compliant ✓ Explain

41. **Audit committee members, particularly the Chairman, are appointed in light of their knowledge and experience of accounting, audit or risk management.**

Compliant ✓ Explain

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

See section: C.2.3

Compliant ✓ Explain

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

Compliant ✓ Partially compliant Explain

44. **Control and risk management policy should specify at least:**

    a) **The different types of risk (operational, technological, financial, legal, reputational…) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;**

    b) **The determination of the risk level the company sees as acceptable;**

    c) **Measures in place to mitigate the impact of risk events should they occur;**

    d) **The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.**

    See section: E

Compliant ✓ Partially compliant Explain

45. **The Audit Committee's role should be:**

    1 **With respect to internal control and reporting systems:**

a) **Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.**

b) **Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.**

c) **Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.**

2 With respect to the external auditor:

a) **Receive regular information from the external auditor on the progress and findings of the audit program, and check that senior management are acting on its recommendations.**

b) **Monitor the independence of the external auditor, to which end:**

i) **The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.**

ii) **The Committee should investigate the issues giving rise to the resignation of any external auditor.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant ✓ Partially compliant Explain

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

Compliant ✓ Explain

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

a) **The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.**

b) **The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and**

any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) **Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See sections: C.2.3 and C.2.4

Compliant ✓ Partially compliant Explain

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

See section: C.1.38

Compliant ✓ Partially compliant Explain

49. **The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent Directors.**

See section: C.2.1

Compliant Explain ✓ Not applicable □

Until December 12, 2013, the Appointments and Remuneration Committee was comprised entirely by external Directors, the majority of whom were independent. However, following the resignation on December 12, 2013, of Isabel Estapé Tous as a Director of CaixaBank and Chairman of the Appointments and Remuneration Committee, María Teresa Bassons Boncompte, a proprietary Director of CaixaBank was appointed a member of the Appointments and Remuneration Committee which is now chaired by Susana Gallardo Torrededía, an independent Director who was already a member of the said committee.

Therefore, following these changes, the Appointments and Remuneration Committee is no longer comprised in its majority by independent Directors. Since December 12, 2013, it comprises one independent Director (the Chairman) and two proprietary Directors.

50. **The Nomination Committee should have the following functions in addition to those stated in earlier Recommendations:**

a) **Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**

b) **Examine or organize, in appropriate form, the succession of the Chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.**

c) **Report on the senior officer appointments and removals which the chief executive proposes to the board.**

d) **Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.**

See section: C.2.4

Compliant ✓ Partially compliant Explain Not applicable

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

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

Compliant ✓ Partially compliant Explain Not applicable

52. **The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:**

a) **Make proposals to the Board of Directors regarding:**

i) **The remuneration policy for Directors and senior officers;**

ii) **The individual remuneration and other contractual conditions of executive Directors.**

iii) **The standard conditions for senior officer employment contracts.**

b) **Oversee compliance with the remuneration policy set by the company.**

See sections: C.2.4

Compliant ✓ Partially compliant Explain Not applicable

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

Compliant ✓ Explain Not applicable

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

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

A.1 – At December 31, 2013, CaixaBank's share capital consisted of 4,956,284,390 shares. This figure does not include the 71,325,892 shares issued via public deeds on January 3, 2014, to carry out the conversion of convertible bonds of December 30, 2013. These shares were admitted to trading on January 14, 2014.

A.2 – Following the accelerated placement of a package of CaixaBank shares, notified in significant event filings (195.147 and 195.167 dated November 13 and 14, 2013, respectively) Caja de Ahorros y Pensiones de Barcelona, "la Caixa" transferred 257,142,857 CaixaBank shares, representing 5.26% of the share capital, putting its stake in CaixaBank below the 70% limit.

Taking into account the increases in share capital to carry out the conversion of convertible bonds of December 30, 2013, at January 14, 2014, the date the new shares of both capital increases were admitted to trading, "la Caixa" held a 63.23% stake in CaixaBank (or 64.7% without taking into consideration the shares lent). .

A.6 – The share capital affected by the shareholder agreement notified to the Company is 80.597%. This percentage represents the CaixaBank shares held by Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos ("the Savings Banks") and Caja de Ahorros y Pensiones de Barcelona, "la Caixa" at August 1, 2012.

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

Likewise, on March 8, 2012, the Board of Directors resolved to extend the limit for treasury shares set in 2010 to 75 million shares. Subsequently, on May 22, 2012, it was resolved to render nul and void the limit of 75 million, leaving transactions involving treasury shares only subject to the limits established in the 2012 General Shareholders' Meeting resolution granting the board a new authorization for five years from adoption of the resolution on April 19, 2012, and the Corporate Enterprises Act, with the obligation of informing the Board every three months of the performance of the treasury shares and the financial result of transactions involving treasury shares.

We have included the total percentage of the Company's treasury stock in the box entitled "% of total share capital".

At its meeting of January 30, 2014, the board resolved to amend the Internal Rules of Conduct and the Internal Code of Conduct for Treasury Shares Transactions of CaixaBank, S.A. to include the recommendations contained in the CNMV's criteria governing the discretionary trading in own securities of July 18, 2013.

A.10 - CaixaBank's By-laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand

(1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

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

Nor does CaixaBank have legal restrictions or restrictions set forth in the By-Laws on voting rights. Nevertheless, as explained in Note A.10 above, CaixaBank's By-Laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

Shareholders at the General Shareholders' Meeting on April 19, 2012 voted to amend certain articles of the By-laws. Amendments include, *inter alia*, specification that given that as 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 attending the General Meeting would only apply to those attending in person.

Therefore, following this amendment, shareholders do not have to hold a minimum number of shares in order 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.

C.1.3 - In his capacity as the Company's Chief Executive Officer, and in accordance with the Director categories enumerated in Ministerial Order ECC/461/2013 of March 20, Juan María Nin Génova is considered to be an executive Director. However, since he was appointed to represent the holding of Caja de Ahorros y Pensiones de Barcelona, "la Caixa" at CaixaBank he is also considered to be a proprietary Director.

C.1.11 - The information on Directors and directorships at other Group Companies refers to year-end. This section includes Group Companies and Jointly Controlled Entities at the end of the financial year.

C.1.12 - The information on Directors and directorships at other listed companies refers to year-end.

C.1.15 - The remuneration of Directors in 2013 as reported in this section takes the following aspects into consideration:

- For Mr. Nin this includes payments in kind and variable remuneration and other long-term benefits payable.

- For Caja Navarra (currently Fundación Caja Navarra), on January 23, 2013 its Executive Committee accepted the resignation of Mr. Asiain Ayala and appointed Mr. Juan Franco Pueyo a natural-person representative on the CaixaBank board.

- At its meeting on February 21, 2013, the board agreed, based on a favorable report from the Appointments and Remuneration Committee to keep 2013 remuneration for all Directors and committee members at the same level as in 2012, including the 10% decrease agreed in mid-2012.

- On December 12, 2013, Isabel Estapé Tous tendered her resignation as a Director of CaixaBank and as Chairman of the Appointments and Remuneration Committee. On the same date, María Teresa Bassons Boncompte, a proprietary Director of CaixaBank, was appointed Chairman of the said committee.
- Total remuneration includes fixed remuneration, payments in kind and total variable remuneration assigned to the Directors. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the director in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

C.1.16 - CaixaBank's Senior Management at December 31, 2013, comprised 12 persons, holding the following positions at the Entity: CEOs (5), Senior Executive Vice Presidents (4), Executive Directors (2) and General Secretary (1). One member departed around mid 2013 and two new members joined in the last quarter of 2013, and are therefore included in the total remuneration paid in the year.

This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to Senior Management. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by Senior Management, in cash or shares, as well as the part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

The remuneration paid in 2013 to Senior Management at CaixaBank includes that received in connection with their activities as representatives of the Parent on the Boards of listed companies and other companies in which it has a significant presence or representation and that are CaixaBank consolidated companies was €586 thousand, recognized in the income statements of these companies..

C.1.29 – One of the Executive Committee meetings in 2013 was held in writing without any members attending in person.

C.1.30 – In 2013, the total number of non-attendances was just 22. Proxies appointed without specific instructions are deemed to be non-attendances. Director absences occur when Directors are unable to attend. Proxies, when appointed, 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 of the total votes cast in 2013 is 8.27%, taking into account that proxies appointed without specific instructions are deemed to be non-attendances.

C.1.31 - Notwithstanding the response given, we hereby note that as part of the ICFR System the financial statements for the year ended 31 December 2013, which form part of the annual accounts, are certified by the Entity's Chief Financial Officer.

C.1.45 – Based on a report from the Appointments and Remuneration Committee, the Board, in plenary session, approves individual remuneration for the executive Director and other contract conditions and the appointment and eventual termination of Senior Executives, as well as compensation clauses.

G.2 – Even though the core shareholder is not a listed company, we have defined the type of activity it engages in and business dealings as well as the mechanisms in place to resolve possible conflicts of interest, as explained in section D.6.

G.18 - Article 7.2 of the Regulations of the Board of Directors stipulates that the Chairman is vested with the ordinary authority to form the agenda for such meetings and to direct the debates.

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

G.29 - Pursuant to Article 33.2 of the CaixaBank By-laws, Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected on or more times for terms of equal length. No distinctions are made between types of Directors Nevertheless, article 19.1 of the Regulations of the Board of Directors stipulates that independent Directors will not stay on as such for a continuous period of more than 12 years.

Article 20 of the Regulations of the Board of Directors stipulates general and specific situations for each type of Director in which Directors must place their post at the disposal of the Board of Directors and tender their resignation, if the Board deems this appropriate.

H. 3 - Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

CaixaBank participates in numerous alliances and initiatives, both at home and on the international stage, in order to achieve joint progress in questions of corporate responsibility and the exchange of best practices in this area.

UN Global Compact

CaixaBank supports the Global Compact and endeavors to disseminate its 10 principles, based on human and labor rights, the environment and the fight against corruption. A member since 2005, in 2012, CaixaBank was awarded the 4-year presidency of the Spanish Global Compact Network, extending its commitment to establish and implement the principles among Spanish companies and institutions.

Equator Principles

CaixaBank has been a signatory to the Equator Principles since 2007. The Entity is committed to considering and managing social and environmental risks in assessing and financing project finance transactions of more than US $10 million and project-related corporate loans where the total aggregate loan amount is over US $ 100 million.

Carbon Disclosure Project

CaixaBank is a signatory to the Carbon Disclosure Project (CDP) since 2012. The CDP is an independent not-for-profit organization working to drive greenhouse gas emissions reduction and sustainable water usage. As a signatory, and as a token of its commitment to respect and protect the environment, CaixaBank has committed to measure, disclose, manage and disseminate environmental information.

Women’s Empowerment Principles

In 2013, CaixaBank adhered to the U.N. Women and the United Nations Global Compact’s joint initiative: the Women’s Empowerment Principles. By doing so, CaixaBank publicly assumed the commitment to ensure that its policies promote gender equality.

Global Reporting Initiative

CaixaBank draws up an Integrated Corporate Report that includes the GRI's indicators regarding the actions taken in the social, environmental and corporate governance areas.

United Nations Principles for Responsible Investment (UNPRI)

Since 2009, VidaCaixa, the CaixaBank company which sells life insurance policies and manages pension plans, is a signatory to these principles which guide the responsible management of all its investments.

OECD Guidelines for multinational enterprises

CaixaBank follows these guidelines which promote sustainable and responsible business behavior.

The Conference Board

CaixaBank takes part in this business research association, whose aim is to share with leading world organizations the practical know-how they need in order to improve their performance and serve society better.

Code of Good Practices for the viable restructuring of mortgage loans on primary residences

On March 15, 2012, CaixaBank adhered to the Spanish government's Code of Good Practices for the viable restructuring of mortgage loans on primary residences. CaixaBank's decision to join was based on the fact that the code mirrors one of its own core objectives: its long-standing fight against social and financial exclusion.

National Education Plan

Since 2010 CaixaBank has been a signatory to the Financial Education Plan promoted by the Bank of Spain and the Spanish Securities Market Regulator (CNMV) to improve society's knowledge of financial matters.

CSR –SMEs initiative

CaixaBank collaborates with the ICO and the Spanish Global Compact Network to promote corporate social responsibility amongst small and medium-sized enterprises.

For more information, please visit the "Corporate Responsibility" section under "Corporate Information" on the CaixaBank website, or via this link:

http://www.caixabank.com/responsabilidadcorporativa/modelofinanzasresponsables/iniciativasyalianzas_en.html

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This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on February 27, 2014.

List whether any Directors voted against or abstained from voting on the approval of this Report.

Yes   No ✓

Name or corporate name of Director	Reasons (voted against, abstention, non-attendance)	Explain the reasons

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AUDITOR'S REPORT FOR 2013 ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF CAIXABANK, S.A.

To the Directors of CaixaBank, S.A.

As requested by the Board of Directors of CaixaBank, S.A. ("the Company") and in accordance with our proposal-letter dated 22 January 2014, we have applied certain procedures to the "Information relating to the system of ICFR" contained in the Section F to the Company's 2013 Annual Corporate Governance Report, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operativity of the internal control system adopted by the Company in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Company's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2013 described in the accompanying information relating to the system of ICFR. Therefore, had procedures additional to those provided for in the engagement letter been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Company in relation to the system of ICFR - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in section F, relating to the description of the system of ICFR, of the Annual Corporate Governance Report model established in CNMV Circular 5/2103, of 12 June 2013.

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Company.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the Company's knowledge of the system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit and Control Committee and of other Company committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the system of ICFR did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by Spanish National Securities Market Commission (CNMV) Circular 5/2103, of 12 June 2013, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco Ignacio Ambrós

28 February 2014