CaixaBank

STATUTORY DOCUMENTATION

for 2014

Consolidated management report and financial statements of the CaixaBank Group that the Board of Directors, at a meeting held on 26 February 2015, agreed to submit to the Annual General Meeting.

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

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of CaixaBank, S.A.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CaixaBank, S.A. ("the Parent") and Subsidiaries, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of total changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of CaixaBank, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 1 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of CaixaBank, S.A. and Subsidiaries as at 31 December 2014, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 contains the explanations which the Parent's directors consider appropriate about the situation of CaixaBank, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2014. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of CaixaBank, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Francisco Ignacio Ambrós

27 February 2015

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:

DELOITTE, S.L.

Any 2015 Núm. 20/15/00037

CÒPIA GRATUÏTA

Informe subjecte a la taxa establerta a l'article 44 del text refós de la Llei d'auditoria de comptes, aprovat per Reial decret legislatiu 1/2011, d'1 de juliol.

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- **CaixaBank Group Management report for 2014**

- **CaixaBank Group consolidated financial statements for the year ended 31 December 2014**

CaixaBank Group Management Report for 2014

This management report has been prepared in accordance with the Spanish Code of Commerce and the Spanish Corporate Enterprises Act (Law 1/2012 of 2 July). In drafting the report, the directors have also taken into account the guidelines established in the Guide for the Preparation of Management Reports of Listed Companies published by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores,* CNMV) on 29 July 2013.

The financial information disclosed in this management report has been obtained from the consolidated accounting and management records of the CaixaBank Group, and is presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of 22 December and subsequent amendments.

This report describes the key data and events of 2014 shaping the financial position of the CaixaBank Group and the evolution of its businesses, risks and likely outlook. It forms part of the financial statements of the CaixaBank Group for 2014, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of 22 December and subsequent amendments.

CaixaBank Group

Management Report for 2014

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HIGHLIGHTS

Takeover bid (*oferta pública de acquisición*, or OPA) to acquire the common shares of the Portuguese bank BPI (see Note 1 'Events after the reporting period' to the enclosed financial statements)

On 17 February 2015 CaixaBank announced to *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Regulator) its intention to launch a takeover bid to acquire the common stock of the Portuguese bank BPI.

It is intended as a non-hostile bid and is subject to a cash bid price of 1.329 euros per share. The price offered to shareholders is the weighted average for the last six months and is considered an equitable price under the laws of Portugal. The takeover is aimed at all the share capital of BPI not already owned by CaixaBank, while effectiveness of the offer is conditional on: (i) obtaining acceptance accounting for more than 5.9% of the shares issued, such that CaixaBank is able to exceed 50% of share capital following the bid when combined with its existing 44.1% stake; and (i) the general shareholders meeting of BPI disapplying the 20% cap on the voting rights that any one given shareholder can cast, as prescribed by article 12.4 of the bank's articles of association. In order for this limit to be removed, at least 75% of capital present or represented by proxy must vote in favour at the corresponding general meeting of BPI, without CaixaBank's voting exceeding 20% of the total voting rights.

CaixaBank will continue to lend its support to the existing management team at BPI, whose prudent and effective approach to the job has shielded BPI from the instability rife within the financial system over recent years.

Likewise, CaixaBank wishes for BPI to remain a listed company following completion of the takeover bid, with the ongoing support of those shareholders who decided not to sell their shares during the takeover bid, including those with seats on BPI's Board of Directors.

The deal is expected to be finalised in the second quarter of 2015 and will have a positive impact on CaixaBank's earnings per share (EPS) from day one. Based on preliminary estimates, the impact on CaixaBank's capital base (fully loaded CET1) is expected to be between 80 basis points (0.80%) and 140 basis points (1.40%), assuming takeover bid acceptance levels of between 5.9% and 55.9%. At any rate, CaixaBank's objective is to maintain a capital ratio (fully loaded CET1) of over 11% following the deal so as to remain one of the top European banks when it comes to solvency.

Acquisition of the retail banking, wealth management and corporate banking arms of Barclays in Spain (see Note 1 'Events after the reporting period' to the enclosed financial statements)

On 2 January 2015, CaixaBank successfully acquired the entire share capital of Barclays Bank, SAU, after securing the necessary clearance from the authorities.

The deal embraces the entire retail banking, wealth management and corporate banking arms of Barclays Bank in Spain, but excludes the investment banking and card businesses.

The acquisition will improve CaixaBank's competitiveness in key segments and regions, while consolidating its leadership in Spain's retail banking sector by incorporating roughly 550,000 new customers.

CaixaBank has paid Barclays Bank PLC the sum of €820 million towards the purchase price of Barclays Bank, SAU. This amount will be adjusted under the terms of the purchase and sale agreement and reflects estimated equity at Barclays Bank, SAU of €1,714 million at 31 December 2014. This amount paid towards the purchase price will be raised or lowered accordingly to reflect the final equity of Barclays España, SAU at 31 December 2014. This equity will be calculated with reference to the annual accounts to be prepared and audited in the coming weeks and will be subject to the agreed adjustments set out in the purchase and sale agreement.

The ”la Caixa” Group successfully passes the comprehensive assessment of the ECB with a CET1 capital ratio of 9.3%; under the adverse scenario, CaixaBank's ratio would stand at 10.3% (see Note 4 'Managing capital adequacy' to the enclosed financial statements)

The ”la Caixa” Group has comfortably passed the comprehensive assessment conducted by the European Central Bank (ECB), which involves a detailed asset quality review (AQR) and a strict stress test coordinated by the European Banking Authority (EBA).

In performing their work, the European authorities assessed the entire ”la Caixa” Group, including the industrial stakes and real estate assets of Criteria CaixaHolding, and based also on the existing consolidation at 31 December 2013 of Caja de Ahorros y Pensiones de Barcelona, which was converted into a banking foundation in 2014. Based on this perimeter, the ”la Caixa” Group obtained a capital surplus of €6,777 million under the adverse scenario, with a Common Equity Tier 1 (CET1) ratio of 9.3%.

CaixaBank carried out an internal process to apply the same assessment to itself under the adverse scenario. The result was surplus capital of €7,706 million and a Common Equity Tier 1 (CET1) ratio of 10.3%. CaixaBank's greater capitalisation with respect to the ”la Caixa” Group can largely be explained by the contribution made by the bank's non-controlling shareholders and the impact on capital of the non-financial stakes of Criteria CaixaHolding, a subsidiary of the ”la Caixa” Group. Factoring in the conversion into shares of the mandatorily convertible bonds in the first half of 2014, CaixaBank's CET1 ratio would climb to 11.4% under the adverse scenario, more than double the required minimum, with a surplus of around €9,500 million based on internal estimates.

On the subject of the asset quality review (AQR), the authorities conducted an in-depth analysis of the quality of the assets contained in the portfolios selected by the European watchdog (those comprising SMEs, companies, large companies, corporations, real estate developers and real estate). Together, these account for more than €52,000 million of the risk-weighted assets of the ”la Caixa” Group; over 50% of total credit risk. During the probe, files were assessed both jointly and individually, the latter requiring the authorities to sift through 935 different borrowers, selected from largest to smallest or by random sampling. All in all, over 18,000 contracts were reviewed and the value of over 7,100 guarantees reappraised.

The process ultimately concluded that practically no further provisioning is required, confirming that the Bank comfortably meets its coverage requirements and applies a prudent policy of flagging and provisioning for impaired assets.

CaixaBank fortifies its strategic agreement with the Erste Foundation by raising its stake in Erste Group Bank to 9.9% (see Note 17 to the enclosed financial statements)

On 15 December 2014, CaixaBank publicly announced the renewal of the strategic agreement it signed in 2009 with the Erste Foundation, the Erste Group Bank's main shareholder.

Under the terms of the new agreement, and after receiving the go-ahead from the Austrian market watchdog, CaixaBank has become a stable shareholder of Erste Group Bank, joining a group of Austrian savings banks and a number of their foundations, along with the WSW holding. Together, they hold a 30% stake in Erste Group Bank.

At the next Annual General Meeting of Erste Group Bank, scheduled for the first half of 2015, CaixaBank will opt to appoint a second member of Erste Group Bank's Supervisory Board.

In addition, CaixaBank increased its stake in Erste Group Bank from 9.1% to 9.9% after acquiring 3.5 million shares in the Erste Foundation.

Process to convert ”la Caixa” into a banking foundation and transfer its stake in CaixaBank to Criteria CaixaHolding (see Note 1 to the enclosed financial statements)

According to the provisions of Law 26/2013 on savings banks and banking foundations, and following approval by the ”la Caixa” General Assembly held on 22 May, the official deed to convert Caixa d'Estalvis i Pensions de Barcelona, “la Caixa”, into a Banking Foundation was filed with the Foundations Registry on 16 June 2014, giving rise to the transformation of this entity and therefore the termination of the indirect performance of ”la Caixa” banking activities through CaixaBank, S.A. The new banking foundation is called Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, “la Caixa”, and will be subject to the supervision of the Bank of Spain in relation to its stake in CaixaBank pursuant to the Law on Savings Banks and Banking Foundations.

The conversion of ”la Caixa” into a banking foundation was carried out as part of the restructuring of the ”la Caixa” Group, which involved two processes. Firstly, the transfer to Criteria CaixaHolding – a wholly-owned subsidiary of “la Caixa” – of the stake previously held by the current ”la Caixa” Banking Foundation in CaixaBank and of the debt instruments issued to date by ”la Caixa”. As of 14 October 2014 the Banking Foundation therefore held an interest in CaixaBank through Criteria CaixaHolding; and secondly, the dissolution and liquidation of the former ”la Caixa” Foundation and the transfer of its assets and liabilities to the current ”la Caixa” Banking Foundation (this liquidation was recorded in the Catalonian Registry of Foundations on 16 October 2014).

With the reorganisation process now completed, the “la Caixa” Banking Foundation performs the following main activities: management of all Welfare Projects (“Obra Social”) and management, through its interest in Criteria CaixaHolding, of its stake in CaixaBank and of the Group's investments in non-financial sectors (mainly Gas Natural and Abertis).

Mandatory conversion to CaixaBank shares of all Series I/2011 mandatorily convertible subordinated bonds (see Note 25 to the enclosed financial statements)

On 29 May 2014, CaixaBank's Board of Directors ratified the mandatory conversion of all such bonds. The conversion, which was obligatory for all bondholders, took place on 30 June 2014.

The CaixaBank share reference price for the purposes of the conversion was set at €4.97.

CaixaBank covered the conversion and/or swap by issuing 149,484,999 new shares.

The Board of Directors also agreed to announce payment of the returns on the bonds for the second quarter of 2014 (7% annual nominal value of the nominal value of the bonds).

Mandatory conversion to CaixaBank shares of all Series I/2012 mandatorily convertible subordinated bonds (see Note 25 to the enclosed financial statements)

On 27 February 2014, the Board of Directors of CaixaBank agreed on the mandatory conversion and/or exchange of all the bonds under this issue. The conversion and/or exchange, which was mandatory for all bondholders, took place on 30 March 2014.

The reference CaixaBank share price for the purpose of converting and/or swapping the bonds was €3.65 per share.

CaixaBank covered the conversion and/or swap by issuing 323,146,336 new shares.

The Board of Directors also agreed to announce payment of the returns on the bonds for the first quarter of 2014 (7% annual nominal value of the nominal value of the bonds).

Issue of €1,000 million of mortgage covered bonds (see Note 22 to the accompanying financial statements)

Successful placement in March 2014 of €1,000 million in 10-year mortgage-covered bonds. The issue received a resounding response from institutional investors (88% from outside Spain), generating demand of over €2,600 million.

The coupon was set at 2.625%, and the issue cost (80bp on the mid-swap) meant CaixaBank was able to bring in financing at 67 basis points below the rate paid by the Spanish Treasury for the same period.

Sale of the stake in Bolsas y Mercados Españoles (see Note 12 to the enclosed financial statements)

On 16 January 2014, an accelerated bookbuilding process was undertaken for 4,189,139 shares in Bolsas y Mercados Españoles, the holding company of Mercados y Sistemas Financieros, S.A., representing around 5.01% of the company's share capital and CaixaBank's entire stake in the company. All shares were placed with institutional and/or qualified investors.

The placement amounted to €124 million and generated consolidated gross capital gains of €47 million.

1. SITUATION OF THE ENTITY

1.1. Organisational structure

Group structure

CaixaBank is a Spanish public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market. The Bank has been listed on the IBEX 35 since 4 February 2008. Accordingly, it is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV). CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a prestigious FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, among other things, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also listed on the Advanced Sustainable Performance Index (ASPI), which features the top 120 DD Eurostoxx companies in terms of sustainable development performance.

CaixaBank is a market leader in Spain when it comes to financial and insurance products and services. The bank's majority shareholder is Criteria CaixaHolding (58.9% at 31 December 2014) following the Group restructuring process that took place in 2014, which is discussed at length in Note 1 to the enclosed financial statements. The bank is also diversifying into other complementary activities, such as holdings in international banks and in Telefónica and Repsol. As a bank, it is subject to the oversight of the European Central Bank and the Bank of Spain.

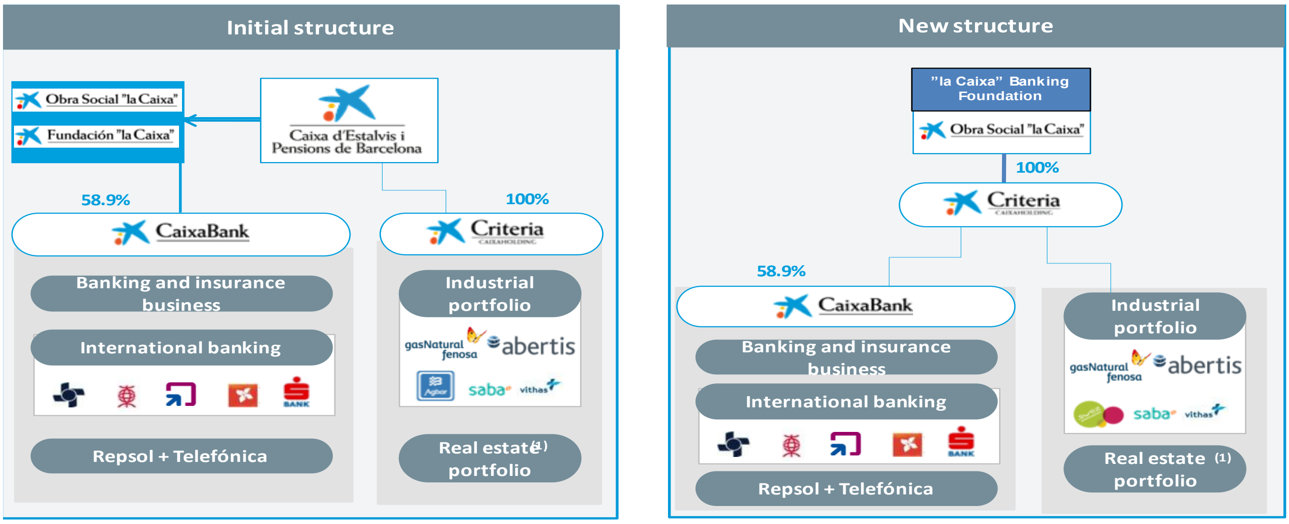
CaixaBank is the bank through which Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", carried on its business indirectly as a credit institution in accordance with its bylaws. As a result of the entry into force of Law 26/2013, of 27 December, on savings banks and banking foundations, the "la Caixa" General Assembly held on 22 May 2014 approved a motion to transform "la Caixa" into a banking foundation (the "la Caixa" Banking Foundation), which became effective on 16 June 2014 after being entered on the Foundations Registry. As a result, "la Caixa" no longer engages in financial business indirectly and has forfeited its status as a lending institution. The General Assembly also approved the Group's restructuring through:

- The dissolution and liquidation of the former the "la Caixa" Foundation (and passing its assets and wealth to the "la Caixa" Banking Foundation); and
- The transfer, which took place in October 2014, to Criteria CaixaHolding, SAU (hereinafter, Criteria) – wholly owned by the "la Caixa" Banking Foundation – of the assets and liabilities not assigned to welfare projects (essentially the "la Caixa" Banking Foundation's holding in CaixaBank, and the debt instruments of which it was the issuer). As a result, the "la Caixa" Banking Foundation now holds its stake in CaixaBank indirectly through Criteria CaixaHolding.

A resolution was therefore passed at CaixaBank's Annual General Meeting held on 24 April 2014 - subject to subsequent approval by the ordinary General Assembly of "la Caixa" - to amend the bylaws, eliminating any reference to the indirect exercise of the banking activity. Accordingly, CaixaBank ceased to be the bank through which "la Caixa" carried on its business indirectly as a credit institution.

The Group's structure now enables it to adapt to new Spanish and international regulatory requirements, while safeguarding the "la Caixa" Banking Foundation social welfare objectives and continuing to advance the Group's businesses.

At 31 December 2014, the "la Caixa" Group's corporate structure, which includes the CaixaBank Group, is as follows:



(1) Real estate assets from the portfolio existing at the time of the Group restructuring in 2011.

<u>*Business segments*</u>

a) Banking and insurance business

Banking is the CaixaBank Group's core business and embraces the entire banking chain of businesses (retail banking, corporate banking, cash and markets) and the insurance business, primarily carried out in Spain through the branch network and the other complementary channels. It encompasses the activity and the profits generated from the Group's 13.4 million customers, including individuals, companies and public bodies. It also incorporates the liquidity management and the Assets and Liabilities Committee (ALCO), and income from the financing of the equity investment business.

The CaixaBank Group rounds out its catalogue of banking products and services with a specialized offer of life insurance, pension plans and general insurance products, primarily instrumented through VidaCaixa, and also asset management through InverCaixa.

b) Equity investment business

This line of business embraces earnings on dividends and/or equity-accounted profits in respect of international banking investees (Grupo Financiero Inbursa, The Bank of East Asia, Erste Bank, Banco BPI and Boursorama), Repsol, S.A. and Telefónica, S.A., net of the related financing costs. It also encompasses other significant stakes in the sphere of the company's sector diversification, included following the Group's latest acquisitions.

Note 8 to the accompanying consolidated financial statements for 2014 presents the results of the CaixaBank Group's business segments.

The CaixaBank Group made no change in 2014 to the business segments defined in 2013, although, as further information, the banking and insurance business is presented without real estate activity, as these assets receive special management and treatment. The real estate business includes:

- Loans managed by a business unit operating mainly through specialized real estate loan centres.

- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
- Other real estate assets and holdings.

In 2014, the Group pressed on with its streamlining processes to improve the management of both businesses and costs. This involved merging investees, liquidating idle companies and selling off certain companies.

The CaixaBank Group also remains committed to optimising its branch network, closing 185 branches in Spain during the year. In line with this target of streamlining operations and containing costs, the bank agreed to roll out an incentive-based early retirement scheme in 2014 to implement the terms of the employment agreement reached in the year.

Governing bodies

CaixaBank's corporate governance is based on a series of principles and regulations governing the design, composition and functioning of the Bank's governing bodies: the Annual General Meeting, the Board of Directors and its various committees.

The Board of Directors is the Bank's senior decision-making body, except for those matters reserved for the Annual General Meeting. The following individuals and bodies are attached to the Board of Directors:

- Chief Executive Officer: tasked with the Bank's everyday management and ordinary decisions and ultimately accountable to the Board and the Executive Committee.

- Executive Committee: Delegate body that meets more frequently than the Board. Although it cannot decide on matters reserved for the Board, it has authority to vote on other important matters, particularly those relating to approval of lending transactions.

- The Audit and Control Committee: Organizes the tasks of monitoring, financial control and risk analysis at CaixaBank. This involves supervising the internal audit systems and ensuring the efficiency and independence of the internal control systems in place. It also oversees the entire process of preparing and presenting CaixaBank's financial information prior to publication by the Board.

- Appointments Committee, which became a committee in its own right following the decision reached on 25 September 2014 to split the Appointments and Remuneration Committee in half: Heads the process of appointing new members to the committee and reports on proposed appointments or removals of the senior management. The Appointments Committee likewise reports to the Board on matters relating to gender diversity, and oversees the Bank's conduct in the field of corporate social responsibility. Lastly, it conducts periodic assessments of the structure, size, composition and actions of the Board of Directors and of its committees, chairman, CEO and secretary. It also evaluates the make-up of the Management Committee, as well as its lists of replacement candidates to ensure that transitions and vacancies are suitable covered.

- Remuneration Committee: establishes the general governance principles and framework for the Board remuneration policy, and for remuneration of senior executives, and reports on the Bank's general remuneration policy. It is also tasked with analysing, preparing and periodically reviewing the remuneration schemes in place, gauging their suitability and performance and ensuring they are observed. It seeks the Board's approval of remuneration reports and policies that the Board must itself put before the Annual General Meeting, and reports to the Board on any pay-related proposals and motions that the latter intends to put before the Annual General Meeting.

- Risks Committee, created on 25 September 2014: advises the Board of Directors on the Bank's global propensity to current and future risks and on its strategy in this regard, reporting on the risk appetite framework and proposing the Group's risk policy to the Board. It also regularly reviews exposures with main customers, economic sectors, geographic regions and types of risk, and examines the Group's risk reporting and control systems and information systems and indicators. It likewise reports on new products and services and on significant changes to existing ones.

The primary functions of each of these governing bodies are described in detail in the accompanying Annual Corporate Governance Report and on the corporate website www.caixabank.com.

In accordance with the protocol governing the financial interest held by the "la Caixa" Banking Foundation in CaixaBank, the Board of Trustees of "la Caixa" Banking Foundation proposes the appointment of board members by virtue of its right of proportional representation. The appointments are therefore based on its existing interest in CaixaBank (proprietary directors). The directors proposed by the Board of Trustees must meet applicable legal requirements regarding standing, experience and track record in good governance. The Board also relies on the recommendations and good corporate governance proposals issued by Spanish and European authorities and experts concerning the composition of governing bodies (in relation to diversity, among other considerations) and director profile (in respect of training, knowledge and experience, among other factors).

Similarly, the Board of Trustees shall ensure that CaixaBank's Board of Directors has sufficient diversity and sensitivity to guarantee sound and prudent management at CaixaBank, which must live up to the values, principles and direct and personalised commercial management approach set by its predecessor, Caixa d'Estalvis i Pensions de Barcelona. These have, after all, lied at the heart of "la Caixa" social lending activity since the day it was founded.

The CaixaBank Board also comprises other categories of member, such as executive directors, "other external" directors and independent directors, all of whom are present due to the existence of minority shareholders in order to protect and guarantee the company's interests. Relations with minority shareholders at CaixaBank is detailed in the section in this report providing basic share information.

The Board of Directors met 14 times in 2014. At these meetings, the following resolutions, among others, were discussed and agreed upon:

- CaixaBank's financial situation and results.
- Mergers and acquisitions with other financial institutions.
- CaixaBank's strategic policy.
- Budget control and risk management.

The Annual Corporate Governance Report lists the members of CaixaBank's governing bodies and details their representative functions.

In addition to the Board committees mentioned above, which report directly to the Board of Directors, the CaixaBank Group has created a Management Committee organized into the following areas and comprising the following individuals:

Area	**Post**	**Executive**
Board of Directors	Chief Executive Officer	Gonzalo Gortázar Rotaeche
Insurance and Asset Management	General Director	Tomás Muniesa Arantegui
Business	General Director	Juan Antonio Alcaraz García
Risks	General Director	Pablo Forero Calderón
Audit and Control	Deputy General Manager	Joaquim Vilar Barrabeig
Human Resources	Deputy General Manager	Xavier Coll Escursell
International Banking	Deputy General Manager	Ignacio Álvarez-Rendueles Villar
Resources	Executive Director	Jordi Fontanals Martínez
Finance	Executive Director	Javier Pano Riera
Financial Accounting, Control and Capital	Executive Director	Jorge Mondéjar López
General Secretariat	General Secretary	Oscar Calderón de Oya

CaixaBank's Management Committee meets weekly to adopt resolutions concerning implementation of the annual operating plan and organisational aspects affecting the Group. This includes approving structural changes, appointments, expense lines and business strategies. All areas and business lines are represented on the committee. Certain areas remain the direct responsibility of the CEO, such as National and International Corporate Development.

The functions of each area represented on the Management Committee are as follows:

1. Insurance and Asset Management Division: Primarily oversees the following:

    - Insurance business and asset management
    - Corporate development in the Insurance and Asset Management departments.
    - Insurance Alliance Management
    - Bankassurance operator

2. General Risks Division: primarily oversees the following:

    - Global Risk Management
    - Loan analysis and approval
    - Technical and Validation Secretariat
    - Credit risk monitoring
    - Risk models

3. General Directorate of Business: Primarily oversees the following:

    - Branch network and branches
    - Business Banking
        - Company network
        - Real estate development centres
        - Transaction and SME banking
    - Private and personal banking

- Wholesale banking
    - Corporate Banking
    - Investment banking
    - Institutional Banking
    - Structured Financing
- Retail Banking
    - Electronic Banking
    - Marketing
    - Commercial information
    - Consumption
    - Business development
    - Payment systems (CaixaCard, Money to Pay, Comercia)
    - Quality

4. Deputy Directorate for Auditing and Internal Control: primarily oversees the following:

- Internal audit: effective and efficient oversight of the internal control system, plus management of Bank risks.
- Internal control: provide reasonable evidence to the senior management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the CaixaBank Group's risks, while also assessing the control environment.

5. Deputy General Directorate of Human Resources: Primarily oversees the following:

- Organisation
- Management and compensation
- Employee relations
- Employment advice
- Development and training
- Executive Development Centre
- Communication and culture
- Human Resource Search and Selection

6. Deputy General Directorate of International Banking: primarily oversees the following:

- Bank investees: monitoring and control of minority holdings in international banks, and promoting cooperation on matters relating to trade and joint project investment.
- Network of international branches and representation offices: managing the Bank's operational branches and representation offices outside Spain.
- International financial institutions: managing correspondent banking relations and relations with supranational and multilateral bodies and central banks.
- International projects: coordinating international development projects within business lines.

7. Executive Resources Division: primarily manages and oversees the following:

- The Group's real estate portfolio
- IT and communications infrastructures, along with IT service development

- Banking operating services and operating services related with the securities and capital markets
- Maintenance, logistics, fixed assets and construction services for the Group, as well as the Procurement Area, with its service procurement platform and control mechanisms to ensure transparency when contracting with suppliers
- Comprehensive security for the Group (physical, software, intelligence, IT systems, etc.)
- Defining, implementing and improving efficiency in processes and activities throughout the Group (including Central Services, the Branch Network and Group subsidiaries)
- Integration of financial institutions

8. The Executive Finance Department is responsible for:

- Cash: market making and managing liquidity
- Capital markets: fixed income origination and distribution and trading in equities
- ALM: wholesale management and financing
- Investor relations
- Market analysis

9. The Executive Department of Financial Accounting, Control and Capital houses the following areas:

- Planning and Capital: financial and capital planning and associated management control; managing and reporting capital position; keeping and operating the management information system (IGC).
- Corporate Management Information: preparing and reporting financial information (management and market), overseeing relations with rating agencies and drawing up financial information by business segment.
- Accounting and Comptrol: defining the Bank's accounting policies, keeping and controlling the accounts, preparing annual accounts and financial statements (public and reserved) and liaising with auditors and supervisory bodies.
- Budget Management: integral expense control, managing, negotiating and implementing budgets and controlling procurement with suppliers.
- Investee Control: controlling and tracking the investee portfolio and actively managing investment and divestment transactions.

10. The General Secretariat embraces the following areas and functions:

- General Secretary:
  - Providing pertinent advice and information to the Chairman and board members.
  - Liaising with regulatory bodies on the subject of corporate governance.
  - M&As.
  - Technical secretary's office for the governing bodies.

- Legal and Tax Services:
  - Minimising the legal risks inherent in the Bank's operations.
  - Proactively offering legal advice to both the branch network and to the different divisions within the bank.
  - Overseeing the Bank's representation and defence in all manner of court proceedings, including enforcement procedures and, in general, cases aimed at recovering debt. This body also coordinates the Bank's response to any indictment of the legal entity.
  - Drawing up contracts for all kinds of dealings between the Group and suppliers and partners

- Coordinating legal action for all subsidiaries and investees.
- Organising and arranging the legal side of investment and divestment operations affecting any of the Group's investees.
- Handling tax declarations and tax aspects of the products sold by the Bank and the transactions it engages in.

- Regulatory compliance risk:
  - Ensures action is taken to mitigate Group compliance risk, including risks associated with breaches of regulations and anti-money laundering rules.
  - Prevention of money laundering.

- Corporate M&A

1.2. Strategic Plan

The 2011-2014 Strategic Plan titled "Making a difference" has now ended, with all associated challenges having been successfully overcome in spite of the testing macroeconomic, financial and regulatory conditions seen in recent years.

One of the main aims of the plan was to stay ahead of expected changes in regulations and in the market. The first response took the form of CaixaBank's stock market listing in 2011 and the process ended with the recent creation of the "la Caixa" Banking Foundation in 2014. In addition, the stronger financial position resulting from the process has allowed the Bank to ease through the new capital adequacy and liquidity requirements while passing the asset quality reviews and stress tests conducted by the European authorities. This financial strength has been key to our active involvement in the process of consolidating the Spanish banking system and embracing a strategy of growth that has cemented our leadership in the retail banking sector.

Our commitment to quality and customer trust has been critical over recent years, and a flexible service sensitive to social issues and needs is now more important than ever. The financial system has undergone major changes and capacity adjustments and CaixaBank has remained fully committed to financial inclusion thanks to its extensive branch network and the efforts being made by MicroBank.

In recent years, the Group has rolled out initiatives and set up transversal teams with the aim of improving key processes and bringing the Bank and its operational management in line with the long-term vision set out in the Strategic Plan. This has enabled it to meet virtually all of the following strategic priorities for the 2011-2014 horizon, as shown previously:

- **Leadership in retail banking in Spain:** organic growth coupled with the acquisitions made since the start of the plan (Bankpime, Banca Cívica, Banco de Valencia and the retail business of Barclays España) have cemented CaixaBank's leadership, which is already the number one bank for one out of every four Spanish customers. Thanks to its commercial prowess, CaixaBank boasts impressive market shares among the main retail products and services.

- **Financial strength:** the numerous assessments carried out on Spanish and European banks have illustrated time and time again the Group's impressive solvency, comfortable liquidity and prudent risk assessment policy. Under the adverse scenario stress test conducted by the European Central Bank in 2014, CaixaBank's CET1 ratio, **based on internal calculations using official methodology**, was the highest among the ten eurozone institutions with the largest capitalisation.

- **Improving quality and reputation:** thanks to the Bank's proactive approach to improving quality, the quality indices have seen marked improvements during the second half of the plan and have all-but reached the objectives initially set. The Group has also remodelled key internal processes to improve response time and quality of service for customers. A prime example of the Group's ongoing commitment to excellence at all levels of the organisation is the renewal of the EFQM 600+ seal of excellence in 2014.

- **Focus on innovation:** leadership in adopting new technologies and the internal brainstorming system have boosted creativity and innovation geared towards customer service and identifying new business opportunities. CaixaBank has been awarded prizes and accolades across the globe, such as the "Best Bank for Technology Innovation" from Euromoney in both 2013 and 2014, making it a leading bank when it comes to innovation.

- **Improve risk-adjusted return**: active management in respect of income and costs has pushed up profit for the period despite the prevailing rock-bottom interest rates, low levels of business and an exceptionally high cost of risk.

- **Continuing to expand internationally:** international business has improved thanks to the opening of new representation offices and branches overseas. This has enabled the Bank to improve the service offered to customers in relation to their own processes of international expansion, while also generating synergies with international banking partners Over the last few years, the Group has also been working to improve internal capacities through specific training programmes (Move up!).

- **Diversifying the business portfolio towards large companies and SMEs**: corporate client penetration has grown significantly since the start of the plan and now stands at 33%. The weighting of corporate lending has remained relatively stable over recent years - at around 30% - despite the fact that deleveraging in the corporate world has been far greater than with households.

- **Confirming the role of Welfare Projects and MicroBank:** The "la Caixa" Banking Foundation is the world's third largest foundation and the largest on mainland Europe. Thanks to the dividends of both CaixaBank and Criteria CaixaHolding, the foundation has been able to keep its Welfare Projects budget at €500 million for the seventh straight year, with two thirds of the funds earmarked for community or welfare programmes. MicroBank, for its part, has awarded around €1,200 million in micro-loans over the last four years, more than the target amount envisaged at the start of the plan.

Now that the 2011-2014 Strategic Plan has been successfully finished, the CaixaBank Group has devised a new strategic vision for the coming four years, i.e. from 2015 through to 2018. The Group will define the next courses of action within a likely scenario of gradual economic recovery, rock-bottom interest rates, the start-up of the Banking Union and the unstoppable advance of technology and innovation in relations with customers. The new strategic plan also addresses the challenge facing the financial system of recovering high levels of trust and reputation, which also represents an opportunity for CaixaBank.

The CaixaBank Group has defined five strategic lines for the 2015-2018 horizon:

1. Customer focus: being the best bank in both quality and reputation
2. Attaining recurring returns above the cost of capital
3. Managing capital actively
4. Leading the digitalisation of the banking world
5. Having the best prepared and most dynamic human team possible

Upon reaching these objectives, the CaixaBank Group will have cemented its position as an institution capable of generating sustainable value for its shareholders; one recognised for its unrivalled service and social commitment; and a leader in bank digitalisation and in tapping the potential of new technologies with customers' interests at heart.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Macroeconomic scenario for 2014

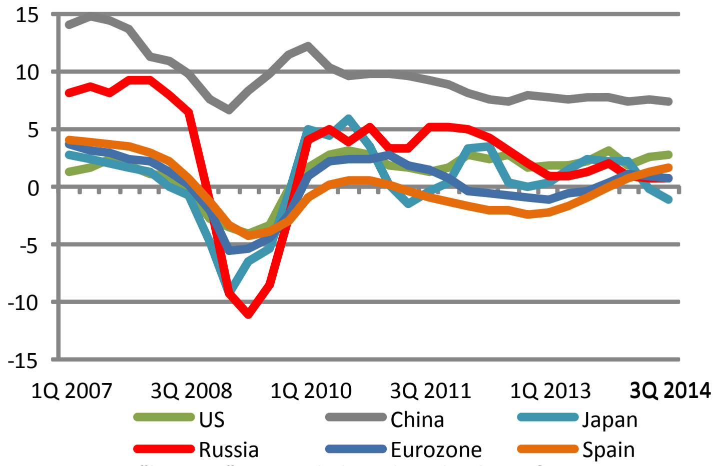
Global and market trends

The recovery process remained on track in 2014 across the main developed countries. That said, considerable gaps between nations remain. While the United States experienced solid growth, Japan and the eurozone saw more moderate gains. In the United States, GDP growth in 2014 stood at 2.4%, and data on the job market and private spending were better than expected, thus helping to cushion the impact of the weaker external outlook. Japanese GDP, in contrast, hardly saw any growth during the year, while eurozone GDP gained a modest 0.8%.

Yet as a whole, the economies of these regions were buoyed by the expansive monetary policies adopted by the main central banks: the Federal Reserve carried out its third process of quantitative easing (QE3) through to November. The Bank of Japan (BoJ) also stepped up its buying of financial assets, while the European Central Bank (ECB), in a bid to kick-start the economy given the prevailing low growth and inflation, dropped the benchmark interest rate on two separate occasions (June and September), lowering it to 0.05% and embarked on a programme of buying securitised loans and mortgage covered bonds and awarding long-term loans at rock-bottom interest rates conditional on the granting of loans to non-financial corporations. Likewise, and in view of the muted success of the measures initially taken and the uneasy build-up of macroeconomic pressure, the ECB announced in January 2015 the roll-out of an ambitious scheme to buy public debt. This kind of initiative program will likely bring interest rates even further down, which will help to shore up the recovery of the credit markets. The impact on the exchange rate will surely be sizeable, and the euro is likely to lose considerable ground against the other main currencies.

GDP growth

Year-on-year change (%)



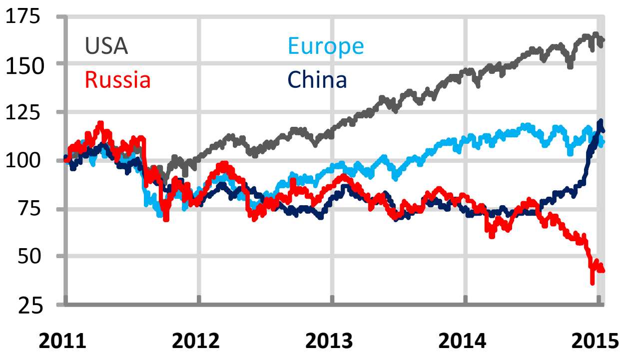
Source: "la Caixa" Research, based on the data of Thomson Reuters Datastream.

Turning to the main emerging economies, growth was hit hard towards the end of the year by the sudden change in the price of raw materials. More specifically, shrinking oil prices had had a number of major impacts but in different directions, largely favouring Asian nations (primarily India and China), while hurting Latin American interests and certain Eastern European countries, which tend to be net commodity exporters. Against this backdrop, the Chinese economy had an interesting year. The Asian powerhouse pressed on with the process of changing its production-based model. Although the change will offer lower short-term growth, it will open up more consistent and sustainable long-term growth. In 2014, Chinese GDP gained 7.4%, three tenths of a percentage point less than in 2013.

On a global scale, the contrasting economic outlook between countries was clearly reflected in stock market performances for the year, with highlights including the steady upturn seen in the United States and the abrupt slump in Russia.

Stock market performance

(January 2011=100)



Source: "la Caixa Research", from Bloomberg data

Performance in the eurozone and Spain

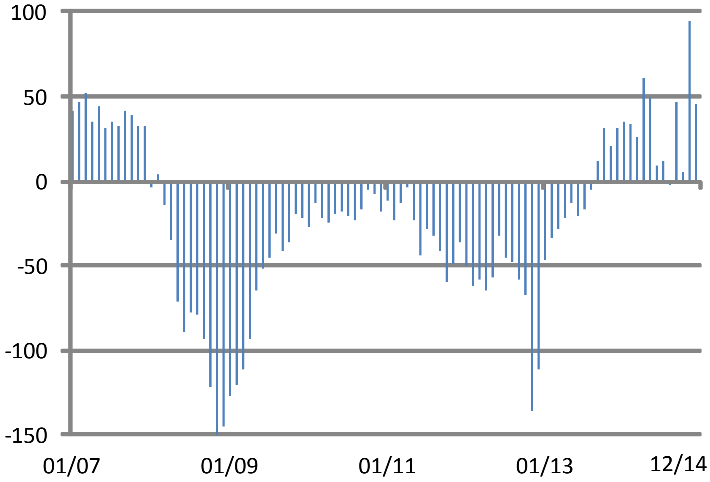
The economic recovery of the eurozone lost momentum in 2014, dragged back by weak domestic demand (investment, in particular) and wavering international trade. That said, concerns over a possible third recession were all but quashed in the fourth quarter and the economic outlook is actually expected to brighten up over the coming quarters.

The Spanish economy, on the other hand, was able to confirm the recovery first seen in the second half of 2013, driven by the ongoing improvements in borrowing conditions, greater belief in the economy's ability to grow and the progress made in the job market. All this served to rekindle private domestic demand, which played a key role in driving economic activity. Within this context of widespread growth, Spanish GDP gained 1.4% for 2014 as a whole, a considerable improvement on the 1.2% drop seen in 2013.

Specifically, household spending, the main catalyst of domestic demand within the private sector, impressed in 2014 by continuing to grow above the historical average. Investment also fared well, as investment in capital goods picked up and investment in construction also rallied in the fourth quarter. In fact, indicators for investment in the construction sector suggest that investment might well have finally bottomed out in 2014, after seven years of decline. Public spending remained in check as the government continued its painful yet necessary process of drawing in its budgets. Domestic spending was therefore the main growth driver in 2014, while exports took a backseat. Although part of this slow-down in external trade was due to weaker export markets, it was nevertheless surprising to see such an improvement in imports.

Job figures

*Month-on-month change (thousands)**



*Note: *Seasonally adjusted.*

Source: "la Caixa" Research, from MeySS data.

Moreover, borrowing conditions continued to improve over 2014, buoyed by the ECB's expansionary monetary policy. The Spanish Treasury was therefore able to increase the average life of Spanish sovereign debt while at the same time lowering the average cost of borrowing. Turning to the private sector, lending institutions continued to feed through their cheaper borrowing costs to improve the conditions of loans for companies and families. This helped pushed new loans into positive growth towards the end of the year.

The recovery of the Spanish economy in 2014 was also driven by the promising performance of the banking sector, which became subject to stricter regulations and oversight. The Single Resolution Mechanism (SRM), the second pillar of the Banking Union, was approved in July and will take the form of a single resolution fund and a new direct recapitalisation instrument for systemic and viable institutions. The SRM will regulate the orderly resolution of financial institutions while lowering the fiscal cost of future bank failures.

In November, the ECB assumed the role of supervisor of all eurozone banks, marking a further step forward in the process of creating the Banking Union. The published results of the asset quality reviews and stress tests conducted on 130 European banks by the ECB and the EBA confirmed their resistance, especially in the case of Spanish institutions, and this has pushed up investor confidence in the European banking sector.

All things said, the steadily improving macroeconomic and financial situation in 2014 helped to spur on the recovery process. Although imbalances must still be addressed, everything would appear to suggest that the Spanish economy has improved its growth capacity and is now better prepared to cope with possible external shocks.

2.2 Business performance

The following tables show the Group's performance and management information for 2014.

Business performance and results

The key business performance and results of the CaixaBank Group are shown in the tables below:

€ million and %

Profit/(loss)	2014	2013	Change
Net interest income	4,155	3,955	5.1%
Gross income	6,940	6,365	9.0%
Recurring pre-impairment income[1]	3,167	2,685	18.0%
Pre-impairment income	3,167	1,579	100.5%
Profit attributable to the Group	620	316	96.3%

[1] Figures for 2013 include neither the -€267 million impact deriving from the new accounting treatment of the Spanish Deposit Guarantee Fund, nor the -€839 million in expenses incurred from the Group restructuring process.

Balance sheet	2014	2013	Change
Total assets	338,623	340,320	(0.5%)
Equity	25,232	23,946	5.4%
Customer funds under management criteria	271,758	258,291	5.2%
Gross customer lending under management criteria	197,185	207,231	(4.8%)

Efficiency and returns	2014	2013	Change
Cost-to-income ratio (total operating expenses / gross income)	54.4%	75.2%	(20.8)
Recurring cost-to-income ratio [1]	54.4%	59.5%	(5.1)
ROE (attributable profit / average equity)	2.7%	1.4%	1.3
ROA (net profit / average total assets)	0.2%	0.1%	0.1
RORWA (net profit / risk-weighted assets)	0.5%	0.2%	0.3
ROTE (attributable profit / average tangible equity)	3.4%	1.7%	1.7

[1] Figures for 2013 include neither the -€267 million impact deriving from the new accounting treatment of the Spanish Deposit Guarantee Fund, nor the -€839 million in expenses incurred from the Group restructuring process.

Risk management	2014	2013	Change
NPL	20,110	25,365	(5,255)
NPL ratio	9.7%	11.7%	(2.0)
NPL ratio (non real-estate companies)	6.4%	6.8%	(0.4)
NPL provisions	11,120	15,478	(4,358)
NPL coverage ratio	55%	61%	(6)
NPL coverage ratio including collateral	132%	140%	(8)
NPL coverage ratio, stripping out real-estate developers	54%	63%	(9)
Net foreclosed property assets held for sale	6,719	6,169	550
Coverage ratio for foreclosed property assets available for sale	55%	54%	1
of which: land coverage	*65%*	*65%*	*0*

Liquidity	2014	2013	Change
Liquidity	56,665	60,762	(4,097)
Loan-to-deposit ratio	104.3%	109.9%	(5.6)

Solvency - BIS III

	2014	2013	Change
Common Equity Tier 1 (CET1)	13.1%	11.8%	1.3
Tier Total	16.2%	14.6%	1.6
Risk Weighted Assets (RWA)	139.519	152.502	(12.983)
CET1 buffer	12.011	11.178	833
Tier total surplus	11.489	10.073	1.416
Leverage ratio	5.8%	5.4%	0.4
Common Equity Tier 1 (CET1), fully loaded	12.3%	11.3%	1.0

Share information

	2014	2013	Change
Share price (€/share)	4.361	3.788	0.573
Market capitalization	24,911	19,045	5,866
Number of outstanding shares (*million*)	5,712	5,025	687
Book value per share - fully diluted (€/share)	4.42	4.36	0.06
Underlying book value - fully diluted (€/share)	3.54	3.46	0.08
Number of shares - fully diluted (*million*)	5,712	5,498	214
Earnings per share (EPS) (€/share) *(12 months)*	0.11	0.06	0.05
Average number of shares - fully diluted (*million*)	5,712	5,416	296
PER (price /PROFIT)	39.65	64.96	(25.31)
Tangible PBV (market value/book value of tangible assets)	1.23	1.09	0.14

Banking business and resources (units)

	2014	2013	Change
Customers *(million)*	13.4	13.6	(0.2)
CaixaBank Group employees	31,210	31,948	(738)
Branches in Spain [2]	5,251	5,436	(185)
ATMs	9,544	9,597	(53)

[2] Does not include at 31 December 2014 and 2013 relocated customer care centres attached to other branches.

NOTE: The historical financial information has been restated to reflect the new treatment of payments made to the Spanish Deposit Guarantee Fund ushered in by IFRIC 21 and IAS 8. See Note 1 'Comparative information' to the accompanying financial statements for 2014.

Business performance

The CaixaBank Group is a leader in retail banking, which provides the foundation for of all its other specialized value proposals. Its number one priority in this regard is service excellence. At 31 December 2014, the CaixaBank Group provided services to 13.4 million customers through 5,251 branches in Spain, with total assets of €338,623 million.

Thanks to its commercial prowess, CaixaBank boasts impressive market shares among the main retail products and services.

Market shares by product[1]	2014	2013
Loans to resident private sector	14.9%	15.0%
Deposits from resident private sector	14.5%	14.4%
Savings insurance	21.3%	21.1%
Pension plans (individual + guaranteed)	19.4%	18.7%
Mutual funds	15.3%	14.1%
Factoring + reverse factoring	18.4%	17.6%
Commercial loans	13.1%	14.4%
Lending with mortgage charge	15.9%	15.8%
Market shares by service[1]	**2014**	**2013**
Payroll deposits	23.1%	21.6%
Pension deposits	20.0%	19.9%
Cards (CaixaBank card revenue)	21.4%	21.1%
Market share, branch offices	17.3%	16.8%
Market share[2]	**2014**	**2013**
Market share among individual customers (>18 years)	27.6%	27.4%
Individuals citing CaixaBank as their preferred bank	23.5%	22.7%
Self-employed	31.3%	29.9%

[1] Latest information available. Market shares prepared in-house. Source: Bank of Spain, Social Security, INVERCO, AEF (Spanish Factoring Association) and ICEA.

[2] Source: FRS Inmark.

Customer funds

Details of customer funds managed as per management criteria are as follows:

(Millions of euros)

	31.12.2014	31.12.2013	YoY change %
Financial liabilities - Customer funds	**175,034**	**171,491**	**2.1**
Retail funds	**172,551**	**168,374**	**2.5**
Demand deposits	93,583	80,482	16.3
Term deposits	72,682	81,216	(10.5)
Debt securities (retail)	2,933	3,075	(4.6)
Retail subordinated debt	3,353	3,601	(6.9)
Repurchase agreements and other accounts	**2,483**	**3,117**	**(20.3)**
Liabilities under insurance contracts	**32,275**	**30,831**	**4.7**
Total on-balance sheet customer funds	**207,309**	**202,322**	**2.5**
Mutual funds and SICAVs	37,482	27,952	34.1
Pension plans	19,941	16,797	18.7
Other accounts[1]	7,026	11,220	(37.4)
Total off-balance sheet customer funds [2]	**64,449**	**55,969**	**15.2**
Total customer funds	**271,758**	**258,291**	**5.2**

[1] Includes, among other items, financial assets sold to retail customers, which include subordinated bonds issued by the ”la Caixa”(now ”la Caixa” Banking Foundation).

[2]See Note 28.

The reconciliation between balances calculated for management purposes and balances recorded for accounting purchases is as follows:

(Millions of euros)

	December 2014
Customer deposits (Note 22)	180,200
(-) of which wholesale[1]	*(7,465)*
(-) Reverse repurchase agreements with the public sector	*(1,800)*
(-) Counterparties	*(1,898)*
Debt securities (Note 22)	32,920
(-) of which wholesale	*(29,443)*
Subordinated liabilities (Note 22)	4,396
(-) of which wholesale	*(1,116)*
Liabilities under insurance contracts (Note 23)	40,434
(-) Capital gains and losses on insurance business assets	*(9,601)*
(-) Unit-links	1,442
Accrued expenses and deferred income	(760)
Total on-balance sheet customer funds	**207,309**

[1] Basically, multi-issuer covered bonds.

Customer funds totalled €271,758 million, up €13,467 year on year (+5.2%) on the back of CaixaBank's wide range of products.

On-balance sheet customer funds amounted to €207,309 million (+2.5%). Of particular note were:

- Demand deposits stood at €93,583 million, up 16.3% in 2014 due to sound management of maturities and write-offs of other retail customer funds. Successful commercial drive to bring in payroll deposits in 2014, with the resulting impact on demand saving products.
- Term deposits totalled €72,682 million. The year-on-year change here (-10.5%) is down to the intensive control of margins on new transactions and the channelling of customer savings towards off-balance sheet products.
- Growth in liabilities under insurance contracts (+4.7%).

Off-balance sheet funds under management amounted to €64,449 million (+15.2%). Highlights:

- Sharp increase (+34.1%) in mutual fund assets under management. CaixaBank has become the market leader in number of fund investors.
- Pension plans fare well (+18.7%).
- The performance of "Other accounts" mainly reflects the impact of the redemption of subordinated bonds issued by "la Caixa" (now "la Caixa" Banking Foundation) and third-party bond issues allotted to retail customers.

CaixaBank will continue to manage its funding sources in 2015 with a diversified range of specialist products for the different types of saving available.

Loans and receivables

Note 3.1 to the accompanying financial statements for 2014 sets out the Group's policies for approving loans, monitoring default, refinancing debt and recovering amounts, all in respect of credit risk.

Note 3 also discloses the geographic distribution of credit risk and the loan-to-value ratio for collateralised loans, as well as the maturities profile and the sensitivity of loans and credit facilities to changes in interest rates. Information on refinancing/restructured loans and additional data on financing for the real-estate sector, residential mortgages and property foreclosed in lieu of payment of debts can also be found in that note.

Lastly, Note 13.2 to the consolidated financial statements for 2014 discloses the nature, counterparty and interest rate applicable to customer loans, as well as the composition of and movements in non-performing loans. Note 13.4 details the specific coverage and hedging associated with these.

A breakdown of the lending portfolio as per management criteria and changes therein are as follows:

€ million	31.12.2014	31.12.2013	YoY change %
Loans to individuals	**111,350**	**117,760**	**(5.4)**
Residential mortgages	80,421	84,412	(4.7)
Other	30,929	33,348	(7.3)
Loans to companies	**72,276**	**79,305**	**(8.9)**
Non real-estate businesses	56,793	58,667	(3.2)
Real estate developers **(Note 3.1.7)**	14,069	19,980	(29.6)
Criteria CaixaHolding and "la Caixa" Banking Foundation	1,414	658	114.9
Public sector	**13,559**	**10,166**	**33.4**
Total gross customer lending	**197,185**	**207,231**	**(4.8)**
Of which: Performing loans ex-real estate developers	*171,111*	*174,144*	*(1.7)*
NPL provisions (1)	(10,587)	(14,976)	(29.3)
Total net customer lending	**186,598**	**192,255**	**(2.9)**
Memorandum items:			
Total contingent liabilities (Note 28)	***10,242***	***10,299***	***(0.6)***

(1) Does not include provisions to cover other financial assets (see Note 13.4).

At 31 December 2014, total net customer lending (as per management criteria) was €186,598 million. This figure does not include other financial assets of €1,791 million, which primarily relates to counterparties and assets under the asset protection scheme[1], nor reverse repurchase agreements amounting to €373 million, which are reported under loans and advances to customers on the public balance sheet. The reconciliation between balances calculated for management purposes and the accompanying financial statement balances is as follows:

(Millions of euros)	December 2014
Gross customer lending (management criteria)	197,185
NPL provisions	(10,587)
Other financial assets	1,791
Reverse repurchase agreements	373
Net loans and advances to customers (Note 13)	**188,762**

Gross lending to customers stood at €197,185 million (-4.8% year on year). Performance here was impacted mainly by the sector-wide deleveraging process, reduced exposure to the real estate development sector (-29.6%) and the NPL management approach. The drop stood at just 1.7% for the performing loan portfolio (non real estate developers). Highlights by segment[2]:

- Loans for home purchases (-4.7%) continue to feel the effects of the household deleveraging process, with new loans trailing loan repayments.
- Loans to individuals-other purposes was down 7.3%.
- Financing to production sectors ex-real estate developers fell 3.2% during the year in response to the economic cycle.
- The real estate developer portfolio shed -€5,911 (-29.6%) following the Bank's drive to clear up problem assets.

The economic deleveraging process is expected to slow down further in 2015. The Group is firmly committed to meeting its customers' financing needs, supporting in particular the productive sectors of the Spanish economy.

Risk management

Credit risk quality

(loans + contingent risks)	2014	2013
Non-performing assets	20,110	25,365
NPL ratio	9.7%	11.7%
NPL ratio (non real-estate companies)	6.4%	6.8%

[1] The heading "Loans and receivables" includes an asset to reflect the expected losses to be borne by the Spanish FROB under the scope of the asset protection scheme agreement on the SME/self-employed professionals loan portfolio of Banco de Valencia. The asset recognised amounts to €709 million.

[2] Approximately €3,000 million was reclassified in 2014 as Lending to Individuals - Other purposes, owing largely to financing awarded to individual customers who have made a further withdrawal under their mortgage contract originally awarded for home purchase, making it an "open-end mortgage" to be used for other financing needs. Balances at 31 December 2013 have been restated accordingly.

At 31 December 2014, NPLs stood at €20,110 million (-€5,255 million in 2014), including NPLs from contingent risks.

The NPL ratio fell to 9.7% (-2 percentage points in 2014) due to the drop in NPLs (-242bp), which helped offset the impact of the deleveraging process (+45bp).

The NPL ratio fell in all risk segments:

- The NPL ratio for residential mortgage loans to individual customers remains very low (4.1% at 31 December 2014).
- Non-performing loans to the real estate sector continue to represent the greatest proportion of the Bank's distressed assets. When stripping out the real-estate development segment, CaixaBank's NPL ratio stood at 6.4%.

Trends in loan default by classification and segment are as follows:

	31.12.2014	31.12.2013
Loans to individuals	**5.3%**	**5.5%**
Residential mortgages	4.1%	4.3%
Other	8.3%	8.6%
Loans to companies	**18.9%**	**23.1%**
Non real-estate businesses	10.6%	10.9%
Real estate developers	54.6%	59.4%
Public sector	**0.9%**	**1.8%**
Total risks (loans + guarantees)	**9.7%**	**11.7%**
NPL ratio (non real-estate companies)	***6.4%***	***6.8%***

Coverage

(loans + contingent risks)	2014	2013
NPL provisions	11,121	15,478
NPL coverage	55%	61%
Coverage ratio, stripping out real-estate developers	54%	63%

CaixaBank maintains a solid level of coverage thanks to its prudent risk hedging policies. At 31 December 2014, a total of €11,121 million was allocated to cover potential loan losses, with a coverage ratio of 55%.

Changes in loan-loss provisions in 2014 were largely due to the cancellation of the debt deriving from the purchase and foreclosure of real estate assets and the derecognition of funds associated with asset write-offs.

Exposure to real-estate risk

The "Customer credit risk" section of Note 3.1.7 to the accompanying financial statements includes quantitative information on financing for real estate developers, residential mortgages and property foreclosed in lieu of payment of debts.

Loans to real-estate developers

In 2014, financing for the real-estate development sector fell by €5,911 million (down 29.6%). The weighting of financing for this sector fell by 251 basis points in 2014 to rest at 7.1% of the total loan portfolio.

Specific coverage for distressed assets (non-performing and substandard) in this segment stands at 53%.

Foreclosed real-estate assets

At 31 December 2014, net foreclosed assets available for sale totalled €6,719 million. In addition, CaixaBank foreclosed real-estate assets held for lease (recognised for accounting purposes as Investment Property) amounted to €2,771 million, net of provisions, at 31 December 2014.

In managing distressed assets, CaixaBank makes every effort to help borrowers meet their payment obligations. When the borrower no longer appears to be reasonably able to fulfil these obligations, foreclosure proceedings are initiated.

The coverage ratio of the portfolio of foreclosed assets available for sale stands at 55% and includes initial write-downs and provisions reported after CaixaBank takes possession of the property.

Thanks to the efforts of BuildingCenter, property sales and rentals in 2014 totalled €2,512 million, up 15.3% year on year. The rental property portfolio has a substantial occupancy ratio of 87%.

Profit/(loss)

Net profit for the CaixaBank Group in 2014 amounted to €620 million. The abbreviated income statement, for management purposes, is shown below:

€ million	January-December 2014	2013 [1]	Change (%)
Financial income	8,791	9,301	(5.5)
Financial expenses	(4,636)	(5,346)	(13.3)
Net interest income	**4,155**	**3,955**	**5.1**
Dividends	185	107	73.4
Share of profit/(loss) of entities accounted for using the equity method	306	339	(9.8)
Net fees and commissions	1,825	1,760	3.7
Gains/(losses) on financial assets and liabilities and exchange differences	640	679	(5.8)
Other operating income and expense	(171)	(475)	(64.0)
Gross income	**6,940**	**6,365**	**9.0**
Recurring operating expenses	(3,773)	(3,947)	(4.4)
Restructuring costs		(839)	
Pre-impairment income	**3,167**	**1,579**	**100.5**
Recurring pre-impairment income [2]	***3,167***	***2,685***	***18.0***
Impairment losses on financial and other assets	(2,579)	(4,329)	(40.5)
Gains/(losses) on disposal of assets and others	(386)	1.770	
Profit/(loss) before tax	**202**	**(980)**	
Income tax	418	1,288	(67.6)
Consolidated profit/(loss) for the period	**620**	**308**	**101.1**
Profit attributable to non-controlling interests		(8)	
Profit attributable to the Group	**620**	**316**	**96.3**

[1] The 2013 income statement has been restated to reflect the new treatment of payments to the Spanish Deposit Guarantee Fund ushered in by IFRIC 21 and IAS 8.

[2] Figures for 2013 include neither the -€267 million impact deriving from the new accounting treatment of the Spanish Deposit Guarantee Fund, nor the -€839 million in expenses incurred from the Group restructuring process.

Gross income

The CaixaBank Group's gross income stood at €6,940 million, up 9.0% on 2013.

Net interest income

Against a macroeconomic backdrop of rock-bottom interest rates, net interest income stood at €4,155 million, up 5.1% in 2014. The solid performance illustrates the Bank's approach to retail banking activity, with the sharp drop in the cost of maturity deposits (1.76% average in 2014 from the 2.39% seen in 2013) enabling it to cushion the impact of the loan deleveraging process and the lower returns on loans as interest rates continue to fall.

The upturn in the spread on customer lending and funding that began in the latter half of 2013 continued to rise in 2014, climbing to an average of 2.03%, mainly on the back of the Bank's active management of returns on the retail banking activity.

An analysis of net interest income is as follows:

(in millions of euros)	2014			2013		
	Average	Yield/Cost	Int. rate	Average	Yield/Cost	Int. rate
Financial institutions	6,943	18	0.26	9,812	34	0.35
Loans	180,655	5,475	3.03	199,938	6,169	3.09
Fixed income securities portfolio	41,888	1,427	3.41	42,658	1,527	3.58
Other assets with return[1]	38,896	1,862	4.79	32,526	1,561	4.80
Other assets	62,286	9		65,164	10	
Average total assets	**330,668**	**8.791**	**2.66**	**350,098**	**9,301**	**2.66**
Financial institutions	30,069	(273)	0.91	50,608	(468)	0.93
Retail customer funds	167,307	(1,677)	1.00	160,017	(2,258)	1.42
Demand deposits	*83,866*	*(206)*	*0.25*	*71,901*	*(155)*	*0.22*
Maturity deposits	*83,441*	*(1,471)*	*1.76*	*88,116*	*(2,103)*	*2.39*
Time deposits	*78,417*	*(1,324)*	*1.69*	*81,122*	*(1,864)*	*2.30*
Retail Repurchase agreements and marketable debt securities	*5,024*	*(147)*	*2.93*	*6,994*	*(239)*	*3.41*
Wholesale marketable debt securities & other	41,039	(925)	2.25	49,252	(1,102)	2.24
Subordinated liabilities	4,819	(150)	3.12	4,886	(215)	4.40
Other funds with cost[1]	41,293	(1,609)	3.90	33,408	(1,294)	3.87
Other funds	46,141	(2)		51,927	(9)	
Total average funds	**330.668**	**(4.636)**	**1.40**	**350.098**	**(5.346)**	**1.53**
Net interest income		**4,155**			**3,955**	
Customer spread (%)		**2.03**			**1.67**	
Balance sheet spread (%)		**1.26**			**1.13**	

[1] Includes the assets and liabilities of insurance subsidiaries.

Fees and commissions

Fee and commission income stood at €1,825 million (+3.7%), driven by the strength of the commercial branch network and a broad and diversified range of products and services.

Banking services, securities and others fees amounted to €1,266 million. Includes income from securities transactions, fees and commissions on transactions and fees and commissions for risks, asset management and payment systems. Income from one-off securities transactions increased in 2014. Conversely, income suffered somewhat due to the impact of Royal Decree Law 8/2014, which placed a cap on interchange fees, and the reduction in transactional activity revenues.

Insurance and pension plan fees reached €315 million (+21.2%) in the period, thanks to the success of the commercial campaigns rolled out and an increase in pension assets under management.

Mutual fund fees accounted for a sizeable €244 million (+38.4%). This shows steady and sustained growth due to the increase in assets under management (+34.1% on December 2013).

(in millions of euros)	January - December		YoY change	
	2014	2013	Absolute	%
Banking services, securities and others fees	1,266	1,324	(58)	(4.4)
Insurance and pension plan	315	260	55	21.2
Mutual funds	244	176	68	38.4
Net fees and commissions	**1,825**	**1,760**	**65**	**3.7**

Income on the equities portfolio

Income from investments in equities totalled €491 million (+10.2%).

Dividend income was €185 million, up 73.4% year on year upon Telefónica deciding to hike its dividend payment for 2014.

Results from companies accounted for using the equity method (€306 million in 2014) include CaixaBank's share of profits in associates. Key aspects here included the recognition of the non-recurring losses attributable to Erste Group Bank in 2014 and the 2013 impact on Repsol's contribution to the Group's profit of the compensation agreed in relation to the nationalisation of 51% of YPF's capital.

Gains/(losses) on financial assets and liabilities and exchange differences

Gains on financial assets and foreign exchange differences amounted to €640 million. Market opportunities meant that a number of unrealised capital gains could materialise in 2014, most doing so in the first half of the year. These gains derived chiefly from available-for-sale financial assets and hedging of issues.

Other operating income and expense

The other operating income and expense heading includes the following highlights:

- The success of the ongoing commercial campaigns, pushing up income from insurance activity by 49.6%.
- Application of IFRIC 21, which clarified the accounting treatment of payments to the Spanish Deposit Guarantee Fund (see Note 1 'Comparative information' to the accompanying financial statements for 2014).
- Other operating income and expenses includes, among other items, rental income and expenses incurred from the management of the foreclosed real estate portfolio as well as operating income and expenses of non-real estate subsidiaries.

€ million	January - December		Change	
	2014	**2013**	**Absolute**	**%**
Income and expenses of the insurance business	149	99	50	49.6
Deposit Guarantee Fund contribution	(293)	(570)	277	(48.6)
Other operating income and expense	(27)	(4)	(23)	
Other operating income and expense	**(171)**	**(475)**	**304**	**(64.0)**

Pre-impairment income

Pre-impairment income for the CaixaBank Group totalled €3,167 million. Driving the growth in recurring pre-impairment income[1] (+18%) and the improved cost-to-income ratio (54.4%, down 5.1 percentage points in 2014) were the Group's high income generating capacity (€6,940 million in gross income) and the efforts to contain and streamline costs (-4.4% in recurring operating costs).

Total non-recurring expenses in 2013, linked essentially to CaixaBank's employee restructuring plan, came in at €839 million.

€ million	January-December		Change	
	2014	2013	Absolute	%
Gross income	**6,940**	**6,365**	**575**	**9.0**
of which: Deposit Guarantee Fund impact		*(267)*	*267*	
Recurring operating expenses	(3,773)	(3,947)	174	(4.4)
Restructuring costs		(839)	839	
Pre-impairment income	**3,167**	**1,579**	**1,588**	**100.5**
***Recurring pre-impairment income*[1]**	***3,167***	***2,685***	***482***	***18.0***

[1] Figures for 2013 include neither the -€267 million impact deriving from the new accounting treatment of the Spanish Deposit Guarantee Fund, nor the -€839 million in expenses incurred from the Group restructuring process.

Impairment losses on financial and other assets

In 2014, impairment losses on financial and other assets totalled €2,579 million (down 40.5%).

Insolvency provisions were down heavily (-48.4% year on year) in 2014, following the improvement seen in the Group's credit rating in 2014 - buoyed by a brighter economic outlook - and the recognition of one-off impacts in 2013 (including €902 million to cover all the provisioning requirements prescribed by Royal Decree-Law 18/2012 in relation to real estate development risk).

Other charges to provisions primarily reflects coverage of future obligations and impairment losses on other assets. The accounts for 2014 include, among other items, a provision of -€195 million relating to the early retirement scheme to be rolled out in 2015 under the terms of the employment agreement reached in 2014.

Gains/losses on disposal of assets

Gains/(losses) on disposal of assets and others mainly comprises gains on one-off transactions completed during the period and results and write-downs on the real estate portfolio.

- The intense commercial drive helped push up sales of foreclosed assets to €1,380 million, up 28.5% on 2013.
- The fourth quarter of 2014 includes allowances of €161 million to hedge real estate assets.

A number of one-off events in 2013 help to explain the year-on-year difference:

- €509 million written off the value of the CaixaBank Group's real estate portfolio in the fourth quarter (including €310 million posted from the general real estate developer loan loss provision).
- Negative goodwill of €2,289 million on the acquisition of Banco de Valencia.
- Gains on the sale of part of the stake in Grupo Financiero Inbursa, the sale of 51% of the real-estate servicing business (€255 million, gross) and the sale to SegurCaixa Adeslas of the non-life insurance businesses formerly held by Banca Cívica and Banco de Valencia (€79 million, gross).

Income tax

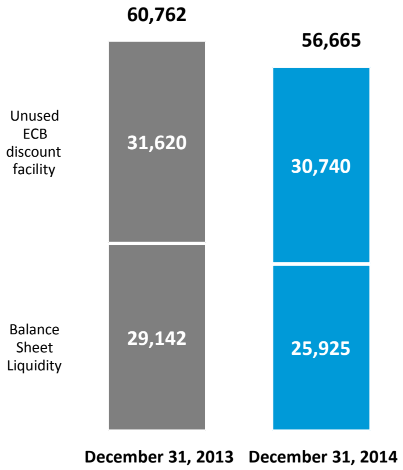
With respect to income tax expense, double taxation avoidance principles are applied to income contributed by investees and gains or losses on corporate integrations (including the negative goodwill generated on Banco de Valencia in 2013).

Following the enactment of the 2014 tax reform package and the change in the tax treatment of capital gains obtained from the sale of holdings, CaixaBank proceeded to derecognise certain deferred assets and liabilities (+€310 million) reported in previous years largely as a result of the corporate restructuring of the ”la Caixa” Group.

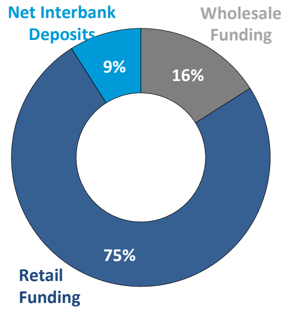
3. LIQUIDITY AND FUNDING

Excellent liquidity position...

(€ million)

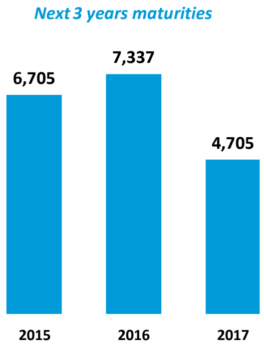


...with a sturdy financing structure in



Institutional maturities

(€ million)



Drawn down - ECB facility: €6,868 million

Total financing: €230,798 million

Loan-to-deposit ratio: 104.3%

2014 maturities: €8,300 M
2014 issues: €1,300 M
Total outstanding issues[1]: €38,024 million

(1)

Outstanding institutional issues for management purposes	*38,024*
Securitisation bonds in hands of third parties ***(Note 22.3)***	*(1,532)*
Other (value adjustments)	*(467)*
Institutional issues ***(Note 3.4)***	*36,025*

Bank liquidity stood at €56,665 million (down €4,097 million euros in 2014), mainly as a result of:

- Early repayment in 2014 of the entire balance of the ECB LTRO financing, totalling €15,480 million. Since the start of 2013, and factoring in the inclusion of Banco de Valencia, a total balance of €34,084 million has been repaid.
- In 2014, the Bank acquired €6,868 million in financing under the ECB's new long-term financing facility (TLTRO), due to mature on 28 September 2018.
- Wholesale maturities of €8,300 million versus new issuances of €1,300 million in mortgage-covered bonds.

- Balance sheet liquidity (€25,925 million) is nearly four times greater than the amount drawn under the ECB facility (€6,868 million) and is sufficient to cover wholesale issue maturities for the next four years.
- CaixaBank has brought its liquidity cover ratio (LCR) well above 100%, despite the fact that no more than 60% is required until October 2015.

Wholesale financing amounted to €38,024 million, down 14.3% in 2014. Changes essentially due to maturities that were not renewed during the period.

- The sum of €6,705 million to mature in 2015.
- Available capacity to issue mortgage- and public sector-covered bonds currently stands at €6,357 million.

Robust retail lending structure, with a loan-to-deposit (LTD) ratio of 104% (down 5.6 percentage points in 2014).

Information on the collateralisation of mortgage covered bonds

(Millions of euros)

		31.12.2014
Mortgage covered bonds issued	a	50,043
Portfolio of loan and credit collateral for mortgage-covered bonds	b	125,772
Collateralisation	b/a	**251%**
Overcollateralisation	b/a - 1	**151%**
Mortgage covered bond issuance capacity (*)		**4,211**

(*) The CaixaBank Group is also able to issue public-sector covered bonds worth €2,147 million.

Loan-to-deposits ratio

(Millions of euros)

	31.12.2014	31.12.2014
Loans and advances to customers	**179,936**	**185,037**
Gross loans and advances to customers	197,185	207,231
NPL provisions	(10,587)	(14,976)
Brokered loans (*)	(6,662)	(7,218)
Retail funds	**172,551**	**168,374**
Demand deposits	93,583	80,482
Term deposits	72,682	81,216
Debt securities (retail)	2,933	3,075
Retail subordinated debt	3,353	3,601
Loan-to-deposit ratio	**104.3%**	**109.9%**
Commercial gap	**(7,385)**	**(16,663)**

(*) Loans financed with funds from public institutions (Instituto Oficial de Crédito and the European Investment Bank).

4. CAPITAL MANAGEMENT

At December 2014, CaixaBank had a Common Equity Tier 1 (CET1) ratio of 13.0% under Basel III, according to the progressive application approach in effect in 2014 and pursuant to the definitions contained in new Bank of Spain Circular 3/2014, of 30 July. Increase of 112 basis points in 2014 for capital generation after applying the non-recurring contribution accrued in 2013 and the registration of the ordinary contributions paid in 2014 and 2013 to the Spanish Deposit Guarantee Fund as an expense in 2013 and 2012, respectively.

Total eligible equity (Tier Total) stood at 16.1%, up 146 basis points from 1 January 2014.

Under the new Basel III standards, the CRR (Capital Requirements Regulation) sets out a minimum CET1 ratio under Pillar 1 of 4.5% in 2014 and maintains the Tier Total at 8%. At the close of December, CaixaBank boasted a surplus over the minimum requirement of €11,807 million in Tier 1 capital (CET1) and of €11,272 million in Tier Total (up 11.9% since the beginning of the year).

Risk-weighted assets (RWA) amounted to €139,729 million. This is down €12,773 million on the same figure for December 2013, due largely to the drop in lending activity.

Applying the criteria expected for the end of the transitional period, CaixaBank has a fully loaded CET1 ratio of 12.1%, giving a buffer of €7,033 million over the fully loaded minimum Pillar 1 requirement of 7%, which includes a 2.5% capital cushion.

In 2014, the European Central Bank (ECB) and the European Banking Authority (EBA) conducted a comprehensive assessment of the European banking sector. The process involved an asset quality review (AQR) and a raft of stress tests on the position of European banks at 31 December 2013. According to the official results published in October, the "la Caixa" Group comfortably passed the assessment with a CET1 ratio of 9.3% under the adverse scenario.

CaixaBank applied the same methodology to itself as part of an internal exercise, scoring a CET1 ratio of 10.3% under the adverse scenario. The fact that CaixaBank's capitalisation exceeds that of the "la Caixa" Group can largely be explained by the contribution of the bank's non-controlling shareholders, plus the impact on capital of the non-financial holdings of Criteria CaixaHolding, a subsidiary of the "la Caixa" Group.

The leverage ratio stood at 5.7% (5.3% fully loaded) at 31 December 2014.

Key solvency indicators

(Millions of euros)	Basel III (regulatory)	
	31.12.2014	**01.01.2014**
CET1 instruments	23,268	21,079
Deductions	(5,173)	(3,038)
CET1	**18,095**	**18,041**
TIER 1 additional instruments		1,886
Deductions		(1,886)
Core capital (Tier 1)	**18,095**	**18,041**
Tier 2 instruments	4,517	4,404
Deductions	(162)	(172)
Supplementary capital (Tier 2)	**4,355**	**4,232**
Eligible capital (Tier total)	**22,450**	**22,273**
Risk-weighted assets	**139,729**	**152,502**
CET1 surplus[1]	**11,807**	**11,178**
Capital surplus[1]	**11,272**	**10,073**
CET1 ratio	13.0%	11.8%
Tier 1 ratio	13.0%	11.8%
Tier total ratio	16.1%	14.6%
Leverage ratio	5.7%	5.3%

([1]) Of Pillar 1 minimum requirement.

NOTE: Information for the preceding year has been restated to include the charge to 2013 reserves to reflect the new accounting treatment of the payments made to the Spanish Deposit Guarantee Fund (see Note 1 'Comparative information' to the accompanying financial statements).

The capital ratios include retained profit obtained during the period.

5. RISKS AND UNCERTAINTIES

Note 3 to the accompanying financial statements provides details on how risk is managed within the CaixaBank Group.

Financial institutions became subject to new regulatory and supervisory requirements in 2014, with key developments including the following in relation to reporting obligations, asset reviews and inspections:

- Adaptation to the **new capital requirements regulation**: Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR).
- Continuation of the **Comprehensive Assessment** process conducted by the European Central Bank (ECB) and the European Banking Authority (EBA) ahead of the Single Supervision Mechanism (SSM) becoming fully operational from November 2014.
- Preparation of **new quarterly reports** for the SSM, which will be more granular and complex than the previous versions. The main reports here are:
  - Common Reporting (COREP), intended to provide a breakdown of the items and associated figures relating to consumption of regulatory capital, and
  - Financial reporting (FINREP), which details balances for various balance sheet items, providing a breakdown by segment and by product. This kind of reporting was hitherto the responsibility of risk reporting.
- Commencement of **banking oversight through the Single Supervision Mechanism (SSM**), which became officially functional in November 2014, in line with the EBA guidelines.

  Application of Directive 2002/87/EC with the supplementary information requirements regarding financial conglomerates according to the definition provided therein.
- Tracking the developments through delegated acts and technical standards of the Banking Recovery and Resolution Directive (BRRD).
- Analysing the implications of the new Markets in Financial Instruments Directive, known as “MIFID II”, and the new Regulation (MIFIR).

The structural transformation the European banking world is currently undergoing has had a huge impact on the Group’s day-to-day risk management processes and has triggered a raft of new internal changes to adapt to and successfully overcome these challenges.

It is also worth noting that in 2014 the CaixaBank Group drew up its Risk Appetite Framework in response to the recommendations issued by regulators and advisory bodies operating within the financial sector. The new framework provides a comprehensive and forward-looking tool used by the CaixaBank Group’s Board of Directors to determine the types and thresholds of risk it is prepared to assume in achieving the financial conglomerate’s strategic and profitability targets.

In approving the framework in November 2014, the Board set out four priority dimensions expressing the Group's goals in relation to the most material risks to which it may be exposed. These are as follows:

Dimensions	Qualitative statements
Loss buffer	CaixaBank has set itself of the objective of maintaining a medium-low risk profile and a comfortable capital buffer, the aim being to strengthen its standing as one of the most solid financial institutions operating within the European banking market.
Funding and liquidity	CaixaBank needs to be certain that it is capable at all times of meeting its financing obligations and needs as and when these arise, including under adverse market conditions. It has also set itself the target of having a stable and diversified financing base to preserve and protect the interests of its savers.
Business mix	CaixaBank aims to maintain its leading position in the retail banking market and its ability to generate revenue and capital in a balanced and diversified manner.
Franchise	When conducting its business, CaixaBank is committed to the highest ethics and standards of good governance: fostering sustainability and responsible social initiatives while ensuring operational excellence.

As best practices within the financial sector dictate, the risk appetite framework supplements these statements by adding metrics and management levers so these can be introduced consistently and effectively into business and risk management processes.

The internal communication policy of the Risk Appetite Framework demands that this information be reported monthly to the Global Risk Committee, quarterly to the Delegate Risk Committee and at least once every six months to the Board of Directors.

The Group's governance structure was also fortified in 2014, with the creation of the Delegate Risk Committee, whose functions and structure are explained in Note 3 to the accompanying financial statements. Turning to management, a number of new committees were also set up to supplement the existing committees, the aim being to provide a swift and expert response to the challenges facing the company as these arise. Note 3 to the enclosed financial statements also details the existing committees, although the purpose of this particular section is to discuss only the new developments for the year:

- **Models Committee:** ensures that credit, operational and market models and parameters are in line with the Group's modelling policies and monitors models and associated uses.
- **Operational Risk Committee:** focuses on applying, reviewing and disseminating the Operating Risk Management Framework, as well as flagging critical points and establishing operating risk mitigation and control procedures.
- **Regulation Committee:** attached to the Management Committee, this committee has been tasked with tracking the regulatory environment, analysing its impacts, establishing strategic positions in respect of impending or proposed law or regulations and determining the main features of the strategy to be followed in response to these changes, including overseeing the defence of the bank's interests. The ultimate purpose is to stay one step ahead of regulatory changes and make the CaixaBank Group more flexible and ready to adapt to new regulatory requirements.

On an organisational level, CaixaBank's General Manager is entrusted with controlling all Group risks. The Corporate Division of Global Risk Management, a global stand-alone control unit reporting to the above-mentioned General Manager, is responsible for monitoring the health of assets and the solvency and guarantee mechanisms in place. Its objectives are to identify, assess and integrate exposures and the risk-adjusted return in each line of business from a Group-wide perspective and in accordance with the management strategy.

Other core elements of the risk management framework, such as Risk Culture and Internal Control Framework, which includes Risk Model Validation, Regulatory Compliance, Internal Control and Internal Audit, are discussed at length in Note 3 to the accompanying financial statements.

The Risks catalogue, which is built into the Corporate Risk Map, was prepared by the Board of Directors in 2014 and provides a list of standard terms and scopes for the risks to which the CaixaBank Group is exposed. Discussed below are the most significant risks associated with the Group's financial activity (credit, market, structural interest rate, actuarial), and those relating to ongoing business (regulatory/legal, regulatory compliance, operational and reputational). Liquidity and capital risks are further discussed in sections 3 and 4 of this Management Report.

5.1. Credit risk

Credit approval processes and organisation

Note 3.1 to the accompanying financial statements details how credit risk is managed within the Group.

A special centralised Risk Approval Centre was set up in 2014 to handle risk operations for both retail and self-employed customers. The centre is tasked primarily with approving risk operations involving natural persons when the branch in question is not authorised to make the decision. The centre has a maximum response time of 48 hours. This will require all the Risk Approval Centres attached to the Regional General Divisions to gradually pass their work over to the new centralised unit. This project began as a pilot text with the Catalonia Regional Division in 2014 before being extended progressively to the rest of the regions. At year-end 2014, a total of nine had been centralised, while the remaining four are set to be integrated in the first two months of 2015.

The Group has also restructured itself at company level to ensure greater specialisation by creating a specific team for the tourism and agro-food sectors, which have been flagged as key to economic recovery.

Highlights for the year include:

- Risk approval policies have been reviewed for both corporate clients and individual customers with the aim of streamlining procedure and granting extended powers to the branch network. The pre-approval policy has also been reviewed for lending to corporate clients.
- The lending approval powers of the Permanent Lending Committee have been broadened and its internal rules have been modified with the aim of streamlining the approval process through the Operational Committee.
- The launch, at the beginning of the year, of CaixaNegocios to provide financing solutions tailored to the business banking segment. Specific products were created for this, e.g. POS cash advances, loans and facilities under special terms in accordance with the degree of customer loyalty.
- The new management models have been reviewed to ensure continuous improvement of the predictive capabilities of the mechanisms in use while certain mechanisms have been simplified, including the business analysis reporting template.

- The pricing tools built into the loan application system (based on appropriate coverage of the risk premium), which use information from the risk-adjusted return mechanism, were fully implemented throughout the network of corporate and business centres and have also been initiated in the SME segment.
- Monitoring of the specialised financing portfolio has been enhanced by reviewing the ratings of virtually the entire portfolio.

Credit risk analysis and monitoring

Borrowers must be continuously monitored over the entire term of their loans if credit risk is to be managed properly. The purpose of this tracking process is to gauge CaixaBank's satisfaction with the risk assumed with a given borrower and take action when needed. Risk monitoring targets the entire lending portfolio.

CaixaBank's monitoring function is carried out by the Risk Monitoring and Recoveries Department, which reports to the Corporate Global Risk Management Division. It is therefore independent from the Corporate Loan Analysis and Approval Division.

Monitoring procedures include mass tracking for natural persons and SMEs (for risk exposures under €150,000) through preventive management that generates automatic actions with a direct impact on risk management; monitored tracking for companies and real estate developers (for risk exposure of up to €20 million; and specific and continuous tracking for material risks and risks presenting unique features.

As part of the process of adapting to the new single supervision mechanism, monitoring credit risk will also enable CaixaBank to quantify the impairment of assets considered individually significant.

Recoveries management

In 2014, the Group's risk management policy continued to deal with the rise in NPLs and carefully implement the measures needed to ensure effective recovery of debts that have proved difficult to recover. This policy is implemented as soon as any signs of deterioration in debtor solvency appear, by constantly monitoring debt repayment and the assets offered as collateral. In this respect, and without prejudice to the ongoing controls over the loan portfolio, CaixaBank has taken steps to mitigate the impact of the economic crisis on its retail customers.

After a rigorous risk analysis, in certain cases the Group tailors instalments falling due in the short term to the current income available to debtors, on the understanding that delaying collections will help ensure the loans are repaid in full. Of the various options for ensuring that debts are repaid, CaixaBank and the customer discuss the option best suited to the latter's needs, always ensuring that the final objective of recovering the loan is achieved and internal risk approval procedures are followed.

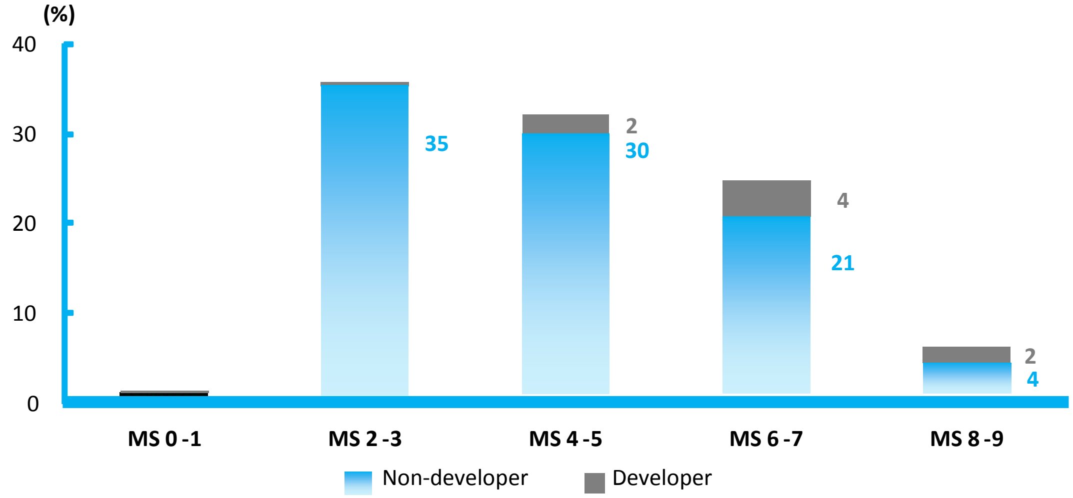
Credit risk measurement and rating

The Group is authorized by the Bank of Spain to use methods based on internal rating-based (IRB) models to calculate the minimum capital requirements for credit risk.

All the models are regularly reviewed to detect any deterioration in the quality of the measurements, so as to take into account fluctuations in the economic cycle. Virtually the entire retail banking portfolio, which includes the individual and SME segments, is assessed on a monthly basis, thus enabling the Group to continually update the knowledge base for these customers and their portfolios.

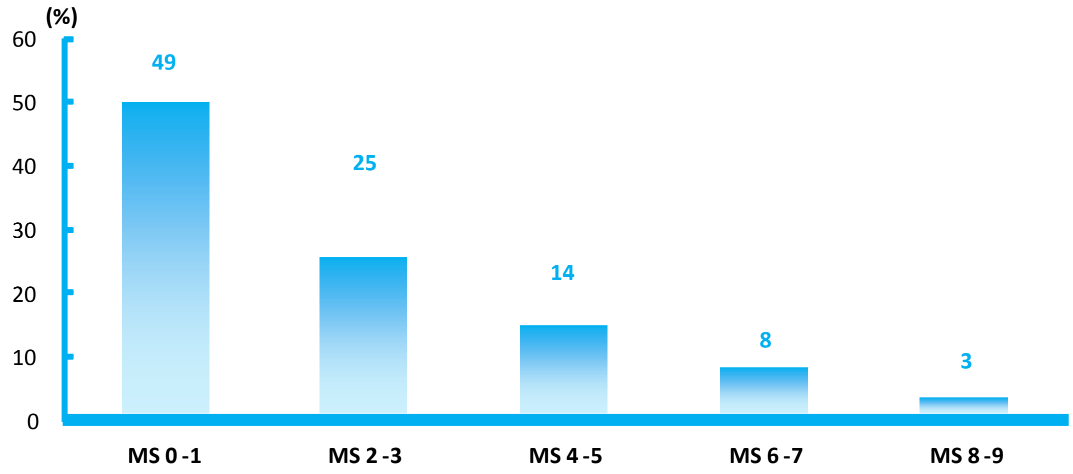
At December 2014, 93% of all credit risk exposure in segments that can be assessed using the advanced methodology is evaluated using advanced internal rating models. The Group's exposure at default (EAD) was as follows at December 2014:

COMPANIES



MS: Risk master scale, from highest to lowest creditworthiness

RETAIL



MS: Risk master scale, from highest to lowest creditworthiness

Concentration risk

The CaixaBank Group manages concentration risk in compliance with the requirements set out in the new European Capital Requirements Directive (CRD IV) and its Capital Requirements Regulation (CRR) in relation to the caps on large exposures.

In accordance with regulatory requirements, large exposures held in respect of a single person, company or economic group cannot exceed 25% of the bank's capital. The Group's concentration risk is actively managed and effectively controlled, and always in compliance with regulatory limits. No significant risk concentrations are therefore reported.

In addition to complying with the above-mentioned regulatory limits, the CaixaBank Group closely manages large exposures based on economic criteria. The maximum risk limit with large companies, which includes credit risk on the portfolio of loans and equity interests, the insurance portfolio and positions under guaranteed mutual and pension funds, is assigned on a case-by-case basis according to the internal rating and maximum acceptable loss for each borrower based on the Group's capital. Considerations for determining the risk limit include the borrower's size and its net debtor position.

Note 3.1.4 to the accompanying financial statements provides quantitative details of risk concentration by activity and by geographic area, as well as the distribution of loans by business activity and collateral provided. In that regard, the CaixaBank Group's lending portfolio, which primarily comprises primary residence mortgage loans for individuals, entails higher exposure to real-estate risk than to other sectors. Note 3.1.6. to the accompanying financial statements provides a breakdown of loans to real-estate developers and residential loans, including a distribution in terms of loan purpose, loan status, type of collateral and the latest loan-to-value (LTV) ratio.

Concentration by economic sector is subject to the limits established by the Risk Appetite Framework (Level 1), and a difference is drawn between positions held in the various economic activities of private sector companies and positions involving sovereign risk. For private sector companies, a concentration limit has been set for each economic sector by adding the reported accounting positions recognised under loans and receivables, investment portfolio and equity investments.

Sovereign risk

The financial conglomerate's exposure to sovereign risk remains subject to the limits set out in the Risk Appetite Framework, which breaks down the risk by type of public body, providing separate figures for central government, autonomous regions and local government bodies (see Note 3.1.5 to the accompanying financial statements).

To develop this framework further, the policies and limits on assuming new positions were updated and developed in 2014 to factor in the underlying risk profile.

Investee portfolio risk

The risk associated with the Group's investee portfolio is the risk of incurring losses due to changes in market prices and/or losses on the positions comprising the investment portfolio, in the medium to long term.

The methodologies employed allow the risk involved with these positions to be measured, in terms of both the risk inherent in market price volatility, using VaR models (a statistical estimate of the maximum potential losses based on historical data on changing prices), and also the possibility of default, whereby models based on the PD/LGD approach are applied as prescribed by the Basel Committee on Banking Supervision.

These and other financial indicators are monitored on an ongoing basis to ensure that the best decisions are always taken on the basis of observed and predicted market performance and the CaixaBank Group's strategy.

5.2. Market risk

Market risk of trading activities

Market risk refers chiefly to the potential loss in value of financial assets as a result of adverse fluctuations in market rates or prices. Due largely to the Treasury Desk's involvement in financial markets, the Group is exposed to the risk of unfavourable movements in the following risk factors: interest rates, exchange rates, share prices, commodity prices, volatility and changes in the credit spread of private fixed-income positions.

The levels of market risk assumed by the Group were moderate in 2014, with an average risk of €4.6 million.

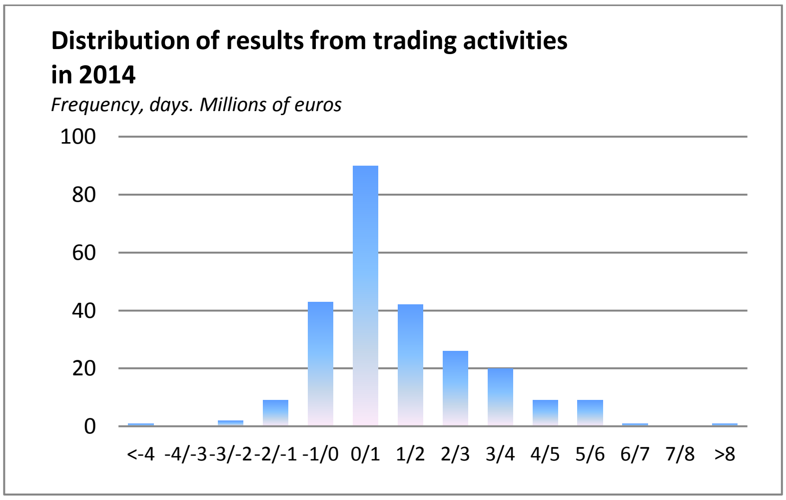
To measure and control this risk, the following four-fold approach is applied:

- Estimating daily risk.
- Testing the quality of these measurements.
- Calculating hypothetical results in the event of sudden changes in market prices.
- Monitoring and controlling limits.

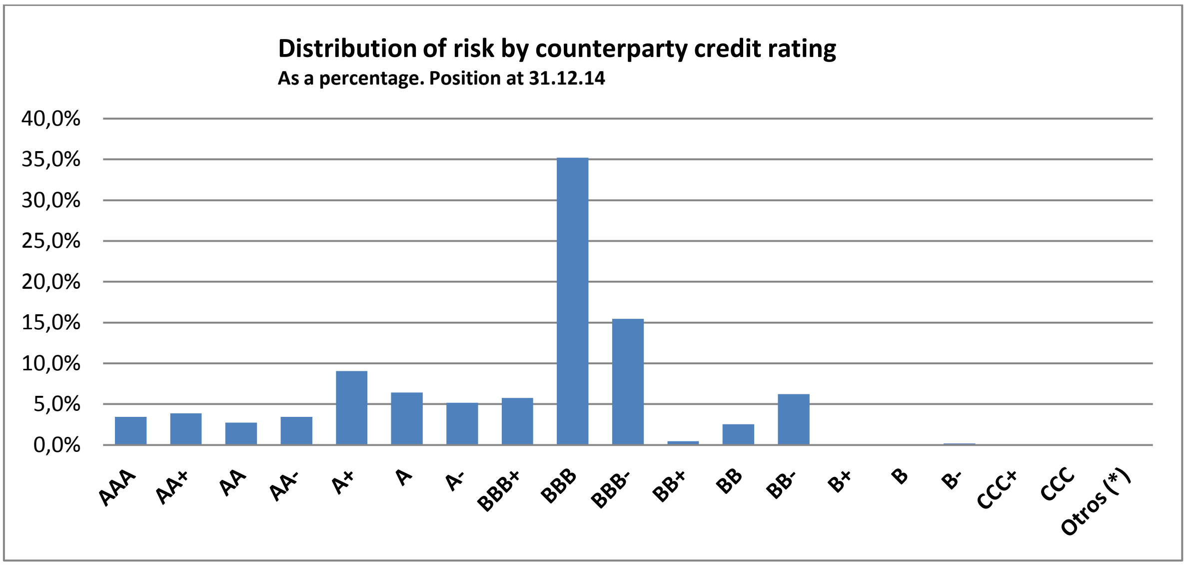
The accuracy of the risk estimates is compared against actual daily gains and losses, i.e. backtesting, demonstrating the suitability and quality of the metrics employed.

The measurements of potential loss are supplemented with estimates on hypothetical profit or loss in the event of sudden changes in relevant risk factors or the possible repetition of previous crises. These are known as stress tests and provide an in-depth understanding of the Group's market risk profile.

The CaixaBank Group also has a robust structure of controls and limits in place to ensure that the market positions taken are aligned with the objective of achieving returns while keeping risk at acceptable levels.



In addition, a specific area within the Bank is entrusted with valuing financial instruments and measuring, controlling and monitoring the associated risks, as well as estimating the counterparty risk and the operational risk associated with financial market activity. The area monitors transactions on a daily basis, calculates the effect of market trends on positions (i.e., daily results are marked to market), quantifies the market risk assumed, monitors compliance with limits, and analyses the risk/return ratio.



Controls over risks assumed in financial market transactions must be fortified by estimating and monitoring the losses that could arise should counterparties become insolvent and default on their obligations.

The maximum authorised credit risk exposure for a single counterparty is determined by using a calculation approved by the management, based on ratings for the entities and on an analysis of their financial statements. In addition, the trading prices of any shares of the counterparties and any protection insurance (CDS) are monitored in order to detect any possible drop in solvency.

Counterparty risk is controlled through an integrated real-time system that provides up-to-date information on the available limit for any counterparty, broken down by product and maturity. The system embraces 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.

The adequacy of the related contractual documentation is also monitored. To mitigate exposure to counterparty risk, CaixaBank has a solid base of collateral agreements; virtually all the risks undertaken in connection with derivative instruments are covered by standardized ISDA and/or Spanish CMOF contracts, which allow outstanding cash inflows and outflows between the parties to be offset. The Group has signed collateral agreements with most of its counterparties, guaranteeing the market value of derivative transactions.

Revaluation of financial instruments

Financial instruments are classified in different categories, based on the methodology used to determine their fair value. Note 2.2 to the accompanying financial statements discloses the fair value determined for each category of financial asset and liability, in accordance with Bank of Spain Circular 4/2004 and grouped in one of three levels, as follows:

a) prices quoted on active markets for the same instrument, i.e. without modification or reorganization into a different form (Level 1);
b) prices quoted on active markets for similar instruments or other measurement techniques in which all significant inputs are based on directly or indirectly observable market data (Level 2);
c) measurement techniques in which one or more significant inputs are not based on observable market data (Level 3).

The risk in valuing financial instruments increases for instruments classified in the higher levels, especially in Level 3.

Contracting, validating, obtaining inputs, valuing, accounting and other elements that could influence the fair value assessment of financial instruments are subject to internal control measures. The Group has implemented control mechanisms throughout the different phases of the financial instrument valuation process, documenting control activities and assigning order executor, manager and frequency. Control activities are carefully classified based on the risk to be managed and its critical level.

5.3. Structural interest rate risk

Interest rate risk is managed and controlled directly by CaixaBank management through the Asset-Liability Committee (ALCO), always within the limits of the Risk Appetite Framework in effect.

The CaixaBank Group manages this risk with a two-fold strategy:

- Optimising the Bank's net interest income within the limits in place.
- Preserving the economic value of the balance sheet within the value change limits in place.

At the close of 2014, the Bank had set up management limits within the context of the Risk Appetite Framework in relation to net interest income at one and two years for interest rate scenarios and for the economic value in terms of VaR and sensitivity.

To attain these two objectives, the Bank actively manages the risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on the Bank's own balance sheet.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the Asset and Liability Committee to achieve this dual objective.

A number of assessment mechanisms are available for managing the risk:

- The static gap, which reveals the spread of maturities and interest rate reviews, on a specific date, for sensitive items on the balance sheet.

- The sensitivity of net interest income, which reflects the impact on this income of the review of balance sheet transactions due to changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, on the basis of various interest rate scenarios. Scenarios with both parallel and non-parallel shifts in the yield curve and with different degrees of intensity are analysed.
- The sensitivity of assets and liabilities to interest rates, which measures the impact of changes in interest rates on the current value of the balance sheet.
- VaR (Value at Risk) measurements, taken in accordance with treasury-specific methodology.
- EaR (Earnings at Risk) measurements, 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 specific amount of balance sheet growth.

5.4. Operational risk

Note 3.4 to the accompanying financial statements describes how operational risk is managed within the CaixaBank Group.

Operational risk covers all events that could give rise to a loss caused by shortcomings in internal processes, human error, malfunctioning of information systems and/or external events. Operational risk is inherent to all business activities and, although it can never be wholly eliminated, it can be managed, mitigated and, in some cases, insured.

Operational risk rises as the banking business becomes more reliant on factors such as the intensive use of IT, outsourcing, and the utilization of complex financial instruments.

The Global Risk Committee defines the strategic lines of action and monitors operational risk. The Operational Risk Committee reports to the Global Risk Committee and is responsible for the Group's operational risk and its implications for solvency and capital management.

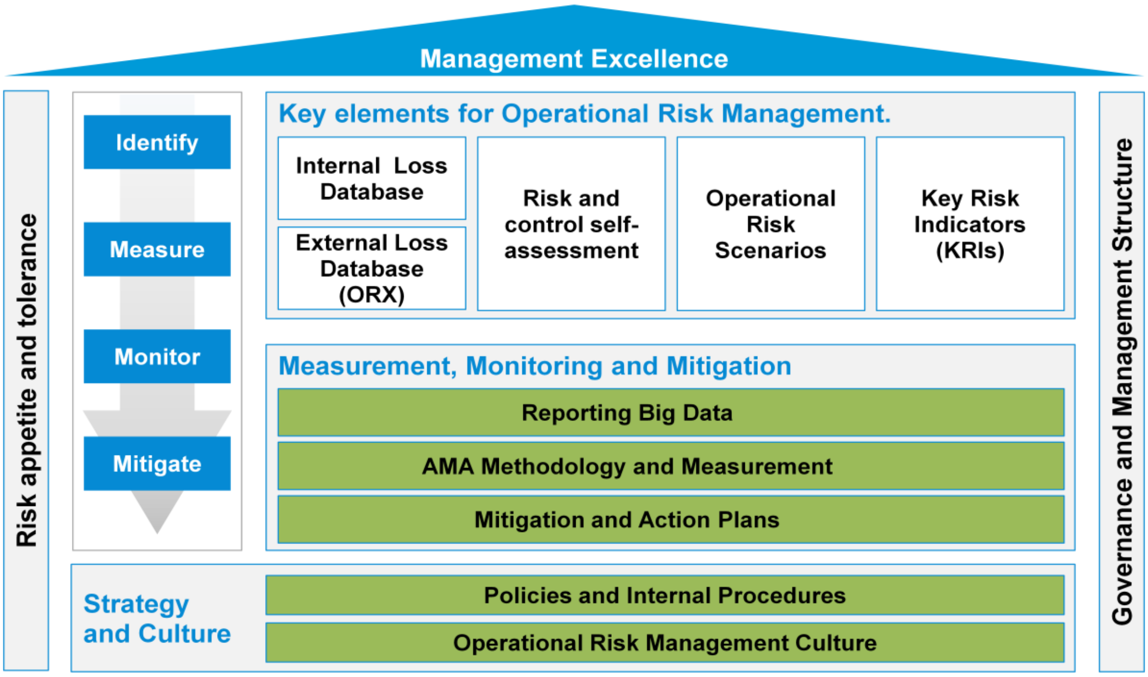
Operational risk management

A project was rolled out in 2014 to migrate from the current standardised approach to operational risk management to more advanced measurement approaches with the dual objective of implementing best practices in operational risk management while at the same time being able to calculate regulatory capital requirements with risk-sensitive approaches. In implementing the project, the Group has pursued the following lines of action, among others:

- Improving integration in operational risk management:
  - Creating the Operational Risk Committee
  - Publishing the Operational Risk Regulations
  - Integrating operational risk within the Risk Appetite Framework
  - Conducting specific training in operational risk
  - Including operational risks and its management levers in the Corporate Risk Map
- Implementation and adaptation of a comprehensive risk management tool:
  - Capture, monitoring and management of internal losses
  - Performance of operational risk self-assessments
  - Monitoring of operational risk indicators (KRIs)

- Inclusion and monitoring of weaknesses and correction plans

- Measurement of capital for operational risk using advanced measurement approaches (2 iterations):
  - Start-up of the calculation engine
  - Workshops on constructing extreme-loss scenarios
  - Development of the AMA
  - The operational risk model based on AMA methodology in place within the Group is structured as follows:



  - The different methodologies implemented through operational risk management mechanisms and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector.

5.5. 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 effective start date of the European Solvency II Directive.

The Omnibus II Directive was approved in 2014, modifying the Solvency II Directive and shaping the new regulatory and oversight framework for insurance in the EU. The Omnibus II Directive gives powers to EIOPA to complete the Solvency II Directive.

The regulatory matters currently being discussed in Europe should be finalised in 2015 (delegated acts, implementing technical standards and guidelines). All the provisions of Solvency II must be transposed into Spanish law before the end of 2015.

In readiness for the effective start of Solvency II from 1 January 2016, the EIOPA (European Insurance and Occupational Pensions Authority) issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II through to 2016.

The Group is proceeding in line with these guidelines and has been actively working to implement Solvency II since the project began, taking part in insurance sector working groups and in quantitative and qualitative impact studies conducted by the supervisors, making the necessary changes and improvements to its systems and operation.

5.6. Legal and regulatory risk

Aware of the influence that the regulatory framework can have on the Entity's activities and its potential impact on its long-term sustainability, the CaixaBank Group regularly monitors all regulatory changes. The senior Management weighs up the importance and scope of any such changes in the regulatory landscape, doing so in particular through the Regulation Committee attached to the Management Committee. The committee is chaired by the Executive Manager of Strategic Planning and Studies. Sitting on the committee are the Chief Executive, the General Secretary, the General Risks Manager, the General Manager of Insurance and Asset Management, the General Business Manager, the Executive Finance Manager, the Executive Manager of Auditing, Management and Capital Control, the Executive Manager of Legal Services and the Corporate Manager for Banking Investments.

The Regulation Department lies within the Legal Services Area and is responsible for keeping constantly abreast of regulatory changes and managing regulatory alerts in coordination with the different areas involved.

While conducting internal analyses of the possible regulatory impacts, the CaixaBank Group is actively involved in the ongoing sectorwide discussions on the consultative documents issued by the various supervisory bodies (including the European Commission, the Basel Committee, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA)), lending its full support to the new regulatory structure. The debate is generally channelled through sector associations of which the CaixaBank Group is a member (especially CECA and ESBG). These provide a forum for sharing opinions on the consultative documents and on other matters of interest for determining the future shape of the banking business.

With the Banking Union in Europe arranged following approval of the Capital Requirements Directive (CRD IV), the Capital Requirements Regulation (CRR), the Directive on Bank Recovery and Resolution (BRRD) and the Directive on Deposit Guarantee Schemes, regulations continued to progress towards a more detailed and specialised nature with regulatory developments of these regulations through the Delegated Acts of the European Commission and the Regulatory Technical Standards (RTS) and the Implementing Technical Standards (ITS) of the European authorities. As the task of analysing and managing this new law demands considerable technical expertise, particularly in matters relating to solvency, liquidity and risk management, the CaixaBank Group has assigned the relevant areas to the task, thus ensuring an expert assessment and swift response of the matter.

5.7. Reputational risk

The Corporate Social Responsibility and Reputation Area, under the supervision of the Reputation Committee, is entrusted with monitoring any reputational risk which, should it arise, could adversely affect CaixaBank's image, with this meaning the perception and expectations of the Group held by its stakeholders.

CaixaBank's reputational risk map identifies the risks with the highest potential impact on its reputation and the degree of development of preventive measures. Based on the map, a series of indicators are established for each relevant risk to allow for periodic monitoring of the effectiveness of the preventive measures implemented. These indicators are built into a scorecard and periodically submitted to the Reputation Committee, which reports them on to the Management Committee.

Key actions carried out in 2014 to improve certain critical indicators included: restructuring the complaints service to provide a swifter response to customers; approaching consumer defence platforms and associations through direct and personalised attention; starting up a far-reaching communication campaign to raise awareness and showcase CaixaBank's main corporate and business milestones.

The process of defining indicators for risks with a high potential impact on reputation will be completed in 2015. Moreover, the project initiated in 2014 to prepare a reputation scorecard as a global management tool will also be finalised in 2015, enabling continuous monitoring of the Group's reputation indicators. The objective is to obtain a global metric with a multi-stakeholder outlook, allowing data to be compared over time and in respect of the market.

6. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At the Annual General Meeting held on 19 April 2012, shareholders authorised the Bank's Board of Directors to buy treasury shares by virtue of the provisions of article 146 of the Spanish Corporate Enterprises Act, revoking in tandem the unused portion of the authorisation previously granted at the Annual General Meeting held on 12 May 2011. The authorisation is valid for five years (see Note 25.1 to the financial statements).

By virtue of the aforementioned authorization, CaixaBank's Board of Directors is able to approve and modify the policy on treasury shares, as set out in the Internal Rules of Conduct and the Internal Rules of Conduct for Treasury Share Transactions of CaixaBank, SA and its group of companies. Both these documents are available on the corporate website. Transactions with treasury shares must always be for legitimate purposes and comply with applicable regulations, such as supporting the market liquidity of CaixaBank shares or enhancing regularity in trading. Treasury share operations must never be carried out in order to intervene in the free market or to benefit certain shareholders of CaixaBank.

At 31 December 2014, CaixaBank held 2,656,651 treasury shares, representing 0.046% of its share capital, acquired at a cost of €11,013 thousand.

At 31 December 2013, CaixaBank held 2,190,809 treasury shares representing 0.044% of its share capital, acquired at a cost of €7,452 thousand. This heading also includes equity of €14,741 thousand of mandatory convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

In April and June 2013, a total of 39,487,933, 483,841 and 25,000,000 CaixaBank treasury shares were delivered to cover the exchange of part of the series B/2012, I/2012 and C/2012 mandatorily convertible and/or exchangeable subordinated bonds, respectively.

In addition, under the scope of the business combination with Banco de Valencia, CaixaBank delivered 9,748,666 treasury shares in the exchange carried out.

Net gains on transactions involving treasury shares in 2014 and 2013 amounted to €2,528 thousand and €1,044 thousand, respectively, which were reported in "Unrestricted reserves." A further €677 thousand in treasury stock were also recognised in 2014 as remuneration for the mandatorily convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

7. KEY DISCLOSURES ON CAIXABANK SHARES

7.1. CaixaBank shareholder structure

At 31 December 2014, CaixaBank's capital was represented by 5,714,955,900 shares, each with a par value of €1.00. CaixaBank's controlling shareholder is Criteria CaixaHolding, which holds a 58.96% stake in the company.

Movements in CaixaBank's share capital are disclosed in Note 25 to the accompanying financial statements.

The company's free float (meaning the percentage of share capital not held by the majority shareholder or by company directors) stood at 39.14%. This free float was distributed among more than 715,000 shareholders.

CaixaBank has not been informed of any agreements between its shareholders for the concerted exercise of voting rights or any that could restrict the free transfer of shares, except for the agreement described under section A.6 of the accompanying annual corporate governance report.

At 31 December 2014, non-controlling shareholders (including employees) held approximately 47% of the free float (19% of total capital), while the remaining 53% was held by institutional investors.

The geographic distribution of institutional investors is as follows:

	%
North America	24%
Great Britain and Ireland	24%
Spain	21%
Rest of Europe	23%
Rest of the world	8%

7.2. Shareholder remuneration policy and share price performance

Shareholder remuneration (Note 6)

Shareholder remuneration remains one of CaixaBank's top priorities. In 2014, the Bank continued to remunerate shareholders on a quarterly basis through the CaixaBank Optional Script Dividend program, involving bonus share issues.

The scheme allows shareholders to choose from three options: receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

On 17 February CaixaBank published a Significant Event to report that the Board of Directors, at a meeting held on 16 February 2015, had agreed to lay a motion before the Annual General Meeting for the last envisaged payment of remuneration for 2014, scheduled for payment in June 2015, to take the form of a cash dividend.

CaixaBank is thus starting to change its remuneration policy by combining the option of choosing between shares and cash with cash-only payments. The Bank expects to continue combining both remuneration systems in 2015, while increasing it cash-only payments in 2016.

CaixaBank share performance

Most European stock markets closed 2014 with slight gains, as we all await the ECB's next move in response to the slow-down in economic growth and the downgraded outlook for 2015. The EuroStoxx 50 gained 1.2% over the period, whilst the Ibex 35 rose by 3.7%. The Spanish index benefited from the economic upturn of sorts, the restructuring of the country's banking system and the substantial drop in the sovereign risk premium, with the spread tightening from 222 to 113 basis points and Spanish bonds reaching all-time lows. The economic outlook remains uncertain in various areas, particularly the political instability in Greece and the geopolitical repercussions of oil prices, which shed close to 50% in 2014.

CaixaBank shares witnessed 15.1% growth in 2014, closing out the year at €4.361 per share. CaixaBank shares rallied faster than the Spanish financial sector average1, which gained 2.5% during the period, while also outperforming the EUROSTOXX Eurozone Bank index, which dropped 4.9%.

Stock market capitalization (€ million)	24,911
Number of outstanding shares[1]	5,712,299
Share price (€/share)	
Quoted price at the start of the period (31-12-2013)[2]	3.788
Quoted price at the end of the period (31-12-2014)[2]	4.361
Maximum price [2]	4.924
Minimum price [2]	3.757
Trading volume (number of shares, excluding special transactions, in thousands)	
Highest daily trading volume	48,914
Lowest daily trading volume	1,308
Average daily trading volume	11,779
Market ratios	
Net Profit (€ Million) (12 months)	620
Average number of outstanding shares - fully diluted[1]	5,712,093
Earnings per share (EPS) (€/share)	**0.11**
Equity (€ million)	25.232
Number of shares outstanding at 31.12.14 - fully diluted[1]	5,712,299
Book value per share (€/share) – fully diluted	**4.42**
PER	39.65
P/B ratio – fully diluted	0.99
Dividend yield[3]	**4.6%**

(1) Number of shares in thousand excluding treasury shares

(2) Trading session closing price

(3) Calculated by dividing the yield for the last 12 months (€0.20 /share) by the closing price at the end of the period (€4.361/share).

7.3. Coverage

In late 2014, 30 Spanish and international financial analysis companies covered CaixaBank shares.

Analyst opinions provide CaixaBank shareholders with an independent and external source to help them understand market opinion on the shares and obtain a better overview of the trends and potential upside or downside of the shares.

"Buy" and "hold" recommendations accounted for 90% of total opinions. At December 2014, the average target price set by analysts was €4.98 per share.

Analysts singled out CaixaBank's leadership of the retail banking market in Spain, coupled with the strength of the franchise and its sturdy balance sheet.

7.4. Relations with non-controlling shareholders

CaixaBank's commitment to its non-controlling shareholders is one the Bank's top priorities. This commitment is borne out both by the strong remuneration and the educational initiatives, information services, and other benefits extended to shareholders.

In 2014, the Bank took further steps by launching a number of new channels (mobile portal and *CaixaBank Accionistas* Twitter profile) and broadening the content already offered through existing channels (new formats for the period reports). It has also stepped up shareholder interaction by holding face-to-face meetings and staging other events through remote channels. CaixaBank has therefore kept its shareholders informed of relevant issues while addressing their concerns, doubts and queries and gathering their comments and proposals for improvement.

The CaixaBank Group's shareholder service channels and initiatives can be summarised as follows:

- **Shareholder Service**, which can be contacted by e-mail, telephone or post. In 2014, the Bank logged 6,554 exchanges with shareholders.
- **Meetings with shareholders** to report on the Bank's earnings, shareholder remuneration and all initiatives aimed at shareholders.
- The **CaixaBank Shareholder Advisory Committee**, which comprises 17 members representing the company's shareholding structure and which is partially rotated each year. During its two meetings in 2014, the committee assessed the implementation of recommendations submitted previously, and received new ideas to build even stronger relationships between shareholders and CaixaBank.
- The **Shareholders Office**, providing a direct channel for discussing doubts, making inquiries and raising suggestions. The office is located at the Bank's corporate headquarters in Barcelona and can also be found in any cities where the Shareholder Relations teams may be posted at any given time.
- The **"Get To Know CaixaBank" program**, whereby 149 shareholders visited the Bank's corporate headquarters on eight separate occasions to view a corporate presentation.

The following information channels are available to CaixaBank shareholders:

- **Corporate website**, which includes the Shareholder Services section (221,550 visits in 2014), where all shareholder-related initiatives are discussed at length.
- The **Shareholder Magazine**, published quarterly and providing corporate information and information of interest to shareholders, with 270,000 hard copies and 660,000 online editions sent out in 2014.
- **CaixaBank Shareholder Guide**, available online and providing extensive information on everything it means to be a CaixaBank shareholder.
- **Shareholder Information Service Reports**, e-mailed daily, weekly or monthly, as selected.
- **E-mail and text updates** with information on the Annual General Meeting, corporate M&A, earnings, dividends, and special offers and discounts for shareholders.
- ***Accionista CaixaBank*** Twitter profile, tweeting daily share closing prices, published reports and sundry information of interest of shareholders.
- **Quarterly earnings report**, available to shareholders from CaixaBank branches.

The following advantages were made available to shareholders in 2014:

- **Financial benefits**, such as exemption from paying fees on the purchase, administration or custody of CaixaBank shares held with the Bank; the CaixaBank Share Investment Account; or the CaixaBank shareholder card, which is free for shareholders holding at least 1,000 shares, entitling them to exclusive benefits.

- **Regular offers** for shareholders - technological products, travel, etc.
- Three **competitions** to raise shareholders' knowledge of the Bank, with 5,474 participants.
- A range of **cultural and sports events** carried out across Spain.

The CaixaBank Group is firmly committed to sharing macroeconomic and stock market know-how with its shareholders. It does so through the **Learning Room** scheme, featuring on-site courses, conferences with speakers from the academic and financial arenas, and online resources such as videos, handbooks and manuals, all available on the corporate website. **Specific courses** have been held for shareholders, with subjects including Introduction to the Securities Markets and Economic Outlook and Analysis. CaixaBank is also giving courses in the tax treatment of financial products. A total of 18 courses were given in 2014 for 1,285 participants. The programme also includes the **CaixaBank Shareholders Circle** (Círculo de Accionistas), a conference cycle featuring speakers from the academic, institutional and financial worlds and covering the most salient economic topics in an easy-to-understand manner. Three events were staged in 2014, with over 300 participants.

The year also witnessed the launch of the groundbreaking Accionistas **LKXA** initiative aimed at young people. The scheme is intended to familiarise shareholders aged 18 to 30 with everything relating to the economy and financial markets. A specific section has even been created on the corporate website with information and materials for their training, while a number of events for this age bracket have also been held.

8. CREDIT RATINGS

At the date of this Management Report, CaixaBank has been assigned the following credit ratings:

	Long-term	Short-term	Outlook	Assessment date
Moody's Investor Services España, SA	Baa3	P-3	Review for downgrade	19.02.2015
Standard & Poor's Credit Market Services Europe Limited	BBB	A-2	Credit watch negative	20.02.2015
Fitch Ratings España, SAU	BBB	F2	Positive	25.02.2015
DBRS	A (low)	R-1 (low)	Stable	10.02.2015

On 27 November 2014, Standard & Poor's upgraded the long-term credit rating to BBB (stable outlook) from BBB-. On 20 February 2015, it placed the rating under credit watch negative.

On 25 February 2015, Fitch confirmed the rating and continued with a positive outlook.

On 29 May 2014, Moody's confirmed the rating. On 19 February 2015, it placed the rating under review for downgrade.

On 10 February 2015, DBRS confirmed the A (low) rating and upgraded the outlook from negative to stable.

9. QUALITY

9.1. Description

Service quality (quality of internal processes and customer relations) is one of the competitive edges of CaixaBank's banking business. Quality is ultimately intended to achieve the maximum possible satisfaction among CaixaBank's stakeholders: customers, employees, shareholders and the community at large.

CaixaBank has been fully committed to offering a high quality service for years now and therefore quality will remain one of the main challenges to be tackled in the next Strategic Plan.

One of CaixaBank's key objectives is to provide customised service and a wide range of products and services. It therefore has set itself ambitious quality guidance, which is based on trust, proximity, efficiency and continuous improvement. To such end, the Bank has a team of people working to maximise quality of service.

CaixaBank reframed its internal quality measurement approach in 2014, prioritising customer service. All services provided to the different stakeholders have therefore been identified (employees, customers, shareholders, etc.) and each service is given metrics, indicators and surveys to generate the information (qualitative and quantitative) needed to take decisions.

The new measurement model is expected to be deployed in 2015 and will culminate with the creation of a framework to systematically unify the data through BIG DATA techniques. The ultimate aim of the new system is to create a continuous link-up with the internal departments and areas of the Bank to generate improvement plans across all services.

In 2014, the regional heads of quality visited all centres presenting sub-standard levels of quality and implemented specific improvement plans, which helped push up the customer satisfaction index in a short period of time.

Customers have access to numerous two-way communication channels, together with the personalized service provided by close to 30,000 managers and 5,500 branches and offices (retail and corporate). Customers can also contact the Bank by phone, e-mail, post or through the social networks. Customer confidentiality and security are guaranteed at all times.

CaixaBank completed the work started out in 2013 by attaining in 2014 the EFQM European Seal of Excellence upon passing an external assessment process endorsed by the Spanish certification association Aenor and the Club Excelencia en Gestión (of which CaixaBank has been a member since November 2014). In securing the seal, CaixaBank scored over 600 points for its management model, well above the 500 points the entity scored two years back.

Gaining the distinction responds to the strategic challenge relating to quality and marks a qualitative step forward for CaixaBank in respect of its management processes, enabling to enjoy a position of leadership. The following were singled out as CaixaBank strengths:

- implementation and communication of its Strategic Plan
- agility in change management –such as the integrations it has carried out
- innovation and leadership in technology
- management control in relation to information
- proactive approach across the entire organisation and in its development projects
- methodology in process management

For 2015, challenges on the subject of EFQM will largely involve rolling out the main aspects of the new strategic plan, deploying and improving global, transversal initiatives that not only involve CaixaBank but also the entire business group and its stakeholders.

To ensure excellent service, customer perception must be measured and their opinions gathered. CaixaBank conducts regular customer satisfaction surveys and has devised an internal service quality indicator for the branch network, which it has coined the Customer Satisfaction Index (CSI). This index is fuelled every year by upward of 350,000 retail customer and corporate client customer satisfaction surveys. The CSI addresses aspects such as attention received and employee availability, knowledge of products, adapting to the needs of customers, or taking the initiative and showing a proactive approach when offering products and services, among others.

The Bank also evaluates the service offered by the business, SME and private banking centres and tracks customer satisfaction using digital channels.

Despite the gloomy economic climate in 2014, customer satisfaction improved during the year in the case of both private and corporate clients.

As well as the surveys, the Bank makes use of mystery shoppers, enabling to see how potential new customers are treated. Certain branches also carry out specific satisfaction questionnaires with a view to proactively detecting areas for improvement and facilitating quality management.

Quality metrics will be improved further in the coming years with customer experience studies to better detect customer needs and thus ensure optimum levels of satisfaction our customers demand of CaixaBank.

9.2. Customer Care Service

The Customer Service Office channels the complaints and claims received from customers and users through letters sent to the Managing Director, the free-call customer service line (900 323 232) and a complaints form hosted on the corporate website (www.lacaixa.es).

The new Customer Care Service provides a fast and personalised high-quality solution to handling any problems relating to service, complaints and claims.

Official channels

These channels allow customers and users to present their formal complaints. They can resort first to the Customer Ombudsman and the Customer Care Service and, if this does not satisfy them, the Bank of Spain and the CNMV.

Mortgage Customer Care Service (MCCS)

The MCCS has been set up at branch-level to ensure periodic contact with customers during foreclosure of their primary residence, not only responding to any doubts they may have during the process (calling the MCCS' free-phone number 900 100 072), but also attempting to reach a mutual arrangement so that the foreclosure proceedings can be stopped. Likewise, this periodic contact allows us to spot potentially serious situations of social and/or reputational risk of our customers. In extreme cases, a special procedure is envisaged to seek out a financial and social solution in a bid to prevent the family unit from entering into a situation of extreme social vulnerability as a result of the foreclosure.

The report on the customer care service for 2014 is summarised below. It describes the outcome of the claims and complaints ("complaints") handled by the Customer Care Service of CaixaBank.

Pursuant to the customer ombudsmen regulations of CaixaBank, which were drawn up in compliance with Ministry of Economy and Finance Order ECO/734/2004 of 11 March on customer care departments and services and customer ombudsmen at financial institutions, the Customer Ombudsman of Cecabank has jurisdiction over complaints involving sums of up to €120,000. The Customer Care Service is responsible for handling complaints involving sums of €120,000 or more and for coordinating the ancillary customer services set up voluntarily by CaixaBank to provide all customers with the channels required for faster and more expedient resolution of their complaints and to handle matters which, due to their nature, addressee, content or circumstances, do not legally constitute complaints, but are merely suggestions, requests or other communications.

Complaints received by the CaixaBank Customer Care Service (1/1/2014 to 31/12/2014)

Type of resolution					
Resolved in the customer's favour	**Resolved via withdrawal, agreement or acceptance**	**Resolved in favour of CaixaBank**	**Not resolved and pending reply**	**Not admitted for consideration**	**Total**
0		4		0	4

Of the CaixaBank companies operating the Customer Care Regulation Service, no complaints involving sums of over €120,000 were received in 2014.

Summary of complaints submitted to the Customer Ombudsman (amounts up to and including €120,000)

By company against which the complaint was filed

Member entities	**Number of complaints 2014**
CaixaBank, SA	4,199
VidaCaixa, SA, Seguros y Reaseguros	63
Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, EFC, SA - CREDIFIMO	10
Finconsum, EFC, SA	7
CaixaCard 1, EFC, SAU	1
InverCaixa Gestión, SGIIC, SA	1
Nuevo Micro Bank, SAU	1
Total	**4,282**

Note: No complaints were received in 2014 by the subsidiaries not here listed.

Taking into account claims open from the previous year, a total of 4,411 claims were resolved in 2014. At the reporting close, 304 remained open.

By type of resolution

Type of resolution	Number of complaints 2014
Upheld (totally or partially)	694
Rejected	2,688
Irrelevant / Not admitted	610
Waived by customer	29
Acceptance	390
Total	**4,411**

Other internal channels for submission of complaints

In addition to the Customer Care and Customer Ombudsman Service, CaixaBank provides customers and users with the following internal channels for handling their complaints:

Internal complaints received by CaixaBank (01/01/14 - 31/12/14)

	Number of complaints
Free customer care telephone service	11,200
Letters to the CEO	18,394
Internet portal	10,612
Total	**40,206**

Thanks to the efforts of all CaixaBank's staff, complaints fell by 6% in 2014, while figures for the sector as a whole were on the up.

This reduction was due mainly to the drop in complaints relating to applications to have floor rate clauses eliminated from affected mortgage contracts.

In addition to complaints relating to the mortgage floor clause, complaints were also filed in relation to fees and after-sales service.

These results are due in part in the huge efforts made to meet the Group's strategic objective in relation to quality, placing customers at the heart of our work and involving every single employee in the process. Our fundamental service objective is to build a strong relationship with our customers; This relationship is basically founded on proximity to customers and their trust and satisfaction, offering products and services that always meet their needs.

Official channels

	Number of complaints
Spanish Securities Market Regulator (CNMV)	78
Bank of Spain	4,359
Total	**4,437**

Complaints handled through official channels in 2014 were up 9.65% on those received in 2013. There has been a marked rise in complaints about banking services in general and especially those related with floor clauses, resulting in a 90% increase in complaints filed with the Bank of Spain (stripping out complaints about floor clauses, there has only been a 7% rise). In contrast, complaints about investment services are down to such an extent that in 2014, complaints filed with the CNMV were only a quarter of those submitted in the previous year.

10. ENVIRONMENTAL INFORMATION

CaixaBank is committed to carrying out its business, projects, products and services in the most environmentally-friendly way possible. To that end, the Group encourages financing for projects that take environmental aspects into account, such as energy efficiency and long-term sustainability.

10.1. Environmental management at CaixaBank

With society increasingly aware of the need to protect the environment in which we live and work and as part of our continuous improvement policy, CaixaBank has implemented an environmental management system in accordance with European regulation EMAS 1221/2009 and ISO standard 14001 to guide its environmental protection and preservation actions. Likewise, the branch network in Catalonia has earned the environmental quality badge of the Generalitat (regional government). In 2014, CaixaBank received official recognition from the government for having successfully held both these certificates for ten straight years.

On the subject of environmental policy, noteworthy is CaixaBank's embracement of the Equator Principles and the United Nations Global Compact, its voluntary participation in the Carbon Disclosure Project, its commitment to promoting environmentally-friendly technologies and including environmental criteria in products and services, and its ongoing support of initiatives to combat climate change.

Following on from previous years, an audit was conducted in 2014 of the greenhouse gases emitted by CaixaBank activities with the aim of calculating its carbon footprint and establishing actions to minimise this. The Bank also managed to offset 658 tonnes of CO_2 – an amount equivalent to the emissions of Central Services over an entire year – by funding two clean energy projects in Colombia.

A further highlight were the results obtained during the year within the context of the Carbon Disclosure Project (CDP), in which we scored 98A, the highest score awarded within the entire Spanish financial sector. This has effectively placed us within the A List of the Climate Performance Leadership Index for our efforts to reduce carbon emissions, and also within the CDLI (Carbon Disclosure Leadership Index), which recognises transparency and quality in reporting information on climate change.

Our inclusion in the CDP list is in addition to achieving recognition from other international bodies for our environmental work. In 2014, the Dow Jones Sustainability Index (DJSI) - the world's leading indicator of responsible companies - awarded CaixaBank the highest possible score (100 points) for its environmental management system.

Various initiatives envisaged in the 2013-2015 Environmental Plan have enabled us to reach this level of excellence, including the Group's savings in energy consumption and its reliance on energy generated from renewable sources or cogeneration; its awareness of the importance of cutting down on the use of paper by increasing its Línea Abierta (online) services, sending fewer written communications to customers and using recycled paper in 99% of cases.

10.2. Financial products for eco-activities

Project finance is carried out under the Equator Principles, which CaixaBank has adhered to since 2007. Accordingly, an analysis is required of the potential environmental and social risks of the projects, pursuant to the standards established by the International Finance Corporation (IFC) for:

- Project finance entailing an overall investment of more than $10 million.
- Corporate loans linked to investment projects involving over €100 million in total.

- Project finance bridge loans and advisory services.
- CaixaBank also voluntarily applies the same procedure to project bonds exceeding €7 million.
- Since 2011, an internal procedure has been in place for syndicated operations associated with projects exceeding €7 million.

ecoFinancing

In 2013, CaixaBank rolled out a new line of ecoFinancing (ecoFinanciación), offering loans for sustainable development agricultural projects in connection with energy efficiency, efficient use of water, organic farming, renewable energies, waste management and development of rural communities.

During 2014, CaixaBank granted 2,506 ecoLoans (ecoPréstamos) totalling €5,011 thousand, allowing consumers to purchase energy-efficient vehicles and appliances and to add energy-efficient features to their homes.

MicroBank, a CaixaBank Group company, financed 208 personal eco-Microloans (ecoMicrocréditos) totalling €1,349 thousand, encouraging sustainable investments that improve resource efficiency or reduce environmental impacts. Moreover, 33 ecoFinancing loans have been granted to the farming sector totalling €926 thousand.

MicroBank also collaborates with the World Wildlife Fund (WWF) on environmental conservation and sustainable development through its own financial contributions and those of its customers, via the Cuenta Verde account.

Encouraging the use of more energy efficient cars (low CO_2 emissions and electric and hybrid vehicles)

CaixaRenting has rolled out numerous campaigns to increase rentals of fuel-efficient vehicles. The company runs vehicle leasing campaigns every two months involving the leading brands on the automotive market and an extensive range of models to meet the needs of each customer. This offering includes fuel-efficient models of utility vehicles, commercial vehicles and company cars with low CO_2 emissions, favouring hybrid and electric technologies. CaixaRenting has also rolled out an action plan to promote the Spanish government's PIMA Aire Plan, encouraging a widespread shift by Spanish drivers towards more fuel-efficient and environmentally-friendly vehicles.

It launched a total of 61 advertising campaigns in 2014 to boost rentals of energy efficient vehicles (31 low emission models, 2 hybrid models and 1 electric car). 65% of the vehicles sold under special promotions during the year were low-emission cars.

11. HUMAN RIGHTS AND CODES OF CONDUCT

CaixaBank has a Code of Business Conduct and Ethics guiding the actions of all employees, the management team and members of the governing bodies, all of whom are required to honour the values, principles and rules contained in the Code and apply them at work and in all internal and external relations. The Code is rooted in the values of leadership, trust and social commitment and fosters the following conduct:

- Compliance with applicable law, rules and regulations
- Respect for people, cultures, institutions, and the environment
- Integrity
- Transparency
- Excellence and professionalism
- Confidentiality
- Social responsibility

CaixaBank also has an anti-corruption policy in place governing the Bank's stance in its relations with government bodies, political parties, the authorities and civil servants, and containing guidelines on the subject of accepting and giving gifts, and sponsorships and donations to non-governmental organizations, among other aspects. The policy expressly prohibits any kind of unlawful activity related to corruption, such as extortion, bribery, facilitating payments and influence peddling.

The Bank also has rules of conduct on specific matters, including the Internal Code of Conduct on Matters Relating to the Securities Market (IRC), the Telematic Code of Conduct and the Internal Code of Conduct relating to the Euribor Contribution Process, as well as procedures and policies laying out ethical, social and environmental values in relation to stakeholders (documents for suppliers on ethical, environmental and social conduct, anti-money laundering policy, anti-discrimination policies and financial inclusion policies through MicroBank, the Group's community-focused bank).

In addition, CaixaBank is a signatory to international ethical standards such as the United Nations Global Compact and the Equator Principles in the field of project financing.

12. HUMAN RESOURCES

12.1. CaixaBank's most important asset: people

As part of its quest for excellence - as in all areas of the business - CaixaBank has defined and rolled out a comprehensive human resource management model. This model integrates the Group's human resources management policies and principles, the processes and systems geared toward satisfying and involving all stakeholders, the management drivers for these processes and systems, and measurement tools to ensure ongoing improvements across the entire model.

Changes in the average headcount are disclosed in Note 35 to the accompanying financial statements.

12.2. Management policies and principles

CaixaBank predicates its people management policy on respect for diversity, equal opportunities and non-discrimination on any grounds, including gender, age or disability. It therefore considers it essential to ensure transparency in recruitment processes and when promoting existing employees. To such end, it has defined the following policies and management principles:

- gender equality and work/life balance
- promoting career development
- merit-based approach to internal selection processes
- performance-based variable pay directly related to the attainment of individual and team targets
- occupational health and safety
- job stability
- optimising internal communications

By virtue of an employment agreement between CaixaBank and the workers' representatives extending to the entire workforce, the Bank rolled out a more competitive pay structure effective from 1 August 2014. The new framework helps generate additional job openings and allows measures to be implemented to manage working time more effectively and ensure a suitable work-life balance. CaixaBank will recruit at least 700 people in 2015 and make 80% of these full-time once two years of employment have passed. In tandem, the Bank plans to set up an early retirement scheme to encourage older employees to leave on their own terms, thus helping optimise the Bank's human resources.

Equality and work/life balance policies:

CaixaBank's commitment to equality and work/life balance is evident in its adherence to different initiatives and standards as well as the steady growth in female representation in the Group's management ranks.

- **Family-responsible company** Since 2010, CaixaBank has been following the management model of Fundación Másfamilia, geared towards the continuous improvement of equality and work-life balance, leading to the F-RC certificate (family-responsible company).

- Member of the **network of companies with the equality badge**. In 2011, CaixaBank earned the company equality badge from the Spanish Ministry of Health, Social Services and Equality and has held on to it ever since. It has also been a member of the so-called DIE network (companies with the equality badge) since its inception. The network was set up to promote and encourage the exchange of good practices and reporting on diversity, equality and work-life balance.

- CaixaBank adheres to the **Women's Empowerment Principles** (WEPs), a global initiative championed by the UN and its Global Compact, with membership implying a public commitment to supporting and implementing the WEPs.

- The Bank is a signatory to the **Diversity Charter**, a voluntary initiative open to companies and public bodies to promote the basic principles of equality; conduct that respects the right of all people to employment and social inclusion; recognition of the benefits of cultural, demographic and social diversity within companies and organisations; implementation of specific policies to foster a non-discriminatory working environment in terms of employment, training and promotion; and promoting non-discrimination programmes aimed at underprivileged groups.

The percentage of women on CaixaBank's executive team is as follows:

	% of women on CaixaBank's executive team
2014	46.8%
2013	44.7%

Promotion policy

Internal promotion figures are as follows:

	2014	2013
% internally promoted employees	16.6%	17.4%
% management positions covered internally	99.7%	99.9%

Pay policy

CaixaBank continues to improves its reporting of salary and other remuneration, incentive schemes and the wide range of benefits that employees enjoy. All CaixaBank employees have at their disposal the individual total compensation report, a key tool enabling employees to discover all the financial and non-financial benefits comprising their total compensation.

Internal communication policy

Internal communication focuses on three main aspects:

- raising awareness of business priorities as these arise;
- disclosing those internal policies that affect employees and good practices and announcing internal and external recognitions and accolades granted to specific employees or to the Bank;
- finding out the expectations and concerns of all employees so as to be able to talk with them effectively.

To achieve these aims, the "Personas" page on the Intranet –with upwards of 1.7 million visits a month – provides regular information on new institutional and strategic developments. The "Working here pays off" page stores up-to-date information on the each employee's individual relationship with the Bank, along with the associated employee benefits. The CanalCaixa internal magazine also regularly features CaixaBank employees.

Lastly, the senior management holds face-to-face meetings and other events with groups of employees from all areas of the Bank to strengthen ties at all levels.

12.3. Professional development

To ensure full employee satisfaction and commitment, CaixaBank has a number of specific programmes in place aimed at:

- training and knowledge management
- performance assessment and talent development
- employee involvement and recognition schemes

Training and knowledge management

A well-trained team is critical to excellent customer service and adapting to emerging business and market requirements.

The various training initiatives are set up on-site at the employee's work centre and also make use of Virtaula, CaixaBank's e-learning platform, allowing employees to share their knowledge and optimise their time.

For CaixaBank, the knowledge of its employees is a hugely valuable intangible asset. To this end, CaixaBank works to structure and transmit this knowledge by different means, including internal trainers and knowledge leaders, technology such as the Virtaula platform and the in-house social networks such as Valora, Conecta & Innova, which facilitate the sharing of information, ideas, opinions and experiences.

Following the arrival of the Banking Union, European regulators are insisting more and more on certification in relation to financial advice. CaixaBank has kept one step ahead of the sector and is now favouring the approach that the Anglo-Saxon model has followed for years now. A total of 5,037 people sat an exam in 2014 to obtain the Diploma in Financial Advice from Universitat Pompeu Fabra, with 4,771 people passing the test (94.92% of those sitting).

CaixaBank employees also earned the **International Certificate in Wealth & Investment Management** during the year, a certificate awarded by the Chartered Institute for Securities & Investment (CISI), accredited by Europe's flagship regulatory body, the Financial Services Authority (FSA), the most widely recognised body operating within the financial sector worldwide. No other entity in Spain has ever obtained this certificate for its employees.

Performance evaluation and talent management

CaixaBank has consolidated its own model for identifying, evaluating and nurturing executive talent based on a competency-based approach and the leadership model intended to transform the Bank.

Competency-based assessments have now reached 100% of the workforce. This process, supplemented with other mechanisms and tools such as manager assessment and 180% evaluation, not only improves feedback processes between the management and employees, but also flags those employees showing the greatest potential within the organisation so that they can be put on specific career development programmes. In tandem with this initiative, the "My performance evaluation" document lists each employee's individual skills and targets and provides a detailed explanation of the findings of the assessment.

Transformational leadership model

This leadership model ensures that the actions of CaixaBank team leaders are in line with corporate strategy and values; champions innovation and creativity as the drivers of change (a necessary element in the current competitive environment); fosters the personal and professional growth of all employees; and empowers individuals and their ideas as the drivers of the Bank's transformation.

Executive Development Centre (EDC)

The EDC offers continuity programs, management skills workshops and conference cycles. Participants also receive a monthly newsletter and have access to an online forum, the virtual EDC.

Aware of the key role played by CaixaBank's executives within the Bank's business model and leadership, the EDC seeks to hone their skills while providing support for the deployment of strategic initiatives. It also strengthens their sense of belonging at the Bank and their appreciation of its values and culture, while also facilitating executive networking opportunities.

A total of 268 employees took part in 2014 (up 6% year on year).

Employee participation and recognition schemes

Employee recognition is crucial to motivation, engagement and commitment with respect to delivery of individual targets and contribution to team objectives.

CaixaBank recognises and rewards its employees' attitudes and contributions with individual prizes and awards at team and business segment levels.

Highlights here include the Prizes for Excellent Service, which are awarded to those teams that reported the best result for the year in terms of customer care quality; recognitions for the Best Sales Teams, which are open to the largest number of employees of all the accolades and reward those branches that post the best results; and also the good practices of the Best Sellers, which are granted individually. A total of 16 events were held across Spain in 2014 to hand out prizes to employees from the 145 branches having the Best Sales Team, while 64 employees were awarded prizes for Best Seller under the following four categories: Payroll, Pension Plans, Insurance and Businesses. In total, 673 individuals received the applause of the 6,000-plus people who turned up at the events.

Social commitment

As social commitment is one of the Bank's institutional values and because this is key to the ongoing development of its personnel, CaixaBank offers employees participation-based systems for channelling their ideas, initiatives and community outreach endeavours, such as the Corporate Volunteering scheme and Espacio Solidario (Charity Corner).

12.4. Measurement and improvement

CaixaBank employs a number of mechanisms for identifying and flagging actions to enhance employee development, satisfaction and commitment.

- 8.3 out of 10 was the result of the opinion survey conducted in 2014 on 2,000 employees chosen randomly. The result indicates a healthy workplace climate and shows improvements in respect of the indicators targeted by the specific improvement plans rolled out in response to the second opinion study conducted at the end of 2013 among all Bank employees.
- Ranked 15 out of the 100 best companies to work at in Spain, according to the Business Monitor of Corporate Reputation (MERCO, to use its Spanish acronym). CaixaBank climbed three positions on 2013, and is now ranked third within the banking sector.

13. INNOVATION

In 2014, CaixaBank invested a total of €179 million in technology, of which €72 million was in R&D and innovation.

Given the fiercely competitive and demanding economic climate, financial institutions need innovation to grow. CaixaBank is wholly committed to innovation. It employs an open and participative model to generate new sources of income and profit through the implementation of new ideas, improve its position in existing businesses, identify and anticipate the impact of new technologies and social changes and capture new business opportunities.

The innovation process at CaixaBank has various focal points, all allowing for the transfer of both knowledge and technology on the path to developing new initiatives and projects.

- **Identifying trends and new ideas:** Identifying knowledge and technology in order to develop new ideas and share them across the company. In doing so, CaixaBank makes use of consultancy firms, relevant websites, companies, academic institutions, banks, etc.
- **Discussing new ideas with the business areas:** Trends and new ideas are shared with the business areas and proofs of concept carried out to test the technology.
- **Assessing and defining initiatives and projects:** After evaluating the initiative with the business areas, the Bank defines the projects to be rolled out.

Emerging technologies and trends with potential to disrupt the financial sector and customer relations

A number of significant trends were detected in 2014:

- Managing data and information accordingly to customise service and improve decision making
- Cognitive technologies and virtual assistants to support managers
- Online lending platforms, virtual currencies and direct transfers (p2p)
- Mobile technologies and changes in customer relations and interaction

IBM - CaixaBank Digital Innovation Centre

CaixaBank and IBM continued to work together in 2014 to discover and test emerging technologies within the context of their strategic alliance to manage technological infrastructure.

Extensive work on text processing and to construct natural language processing capabilities was carried out at the Digital Innovation Centre, making CaixaBank the leading company in the development of Watson cognitive technology in Spanish.

The main milestone for 2014 was the agreement reached between IBM and CaixaBank to build, in the coming months, a prototype of the Watson Engagement Advisor in Spanish, aimed at foreign trade.

Data management

CaixaBank remains unflinchingly committed to data management and advanced analytics as a means of improving decision making and providing unrivalled customer service.

The Bank took a step further in 2014 by starting to use the data loaded into the Data Pool (single information repository), with the launch of various projects. The risks area is now using machine learning and non-linear data classification techniques (such as gradient boosting machine) to better calculate the customer and non-customer scoring as part of the risk approval process.

Work is also under way to customise price and supply with the aim of offering a single service tailored to each customer and the information available on them.

Innovation process support tools

The Innova and Conecta tools are used to support the innovation process at CaixaBank.

Innova. Innova was consolidated in 2014 as the tool for collaboration with CaixaBank employees. With 80% of the workforce using the channel in 2013, this figure grew further in 2014, with over 1,500 employees offering ideas and comments on the activities proposed. There is also a suggestions inbox for spontaneous ideas for how to do things better.

Conecta. Conecta is the chosen tool for communications between employees, helping improve teamwork and encouraging the exchange of knowledge. Over 20,000 users accessed the platform during the year, while 23% posted comments or other content. By setting up transversal groups, employees can ask questions and resolve doubts, while learning from the experiences of others, sharing good practices, and so forth.

External awards and distinctions

The Group received the following awards in 2014, among others:

- **Euromoney Award for "la Caixa" Private Banking** in February 2014: "la Caixa" Private Banking was singled out by the British publication Euromoney as the institution with the best customer relations management at the Private Banking Survey 2014 awards. The publication was swayed by the commitment and excellence shown by the Private Banking service, which offers financial planning advice and an extensive range of multi-channel solutions.

- In July 2014, British publication Euromoney voted **CaixaBank Best Retail Bank for Technology Innovation** for the second straight year. This global accolade, with CaixaBank competing against institutions from around the world, was awarded for the Bank's multi-channel strategy, which seeks accessibility to as many services as possible from any device, and its impressive ability to adapt technological advances to customer needs to improve service and efficiency.

- In July 2014, CaixaBank received the **Global Finance Award for best online retail bank in Spain** and also for **best European bank in the use of social media**.

- **On 15 October**, CaixaBank was handed the "Global Innovator" prize at the Efma Accenture Innovation Awards 2014**.** The "Global Innovator" award recognises the Bank's commitment to innovation and to developing groundbreaking products to transform its business model. "Global Innovator", along with "Best New Product or Service Innovation", "Most Promising Idea" and "Most Disruptive Innovation" are the main categories at the Efma Accenture Innovation Awards. When selecting the winners, EFMA members vote directly on all candidates.

- In November 2014**, CaixaBank secured the EFQM European Seal of Excellence** for its management model with a score of over 600 points.

- In November 2014, CaixaBank received the **Innovative Spirit Award** at the Global Banking Innovation Awards held in Chicago. **Recibox, a bill payment management service, won the Product & Service Innovation Award.**

14. BRANCH NETWORK

14.1. A branch network with regional roots

To carry out its activity smoothly, CaixaBank has created the largest branch network in the Spanish banking sector. The network has a high degree of capillarity, allowing the Bank's employees to reach numerous locations, as the basic vehicle for the Bank's close relationship with customers. This far-reaching network provides the backbone for the high-quality, personalized advisory service offered by the Group, and is in turn supported by its other complementary channels.

Following the incorporation of Banca Cívica and Banco de Valencia, the Bank is now present in all Spanish cities with over 10,000 residents, and in 84% of towns with over 5,000.

The corresponding brand names were maintained in those provinces where Banca Cívica's savings banks had a strong presence (namely Cajasol, Caja Navarra, Caja Canarias, Caja Burgos and Caja Guadalajara), in line with its commitment to serve each area in which it is present. The respective social welfare projects of each of these entities were also maintained. In the case of Banco de Valencia, the regional brand was maintained for the province of Valencia, while the Banco de Murcia brand was brought back for use in the Murcia region.

For several years, the Group has been streamlining the network, sometimes merging certain smaller or neighbouring branches, always with the aim of ensuring the best possible service for CaixaBank's customers, through specialist managers, and relocating staff from closed branches. The entire process is carried out with extreme care, ensuring that rural areas continue to be served and that no markets are left abandoned.

At 31 December, CaixaBank had a network in Spain of 5,251 branches and 265 teller windows in rural communities, in addition to 16 representation branches or offices overseas.

Branch network

Our branches remain a cornerstone of our relations with customers, allowing for tailored and expert advice ably supported by the rest of our complementary sales channels. In line with our strategic commitment to remaining close to and complicit with our customers, CaixaBank has set up the most extensive branch network in the Spanish banking system. With our 5,251 branches, the Bank is now present in virtually all towns and cities with over 10,000 inhabitants.

In 2014, certain small or neighbouring branches were merged and further efforts made to streamline the network, without ever abandoning any market and maintaining service across all of Spain.

With a view to prioritizing customer proximity as an organisational business need, CaixaBank continues to adapt its network and in 2014 extended the number of regional general divisions to fourteen. The Bank has therefore evolved towards a model based on a flattening of the organisational structure, creating greater proximity between the branches and the next decision-making levels in the command chain in order to improve direct internal communication.

The current model therefore remains predicated on the network's reach. However, in order to create value for customers by providing better and more personalized service, the Bank has segmented the business, fostering employee specialization and training and giving them more modern mobility tools, while also redesigning the branch network and its distribution in order to cater to each customer profile.

Branch A

To continue improving customer satisfaction and sales of our products and services, we have created our new Branch A; a new branch model featuring a unique design that aims to make the purchasing experience more innovative, convenient and better suited to the customer's needs.

Following the latest Branch A opening in Santa Cruz de Tenerife in December 2014, there are now five Spanish cities with this groundbreaking customer care design (the other four being Barcelona, Seville, Pamplona and Valencia).

14.2. Geographic distribution of business volume

Since all CaixaBank branches offer their customers the full range of products and services, the regional breakdown of business volume is given by Spanish autonomous community, foreign branches and representative offices at 31 December 2014 and 2013:

	31/12/2014		31/12/2013	
Autonomous communities and cities	**No. of branches**	**%**	**No. of branches**	**%**
Andalusia	917	17.41	947	17.36
Aragón	87	1.65	87	1.60
Asturias	68	1.29	74	1.36
Balearic Islands	207	3.93	212	3.89
Canary Islands	262	4.97	272	4.99
Cantabria	47	0.89	47	0.86
Castilla-La Mancha	149	2.83	152	2.79
Castilla y León	237	4.50	248	4.55
Catalonia	1,406	26.68	1,499	27.48
Ceuta	4	0.08	4	0.07
Valencia	436	8.28	447	8.20
Extremadura	64	1.22	64	1.17
Galicia	194	3.68	194	3.56
La Rioja	26	0.49	26	0.48
Madrid	677	12.84	687	12.59
Melilla	2	0.04	2	0.04
Murcia	124	2.35	128	2.35
Navarra	158	3.00	160	2.93
Basque Country	186	3.53	186	3.41
Total branches in Spain	**5,251**	**99.68**	**5,436**	**99.66**
Foreign branches				
Poland (Warsaw)	1	0.02	1	0.02
Morocco (Casablanca)	1	0.02	1	0.02
Morocco (Tangiers)	1	0.02	1	0.02
Total foreign branches	**3**	**0.06**	**3**	**0.06**
Representative offices:				
Germany (Stuttgart)			1	0.02
Germany (Frankfurt)	1	0.02	1	0.02
China (Peking)	1	0.02	1	0.02
China (Shanghai)	1	0.02	1	0.02
UAE (Dubai)	1	0.02	1	0.02
France (Paris)	1	0.02	1	0.02
India (New Delhi)	1	0.02	1	0.02
Italy (Milan)	1	0.02	1	0.02
UK (London)	1	0.02	1	0.02
Singapore (Singapore)	1	0.02	1	0.02
Turkey (Istanbul)	1	0.02	1	0.02
Chile (Santiago de Chile)	1	0.02	1	0.02
Egypt (Cairo)	1	0.02	1	0.02
Colombia (Bogota)	1	0.02	1	0.02
Total representative offices	**13**	**0.26**	**14**	**0.28**
Total branches	**5,267**	**100.00**	**5,453**	**100.00**

Note: Excludes relocated customer care centres attached to other branches.

14.3. Electronic banking: Internet, mobile and social networks

Alongside the CaixaBank Group's branch network, electronic channels allow the Bank to offer its customers easily-accessible quality banking, anytime, anywhere. By constantly improving the quality of these services through better technology and innovation, branches are able to concentrate on personalized relationships with customers. These services are also a key tool for enlarging the customer base and ensuring customer loyalty. In 2014, 55% of CaixaBank transactions were performed electronically (Internet, mobile) and over 92% via digital channels.

Online banking

Key indicators of online banking:

- 900 different operations permitted
- 22 languages
- 5.5 million customers using Línea Abierta
- 10 million customers with Línea Abierta contracts
- 2,260 million transactions

In 2014 CaixaBank was once again the leading player in online banking in Spain. It ranked first in terms of its share of the domestic market (34.4% in November 2014, according to ComScore). It also won back its top spot on the international stage in relation to user penetration of banking services in each country. Moreover, and for the fifth year running, AQmetrix named CaixaBank best bank for service quality.

Permanent innovation is a core aspect of our approach to work and CaixaBank was once again given an honourable mention for Innovative Spirit and Banking at the BAI awards held in 2014.

Our drive to innovate by providing the quality our customers demand led to the creation of new online and multi-device services in 2014, making banking transactions and services even easier to carry out. We not only consolidated the Recibox application during the year, which was conceived in 2013 as a one-stop bill management solution (more than one million users in 2014 and winner of the Product and Service Innovation category at the BAI 2014 awards), but also continued to develop and roll out new services such as Card Box (to manage card-based expenses and purchases), Mailbox (multi-channel mail management) and Vista Rápida (which provides the latest news and developments on the customer's products and services to be viewed quickly and conveniently on the same page).

We also improved Bolsa Abierta (Open Stock Market), simplifying the trading procedure by arranging available services into packages and introducing new functionalities like streaming to automatically refresh prices. For companies, we implemented a new, easier and more innovative and hassle-free system for sending files.

The Muro de Empresas (Companies Wall), which we created in 2013 as a new channel whereby companies can communicate with their managers, was extended in 2014 to the Business segment, thus marking a further step forward in the process of consolidating our digital commercial relationship model. The new Muro de Negocios (Business Wall) is key to setting up a single service for all CaixaBank customers. Thanks to the wall, CaixaBank business managers now have a new tool for communicating with their clients through Línea Abierta, allowing them to improve their relationship much more efficiently with the ultimate aim of increasing efficiency and commercial productivity.

Products and services through mobile banking: CaixaMóvil

Relevant data on CaixaMóvil mobile banking is as follows:

- 3.4 million active customers of Línea Abierta Mobile
- 1,487 million transactions
- 2.9 million app downloads in 2013 (7.9 million since the release)
- 29.8 million alerts sent.

In 2014, a combined total of 11 million downloads were reported for all apps.

With 1,487 million transactions, mobile banking is the second-most preferred channel among Bank customers, behind Línea Abierta Web. CaixaBank's mobile banking platform is a sector frontrunner in Spain and an international benchmark. CaixaBank continues to hold the top slot in the aQmetrix ranking, which assesses the quality of services rendered.

We have seen a dizzying increase in the number of users turning to mobile devices. In four years, we will have more mobile customers than web customers; this is the mobile revolution. Consumers are becoming increasingly tech-savvy and willing to connect with people and view all kinds of content at different times of day and in different locations.

Technology can also be seen more and more on the bodies of users in the form of wearable devices. The number of gadgets that can be worn on our body is increasing every day. These articles - and the smart services soon to be associated with them - will trigger a revolution in the banking sector, which we at CaixaBank have already started with apps for wearable devices (glasses, watches, stickers and bracelets) allowing users to locate branches and convert currencies. We are first institution in Europe to have an app for SmartWatch whereby users can keep track of stock markets and their favourite stock. With stickers and bracelets, we are creating an app to make payments using Contactless TAP technology.

All these technologies will allow us to forge new models with our customers, combining digital and non-digital dealings through multi-channel experiences to boost customer satisfaction and make CaixaBank even more competitive.

In 2014, we launched a new version of the "la Caixa" app for smartphones (iPhone, Android and Windows Phone) and for iPad, making it more commercial and user-friendly and updating its design.

We also have the Libreta Móbil app for smartphones, iPhone and Android; a digital solution for those customers still using physical passbooks that simulates the experience of using a "la Caixa" passbook.

CaixaBank's app store boasted more than 75 free native apps at year-end, all of which were tailored for the various leading mobile operating systems.

ATMs

Key indicators in respect of ATMs are as follows:

- 9,544 ATMs
- 250 different financial operations available
- Upwards of 350 services available
- 15 languages
- 625 million transactions

Thanks to the roll-out of the new ATM Style Guide at 100% of our cash machines, we now offer customers a new way of banking, offering easy ATM access with a fresher and more user-friendly design and lay-out.

The main added value of our machines is that they now allow each user to customise how they want to operate the machine, depending on their specific needs.

Every customer can set up a special menu that best suits their needs as a client of the Bank. There are now larger buttons and font sizes and users can use icons to make reading easier and quickly find the different options available on each screen. There are also specially designed menus for people with disabilities. These include the voice-guided menu, the Caixafácil menu (simplified) high contrast menus that are easier to read for the visually impaired, and also sign language.

We also initiated an ATM cash recycling plan in 2014 as a means of raising operational efficiency at branch-level and optimising branch management of ATM cash.

This drive to improve accessibility of our machines stems from the APSIS4all project, which was endorsed by the European Commission and ended up a finalist at the 2014 BAI Global Banking Innovation Awards and the EFMA Distribution and Marketing Innovation Awards.

Another service conceived in 2014 is code-based money sending, enabling our customers to withdraw money from the ATM without needing a card or passbook. Users need only a mobile telephone to be able to receive a code authorising them to withdraw the amount they or another person sent.

Cards

CaixaBank is the leading player in the payment systems industry, with 13.7 million cards in circulation, €25,500 million in purchasing turnover, and a market share by purchase volume of 21.6%.

Through its subsidiary CaixaCard, CaixaBank was the leading issuer in 2014 of contactless cards, which work by simply holding the card close to the cash machine or point of sale terminal. The technology allows certain low value transactions to be paid for using the contactless cards, instead of having to do so in cash, and is now available at 60% of establishments in Spain. At year-end 2014, over 4.2 million contactless cards had been used to make 37 million transactions worth €1,200 million. Since November 2014, CaixaBank has been marketing a Visa Bracelet allowing for contactless payments; the first financial institution in Europe to do so. There are already over 10,000 bracelets in five different colours, which have been used to make 25,000 purchases for a combined total of €1 million.

CaixaBank is also the prepaid card market leader through its subsidiary M2P, with 1.1 million prepaid cards issued (8% of the total in circulation), which were topped up 2.9 times in 2014.

CaixaBank cards
- Market share of 21.6%
- 54% market share of the contactless card market
- €4,000 million in online sales (up 21% on 2013)
- €2,317 euros processed per second (cards + stores)
- €49,100 million in in-store payments and ATM cash withdrawals

Customer retailers
- 21.9% market share in card-based purchases
- 266,240 PoS terminals installed
- 817 million in-store transactions (up 11% on 2013) for a total of €31,333 million (up 12% on 2013)
- €4,393 million in e-commerce purchases (up 14% on 2013)

Social networks

CaixaBank remains fully committed to developing its own virtual communities. At year-end 2014, its various online communities already had over 100,000 active users. We launched the new Línea Abierta platform through Facebook, together with a whole raft of new related apps, offering users a more personalised banking service. This included an app allowing users to customise their cards with images stored on their Facebook photo albums, along with recommenders of articles from the Estrella points catalogue and card designs. Lastly, we made use of gaming and other technologies to promote our products and share investment strategies to help customers make investment decisions when using Bolsa Abierta.

The Bank is also an active user of the main social networks.

15. WELFARE PROJECTS: MORE NECESSARY AND EFFECTIVE THAN EVER

In October 2014, ”la Caixa” Welfare Projects (Obra Social) was successfully merged into the ”la Caixa” Banking Foundation, a hugely important milestone ultimately intended to strengthen the Bank’s commitment to the well-being of people and social progress.

The process involved converting ”la Caixa” into a banking foundation, as set out in Spanish **Law 26/2013, on Savings Banks and Banking Foundations**, and transferring all the assets and liabilities of the former Fundación Caixa d’Estalvis i Pensions de Barcelona. This integration effectively boosts the operational capacity of Welfare Projects, as it will now be managed directly by the Banking Foundation, which owns 100% of the company Criteria CaixaHolding, which in turn holds a 59% stake in CaixaBank.

In short, the process further reinforces, if indeed possible, ”la Caixa”‘s unflinching commitment to addressing the needs of the communities in which it provides its financial services, one of its defining hallmarks since it was founded in 1904.

As discussed in chapter 1.2, one of the strategic priorities for the 2011-2014 horizon was to underscore the importance and role of Welfare Projects and MicroBank. The ”la Caixa” Banking Foundation is the world’s third largest foundation and the largest on mainland Europe. Thanks to the dividends of both CaixaBank and Criteria, the foundation has been able to keep its Welfare Projects budget at €500 million for the seventh straight year.

In 2015, and now for the eighth straight year, ”la Caixa” Welfare Projects **will enjoy a budget of €500 million**, once again making it Spain’s leading private foundation and one of the most important in the world.

Given the current climate, the bulk of the investment, **67.1% or €335.7 million**, has been earmarked for **welfare and social initiatives and schemes**. Science, research and environmental programs will receive 11.2% of the investment (€56.0 million); cultural activities will account for 13.5% (€67.4 million); and support for education and training, 8.2% (€40.9 million).

The top priorities are to continue addressing the most pressing social problems and helping those groups most at risk. Welfare Projects pursues efficiency at all times as it seeks to address the main challenges facing our society: fighting poverty and exclusion, creating jobs, caring for the elderly and the ill, improving access to housing, supporting quality education, advancing research, disseminating culture and promoting knowledge as a driver of human development.

These priorities confirm the importance of the work carried out in 2014, with highlight projects including:

CaixaProinfancia, which provides care to children facing poverty and social exclusion, invested €43.8 million in aid in 2014. Welfare Projects relies on this programme to break the vicious circle of hereditary poverty, having already channelled close to €400 million into the venture, benefitting 260,000 children and their families in Spain’s twelve most populous cities and the surrounding metropolitan areas. In 2014, a total of 56,875 children benefited directly from the programme (58,242 in 2013). Fundación de la Esperanza (the Hope Foundation), which Welfare Projects uses for direct welfare action, provided aid to over 1,600 beneficiaries in its first year of life from its headquarters at calle Palma de Sant Just in Barcelona.

On the subject of job creation, 18,000 people found employment through the Incorpora program in 2014 (4,000 more than in 2013, in spite of the testing economic climate), bringing the total number of employment opportunities generated by Welfare Projects to 86,000, at close to 31,000 different companies, since the project was launched in 2006.

In order to guarantee access to housing for individuals with financial difficulties, the Affordable Housing Program ("Vivienda Asequible") was launched in 2004. The program specifically targets young people, the elderly and families, offering rental prices well below those of government-sponsored housing. In addition, for several years now the Solidarity Renting Program ("Alquiler Solidario") has offered apartments at a monthly rent of between €85 and €150 for people earning less than €18,600 per year. At present, over 26,000 homes have been made available through these two housing initiatives.

Health promotion is another cornerstone of Welfare Projects. On the subject of hospital treatment and care, support was given in 2014 to nearly **14,000 terminally ill patients nearing the end of their life** as part of an initiative that also provides support for the families of people with advanced-stage diseases. Welfare Projects has ratified its commitment to the project by announcing that the programme will be extended to 100 healthcare centres and a further five provinces of Spain.

CaixaBank has never forgotten its roots as a retirement pensions and savings institution, and so the **elderly** remain one of its key priorities. Upwards of 700,000 have taken part in the initiatives rolled out under Welfare Projects' active ageing programme, which provides assistance at 609 centres across Spain with the aim of encouraging the full involvement and integration of elderly citizens into society.

The social calling of "la Caixa" Welfare Projects is not limited to Spain, as shown once again by its ambitious ***"la Caixa" against malaria programme***, which aims to eradicate the disease from Sub-Saharan Africa. Welfare Projects will channel **€5 million** on the project, which is headed by Doctor Pedro Alonso and also enjoys the support of Bill & Melinda Gates Foundation. The initiative can be added to the 65 social and economic development projects under way in low-income countries around the world, which include the child vaccination programme, which has already immunised two million children.

Welfare Projects continues to view **education** as an important driver of individual and collective progress; a belief embodied in **eduCaixa**. This initiative is a prime example of the Banking Foundation's support for training initiatives aimed at students aged 3 to 18 and for teachers and parents associations. Over **two million pupils from 7,755 different schools** have already taken part in the educational schemes rolled out by Welfare Projects. A further highlight on the subject of education were of 120 new grants handed out to students to study postgraduate courses at the best foreign universities.

In addition to its ongoing support for training and education, Welfare Projects **is wholly committed to advancing research** into AIDS (IrsiCaixa), cancer ("la Caixa" Molecular Therapy Unit at Hospital Vall d'Hebron), digestive endoscopic surgery (W.I.D.E.R. institute), neurodegenerative diseases (working alongside CSIC and within the framework of the BarcelonaBeta project), cardiovascular diseases (CNIC), and genetic disorders (with IDIBGI as partner), among others.

Turning to the **environment**, Welfare projects stepped up its efforts in the area of conservation and improvement of natural spaces across Spain. In 2014, 219 environmental projects were supported, with staff hiring for conservation work focusing on individuals at risk of social exclusion. A total of 987 beneficiaries found work through these projects in 2014.

Sharing culture with the public, regardless of age and education, is another cornerstone of Welfare Projects. In total, **over 4 million visitors** attended the events held at the centres of CaixaForum, CosmoCaixa Science Museum and travelling exhibitions in 2014.

The most popular and successful cultural exhibitions staged by Welfare Projects in 2014 included those given over to the world of Pixar and the events showcasing the photography of Sebastiao Salgado, the paintings of Sorolla, or the sculptures of Henry Moore.

This cultural commitment was also borne out through support for Fundación Arte y Mecenazgo, the staging of El Mesías participatory concerts and conferences and other events relating to the humanities, promotion of the Classic Library Collection edited by the Royal Spanish Academy (RAE), and aid for cultural projects with a social impact.

All things said, 2014 was a busy and challenging year with efficiency remaining a key priority for ”la Caixa” Welfare Projects, which, now fully integrated into the ”la Caixa” Banking Foundation, is still as committed as ever to serving society.

16. 2015 OUTLOOK AND FORECAST PERFORMANCE FOR THE CAIXABANK GROUP

16.1. 2015 outlook

The overall assessment of 2014 is positive, as we witnessed a general upturn in economic growth. This is a good starting point that we hope will become more pronounced as we head into 2015, with the pace of growth of the world economy possibly climbing to 3.9% (3.2% in 2014).

Among developed nations, the healthy showing of the US economy, which continues to post solid growth on the back of domestic consumption, was sharply at odds with the weakness of the Japanese economy, which is still struggling to shake off its secular deflation. Indicators for the US economy continue to point to sturdy growth, indicating that the nation is moving into a more mature phase of the economic cycle. We therefore expect GDP to grow 3.5% in 2015 (2.4% in 2014). Given the absence of any appreciable inflationary pressure, the Federal Reserve may well be in no hurry to embark on its monetary policy normalisation process, allowing it to gradually prepare economic agents for the impending cycle of rising interest rates expected to begin in mid-2015.

Turning to Japan, Prime Minister Shinzō Abe secured support for his expansive policies by winning the snap elections held in December. Looking ahead to 2015, the decision to put off the second VAT hike until 2017, the announced increase in public spending for low-income families and small companies, and the Bank of Japan's recent move to step up its quantitative easing programme should all help to stimulate growth, which we expect to reach 1.2% (0.3% in 2014).

Among the large emerging nations, the gradual cooling of the Chinese economy plays off against the Russian crisis. China, like the United States, makes a crucial contribution to global growth, and now faces the difficult challenge of ensuring a soft landing as the economy enters into a stage of relatively low growth, albeit more balanced and sustainable growth in the long term. Indicators suggest that the cooldown is likely to be a slow and steady process and it is reassuring that the country still has considerable leeway in setting its fiscal and monetary policy. The transition must be smooth, as otherwise we may once again witness the near panic seen in the summer of 2014 in response to a hypothetical hard landing. Russia is one of the main exceptions to this widespread improvement in global activity, as it seems destined to fall into a recession in 2015 due to falling oil prices, international sanctions and the geopolitical uncertainty over Ukraine.

Yet despite the upturn in the global economy, we have also witnessed a parallel increase in downward risks. Firstly, a steady entrenchment of geopolitical threats will keep uncertainty high, triggering episodes, so far contained, of heavy volatility in the financial markets. Secondly, slumping oil prices (and indeed prices of all other commodities) will continue to have a number of major impacts but in different directions: falling prices generally favour developed nations and Asian countries (primarily India and China), while at the same time hurting Latin American interests and certain Eastern European countries as they tend to be net commodity exporters.

Turning to the eurozone, much of 2014 was marked by weaker-than-expected growth, although the final stretch of the year showed an increase in business growth. Moreover, the factors behind the upturn look set to continue: private consumption, the most stoic component of domestic demand, is recovering, while the effects of the euro's depreciation and the drop in oil prices will surely have a major impact in 2015. That said, risks remain very much present. More specifically, the political risks mentioned previously have now become a reality in Europe and we need look no further than the political uncertainty in Greece. Owing to the massive write-off of Greek debt from the balance sheets of private creditors, the contagion threat is not as great as it was during the 2011-2012 episode. There is also lingering uncertainty as to the macroeconomic outlook: there is a very real risk of the recovery process slowing down even further and with the arrival of negative inflation the risk of deflation will emerge once again. Against this backdrop and given the muted success of the long-term liquidity auctions held in 2014, 2015 saw the ECB embark on a large-scale programme of purchasing sovereign debt. The new monetary expansion will be accompanied by the Juncker Plan in a bid to boost private investment in Europe by offering public guarantees. In view of the existing panorama, we predict 1.3% growth for the eurozone in 2015 (0.8% in 2014).

On the subject of Spain, the latest data provides room for optimism on the country's growth outlook, with domestic demand picking up pace as the job market continues to improve. In contrast, Spain is in negative inflation territory as prices continue to fall. Even so, since this situation can largely be put down to falling oil prices, we expect inflation to move back into positive ground in mid-2015. All in all, it looks like Spain will emerge relatively unscathed from this period of heightened global uncertainty in which it closed out the year. We therefore expect GDP to grow 2.3% in 2015 (1.4% in 2014).

Focusing on the financial system, Spanish institutions requested practically all the funds available under the first two TLTRO liquidity-providing auctions held by the ECB in September and December, with the auctions conditional on the banks extending credit to the real economy. This should help drive up the number of new lending transactions, especially non-home lending to SMEs and households, with growth in 2014 standing at 8% and 18%, respectively. Furthermore, the non-performing loan ratio will continue to fall, having already shed roughly one percentage point to 12.8%.

Interest rates will remain at all-time lows in the mid term, with the exceptional measures rolled out by the ECB to lower the risk of deflation keeping them in check. Key factors likely to shape the future of the financial sector include the prevailing rock-bottom interest rates, which affect the net interest income of banks, plus the fact that the low inflation scenario may linger on, making it more difficult for households and companies to delever. The banking world's exposure to certain countries might also be a factor impacting the financial results of a number of institutions, although the risk appears to be much more contained than in other recent episodes.

All in all, the projected earnings of the Spanish financial system are positive for 2015, buoyed by the steady normalisation of the cost of risk and rallying cost-to-income ratios, although the levels seen prior to the recession are still some way off.

On a final note, European institutions must play their part in deploying the banking union and adapting to a new regulatory environment intended to bring about a steady standardisation of banking supervision and resolution, while ensuring in the longer term a competitive framework within the eurozone.

16.2. Outlook for the CaixaBank Group

The 2011-2014 Strategic Plan drew to a successful close in 2014, having comfortably overcome the challenges raised despite having been implemented during a difficult economic climate. The Group has defined its new 2015-2018 Strategic Plan within a context of gradual economic recovery, the start-up of the Banking Union and an increasing presence of technology and innovation in relations with customers. In the Spanish financial system, the fall-out of the recession remains in the form of low returns and a widespread loss of trust among the public. With this in mind, the following strategic lines have been settled on:

- Customer focus: best bank in both quality and reputation
- Attaining recurring returns above the cost of capital
- Managing capital actively
- Leading the digitalisation of the banking world
- Having a better prepared and more dynamic human team

A key challenge for the Group in 2015 will be developing and adapting to the new European supervisory model and the new regulatory bodies. A good deal of work within the company has already been carried out in 2014, as explained at greater length in the accompanying annual accounts. In 2015, the CaixaBank Group will lay the foundations for growing profitability, which will be based on the following aspects:

a. Growth in net interest income and fees and commissions by:
    - lowering financing costs and stabilising the loan book.
    - Growth in off-balance sheet products
    - The contribution made by the Barclays Bank business, which was acquired on 2 January 2014
b. Maintaining operating expenses at 2014 levels, which will be accomplished by focusing efforts on operational efficiency and through the savings resulting from the early retirement scheme approved in 2014 Operating expenses will be affected by the integration of Barclays Bank, SAU in 2015, and will require cost synergies to be managed accordingly.
c. In relation to asset quality, the Group's objectives are as follows:
    - Bringing the NPL ratio to below 8%
    - Reducing the cost of risk by 80 basis points
    - Driving sales and rentals of real estate assets
d. Managing the loan portfolio in view of the brighter economic outlook, enabling the Group to increase loans to companies and self-employed workers and also consumer loans to offset the deleveraging in real estate developer loans and mortgage loans.

17. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Barclays Bank, SAU

On 31 August 2014, CaixaBank and Barclays Bank Plc reached an agreement for CaixaBank to acquire Barclays Bank, SAU.

On 2 January 2015, CaixaBank formally acquired the entire share capital of Barclays Bank, SAU, having already obtained full go-ahead from the authorities. A provisional price of €820 million was paid, calculated on the basis of estimated equity of €1,714 million at Barclays Bank, SAU. The final acquisition price will be raised or lowered accordingly to reflect the final equity of Barclays Bank, SAU at 31 December 2014.

CaixaBank took effective control of Barclays Bank, SAU on 2 January 2015. The purchase price allocation process then began as required to report the transaction in the accounts. Until the final outcome of this process is determined, the acquisition is estimated to produce negative goodwill of approximately €500 million and the need to incur certain restructuring costs of approximately €300 million net of tax.

Takeover bid (*oferta pública de acquisición*, or OPA) to acquire the common stock of the Portuguese bank BPI

On 17 February 2015 CaixaBank announced to *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Regulator) its intention to launch a takeover bid to acquire the common stock of the Portuguese bank BPI.

It is intended as a non-hostile bid and is subject to a cash bid price of 1.329 euros per share. The price offered to shareholders is the weighted average for the last six months and is considered an equitable price under the laws of Portugal. The takeover is aimed at all the share capital of BPI not already owned by CaixaBank, while effectiveness of the offer is conditional on: (i) obtaining acceptance accounting for more than 5.9% of the shares issued, such that CaixaBank is able to exceed 50% of share capital following the bid when combined with its existing 44.1% stake; and (i) the general shareholders meeting of BPI disapplying the 20% cap on the voting rights that any one given shareholder can cast, as prescribed by article 12.4 of the bank's articles of association. In order for this limit to be removed, at least 75% of capital present or represented by proxy must vote in favour at the corresponding general meeting of BPI, without CaixaBank's voting exceeding 20% of the total voting rights.

CaixaBank will continue to lend its support to the existing management team at BPI, whose prudent and effective approach to the job has shielded BPI from the instability rife within the financial system over recent years.

Likewise, CaixaBank wishes for BPI to remain a listed company following completion of the takeover bid, with the ongoing support of those shareholders who decided not to sell their shares during the takeover bid, including those with seats on BPI's Board of Directors.

The deal is expected to be finalised in the second quarter of 2015 and will have a positive impact on CaixaBank's earnings per share (EPS) from day one. Based on preliminary estimates, the impact on CaixaBank's capital base (fully loaded CET1) is expected to be between 80 basis points (0.80%) and 140 basis points (1.40%), assuming takeover bid acceptance levels of between 5.9% and 55.9%. At any rate, CaixaBank's objective is to maintain a capital ratio (fully loaded CET1) of over 11% following the deal so as to remain one of the top European banks when it comes to solvency.

18. CORPORATE GOVERNANCE REPORT FOR 2014

Law 16/2007, of July 4, reforming and adapting Spanish corporate accounting legislation for its international harmonization with European legislation, redrafted article 49 of the Spanish Commercial Code regulating the minimum scope of the management report. Pursuant to this regulation, CaixaBank has included its Annual Corporate Governance Report in a separate section of the Management Report.

A re-formatted edition of the comprehensive text of CaixaBank's Annual Corporate Governance Report for 2014, approved by the Bank's Board of Directors on 26 February 2015, follows below. The original report, prepared in accordance with the prescribed format and prevailing regulations, is available at www.caixabank.com and on the website of the Spanish National Securities Market Commission (CNMV).

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR-END	31/12/2014

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

CORPORATE NAME
CAIXABANK, S.A.

REGISTERED OFFICE
AV. DIAGONAL N.621, (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 (EUR)	Number of shares	Number of voting rights
16/12/2014	5,714,955,900.00	5,714,955,900	5,714,955,900

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

Yes [ ] No [X]

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	Number of indirect voting rights	% of total voting rights
LA CAIXA BANKING FOUNDATION	6,119	3,369,260,593	58.96%
CRITERIA CAIXAHOLDING, S.A.U.	3,369,260,593	0	58.96%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
LA CAIXA BANKING FOUNDATION	CRITERIA CAIXAHOLDING, S.A.U.	3,369,260,593

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
LA CAIXA BANKING FOUNDATION	08/04/2014	It holds less than 60% of the share capital
LA CAIXA BANKING FOUNDATION	14/04/2014	It holds over 60% of the share capital
LA CAIXA BANKING FOUNDATION	07/07/2014	It holds less than 60% of the share capital
LA CAIXA BANKING FOUNDATION	14/10/2014	It holds less than 60% of the share capital
CRITERIA CAIXAHOLDING, S.A.U.	14/10/2014	It holds over 50% 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	Number of indirect voting rights	% of total voting rights
ALAIN MINC	12,303	0	0.00%
MARIA DOLORS LLOBET MARIA	850	0	0.00%
LEOPOLDO RODÉS CASTAÑÉ	11,932	0	0.00%

Name or corporate name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
ISIDRO FAINÉ CASAS	714,710	0	0.01%
JUAN JOSÉ LÓPEZ BURNIOL	24,979	0	0.00%
SALVADOR GABARRO SERRA	8,613	0	0.00%
JUAN ROSELL LASTORTRAS	0	40,300	0.00%
FUNDACIÓN CAJA NAVARRA	53,600,000	0	0.94%
FUNDACIÓN MONTE SAN FERNANDO	51,174,466	0	0.90%
JOHN S. REED	11,953	0	0.00%
EVA AURÍN PARDO	1,450	0	0.00%
MARÍA TERESA BASSONS BONCOMPTE	18,427	0	0.00%
JAVIER IBARZ ALEGRÍA	1,404	0	0.00%
FRANCESC XAVIER VIVES TORRENTS	3,185	0	0.00%
ANTONIO MASSANELL LAVILLA	82,099	0	0.00%
GONZALO GORTÁZAR ROTAECHE	406,092	0	0.01%
ARTHUR K. C. LI	1,012	0	0.00%
MARÍA AMPARO MORALEDA MARTÍNEZ	0	0	0.00%
ANTONIO SÁINZ DE VICUÑA Y BARROSO	581	0	0.00%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
JUAN ROSELL LASTORTRAS	CIVISLAR, S.A.	20,150
JUAN ROSELL LASTORTRAS	CONGOST, S.A.	20,150

% of total voting rights held by the Board of Directors	1.85%

Complete the following tables on share options held by Directors.

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.

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
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Corporate

Brief description

The "la Caixa" Banking Foundation is the result of changing Caja de de Ahorros y Pensiones de Barcelona "la Caixa" into a banking foundation. Its main activity is the development of welfare projects and the management of its stake in CaixaBank, following the transfer of same to Criteria CaixaHolding, S.A.U., which is controlled by the "la Caixa" Banking Foundation along with CaixaBank, with the latter being controlled indirectly. Therefore all of these comprise the "la Caixa" Group, hence the corporate relationship.

Related-party name or corporate name
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Commercial

Brief description

There are commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Relations Protocol between CaixaBank and the “la Caixa” Banking Foundation submitted to the CNMV on 1 July 2011 (available on www.CaixaBank.com). Following the transfer of Monte de Piedad's activity to CaixaBank, this was amended on 1 August 2012 and following the extinction of the indirect exercise by "la Caixa" of its activity as a credit institution through CaixaBank, this was novated on 16 June 2014 and reported to the CNMV the following day, to extend the validity of the Internal Relations Protocol, under all the terms and conditions that are not affected by the end of the indirect exercise by "la Caixa" of its financial activity up until a new Internal Relations Protocol is agreed.

Related-party name or corporate name
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Contractual

Brief description

There are commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Relations Protocol between CaixaBank and the “la Caixa” Banking Foundation submitted to the CNMV on 1 July 2011 (available on www.CaixaBank.com). Following the transfer of Monte de Piedad's activity to CaixaBank, this was amended on 1 August 2012 and following the extinction of the indirect exercise by "la Caixa" of its activity as a credit institution through CaixaBank, this was novated on 16 June 2014 and reported to the CNMV the following day, to extend the validity of the Internal Relations Protocol, under all the terms and conditions that are not affected by the end of the indirect exercise by "la Caixa" of its financial activity up until a new Internal Relations Protocol is agreed.

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 [X] No [ ]

Shareholders bound by agreement
FUNDACIÓN CAJA DE BURGOS
FUNDACIÓN CAJA NAVARRA
FUNDACIÓN CAJA CANARIAS
LA CAIXA BANKING FOUNDATION
FUNDACIÓN MONTE SAN FERNANDO

% of share capital affected: 80.60%

Brief description of agreement

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: the "la Caixa" Banking Foundation, Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos), (hereinafter "the Foundations") entered into an agreement which regulates the relations of "the Foundations" and the "la Caixa" Banking Foundation 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 the ”la Caixa" Banking Foundation with their control.

CONTINUES IN SECTION H.

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

Yes [ ] No [X]

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

The Company is not aware of the existence of any concerted actions among its shareholders.

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 [X] No [ ]

Name or corporate name
LA CAIXA BANKING FOUNDATION

Remarks
The "la Caixa" Banking Foundation is the controlling shareholder of CaixaBank, under the terms of article 4 of the Securities Market Act, as its stake in CaixaBank is held through Criteria CaixaHolding, S.A.U., a wholly owned investee of "la Caixa". In order to strengthen transparency and good governance at the Company, and in line with recommendation 2 of the Unified Code of Good Governance, CaixaBank and the "la Caixa" Banking Foundation, as its controlling shareholder, signed an Internal Relations Protocol which has been novated on various occasions to reflect the changes in the Group's structure. The most recent was on 16 June 2014 to adapt it to the new situation whereby Caja de Ahorros y Pensiones de Barcelona "la Caixa" no longer indirectly carries out its financial activity through CaixaBank and the former's transformation into the "la Caixa" Banking Foundation.

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
2,656,651	0	0.05%

(*) Through:

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
08/01/2014	9,498,353	0	0.19%

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital
21/01/2014	50,729,403	0	1.01%
25/03/2014	41,453,897	0	0.82%
08/04/2014	3,547,663	0	0.07%
14/04/2014	57,068,557	0	1.06%
25/06/2014	7,978,705	0	0.15%
07/07/2014	405,215	0	0.01%
30/09/2014	7,460,711	0	0.13%
16/12/2014	2,528,254	0	0.04%

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.

The mandate granted at the Annual General Meeting of 19 April 2012 remains in force. This annulled the unused portion of the authorisation for treasury stock acquisition granted on 12 May 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 19 April 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 instalments, 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 authorise 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 authorisation 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 [X]

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

Yes [ ] No [X]

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 [X]

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 Bylaws. Describe how it differs from the system of minimum quorums established in the LSC.

Yes [ ] No [X]

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 [X]

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

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

Regarding amendments to CaixaBank's Bylaws, 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 Bylaws.

In addition, as a credit institution, and in accordance with the terms of Article 10 of Royal Decree 84/2015, of 13 February, amendments to CaixaBank's Bylaws are governed by the authorisation and registration procedure set forth therein. Nevertheless, certain amendments (including the change of registered office within Spain, an increase in the share capital, the textual incorporation of mandatory or prohibitive legal or regulatory precepts, or those to comply with judicial or administrative resolutions) are not subject by the authorisation 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	
24/04/2014	61.60%	13.35%	0.02%	0.14%	75.11%

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

Yes [X] No [ ]

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

B. 6 Indicate whether decisions involving a fundamental corporate change ("subsidiarisation", 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 [X]

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
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 special temporary banner appears on the CaixaBank homepage with a direct link to all the pertinent information. We would also note that there is a section at the bottom of the CaixaBank homepage entitled "Direct Links" where users can access all the information on the General Meetings at all times.

C COMPANY MANAGEMENT STRUCTURE

C. 1 Board of Directors

C. 1.1 List the maximum and minimum number of Directors included in the Bylaws.

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
ALAIN MINC		DIRECTOR	06/09/2007	24/04/2014	AGM RESOLUTION
MARIA DOLORS LLOBET MARIA		DIRECTOR	07/05/2009	19/05/2010	AGM RESOLUTION
LEOPOLDO RODÉS CASTAÑÉ		DIRECTOR	30/07/2009	19/05/2010	AGM RESOLUTION
ISIDRO FAINÉ CASAS		CHAIRMAN	07/07/2000	19/05/2010	AGM RESOLUTION
JUAN JOSÉ LÓPEZ BURNIOL		DIRECTOR	12/05/2011	12/05/2011	AGM RESOLUTION
SALVADOR GABARRO SERRA		DIRECTOR	06/06/2003	05/06/2008	AGM RESOLUTION
JUAN ROSELL LASTORTRAS		DIRECTOR	06/09/2007	24/04/2014	AGM RESOLUTION
FUNDACIÓN CAJA NAVARRA	JUAN FRANCO PUEYO	DIRECTOR	20/09/2012	25/04/2013	AGM RESOLUTION

Name or corporate name of Director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
FUNDACIÓN MONTE SAN FERNANDO	GUILLERMO SIERRA MOLINA	DIRECTOR	20/09/2012	25/04/2013	AGM RESOLUTION
JOHN S. REED		DIRECTOR	03/11/2011	19/04/2012	AGM RESOLUTION
EVA AURÍN PARDO		DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION
MARÍA TERESA BASSONS BONCOMPTE		DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION
JAVIER IBARZ ALEGRÍA		DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION
FRANCESC XAVIER VIVES TORRENTS		DIRECTOR	05/06/2008	05/06/2008	AGM RESOLUTION
ANTONIO SÁINZ DE VICUÑA Y BARROSO		DIRECTOR	01/03/2014	24/04/2014	AGM RESOLUTION
ANTONIO MASSANELL LAVILLA		DEPUTY CHAIRMAN	30/06/2014	30/06/2014	CO-OPTION
GONZALO GORTÁZAR ROTAECHE		CHIEF EXECUTIVE OFFICER	30/06/2014	30/06/2014	CO-OPTION
ARTHUR K. C. LI		DIRECTOR	20/11/2014	20/11/2014	CO-OPTION
MARÍA AMPARO MORALEDA MARTÍNEZ		DIRECTOR	24/04/2014	24/04/2014	AGM RESOLUTION

Total number of Directors	19

Indicate any board members who left during this period.

Name or corporate name of Director	Status of the Director at the time	Leaving date
JUAN MARÍA NIN GÉNOVA	Executive Director	30/06/2014
JAVIER GODÓ MUNTAÑOLA	Proprietary Director	30/06/2014
SUSANA GALLARDO TORREDEDIA	Independent Director	24/04/2014
DAVID K. P. LI	Other external Director	23/10/2014

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
ANTONIO MASSANELL LAVILLA	APPOINTMENTS AND REMUNERATION COMMITTEE	DEPUTY CHAIRMAN
GONZALO GORTÁZAR ROTAECHE	APPOINTMENTS AND REMUNERATION COMMITTEE	CHIEF EXECUTIVE OFFICER

Total number of executive Directors	2
% of the board	10.53%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of Director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
FUNDACIÓN CAJA NAVARRA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA NAVARRA, CAJASOL, CAJA CANARIAS & CAJA DE BURGOS
FUNDACIÓN MONTE SAN FERNANDO	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA NAVARRA, CAJASOL, CAJA CANARIAS & CAJA DE BURGOS
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
MARIA DOLORS LLOBET MARIA	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
EVA AURÍN PARDO	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
MARÍA TERESA BASSONS BONCOMPTE	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION
JAVIER IBARZ ALEGRÍA	APPOINTMENTS AND REMUNERATION COMMITTEE	LA CAIXA BANKING FOUNDATION

Total number of proprietary Directors	10
% of the board	52.63%

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of Director

ALAIN MINC

Profile:
Born in Paris in 1949, Alain Minc has been a Member of the CaixaBank Board of Directors since 2007.

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

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 has also been a finance inspector and CFO at Saint-Gobain.

He is currently Chairman of Sanef and Director at Prisa.

He has been named Commandeur de la Légion d' Honneur, Commander of British Empire and received the Gran Cruz de la Orden del Mérito Civil.

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 á nos nouveaux maîtres (2003); Les Prophétes 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'Áme des Nations (2012); L' Homme aux deux visage (2013), Vive l'Allemagne (2013), and Le mal français n' est plus ce qu'il était (2014).

Name or corporate name of Director

JOHN S. REED

Profile:

Born in Chicago in 1939, John Reed has been a 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. In 1961, 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 programme. 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. John Reed worked for Citibank/ Citicorp and Citigroup for over 35 years, holding the position of President for the last 16 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 (2010-2014).

Mr. Reed is a member of the Board of Directors of MDRC, the Isabella Stewart Gardner Museum, the Boston Athenaeum and the NBER as well as Supervisor of the Boston Symphony Orchestra. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society and Director of the Social Science Research Council.

Name or corporate name of Director

FRANCESC XAVIER VIVES TORRENTS

Profile:

Born in Barcelona in 1955, Xavier Vives Torrents has been a member of the CaixaBank Board of Directors 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 Professor of European Studies at the INSEAD Business School in 2001-2005; Director of the Institute of Economic Analysis at the Spanish High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, and New York (King Juan Carlos I Chair 1999-2000), as well as the Autonomous University of Barcelona and the Pompeu Fabra University.

He has also advised the World Bank, the Inter-American Development Bank, the 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. He is also 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 Catalonian regional government in 2002; and the Catalonia Economics Prize in 2005, in addition to 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 King Jaime I Award for economics in 2013.

Name or corporate name of Director

MARÍA AMPARO MORALEDA MARTÍNEZ

Profile:

Born in Madrid in 1964, María Amparo Moraleda has been a member of the CaixaBank Board of Directors since 2014.

She graduated in Industrial Engineering from the ICAI and holds an MBA from the IESE Business School.

She is an Independent Director at several companies: Meliá Hotels Internacional, S.A. (since 2009), Faurecia, S.A. (since 2012), Alstom, S.A. (since 2013) and Solvay, S.A. (since 2013).

She is also a member of the Supervisory Board of the Spanish High Council for Scientific Research (since 2011) and a member of the Advisory Boards of KPMG España (since 2012) and SAP Ibérica (since 2013).

Between January 2009 and February 2012 she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011.

She was Executive Chairman of IBM Spain and Portugal between July 2001 and January 2009, responsible for Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001 she was assistant executive to the President of IBM Corporation. From 1998 to 2000 Ms Moraleda Martínez was General Manager of INSA (a subsidiary of IBM Global Services). From 1995 to 1997 she was HR Director for EMEA at IBM Global Services and from 1988 to 1995 held various professional and management positions at IBM España.

She is also a member of various boards and trusts of different institutions and bodies including the Academy of Social Sciences and the Environment of Andalusia, the Board of Trustees of the MD Anderson Cancer Center in Madrid and the International Advisory Board of the Instituto de Empresa.

In 2005 she was inducted into the Women in Technology International (WITI) organisation's Hall of Fame, established to recognise, honour, and promote the outstanding contributions women make to the scientific and technological communities that improve and evolve society, while her numerous accolades include: the Values Leadership Award (FIGEVA Foundation – 2008), the Javier Benjumea Prize (Engineering Association of the ICAI – 2003) and the Award for Excellence (Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs – Fedepe – 2002).

Name or corporate name of Director

ANTONIO SÁINZ DE VICUÑA Y BARROSO

Profile:

Born in Barcelona in 1948, Antonio Sainz de Vicuña y Barroso has been a member of the CaixaBank Board of Directors since 2014.

He is a graduate in Law and Economic and Commercial Science from Madrid's Complutense University (1971), and then studied a postgraduate course with a final dissertation on European and International Law. He also holds a Diploma in International Law from Pembroke College, Cambridge University. He was awarded a grant from the Juan March Foundation.

In 1974, he became a State Attorney acting as a legal advisor to the Ministries of Finance, Economy and Foreign Affairs between 1974 and 1989.

From September 1989 to November 1994 he was the Chief International Legal Counsel of Banco Español de Crédito in Madrid.

Between November 1994 and June 1998, he was General Counsel at the European Monetary Institute (EMI) in Frankfurt, the body entrusted with the preparatory work for the launch of the euro. In June 1998, he moved to the European Central Bank where he was General Counsel and Director of the Legal Services, before retiring at 65 in November 2013.
He is also a founder member of and sat on the first Board of Directors of Asociación para el Estudio del Derecho Europeo (1982-1986); a founder member of the Corte Civil y Mercantil de Arbitraje (1989-1994); founder member and member of Supervisory Board of the Institute for Law and Finance, Wolfgang Goethe Universität, Frankfurt (2000-2013); founder member and member of the Advisory Board of PRIME Finance (2011-2013); and a member the Advisory Board of the European Capital Markets Institute (2000-2013).

He has also published a monography on "State Contracts in International Law" (Ed. Ministry of Foreign Affairs, 1986) and some 30 legal articles in specialist publications. He has been awarded with the Commander Cross, Order of Elizabeth the Catholic (1987) and with the Commander Cross, Order of Civil Merit (2014).

Name or corporate name of Director

JUAN ROSELL LASTORTRAS

Profile:

Born in Barcelona in 1957, Juan Rosell Lastortras has been a member of the CaixaBank Board of Directors since 2007.

He holds a degree in Industrial Engineering from Barcelona Polytechnic University and studied Political Science at the Complutense University of Madrid. He is Chairman of Congost Plastic.

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

He is currently a board member of Port Aventura Entertainment and Gas Natural Fenosa, and is Chairman of Miura Private Equity Investment Committee.

He is also Chairman of the Confederation of Employers' Organizations (CEOE), Chairman of the ANIMA Foundation, member of the Mont Pelerin Society, and Deputy Chairman of Business Europe.

Mr. Rosell has received numerous decorations including the Gold Medal of Merit of the International Trade Fair of Barcelona and the Silver Medal of the Barcelona Chamber of Commerce; was named a Commander of the Order Merit of the Italian Republic; and was given the Keys to the City of Barcelona.

Total number of independent Directors	6
% of the board	31.58%

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.

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

OTHER EXTERNAL DIRECTORS

Name or corporate name of Director	Committee notifying or proposing appointment
ARTHUR K. C. LI	NOMINATION COMMITTEE

Total number of other external Directors	1
% of the board	5.26%

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

ARTHUR K. C. LI

Company, executive or shareholder with whom the relationship is maintained

THE BANK OF EAST ASIA LIMITED

Reasons

Arthur K.C. is not - nor 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. Also, as CaixaBank's stake in The Bank of East Asia exceeds 5%, and Mr. Li is Deputy Chairman of same, he cannot be considered an independent Director and therefore holds the post of other external Director.

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
JUAN ROSELL LASTORTRAS	17/07/2014	Other external Director	Independent Director

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			
	2014	2013	2012	2011	2014	2013	2012	2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	3	3	3	2	30.00%	27.27%	27.27%	22.22%
Independent Director	1	1	2	2	16.66%	25.00%	40.00%	33.33%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	4	4	5	4	21.05%	22.22%	26.32%	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 31 December 2014, the Board of Directors included 4 women out of 19 Directors.

Even though the percentage of female Directors at CaixaBank is not equal and can clearly be improved, it is in the upper range of the companies on the IBEX 35.

When analysing and proposing candidates' profiles for appointment to the Board of Directors, the Appointments 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 as stipulated in prevailing legislation. However, it has yet to set a quota for female Directors.

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 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 21.05 % of the Board of Directors. Women comprise 16.66% of the independent Directors and 30% of proprietary Directors while

25% of the members of the Executive Committee are women and one of the board committees is chaired by a female Director.

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, the “la Caixa” Banking Foundation proposed the appointment of nine (9) Directors, namely:

ISIDRO FAINÉ CASAS - CHAIRMAN - PROPRIETARY
ANTONIO MASSANELL LAVILLA- DEPUTY CHAIRMAN - EXECUTIVE/PROPRIETARY
EVA AURÍN PARDO - 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, within the merger and absorption framework of Banca Cívica by CaixaBank, on 1 August 2012 Caja de Ahorros y Pensiones de Barcelona, "la Caixa" (currently the "la Caixa" Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter "the Foundations"), entered into a shareholders agreement which, inter alia, stated the pledge given by “la Caixa” to vote in favour of the appointment of two (2) Directors to the CaixaBank Board of Directors proposed by the Foundations, namely:

FUNDACIÓN CAJA NAVARRA (represented by Juan Franco Pueyo) - MEMBER - PROPRIETARY
FUNDACIÓN 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

FUNDACIÓN CAJA NAVARRA

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, "la Caixa" (currently the "la Caixa" Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos), (hereinafter "the Foundations") 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 the ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN MONTE SAN FERNANDO

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, "la Caixa" (currently the "la Caixa" Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos), (hereinafter "the Foundations") 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 the ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN CAJA CANARIAS

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, "la Caixa" (currently the "la Caixa" Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos), (hereinafter "the Foundations") 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 the ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN CAJA DE BURGOS

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, "la Caixa" (currently the "la Caixa" Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos), (hereinafter "the Foundations") 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 the ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the ”la Caixa” Banking Foundation, 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 [X]

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

DAVID K. P. LI

Reasons for resignation

Pursuant to prevailing legislation on the maximum number of directorships board members of credit institutions can hold, at the board meeting on 23 October 2014, Mr. David K. P. Li tendered his resignation.

Name of Director

JUAN MARÍA NIN GÉNOVA

Reasons for resignation

At the board meeting of 30 June 2014, the Board accepted Juan María Nin's resignation as Director and Deputy Chairman following his removal as Chief Executive Director by mutual agreement.

Name of Director

JAVIER GODÓ MUNTAÑOLA

Reasons for resignation

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

GONZALO GORTÁZAR ROTAECHE

Brief description

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

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
GONZALO GORTÁZAR ROTAECHE	VidaCaixa, S.A., de Seguros y Reaseguros.	Chairman
EVA AURÍN PARDO	VidaCaixa, S.A., de Seguros y Reaseguros.	Director
MARIA DOLORS LLOBET MARIA	Nuevo Micro Bank, S.A.U.	Director
MARIA DOLORS LLOBET MARIA	VidaCaixa, S.A., de Seguros y Reaseguros.	Director
JAVIER IBARZ ALEGRÍA	VidaCaixa, S.A., de Seguros y Reaseguros	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	Corporate name of the group entity	Position
ALAIN MINC	DIRECT ENERGIE	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES S.A. (GRUPO PRISA)	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL FENOSA	CHAIRMAN
JUAN ROSELL LASTORTRAS	GAS NATURAL FENOSA	DIRECTOR
ARTHUR K. C. LI	THE BANK OF EAST ASIA, LIMITED	DEPUTY CHAIRMAN
ARTHUR K. C. LI	SHANGRI-LA ASIA LIMITED	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	GRUPO FINANCIERO INBURSA	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	MELIÁ HOTELS INTERNACIONAL, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	SOLVAY, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	FAURECIA, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	ALSTOM, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	DIRECTOR
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS, S.A.	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	TELEFÓNICA, S.A.	DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL, S.A.	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	SUEZ ENVIRONNEMENT COMPANY	DIRECTOR
ANTONIO MASSANELL LAVILLA	TELEFÓNICA, S.A.	DIRECTOR
ANTONIO MASSANELL LAVILLA	BANCO BPI, S.A.	DIRECTOR
ANTONIO MASSANELL LAVILLA	BOURSORAMA, S.A.	DIRECTOR
GONZALO GORTÁZAR ROTAECHE	GRUPO FINANCIERO INBURSA	DIRECTOR

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 [X] No [ ]

Explanation of rules
Article 32.4 of the Board of Directors' Regulations stipulates that 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	X	
Design of the structure of the corporate group	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plans management targets and annual budgets	X	
Remuneration and evaluation of senior officers	X	
Risk control and management, and the periodic monitoring of internal information and control systems	X	
Dividend policy, as well as the policies and limits applying to treasury stock	X	

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

Board remuneration (thousands of euros)	21,238
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	299
Total board remuneration (thousands of euros)	21,537

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
IGNACIO ÁLVAREZ-RENDUELES VILLAR	DEPUTY GENERAL MANAGER INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	CHIEF RISKS OFFICER
JOAQUIN VILAR BARRABEIG	DEPUTY GENERAL MANAGER AUDIT AND INTERNAL CONTROL
JAVIER PANO RIERA	HEAD OF FINANCE
FRANCESC XAVIER COLL ESCURSELL	DEPUTY GENERAL MANAGER OF HUMAN RESOURCES
TOMÁS MUNIESA ARANTEGUI	CHIEF INSURANCE AND ASSET MANAGEMENT OFFICER
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER
JORGE FONTANALS CURIEL	EXECUTIVE DIRECTOR OF RESOURCES
JORGE MONDÉJAR LÓPEZ	EXECUTIVE DIRECTOR OF AUDIT, MANAGEMENT AND CAPITAL CONTROL
ÓSCAR CALDERÓN DE OYA	GENERAL SECRETARY

Total remuneration received by senior management (thousands of euros)	10,947

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
MARIA DOLORS LLOBET MARIA	SABA INFRAESTRUCTURAS, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	CRITERIA CAIXAHOLDING, S.A.U.	CHAIRMAN
ISIDRO FAINÉ CASAS	LA CAIXA BANKING FOUNDATION	CHAIRMAN
JUAN JOSÉ LÓPEZ BURNIOL	CRITERIA CAIXAHOLDING, S.A.U.	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	LA CAIXA BANKING FOUNDATION	DIRECTOR
SALVADOR GABARRÓ SERRA	CRITERIA CAIXAHOLDING, S.A.U.	THIRD DEPUTY CHAIRMAN
MARÍA TERESA BASSONS BONCOMPTE	LA CAIXA BANKING FOUNDATION	DIRECTOR
ANTONIO MASSANELL LAVILLA	MEDITERRANEA BEACH & GOLF COMMUNITY, S.A.	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.

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

Yes [X] No [ ]

Description of amendments

In accordance with the provisions of Law 10/2014, of 26 July on the Organisation, Supervision and Solvency of Credit Institutions, on 25 September 2014 the Board resolved to amend the following articles of the Regulations of the Board of Directors: 4 ("General Duties of the Board of Directors"), 9.4 ("The Secretary of the Board of Directors"), 11 ("Delegated Bodies of the Board of Directors"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 17 ("Appointment of Directors"), 18 ("Appointment of Independent Directors"), 23.1 ("Remuneration of Directors") and 28.2 ("Use of Corporate Assets"). On 23 October 2014 it approved the amendments to article 14.1 ("The Appointments Committee and the Remuneration Committee").

These amendments, made to comply with the new legislation, are intended to create new committees, determine their duties, and, in general, make Directors assume more direct responsibility.

In accordance with the provisions of article 529 of the Corporate Enterprises Act, the amended text of both was reported to the Comisión Nacional del Mercado de Valores ("CNMV), executed in a public document and filed in the Companies Registry. Once filed, the full texts were published by the CNMV and by CaixaBank, S.A. on its corporate website (www.CaixaBank.com).

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.

Pursuant to article 529 (16) of Royal Legislative Decree 1/2010 of 2 July, approving the revised text of the Corporate Enterprises Act, and articles 5 and 17-19 of the Regulations of the Board of Directors, proposed appointments of Directors submitted by the Board of Directors for the Annual General Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option 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 Annual General Meeting and co-opt Directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a majority over executive Directors and that the latter should be the minimum.

The Board will also strive to ensure that the majority group of external Directors includes stable significant shareholders of the Company or their representatives (proprietary Directors) and persons of recognised 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 prevailing legislation.

In particular, with regard to independent Directors, article 529 (16) of Royal Legislative Decree 1/2010 of 2 July and article 18 of the Regulations of the Board of Directors include the same restrictions as Order ECC/461/2013 of 20 March 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 Bylaws 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 529 (19) of Royal Legislative Decree 1/2010 of 2 July and article 15.6 of the Regulations of the Board of Directors stipulate 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.

CONTINUES IN SECTION H.

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

Yes [X] No [ ]

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

Description of amendments
The Board of Directors evaluated its performance during the year. However, this evaluation did not prompt significant changes in its internal organisation and the procedures applicable to its activities.

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 formalise, 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 judgement 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 [X]

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 [X] No [ ]

Explanation of rules
Articles 15 and 36.1 of the Regulations of the Board of Directors and the Bylaws 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 19 members) and the positions of Chairman and CEO are not held by the same person. 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.

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.

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

Yes ☐ No ☒

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

Yes ☒ No ☐

Matters where the Chairman has the casting vote
Articles 35. 5. (iv) of the Bylaws and 16.4 of the 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 Bylaws or the board regulations set any age limit for Directors.

Yes ☒ No ☒

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

Yes ☒ No ☒

C. 1.28 Indicate whether the Bylaws 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 endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. This is without prejudice to prevailing legislation limiting the number of proxies non-executive Directors may appoint and that these may only be other non-executive Directors.

Likewise, the internal regulations stipulate that the proxy shall be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.

However, proxies are not usually granted with specific instructions so that proxies may adhere to the matters under discussion by the Board, providing they have been granted according to the law. In accordance with applicable law governing the powers of the Chairman of the Board, such powers including the power to encourage debate and the active involvement of the Board members during the meeting, board members must be allowed speak freely and adopt the stance they wish.

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.

Fees and commissions	No. meetings
EXECUTIVE COMMITTEE	23
NOMINATION COMMITTEE	4
AUDIT AND CONTROL COMMITTEE	11
REMUNERATION COMMITTEE	6
RISKS COMMITTEE	8
APPOINTMENTS AND REMUNERATION COMMITTEE	15

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	4
% of attendances of the total votes cast during the year	93.92%

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

Yes [ ] No [X]

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

C. 1.32 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 jeopardise 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 [X]

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?	X	
Does the Nomination Committee advise on dismissals?	X	
Do appointments have to be approved by the board in plenary session?	X	
Do dismissals have to be approved by the board in plenary session?	X	

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

Yes [X] No [ ]

Remarks
The Secretary of the board is entrusted in particular with the function of overseeing corporate governance recommendations.

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 jeopardise 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.

As an additional mechanism of ensuring the auditor's independence, article 45.4 of the Bylaws states that the General Meeting may not revoke the auditors until the period for which they were appointed terminated, unless it finds just cause. 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 [X]

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

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 [X] No [ ]

	Company	Group	Total
Amount of non-audit work (thousands euros)	3,036	372	3,408
Amount of non-audit work as a % of the total amount billed by the audit firm	48.70%	15.30%	39.30%

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 [X]

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	13	13
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	87.00%	87.00%

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

Yes [X] 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.

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 [X] 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, documents must be approved by the Board. In particular, documents that cannot be fully be analysed and discussed during the meeting due to their size are sent out to Board members prior to the Board meeting in question.

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 organisation's name or reputation, tendering their resignation as the case may be.

Yes [X] 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 formalise, 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 judgement 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 [X]

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.

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

2 executive Directors, 10 Management Committee members, 16 executives/ 29 employees -specialists and middle management

Description of resolution

2 executive Directors, 10 Management Committee members, 16 executives

2-7 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 favour 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
The remuneration policy applicable after 2015 contemplates the progressive adaptation of contracts so that payments for early termination of contracts are limited to a maximum of two annual payments of the fixed components of remuneration.

29 employees – specialists and middle management

1-2.4 annual payments (fixed remuneration or fixed and non-fixed remuneration, depending on contractual conditions).

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

	Board of Directors	Annual General Meeting
Body authorising clauses	Yes	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		X

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 COMMITTEE

Name	Position	Type
ISIDRO FAINÉ CASAS	CHAIRMAN	Proprietary
ANTONIO MASSANELL LAVILLA	MEMBER	Executive Director
GONZALO GORTÁZAR ROTAECHE	MEMBER	Executive Director
JAVIER IBARZ ALEGRÍA	MEMBER	Proprietary
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	Proprietary
MARIA DOLORS LLOBET MARIA	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent Director
ANTONIO SÁINZ DE VICUÑA Y BARROSO	MEMBER	Independent Director

% of executive Directors	25.00%
% of proprietary Directors	50.00%
% of independent Directors	25.00%
% of other external Directors	0.00%

NOMINATION COMMITTEE

Name	Position	Type
ANTONIO SÁINZ DE VICUÑA Y BARROSO	CHAIRMAN	Independent Director
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent Director

% of executive Directors	0.00%
% of proprietary Directors	33.00%
% of independent Directors	67.00%
% of other external Directors	0.00%

AUDIT AND CONTROL COMMITTEE

Name	Position	Type
ALAIN MINC	MEMBER	Independent Director
SALVADOR GABARRÓ SERRA	MEMBER	Proprietary
FRANCESC XAVIER VIVES TORRENTS	CHAIRMAN	Independent Director

% of executive Directors	0.00%
% of proprietary Directors	33.00%
% of independent Directors	67.00%
% of other external Directors	0.00%

REMUNERATION COMMITTEE

Name	Position	Type
MARÍA AMPARO MORALEDA MARTÍNEZ	CHAIRMAN	Independent Director
SALVADOR GABARRÓ SERRA	MEMBER	Proprietary
ALAIN MINC	MEMBER	Independent Director
LEOPOLDO RODÉS CASTAÑÉ	MEMBER	Proprietary

% of executive Directors	0.00%
% of proprietary Directors	50.00%
% of independent Directors	50.00%
% of other external Directors	0.00%

RISKS COMMITTEE

Name	Position	Type
ANTONIO SÁINZ DE VICUÑA Y BARROSO	CHAIRMAN	Independent Director
JAVIER IBARZ ALEGRÍA	MEMBER	Proprietary
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent Director
JUAN ROSELL LASTORTRAS	MEMBER	Independent Director

% of executive Directors	0.00%
% of proprietary Directors	40.00%
% of independent Directors	60.00%
% of other external Directors	0.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
ANTONIO SÁINZ DE VICUÑA Y BARROSO	CHAIRMAN	Independent Director
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent Director

% of executive Directors	0.00%
% of proprietary Directors	33.00%
% of independent Directors	67.00%
% of other external Directors	0.00%

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							
	2014		2013		2012		2011	
	Number	%	Number	%	Number	%	Number	%
EXECUTIVE COMMITTEE	2	25.00%	2	33.33%	3	42.86%	3	42.86%
NOMINATION COMMITTEE	2	66.67%	0	0.00%	0	0.00%	0	0.00%
AUDIT AND CONTROL COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
REMUNERATION COMMITTEE	1	25.00%	0	0.00%	0	0.00%	0	0.00%
RISKS COMMITTEE	1	20.00%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	0	0.00%	2	66.67%	2	66.67%	1	33.33%

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.	X	
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	X	
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.	X	
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.	X	
Making recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms of their engagement.	X	
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.	X	
Monitoring the independence of the external auditor.	X	

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

Due to space limitations, see our response in "Appendix to 2014 ACGR" attached to section H.

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.

EXECUTIVE COMMITTEE

Brief description

There are no specific regulations for the Board committees. The Executive Committee is governed by applicable legislation, the Company's Bylaws and the 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 Bylaws that the Committee must prepare an activities report. Nevertheless, at its meeting on 19 February 2015 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 2014.

AUDIT AND CONTROL COMMITTEE

Brief description
There are no specific regulations for the Board committees. The organisation and functions of the Audit and Control Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together with its structure and composition.

In compliance with article 13.3 (v) of the Regulations of the Board of Directors, at its meeting on 26 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 2014.

RISKS COMMITTEE

Brief description
There are no specific regulations for the Board committees. The organisation and functions of the Risks Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with article 13.3 (v) of the Regulations of the Board of Directors, at its meeting on 19 February 2014, the Risks 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 2014.

APPOINTMENTS COMMITTEE

Brief description
There are no specific regulations for the Board committees. The organisation and functions of the Appointments Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with prevailing legislation, at its meeting on 23 February 2015, the Appointments Committee approved its annual activities report detailing its performance during 2014.

REMUNERATION COMMITTEE

Brief description
There are no specific regulations for the Board committees. The organisation and functions of the Remuneration Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with prevailing legislation, at its meeting on 17 February 2015, the Appointments Committee approved its annual activities report detailing its performance during 2014.

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

Yes [X] No [ ]

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
Board in plenary session. CONTINUES IN SECTION H.

Procedures for approving related-party transactions

The Board of Directors, or the Executive Committee (for reasons or urgency and under the authorisation conferred) shall approve related-party transactions based on a favourable 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 between the Caja de Ahorros y Pensiones de Barcelona, "la Caixa" Banking Foundation y CaixaBank 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 CaixaBank Audit and Control Committee and also of the "la Caixa" Banking Foundation Board of Trustees.

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 authorisation 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 (thousands of euros)
LA CAIXA BANKING FOUNDATION	CAIXABANK	Corporate	Others	166,458
CRITERIA CAIXAHOLDING, S.A.U.	CAIXABANK	Corporate	Others	490,251
CRITERIA CAIXAHOLDING, S.A.U.	CAIXABANK	Commercial	Financing agreements: loans	750,000
CRITERIA CAIXAHOLDING, S.A.U.	CAIXABANK	Commercial	Financing agreements: others	999,000
CRITERIA CAIXAHOLDING, S.A.U.	CAIXABANK	Commercial	Other instruments that could imply a transfer of resources of or obligations between the Company and the related party	800,000
LA CAIXA BANKING FOUNDATION	CAIXABANK, S.A.	Contractual	Licences agreements	1,600

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.

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

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (thousands of euros): 3,558,834

Brief description of the transaction:

Purchase of CAIXABANK issues held by VidaCaixa.

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (thousands of euros): 388,710

Brief description of the transaction:

Purchase of SAREB subordinated bonds

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

0 (thousands of euros)

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 these regulations regulates situations of conflict of interest applicable to all Directors, stating that Directors must report all conflicts of interest and abstain from attending and intervening indeliberations and voting which affect matters in which they are personally interested. Also, article 28 states that Directors may not use the Company's assets to obtain an economic advantage unless they have 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 Relations Protocol. This has been novated on various occasions and duly reported to the CNMV each time.

The current Protocol aims to: develop the basic principles governing relations between the "la Caixa" Banking Foundation and CaixaBank; demarcate the general parameters governing any mutual business or social dealings between CaixaBank, its group and the "la Caixa" Banking Foundation and other Group companies (of which CaixaBank is part), and to ensure an adequate flow of information to allow the "la Caixa" Banking Foundation and the CaixaBank to prepare financial statements and meet their periodic reporting and supervision obligations with Bank of Spain, the CNMV and other regulatory bodies

The Protocol lays down the procedures to be followed by CaixaBank and the “la Caixa” Banking Foundation with regard to, inter alia, conflicts of interest, their relationship with core shareholders, related-party transactions and the use of privileged information, pursuant to prevailing legislation at all times.

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

Yes [ ] No [X]

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;

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.

The Company hereby states that of the descriptions contained in CNMV Circular 5/2013, of 12 June, regarding the scope of entities' risk management system, the one which best describes the Company's is number 1:

“… The Risk Management System functions in an integrated and continuous manner, with each area, business unit, activity, subsidiary, geographical area and support area (for example human resources, marketing or management control) managing risk at a corporate level."

In other words, risk control is fully ingrained in the business and the organisation 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.

Risk management at CaixaBank is based on the following principles:
- Risk is inherent to CaixaBank’s business
- Risk is the ultimate responsibility of the Board and requires involvement of Senior Management
- Medium-low risk profile
- Involvement throughout the organisation
- Life cycle of transactions
- Joint decision-making, with an authorisation system always requiring approval by two employees
- Independence of business and operating units
- Lending approval based on the borrower’s repayment ability and an appropriate return
- The use of standard criteria and tools
- Decentralised decision-making
- Use of advanced techniques
- Allocation of appropriate reserves

The Risk Management System itself comprises the following elements:
- The corporate risk catalogue, signed within the framework of the Corporate Risk Map Project (for more information see point E.3), allows for the classification of risks by category and facilitates their evaluation, thereby helping determine the Group's risk profile, a Risk Appetite Framework which standardises risk terminology and facilitates the adaptation of risk reporting to the requirements of the Single Supervisory Mechanism (SSM).

- The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the CaixaBank Group's Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the financial conglomerate's strategic and profitability targets.
- Policies which are the regulatory framework defining how risk activities are conducted in general in order to control and manage risks at corporate level.
- Procedures, methodologies and support tools, which allow policies to be articulated and the "standardisation, comprehensiveness and consistency" principle to be adhered to.
- Risk culture at CaixaBank constantly evolving. This is evident in (i) training: both classroom-based and virtual, using the remote means available; (ii) information: publication of relevant standards, circulars and manuals which are reported during monthly meetings of the CEO and senior management with the directors of the branch network and Central Services; and (iii) incentives: at present this applies to the variable remuneration of certain managers involved in risk origination and management.
- A fully integrated Risk Monitoring and Control System which (i) mitigates operational losses, provides information on thresholds, consumption and risk positions to (ii) avoid overexposure and ensure reporting information, risk calculations and metrics are complete to (iii) guarantee their reliability when measuring risks, and in relation to the data fed into risk software to ensure (iv) no key data is missing or contains inaccurate or out-of-date information which means debtor risks cannot be calculated properly.
- CaixaBank has an internal control framework which offers a reasonable degree of assurance that the Group will achieve its objectives. CaixaBank's internal control environment is aligned with guidelines issued by the regulator and industry best practices, and is structured in accordance with the Three Lines of Defence model: the first involves the Entity's own areas; the Internal Control Area is the second line of defence, 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 first line; and finally, the third line of defence is the supervisory element which is formed by the Internal Audit Area.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

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

Governing bodies

CaixaBank's Board of Directors is the Entity's highest risk-policy setting body. In this regard, the Board itself takes decisions on certain risk management issues:

- Adopting and monitoring compliance with risk measurement approaches, as well as calculating the related regulatory capital requirements;
- Organising control duties at the highest level of authority;
- Establishing global risk limits; and
- Ruling on general risk policies and progress made..

In general, the Board of Directors' functions are:

- Defining general risk management principles;
- Establishing the distribution of functions within the organisation and the criteria for preventing conflicts of interest;
- Approving and reviewing periodically the risk performance, management, control and reduction strategies and policies;
- Approving the general internal control strategies and procedures; and
- Monitoring the results of the risk management and control function and the status of internal control.

The Board has delegated certain issues to the Delegate Committees, whose activities are described in the Regulations of the Board of Directors (articles 11 et seq.). Specifically, the delegate Risks Committee (set up in 2014) closely monitors risk management. Its exact duties and composition are detailed in section C.2.4.. However, the Audit and Control Committee is, without prejudice to the Board's risk control and management powers, the final guarantee of the control mechanisms. See section C.2.4 for its exact duties and composition.

Management bodies

Senior management acts within the framework of powers delegated by the Board of Directors, both collegiately (Management Committee) and individually through the Chief Risks Officer. CaixaBank's General Risk Division ensures the correct working of the Group's Risk Management System. It is not directly responsible for reputational risk (which is managed by the Deputy General Division for Communication, Institutional Relations, Brand and Corporate Responsibility) nor legal/political/regulatory risk or regulatory compliance (which are the responsibility of the General Secretary).

CaixaBank senior management sit on the various risk management committees which establish general action policies, approve transactions at the highest level, and manage business risk across the Group. These committees are:

- Global Risks Committee
- Risk Policies Committee
- Subsidiaries' Risk Policies Committee
- Asset and Liability Committee (ALCO)
- Permanent Lending Committee
- Real Estate Acquisition and Appraisal Committee
- Operational Risk Committee
- Parameters and Models Committee
- Risk Monitoring Committee
- Default and Recovery Committee

- New Investment Products Committee
- Corporate Rating Committee
- Major Auctions Committee
- Major Customer Monitoring Committee
- Dations Committee

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

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

Developments in the financial system and the rapid transformation of the regulatory framework highlight the growing importance of assessing the risk and control environment of entities. Within this framework, CaixaBank's Internal Control Area is coordinating the Corporate Risk Map (CRM) project) to identify, measure, monitor, control and report risks. The process for assessing the significance of risks is aligned with the Entity's Risk Appetite Framework (outlined in point E.1 above).

The Corporate Risk Map offers a comprehensive vision of the risks associated with corporate activities and the control environment.

The CRM project has included determining a Corporate Risk Catalogue (see point E.1), which helps the internal and external monitoring and reporting of risks, which are grouped into the following categories: Risks affecting the Entity's financial activity and risks affecting business continuity.

The main risks reported periodically to management and the governing bodies are:

Risks affecting the Entity's financial activity.

- Liquidity risk: Risk of insufficient liquid assets due to outflows of funds and market closure to meet contractual maturities of liabilities, regulatory requirements, or the needs of the business.

- Credit risk: Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty in a counterparty's ability to meet its obligations.

- Market risk: Risk of a decrease of the value in the Group's assets held for trading or increase in the value of its liabilities held for trading due to fluctuations in interest rates or prices in the market where the assets/liabilities are traded.

- Interest or exchange rate risk: Risk of a negative impact on the economic value of the balance sheet or results, arising from changes in the structure of the interest rate curve or exchange rate fluctuations.

- Actuarial risk: Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans due to the differences between the claims estimates and actual performance.

- Capital adequacy risk: Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.

Risks affecting continuity of corporate activity

- Legal/Regulatory risk: Risk of a loss or decrease in profitability of the CaixaBank Group as a result of changes to the regulatory framework or court rulings that are unfavourable to the Entity.

- Compliance risk Risk arising from a deficient procedure that generates actions or omissions that are not aligned with the legal or regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

- Operational risk: Risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Includes the risk categories encompassed in the regulation.

- Reputational risk: Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by the Entity, its Senior Management or Governing Bodies.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

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

The Entity has various risk tolerance levels in its Risk Appetite Framework (already detailed in point E.1, as part of its Risk Management System).

CaixaBank's Risk Appetite Framework includes qualitative and quantitative statements.

- The risk appetite statement transmits the target risk profile with four key dimensions

1. Loss protection: The Entity wishes to maintain a medium-low risk profile and a comfortable level of capital.
2. Liquidity and financing: In order to have a stable and diversified financing base, the Entity must be certain it has the capability to meet its financing obligations and needs, including under adverse market conditions.
3. Business combination: The Entity aspires to hold a leading position in the retail banking market and be able to generate revenue and capital in a balanced and diversified manner.
4. Franchise risks: the Group adheres to the highest ethical and governance standards, encouraging sustainability and social responsibility, and actively strives to ensure operating excellence.

- Quantitative metrics, which are summarised in scorecards:

1. Primary metrics, with the appetite and tolerance levels set by the Board
2. Complementary indicators, to breakdown or complement risk monitoring by the management team

- Management levers, to ensure the business and risks are managed in a coherent and efficient manner. These are included in:

1. Human Resources policies
2. Risk communication and training
3. Processes and tools
4. Delegation of authority
5. Policies and methodologies
6. Limits (e.g. concentration)

For each key dimension defined, and in addition to the qualitative statements, there are also various quantitative metrics with the appetite to be maintained and the tolerance thresholds. Along with the management levers, these help steer the risk profile assumed by the management team.

There are various “Appetite” and “Tolerance” levels for each of the metrics which have a system of alert traffic lights:

- “Green traffic light”: risk target
- “Amber traffic light”: early alert
- “Red traffic light”: breach

There is also a "Black traffic light" for certain metrics included in the Recovery and Resolution Plan. Once activated, the stipulated communication and governance processes will be triggered.

This ensures a comprehensive and scaled monitoring process of potential impairments in the Entity's risk profile, and regulates the opportune and selective involvement of the governing bodies.

For more information (risk assessment process) see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

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

The risks, identified in the Corporate Risks Catalogue, are listed in point E.3; the comprehensive (management, control, etc.) and forward-looking tool used is the Risk Appetite Framework (described in point E.1); in line with the primary metrics defined therein, credit risk rose above the risk appetite thresholds in 2014, although it remained within the tolerance levels.

Specifically, there were losses due to impairment of the portfolio of loans, while real estate and non-core assets on the consolidated balance sheet exceeded the desired amount, against a backdrop of a drawn-out economic crisis in Spain, deleveraging of the private sector and stagnation in the real estate sector.
The initiatives adopted and the current action plans should enable the risk levels to be brought back into line with the Entity's risk appetite.

The main figures which affected credit risk in 2014 are:

- NPLs. At 31 December 2014 the Group's non-performing loans totalled EUR 20,110 million (9.69%). At 31 December 2013 this was EUR 25,365 million (11.66%).
- Property development and foreclosed assets. At 31 December 2014, the Group's gross financing of real estate development stood at EUR 14,069 million (EUR 19,980 million at 31 December 2013) and the net carrying amount of foreclosed assets was EUR 6,719 million (EUR 6,169 million at 31 December 2013).
- CaixaBank's NPL ratio compares very favourably with that of the private sector resident lending for the total system, which in 11 months has gone from 13.8% (31 December 2013) to 12.8% (30 November 2014, the last available date). (Source: Bank of Spain).
- For the NPL coverage ratio, in 2014 the Group recognised insolvency provisions of EUR 2,084 million (EUR 3,974 in 2013), stripping out recoveries. Including these provisions, total credit loss provisions were EUR 11,120 million at the end of 2014 (EUR 15,478 at the end of 2013).
- This gave a Cost of Risk of 1.0% in 2014 compared to 1.86% in 2013 and an expected loss of EUR 8,687 million at the end of 2014 (EUR 10,636 at the end of 2013).

Control systems

The Group's ability to generate value over the long term has not been affected.

Here we would note the positive result obtained by the Group in the Asset Quality Review and the stress tests which were carried out in preparation of the Single Supervisory Mechanism (SSM) assuming full powers.

The control systems worked correctly, meaning the risk was correctly managed. The Group's Board was informed of the progress.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

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

Due to space limitations, see our response in "Appendix to 2014 ACGR" attached to section H.

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 entity.

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 Audit, Management and Capital Control Executive Division to design, implement and monitor the same.

Article 40.3 of CaixaBank's Bylaws, states that the Audit and Control Committee's responsibilities shall include at least the following:

- "To oversee the effectiveness of the Company's internal control environment, internal audit and risk management systems, and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.
- To oversee the process for preparing and submitting regular financial accounting 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 Head of Audit, Management and Capital Control who:

- 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:

- Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
- The information includes all transactions, facts and other events in which the entity is the affected party (completeness).
- Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
- Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
- 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 organisational 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 entity.

  CaixaBank's Board of Directors has entrusted its Management Committee and Appointments Committee with reviewing the organisational structure and the lines of responsibility and authority at the Entity. The Organisation and Quality area designs the organisational structure of CaixaBank and proposes to the Entity's governing bodies any suitable changes. Then, the Human Resources and Organisation Deputy General Division proposes the people to be appointed to carry out the duties defined.

  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 new employees must adhere to the Code.

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

I. Internal Rules of Conduct on matters relating to the Stock Market (IRC)

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 rules of conduct contained in 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 declare that they are cognisant of it. Other stakeholders may also access it on the CaixaBank website.
The CoC Oversight Body is charged with analysing any breaches and imposing corresponding corrective measures or disciplinary action. Likewise, any queries regarding the content of the IRC can be forwarded to the Secretary of the Code of Conduct Monitoring Committee or Regulatory Compliance, depending on the issue.

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

III. The Anti-Corruption Policy covers CaixaBank's position in its relations with public administrations, political parties, authorities and civil servants and contains guidelines regarding, inter alia, accepting and giving gifts, sponsorships and donations to non-governmental organisations.

It applies to all employees and is available on the intranet while external stakeholders can view it on CaixaBank's corporate website.

IV. The Policy and Internal Code of Conduct for the Contribution to Euribor and Eonia regulates the management and internal control framework of the process as well as its guidelines.

These guidelines are only applicable to personnel in the Euribor Contribution Unit, and one of the aspects covered is the identification and management of potential conflicts of interest.

Finally, we would note that there is an Internal Confidential Consulting Channel where employees can send any queries regarding the interpretation and application of the Code of Ethics, the Anti-corruption Policy, the Telematic Code of Conduct and the Internal Code of Conduct relating to the Euribor and Eonia Contribution Process. The channel is available to all employees on the intranet. Queries are handled by Regulatory Compliance except for those regarding the Telematic Code of Conduct which are handled by the IT Security Area. As we have already mentioned, all queries regarding the IRC can be sent to the Code of Conduct Monitoring Committee or Regulatory Compliance, depending on the subject.

The following training on these codes, regulations and policies was given in

- 2014: e-learning courses on the Code of Ethics, the Ant-corruption Policy and the Confidential Consulting and Whistle-blowing Channel. This 90-minute course was aimed at all CaixaBank employees.
- Information Security training was also given in 2014, to provide knowledge on the protection measures and criteria to be adopted concerning information. The course also included the guidelines of the Telematic Code of Conduct. This 60 minute e-learning course was aimed at all CaixaBank employees.
- There were also two e-learning courses available on the IRC: one for all covered persons; and another for all employees which focused on identifying and notifying any market abuse or suspicious operations, the corporate conflict of interest policy and employees' general obligations regarding privileged information.

- ‘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 organisation, stating whether reports made through this channel are confidential.

  All notifications about possible breaches of the Code of Ethics, the Anti-Corruption Policy, the Telematic Code of Conduct and the Internal Code of Conduct for the Contribution to Euribor and Eonia, as well as reports of potential irregularities regarding financial and accounting information must be sent to Regulatory Compliance 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.

  We would note that in 2014 the Entity offered training on this channel and its use (see previous section).

- 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.

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

  In 2014, training courses focused on the following areas:

  - Accounting
  - Auditing
  - Internal Control
  - Legal/Fiscal
  - Risk management
  - Regulatory Compliance

  The various courses were aimed at personnel in Audit, Management and Capital Control, Audit and Control, Default and Recovery, Risks, and Regulatory Compliance, as well as members of the Entity’s senior management. An estimated 2,500 hours of training were provided.

  Also, following the incorporation of 21 new employees in the Audit Area, a bespoke training plan was drawn up for them, covering, inter alia, risks and auditing best practices. The courses were both classroom-based and virtual with approximately 90 hours assigned to each person.

  Audit, Management and Capital Control also subscribes to various national and international accounting and financial 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 2014, the Entity launched a revised on-line ICFR training course, mainly for new employees. A total of 64 employees in Legal Services, the General Risk Division, Audit, Management and Capital Control, Internal Control and Regulatory Compliance took part. This is in addition to the 236 employees who took the course in 2013 when it was also aimed at personnel in subsidiaries involved in preparing and reviewing financial information.

  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.

Also, following the roll out at the beginning of 2014 of the ICFR IT system (SAP GRC) which is used by all staff responsible for the controls in the quarterly internal certification process (see section F.3.1), a two-hour long classroom-based course was offered to all employees explaining how to use the system and the correct validation procedure to ensure the controls are effective.

As in 2013, professional development programmes 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 programmes for Business Area Heads and activities aimed at executives from central services and new business areas. Talent identification and management programmes were also available.

In 2014 various classroom-based courses were available to members of the Remuneration Committee, the Risks Committee, the Board of Directors and the Audit and Control Committee. These courses, given by leading external instructors, covered issues concerning corporate governance and senior management remuneration, risks, regulatory compliance and accounting developments.

In total, the Group gave over one million hours of classroom-based and online training in 2014 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 2014 also amounted to over on million 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.

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) with a potentially significant impact on 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 an analysis procedure in place at the various Business Areas involved in corporate transactions and non-recurring or special operations with all impacts being reported.

The scope of consolidation is also assessed on a monthly basis by the Consolidation function which is part of the Accounts and Audit Inspection Area.

The impact of risks on the reliability of the reporting of financial information is analysed in each of the processes entailed in its preparation. The 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.

- 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.

  See the explanation in the first section.

- 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.

  See the explanation in the first section.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

  See the explanation in the first section.

- Finally, which of the entity's governing bodies is responsible for overseeing the process.

  See the explanation in the first section.

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 authorising 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 judgements, estimates, evaluations and projections.

The Entity's Audit, Management and Capital division 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 authorising 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 within Audit, Management and Capital Control and, where applicable, double checked with other business areas. Finally, the key financial information disclosed to the market is examined and, if applicable, approved by the highest-ranking governing bodies (the Board of Directors and the Audit and Control Committee) and the 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. In this regard, we would note that the risks are classified into risk category and risk models which comprise the Entity's Corporate Risk Map which is managed by the Internal Control Area.
- Control activities carried out to mitigate the risk along with their characteristics:
- Classification - Key / Standard
- Purpose – Preventive / Detective / Corrective
- Method - Manual / Automatic / Semiautomatic
- Frequency - How often the control is executed
- Evidence – Evidence/proof that the control is working correctly
- COSO Component – Type of control activity, according to COSO classification (Committee of Sponsoring Organizations of the Treadway Commission)
- System – IT applications or programmes 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

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

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 Audit, Management and Capital Control Executive Director informs the Management Committee and the Audit and Control Committee of the outcome of this certification process as well as the Board of Directors.

In 2014, the Entity 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 requires senior executives to make certain judgements, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates are based on the most 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 judgements and estimates are outlined in the Judgements 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 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 measurement of the provisions required to cover labour, legal and tax contingencies
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets
- Determination of share of profit (loss) of associates.

The Audit and Control Committee must analyse 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 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. Information Security Management System: CaixaBank has an Information Security Management System (ISMS) based on international best practices and which is ISO 27001:2005 certified on an annual basis (Applus+). This system defines, among other policies, those for accessing IT systems and the internal and external controls which ensure all of the policies defined are correctly applied.

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 programme is ISO 22301:2012 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. Information technology (IT) governance: CaixaBank's information technology (IT) governance model ensures that its services are aligned with the Entity's business strategy and comply with all regulatory, operational and business requirements. IT governance is an essential part of governance as a whole and encompasses organisational structures and processes to ensure that the organisation's IT services sustain and extend the Entity's strategies and objectives. The governance model has been designed and developed according to ISO 38500:2008 standard, and has been certified by Deloitte.
CaixaBank's IT services have been designed to meet the business' needs, guaranteeing the following:

- Segregation of duties;
- Change management;
- Incident management;
- IT quality management;
- Risk management; Operational, Reliability of financial reporting
- Identification, definition and monitoring of indicators (scorecard);
- Existence of governance, management and monitoring committees;
- Periodic reporting to management;
- Rigorous internal controls which include annual internal and external audits.

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 programmes 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 Entity's 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 Centre 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 2014, valuation and calculation services commissioned from independent experts mainly concerned the following:

- Actuarial calculations related to commitments assumed with employees
- Appraisals of assets received in lieu of debts and assets pledged 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, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

The Accounts and Audit Inspection Area – Accounting Circuits and Policies Department, which reports to Audit, Management and Capital Control, is responsible for defining the Entity's accounting policy.
These criteria are 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 department 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 have been reported to the department and which may have an accounting impact both for the Entity and the Group are analysed. 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 mechanisms, mainly the Intranet and the accounting policies manual. Also, documentation regarding the accounting analysis of one-off translations is prepared and held by the accounting policies department. The latest review coincided with the preparation of the 2014 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, standardisation and correct functioning of these mechanisms, the Entity has upgraded its applications.

A project to improve the Entity's reporting architecture was begun in 2011 to improve the quality, completeness, and immediacy of the information provided by business applications. In 2014 work continued on incorporating other applications into the project.

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, analyse and prepare financial information. The accounts plan, which is incorporated in the consolidation application, has been defined to comply with reporting requirements of the various regulators.

During 2013, the Entity began to roll out the SAP Governance, Risk and Compliance (SAP GRC) tool to guarantee the integrity of ICFR, uniformly reflecting all the activities involved in a process and associating them with existing risks and controls. The tool also supports the Corporate Risk Map (CRM) and Key Risk Indicators, for which the Internal Control and Credit Risk Models business areas are respectively responsible.

The tool became fully operational in 2014 and was available to all end users at the end of January. Also in 2014 various adjustments were made to improve the tool's functionalities which were not covered by the standard SAP GRC. Training on the tool was also offered during the year, as explained in section F.1.2.

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 entity 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 "to oversee the process for preparing and submitting regular financial account information" and carrying out, inter alia, the following activities:

- Approval of an annual Internal Audit Plan. 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, prioritising each one.

The Entity has an Audit and Internal Control Deputy General Division whose mission is to ensure the correct performance of and supervise the Group's internal control framework.

The internal audit function, which is part of the Audit and Internal Control Deputy General Division, is governed by the principles contained in the Internal Audit Regulations approved by the CaixaBank Executive Committee and the Board. The mission of Internal Audit is to guarantee effective supervision of the internal control system through ongoing assessments of the organisation'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 Audit and Internal Control Deputy General Division.

Internal Audit has auditors working in various audit teams which specialise in reviewing the main risks to which the Entity is exposed. One of these teams is the Financial Audit and Investees Division where specialists oversee processes at the Audit, Management and Capital Control Executive Division, 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.
- Analyses 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 31 December 2014, 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 2014, 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.

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 entity'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, and within its areas of activity, Internal Audit's reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analysed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them and to mitigate inherent risk. Internal Audit reports are sent to senior management.
The Audit and Control Committee also issues a monthly report on the activities carried out by Internal Audit, with specific information on all significant weaknesses identified during the reviews.

Internal Audit constantly oversees the fulfilment of recommendations, focusing particularly on critical and high-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

No other relevant information.

F.7 External auditor report

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 behaviour. General explanations are not acceptable.

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

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

Compliant [X] 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	X	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 subsidiarisation, 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	X	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	X	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 Bylaws, with votes taken on all articles or groups of articles that are materially different.

Compliant	X	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 X Explain ☐

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise 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 X Partially compliant ☐ Explain ☐

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational 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 authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

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

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

3a. 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 favourable 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	X	Explain	☐

As regards the possibility of proposing the appointment and removal of senior officers, the Company's internal regulations go further than the Recommendation; not only can the Company's senior officer do so, but also the Appointments Committee, whose functions include the duty to report motions to appoint and remove senior officers. The committee may raise such motions itself directly in the case of senior officers in relation to whom the committee believes it should take the initiative due to the fact that the officers in question exercise control functions or otherwise support the Board or its delegate committees.

In respect of the recommendation that when voting on related party transactions, the affected board members should be absent from the meeting room while the Board discusses and votes on the matter, in general this is indeed what happens, although in certain cases in the past when there has been no doubt as to the soundness of the transaction and all independent directors have shown themselves to be in favour of the arrangement, the board member in question has remained present.

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	X

At 31 December 2014 the Board of Directors comprised 19 members.

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

Also, its composition is deemed to be suitable given the Bank's history, namely that it was previously a savings bank with a Board of 21 Directors.

The current composition and size of the Board is also justified given the need to include a certain number of independent Directors and to comply with the shareholders' agreements following the merger with Banca Cívica whereby two additional Directors were necessary to represent the savings banks resulting from that merger.

Also, and given the Entity's stake in BEA (The Bank of East Asia), Hong Kong's largest credit institution, it was deemed necessary to include a representative from BEA's Board, and it is for this reason that he holds the position on CaixaBank's of other external Director.

Finally, and in compliance with new legal requirements, as the Entity has five board committees it requires a sufficient number of Directors to avoid, in so far as possible, duplications therein. Therefore, despite the Entity exceeding the recommended number of Directors, it considers this number to be appropriate as it ensures maximum effectiveness and participation of both the Board and its committees.

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	X	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	X	Explain	

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

See section: C.1.3

Compliant		Explain	X

At 31 December 2014, the CaixaBank Board of Directors comprised 19 members. the "la Caixa" Banking Foundation, the Entity's core shareholder with a 58.913% stake (at December 31, 2014), has 9 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 Banking Foundations (see section A.6). Also, of the external Directors (excluding the proprietary and independent Directors) one cannot be considered independent (see section C.1.3) as he is Deputy Chairman of BEA where CaixaBank is a significant shareholder.
Regarding the independent Directors, in 2014, two new Directors were appointed to cover the vacancy left following the resignation of Isabel Estapé Tous (independent) and the vacancy left by Susana Gallardo Torrededía (independent) who stood down as her mandate had expired. Therefore, one of the Directors previously considered as "other external" resumed their category of independent following their departure as General Assembly member of Caja de Ahorros y Pensiones de Barcelona, "la Caixa".

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	X	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	X	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 organise 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	X	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	X

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 Bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;**

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

    In order to 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	X	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	X	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	X	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. This is in line with the legally-established duties of the Chairman of the Board of Directors, which include, inter alia, working to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions;.

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	X	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	X	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 Bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: C.1.41

Compliant	X	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	X	Explain	

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

Compliant	X	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	X	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	X	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	X	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	X	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 Bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a Director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in 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	X	Explain	

30. Companies should establish rules obliging Directors to inform the board of any circumstance that might harm the organisation'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	X	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	X	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	X	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	X	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	X	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	X	Not applicable	

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

However, and pursuant to the remuneration policies for the identified group and Directors to be approved at the 2015 AGM, the following deductions to variable remuneration are being contemplated: "The existence of qualifications in the Auditors Report which reduce the financial parameters used as the basis to calculate variable remuneration." this clause shall also be applied to recover any variable remuneration which has already been paid.

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	X	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.2.3 and C.2.4

Compliant	X	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	X	Explain		Not applicable	

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.2.3 and C.2.4

Compliant		Partially compliant	X	Explain	

As stipulated in article 14.5 (iii) of the Regulations of the Board of Directors, minutes of the Appointments Committee and the 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 each 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	X	Explain	

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

Compliant	X	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	X	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	X	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	X	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 programme, 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	X	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	X	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	X	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	X	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	X	Explain		Not applicable	

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 organise, 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	X	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	X	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	X	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	X	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.

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.

A.2 - Regarding the direct or indirect holder of the significant ownership interest of CaixaBank, we would note that the General Assembly of Caja de Ahorros y Pensiones de Barcelona (“la Caixa”), held on 22 May 2014 approved its transformation into a banking foundation, stating its commitment to enter into an agreement whereby "la Caixa" Banking Foundation transfers to Criteria CaixaHolding, S.A.U. all the debt issues made by “la Caixa” and its stake in CaixaBank, previously held directly by the Banking Foundation. The deed of the transfer to Criteria CaixaHolding of the debt issued and other assets and liabilities and its stake in CaixaBank was registered on 14 October 2014. Thereafter the “la Caixa” Banking Foundation's stake in CaixaBank is held through CaixaHolding.
Following this process, and at year-end, the Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) Banking Foundation directly holds 6,119 shares and, indirectly through Criteria CaixaHolding, S.A.U. (wholly-owned by the Banking Foundation) holds 3,369,260,593 shares in CaixaBank.
We would also note that in accordance with Additional Provision 8a of the 2013 Law on Savings Banks and Banking Foundations, banking foundations that subscribe capital increases at an investee credit institution may not exercise the voting rights corresponding to that part of the capital acquired which would allow them to maintain a position of 50% or higher or a controlling position. Therefore, of the 3,369,266,712 shares it held in CaixaBank at 31 December 2014, the Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) Banking Foundation may only exercise the voting rights corresponding to 3,271,238,148 shares.
With regard to the most significant movements in the shareholder structure during the year we would note the following:
there were two notifications concerning a 60% decline in voting rights, the first on 7 July 2014 and the second on 14 October 2014. The notification of 7 July followed an unexpected change in the number of voting rights held by the Issuer following the capital increase. However, as we have explained above, in accordance with Additional Provision 8a of the 2013 Law on Savings Banks and Banking Foundations, of the 3,293,783.958 shares it held in CaixaBank at 27 December 2013, the Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) Banking Foundation may only exercise the voting rights corresponding to 3,267,704,227 shares.

Meanwhile, the notification of 14 October was due to the registration of the deed of transfer to Criteria CaixaHolding of the Banking Foundation's direct stake in CaixaBank. The purpose of this notification was to report the situation of this direct stake within the Group's new structure, thereby resulting in the 60% decline. Also, and as we have explained above, in accordance with Additional Provision 8a of the 2013 Law on Savings Banks and Banking Foundations, of the 3,329,150,349 shares it held in CaixaBank at 27 December 2013, the Caja de Ahorros y Pensiones de Barcelona ("la Caixa") Banking Foundation may only exercise the voting rights corresponding to 3,271,232,029 shares.

A.6 – The share capital affected by the shareholder agreement notified to the Company is 80.597%. This represents the CaixaBank shares held by: Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Monte San Fernando), Caja Canarias (currently Fundación Caja Canarias), and Caja de Burgos (currently Fundación Caja de Burgos), ("the Foundations") and the "la Caixa" Banking Foundation at 1 August 2012, the date the agreement was signed. This percentage has not been updated as two of the signatories do not sit on the CaixaBank Board (i.e. Fundación Caja Canarias and Fundación Caja Burgos) and therefore are not legally bound to report their stake in CaixaBank in the same way as the Directors of the listed company (information on the stakes of the other Foundations is available on the websites of the CNMV and CaixaBank). Therefore this percentage is the most recent made available by the Company.

"Brief description of agreement" continued:

They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the "la Caixa" Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

A.7 - "Comments" continued:

The initial Protocol was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market and was replaced by a new Protocol when a number of reorganisation transactions were carried out at the "la Caixa" Group, as a result of which CaixaBank became the bank through which "la Caixa" indirectly carried 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 purpose of the Protocol was 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.

As a result of the entry into force of Law 26/2013 of 27 December on Savings Banks and Banking Foundations, inasmuch as Caja de Ahorros y Pensiones de Barcelona "la Caixa" owned over 10% of the share capital and voting rights of CaixaBank, the former must become a banking foundation. The primary activity of the banking foundation shall be to manage and carry out welfare projects and appropriately manage its stake in CaixaBank. Consequently, this extinguishes the arrangement whereby Caja de Ahorros y Pensiones de Barcelona "la Caixa" indirectly carries out its financial activity through CaixaBank.

Once the "la Caixa" Banking Foundation was registered in the Foundations Registry, the "la Caixa" Banking Foundation immediately ceased to carry out its financial activity indirectly through CaixaBank, therefore rendering the Protocol ineffective. It was therefore necessary to amend the Protocol to extend its validity for all matters which are not related to the indirect exercise of the Caja de Ahorros y Pensiones de Barcelona "la Caixa" Banking Foundation's financial activity until a new Internal Relations Protocol is signed outlining the "la Caixa" Group's new structure.

By virtue of the foregoing, the Parties entered into a novation agreement amending the Protocol on 16 June 2014, duly informing the CNMV the following day.

Law 26/2013 on Savings Banks and Banking Foundations requires banking foundations to approve, within two months from their creation a Protocol for managing its ownership interest in the financial institution. This Protocol must establish, at a minimum, the strategic criteria for managing the interest, the relations between the Board of Trustees and the governing bodies of the bank, specifying the criteria for proposing Director appointments and the general criteria for carrying out operations between the banking foundation and the investee credit institution, and the mechanisms to avoid potential conflicts of interest. The "la Caixa" Banking Foundation signed its Protocol for managing its ownership interest in the CaixaBank on 24 July 2014. The CNMV was notified on 9 December 2014 following Bank of Spain approval. Therefore, under this new management framework a new Internal Relations Protocol between the "la Caixa" Banking Foundation and CaixaBank may be signed at any time.

A.8 - Within the framework of authorisation to acquire treasury stock granted by the CaixaBank Annual General Meeting, in order to increase the liquidity of shares on the market and regularise their trading, on 29 July 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 EUR 200 million. This authorisation also includes a disposal entitlement, depending on the prevailing market conditions.

Likewise, on 8 March 2012, the Board of Directors resolved to extend the limit for treasury shares set in 2010 to 75 million shares. Subsequently, on 22 May 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 Annual General Meeting resolution granting the Board a new authorisation for five years from adoption of the resolution on 19 April 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. This is without prejudice to the fact that the Separate Area responsible for managing the treasury shares reports every month to the Audit and Control Committee so the Committee can monitor compliance with the treasury share policy established by the Board of Directors, and, if applicable, whether the Area has applied the controls assigned by the Board pursuant to this Policy.
The Chief Executive Officer or, if applicable, the Secretary of the Board of Directors, shall report to the Board on the essential aspects of the information submitted to the Audit and Control Committee by the Separate Area. This is without prejudice to any other information which, if applicable, the Chairman of the Audit and Control Committee deems appropriate to submit to the Board.

At its meeting of 30 January 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 18 July 2013. Both documents are available on the CaixaBank website.

A.10 - There is no restriction on the transfer of securities or voting rights. Notwithstanding the above, it should be noted that Article 16 et seq. of Law 10/2014, of 26 July, on Discipline and Supervision of Credit Entities, amended by Law 5/2009, of 29 June, states that persons wishing to acquire ownership interest in the Entity (under the terms of article 16) or voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital is equal to or greater than 20%, 30% or 50% of the total or they obtain control of the credit institution, must give prior notice to the Bank of Spain.

Nor does CaixaBank have legal restrictions or restrictions set forth in the Bylaws on voting rights. Nevertheless, as explained in Note B.5 below, CaixaBank's Bylaws and Annual General 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 Annual General Meeting on 19 April 2012 voted to amend certain articles of the Bylaws. 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.
B. 1 and B.2 - The quorum required for constitution of the Annual General Meeting and the system of adopting corporate resolutions at CaixaBank do not differ from that established in the Corporate Enterprises Act. However, we would note that, in accordance with Additional Provision 10 of the Savings Bank and Banking Foundations Law of 2013, resolutions concerning the distribution of dividends to the credit institutions controlled by a banking foundation pursuant to article 44.3 of this Law are subject to a larger quorum as stipulated in article 194 of the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July. These must be adopted by at least two thirds of the share capital present or represented at the Meeting. The Bylaws of the investee may stipulate a greater majority. Therefore, in the case of CaixaBank, in compliance with the provisions of the Law on Savings Banks and Banking Foundations, for the distribution of dividends (which is not expressly included in article 194.1 of the Corporate Enterprises Act), a larger quorum and the corresponding majority required for adopting the pertinent resolution is applicable.

B.5 - CaixaBank's Bylaws and Annual General 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.

C. 1.3 - Given Antonio Massanell Lavilla's position as a company executive and pursuant to the Corporate Enterprises Act of 2 July 2010, he is considered to be an executive Director. However, since he was appointed to represent the holding of the "la Caixa" Banking Foundation 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 Joint Ventures at the end of the financial year.

C.1.12 - The information on Directors and directorships at other listed companies refers to year-end.

The position of Mr. Massanell as a Director of Banco BPI, S.A., is pending registration in the Register of Senior Executives before he can assume this position. Likewise, at Boursorama, S.A. Mr. Massanell is the natural person representative of the Director "la Caixa" Banking Foundation.

C.1.15 - The remuneration of Directors in 2014 as reported in this section takes the following aspects into consideration:

- On 1 March 2014, the Board co-opted Mr. Sáinz de Vicuña to cover the vacancy left by Mrs. Estapé Tous on 12 December 2013. The General Meeting ratified his appointment on 24 April 2014 reappointing him as Director.
- Shareholders also approved the appointment to the board of María Amparo Moraleda Martínez to cover the vacancy left by the departure of Susana Gallardo Torrededia following the completion of her tenure.
- On 30 June 2014, Mr. Godó Muntañola stood down as Director, Mr. Nin Genova resigned as Chief Executive Officer and Mr. Gortázar and Mr. Massanell were appointed Directors.
- On 20 November 2014 the Board resolved to co-opt Mr. Arthur K. C. Li to the Board to cover the vacancy left by the departure of Mr. David K. P. Li. on 23 October 2014.

- 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 31 December 2014, comprised 10 persons, holding the following positions at the Entity: General Managers (3), Deputy General Managers (3), Executive Managers (3) and General Secretary (1). On 30 June 2014, two General Managers were named Directors.
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 2014 to Senior Management at CaixaBank 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 EUR 586 thousand, recognised in the income statements of these companies.

C.1.17 - Due to space limitations, where the position of "Director" appears under the “la Caixa” Banking Foundation (i.e. for Mr. Juan José López Burniol and Mrs. María Teresa Bassons Boncompte) this should be "Trustee" of the Foundation.

C.1.19 - "Indicate the procedures for appointing, re-electing, evaluating and removing Directors" continued. List the competent bodies, procedures and criteria used for each of these procedures. Therefore, and in accordance with the obligations listed in article 2 of Royal Decree 1245/1995, of 14 July 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 12 April 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 22 November 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, General Managers and similar, the people responsible for internal control and other key positions at CaixaBank, S.A., as defined in applicable legislation (hereinafter, the Covered Positions and Functions).

Under the Protocol, 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, CaixaBank takes into account the three recommendations listed in Royal Decree 1245/1995 of 26 June on the organisation, supervision and solvency of credit institutions, 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.
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 Bylaws, 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 formalise, 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.1.30 – In 2014, the total number of non-attendances was just 16. 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 2014 is 6.08%, 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 2014, which form part of the annual accounts, are certified by the Entity’s Chief Financial Officer.

C.1.45 - The Board of Directors, in plenary session, is responsible for approving, based on a report from the Remunerations Committee and within the system called for in the Bylaws, Directors’ remuneration and, in the case of executive Directors, the additional consideration for their management duties and other contract conditions, as well as compensation clauses. Therefore, the Board of Directors only approves "golden parachute" clauses for the Entity's two executive Directors and the 10 members of the Management Committee given that these clauses for other executives who are not senior management are invariably absorbed by the pension scheme.

C.1.29, C.2.1 and C.2.2 - Regarding the information on the Appointment and Remuneration Committee, the Remuneration Committee and the Appointment Committee, we would note that up until 25 September 2014 there were three Board Committees, namely: the Appointments and Remuneration Committee, the Audit and Control Committee and the Executive Committee. Thereafter, and pursuant to Law 10/2014 on the Organisation, Supervision and Solvency of Credit Institutions, the CaixaBank Board of Directors resolved to change the Appointments and Remuneration Committee into an Appointments Committee, create a Remuneration Committee and a Risks Committee, and amend the Regulations of the Board of Directors accordingly to incorporate the provisions of the new Law and establish the duties of the new Board Committees. These changes resulted in the Entity having 5 Board Committees, namely: the Appointments Committee, the Remuneration Committee, the Audit and Control Committee and the Executive Committee.
Therefore, in the interests of transparency, we have included information on the number of meetings, the composition and structure and the presence of female directors taking into account the above mentioned changes.
Likewise, with regard to the information in section C.2.2., given the lack of space available, and regarding the participation of female Directors in the Appointments and Remuneration Committee, NOT APPLICABLE should appear under 2014 instead of ZERO (without prejudice to the information provided for 2013, 2012, and 2011 which shows the presence of female Directors when the Appointments and Remuneration Committee existed as such). As we have explained previously, this is because on 25 September 2014 the CaixaBank Board resolved, pursuant to Law 10/2014 on the Organisation, Supervision and Solvency of Credit Institutions, to change the Appointments and Remuneration Committee into an Appointments Committee with the same composition as the previous Appointments and Remuneration Committee and to create a Remuneration Committee comprising the following: Salvador Gabarró Serra, Leopoldo Rodés Castañé and María Amparo Moraleda Martínez, who was appointed Chair of the new committee. Also, and for the same reasons, for the Appointments Committee, the Remuneration Committee and the Risks Committee (all created in 2014), the participation of female Directors in these committees for 2013, 2012 and 2011 is ZERO. However, given that these committees did not exist in those years, NOT APPLICABLE should appear. Finally, and as means of clarification, the information on the participation of female Directors in the Audit and Control Committee for 2014, 2013, 2012 and 2011 is ZERO. This accurately reflects the real situation, i.e. the absence of female Directors on this Committee in 2014, 2013, 2012 and 2011.

D.1. - "Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions" continued. 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 authorisation 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 standardised and applied en masse to many clients;
(ii) they go through at market prices, generally set by the person supplying the goods or services;
(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 Relations Protocol between the “la Caixa” Banking Foundation 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 the ”la Caixa” Banking Foundation 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 the "la Caixa" Banking Foundation and the "la Caixa" Banking Foundation 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.
D.2 - Note 41 of the consolidated financial statements shows the balances with Criteria Group and "la Caixa" Banking Foundation companies in aggregate form as well as additional breakdowns for 2014.

D.3 - All transactions were carried out in the ordinary course of business and on an arm's length basis. Note 41 of the consolidated financial statements shows the balances with managers and Directors in aggregate form for 2014.

D.4- Note 41 of the consolidated financial statements shows the balances with CaixaBank Group associates and joint ventures in aggregate form as well as additional breakdowns 2014.

D.5 - All transactions were carried out in the ordinary course of business and on an arm's length basis.
Note 41 of the consolidated financial statements shows the balances with managers and Directors in aggregate form for 2014.

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 Bylaws, Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected. 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.

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on: 26/02/2014.

List whether any Directors voted against or abstained from voting on the approval of this Report.

Yes		No	X

CAIXABANK, S.A.

2014 ACGR APPENDIX

C.2.4. Describe the organisational 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 Bylaws and Regulations of the Board of Directors describe the organisation and operation of the Audit and Control Committee. These also take into account the content of the articles on board committees contained in Royal Legislative Decree, 1/2010, of 2 July, the Corporate Enterprises Act.

1.1) Organisation and operation

The Audit and Control Committee shall be formed exclusively by non-executive Directors in the number of be determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). At least two members of the Audit and Control Committee will be independent Directors, and one of these will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

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 Audit and Control Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. The Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. It shall also appoint a Secretary and may appoint a Deputy Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as Secretary.

The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests. The Committee may also request the attendance at its meetings of the Company's auditors.

(i) The Audit and Control Committee shall meet as often as necessary to fulfil its duties and shall be convened by the Chair, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

(ii) The Secretary shall be responsible for convening the same and for filing the minutes and documents submitted to the Committee;

(iii) It will shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members;

(iv) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary;

(v) The Audit and Control Committee shall prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee deems it appropriate, it shall include in the report suggestions for improvement.

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) Report at the General Shareholders' Meeting on matters posed by shareholders in the area of its competence;

(ii) Propose to the Board of Directors, for submission to the General Shareholders' 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) 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) 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) 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) Establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardise 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) 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) 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) Supervise the compliance with regulations with respect to Related Party Transactions; In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the Ministry of the Economy and Finance Order 3050/2004, of September 15, 2004, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation;

(x) 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) 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) 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) 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) 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.

THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE

Brief description

Articles 39 and 14 of the Bylaws and Regulations of the Board of Directors describe the organisation and operation of the Appointments Committee and the Remuneration Committee. These also take into account the content of the articles on board committees contained in Royal Legislative Decree, 1/2010, of 2 July, the Corporate Enterprises Act.

1.1) Organisation and operation

The Appointments Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5). At least one third of these members, and in every case the Chairman, shall be independent Directors.

Both the Appointments and the Remuneration Committees shall be self-governing, they shall elect their Chairman and appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.

Both the Appointments Committee and the Remuneration Committee shall:

(i) Meet each time they are convened by their Chairman, who must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal any, in any case, whenever it is appropriate for the proper performance of its functions;

(ii) They shall be convened by the Chairman of the respective Committee, either on his or her own initiative, or at the request of the Chairman of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

(iii) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board and the minutes will be available to all members of the Board in the Board Secretariat, but shall not be sent or delivered for reasons of discretion, unless the Chair of the Committee decides otherwise.

(iv) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy.

1.2) Responsibilities

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

(i) Bring before report and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company;

(ii) Propose to the Board of Directors the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Meeting;

(iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting;

(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;

(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experience, and forward these proposals to the Board;

(vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established;

(vii) Prepare, when the time is right, and in collaboration with the Chair of the Board, his or her succession as well as that of the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner;

(viii) Report to the Board on gender diversity issues and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved;

(ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary, making recommendations regarding possible changes to these. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.

(x) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company;

(xi) Supervise and control the smooth operation of the corporate governance of the Company;

(xii) Monitor the independence of the independent Directors;

(xiii) Propose to the Board the Annual Corporate Governance Report;

(xiv) Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter;

(xv) Report to the Board concerning the balance of knowledge, skills, diversity and experience of the Board of Directors.

Notwithstanding other duties which may be assigned thereto by the Board of Directors, <u>the Remuneration Committee</u> shall have the following basic responsibilities:

(i) Propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, the individual remuneration of the executive Directors, general managers and those performing senior management duties, as well as other conditions of their contracts, particularly financial, and without prejudice to the competences of the

Appointments Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect;

(ii) Ensure compliance with the remuneration policy for Directors and senior managers as well as compliance with the conditions established in the contracts of these;

(iii) Report on the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers;

(iv) Analyse, formulate and periodically review the remuneration programmes, weighing their adequacy and performance and ensuring compliance;

(v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting;

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

RISKS COMMITTEE

Brief description

Article 13 of the Regulations of the Board of Directors describe the organisation and operation of the Risks Committee

1.1) Organisation and operation

The Risks Committee shall comprise members of the Board of Directors who do not perform executive functions and who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the entity, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6). At least one third of these members, and in every case the Chairman, shall be independent Directors.

The Risks Committee shall meet as often as necessary to fulfil its duties and shall be convened by the Chair, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

(ii) The Secretary shall be responsible for convening the same and for filing the minutes and documents submitted to the Committee;

(iii) It will shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members;

(iv) The Committee will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary;

(v) The Risks Committee shall prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee deems it appropriate, it shall include in the report suggestions for improvement.

For the proper performance of its functions, the Entity shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk situation of the Entity and, if necessary, specialist outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

The Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may also appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.

1.2) Responsibilities

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

(i) Advise the Board of Directors on the overall susceptibility to risk, current and future, of the Entity and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the appropriateness of the risks assumed and the profile established.

(ii) Propose to the Board the Group's risk policy, which shall identify in particular:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) which the Company faces, including among the financial or economic risks the contingent liabilities and other off-balance-sheet risks;

(b) The internal reporting and control systems to be used to control and manage the above risks.

(c) The level of risk that the Company considers acceptable;

(d) The planned measures to mitigate the impact of identified risks should they occur;

(iii) Propose to the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.

(iv) Regularly review exposures with its main customers, economic business sectors and by geographic area and types of risk.

(v) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:

(a) The adequacy of the structure and the functionality of risk management throughout the Group;

(b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution;

(c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes;

(d) The proper functioning of policies and procedures that mitigate the operational risks;

(vi) Evaluate the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions, financial loss, or material or reputational loss that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.

(vii) Report on new products and services or significant changes to existing ones, in order to determine:

(a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.

(b) The internal reporting and control systems to be used to control and manage the above risks.

c) Corrective measures to limit the impact of the identified risks, should they occur.

(d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.

(viii) Examine, without prejudice to the functions of the Remuneration Committee, if the incentives anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.

EXECUTIVE COMMITTEE

Brief description

Article 39 of the Bylaws and articles 11 and 12 of the Regulations of the Board of Directors describe the organisation and operation of the Executive Committee.

1.1) Organisation and operation

The Executive Committee is governed by applicable legislation, the company's Bylaws 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 Bylaws. In terms of procedure, the Executive Committee is subject to the limitations set forth under article 4 of the Regulations of the Board of Directors.

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

As we have mentioned before, the main risks the Entity is exposed to are outlined in the Corporate Risk Catalogue.

Clear monitoring responsibilities have been established and, where applicable, the response within the risk appetite framework.

The **Board of Directors** is responsible for defining and supervising the Group's risk profile, updating the framework each year and monitoring the effective risk profile.

The **Delegate Risks Committee** advises the Board of Directors on the Entity's overall susceptibility to risk, current and future and its strategy in this area.

The **Global Risks Committee** is an executive body which reports directly to the delegate Risks Committee. It monitors the effective compliance of the framework at least once a month. If the pre-established levels are exceeded, the necessary measures are taken to reshape the situation.

In order to meet the information, management and control needs of the above mentioned bodies, the following reporting system has been set up:

- **Monthly presentation** of the tier 1 scorecard to the **Global Risks Committee,** indicating the risk position for the last available month and the trend. If risk levels breach the threshold for:
    - **Appetite**: an "amber traffic light" or early alert is assigned to the indicator, and

the party responsible or the Management Committee is entrusted with preparing an response, or action, plan to return to the "green" zone, and a timeline drawn up.

- **Tolerance**: a "red traffic light" is assigned, including an explanation as to why the previous action plan did not work. Corrective or mitigating measures are proposed to reduce exposure. This must be approved by the Delegate Risks Committee.

- ***Recovery and Resolution Plan***: refers to a series of measures developed to:

  - Reduce the possibility of a financial entity going bankrupt or entering into a resolution process;

  - Minimise the impact in the event of bankruptcy, and avoid the need for a bail out.

  If these measures are not met, the regulator must be informed of serious breaches and action plans.

- **Quarterly presentation** to the **Delegate Risks Committee** on the situation, action plans and forecasts for tier 1 metrics.

- **Quarterly presentation** to the Board of Directors on the situation, action plans and forecasts for tier 1 metrics.

  During these sessions, the Board may decide to amend or update the metrics and previously assigned thresholds as per the regulation governing the Risk Appetite Framework (at least annually).

  If a risk breaches a tolerance threshold which could threaten the Group's ability to continue as a going concern, the Board may initiate the measures set forth in the ***Recovery and Resolution Plan***.

One example of a “Response Plan” is the “Liquidity Contingency Plan”, drawn up by ALM and Financing Division and endorsed by the various management/administrative bodies. This Plan (described in Note 3, point 4.1. of the CaixaBank Annual Financial Statements - Liquidity Risk), has various concrete plans for each of the crisis scenarios, and details measures to be taken at various different levels within the organisation.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

Below are the risk supervisory teams (second and third control lines, pursuant to the Group's Internal Control Framework):

- **Global Risk Management**
- **Internal Validation**
- **Internal Control**
- **Regulatory Compliance**
- **Audit**

Global Risk Management

The Global Risk Management Corporate Division, which reports to the Group's General Risk Division, is responsible for ensuring that the main risk management principles are in keeping with the Entity's risk profile, its risk policies, the organisation of the risk function (structure, limits and delegation and committee), the use of measurement methodologies in keeping with their complexity, the monitoring of positions and solvency of borrowers and the systems and procedures for reporting, managing and controlling risks.

As we mentioned above, the Risk Appetite Framework was approved in 2014 as a comprehensive and forward-looking tool used by the Board to determine the types and thresholds of risk it is willing to accept. The Global Risk Management Corporate Division ensures the tool is implemented and monitored.

A systematic and periodical reporting system aimed at the various governing bodies has been defined to handle the reporting, management and control needs of the various thresholds established.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

Internal Validation

The Basel Capital Accord establishes how entities can determine their minimum capital requirements based on their 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. 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 specialised division within the entity. It must also be carried out on a continuous basis at the entities, as a complementary feature to traditional control functions (internal audit and supervision).

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

Within the framework of the project to migrate to the Single Supervisory Mechanism (SSM), the Internal Validation unit has identified a number of areas within internal governance to be strengthened. The Global Risk Model Validation framework has been defined and signed off. This document outlines the Internal Validation unit's mission, the general action framework, the reporting lines, etc. Relevant criteria for the recommendations issued have also been defined.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

Internal Control

The mission of the Internal Control Area is to provide reasonable assurance to management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the Group’s risks.

Using the Corporate Risk Map the Area provides a transversal vision of the main risks assumed by the Group and assesses the control environment, and reports systematically to senior management and the Audit and Control Committee.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

Regulatory Compliance

The CaixaBank Group's objective is, on the one hand, to minimise the probability of occurrence of regulatory compliance risk (as defined in point E.2), and, if it occurs, to detect, report and address the weaknesses promptly.

As a second line of defence, the Regulatory Compliance Area reviews internal procedures to verify that they are up-to-date and, as appropriate, to identify situations of risk, in which case it calls upon the affected areas to develop and implement the improvement actions necessary. A commitment to a reasonable implementation schedule is reached and Regulatory Compliance performs regular monitoring, reporting the results to the governing bodies and management.

Regulatory Compliance is also in charge of advising Senior Management on this matter and of promoting a compliance culture in the Entity.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

Internal Audit

Internal Audit provides reasonable assurance to Senior Management and the governing bodies that the CaixaBank Group's objectives are being fulfilled, assessing the effectiveness and efficiency of the risk management, internal, control and corporate-governance processes.

Pursuant to the principles of independence and objectivity, and applying a systematic and disciplined approach, Internal Audit performs assurance and consulting services that add value to the Entity, acting as the third line of defence in CaixaBank's internal control framework.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2014.

H. Other Information of Interest

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 endeavours to disseminate its 10 principles, based on human and labour 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 organisation 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: 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 October 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 behaviour.

The Conference Board

CaixaBank takes part in this business research association, whose aim is to share with leading world organisations 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 15 March 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.

Diversity Charter

A diversity charter is a short document voluntarily signed by a company or a public institution to promote its commitment to the principles of equality, its actions to foster the inclusion of all people in the workplace and society, the recognition of the benefits of cultural, demographic and social diversity within companies, the implementation of specific policies which encourage a working environment free from prejudice with regard to employment, training and the promotion and adoption of non-discrimination policies. CaixaBank became a signatory in 2012.

Equality Seal network of companies

Since 2013 In 2011, CaixaBank obtained the equality seal which recognises those companies committed to equality and which stand out by applying equal treatment and equal opportunities policies to working conditions, their organisational models, and other areas such as services, products and advertising. Companies holding this equality seal are members of the DIE network which works to promote the exchange of best practices and experiences in fostering equal opportunities for women in the work place. The Network connects companies by organising technical workshops and online forums offering various themed activities.

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_es.html

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

AUDITOR'S REPORT FOR 2014 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 12 January 2015, we have applied certain procedures to the "Information relating to the system of ICFR" contained in the Section F to the Company's 2014 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 2014 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.

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.

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.

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 5/2013, 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 was prepared exclusively under the framework of the requirements established by Article 540 of the Consolidated Spanish Limited Liability Companies Law and by Spanish National Securities Market Commission (CNMV) Circular 5/2013, of 12 June, for the purposes of the description of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco Ignacio Ambrós

27 February 2015

CAIXABANK GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

- **Consolidated balance sheet at 31 December 2014 and 2013, before appropriation of profit**
- **Consolidated income statement for the years ended 31 December 2014 and 2013**
- **Consolidated statement of other comprehensive income for the years ended 31 December 2014 and 2013**
- **Consolidated statement of total changes in equity for the years ended 31 December 2014 and 2013**
- **Consolidated statement of cash flows for the years ended 31 December 2014 and 2013**
- **Notes to the consolidated financial statements for the year ended 31 December 2014**

CONSOLIDATED BALANCE SHEET

at 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	31.12.2014	31.12.2013 (*)
Cash and deposits at central banks (Note 10)	**4,156,781**	**6,967,808**
Financial assets held for trading (Note 11)	**12,256,760**	**10,002,443**
Debt securities	2,049,774	3,593,411
Equity instruments	32,616	95,756
Trading derivatives	10,174,370	6,313,276
Memorandum items: Loaned or advanced as collateral		*188,079*
Other financial assets at fair value through profit or loss (Note 23)	**937,043**	**450,206**
Loans and advances to credit institutions		
Debt securities	549,070	212,118
Equity instruments	387,973	238,088
Available-for-sale financial assets (Note 12)	**71,100,537**	**56,450,038**
Debt securities	67,205,087	52,117,173
Equity instruments	3,895,450	4,332,865
Memorandum items: Loaned or advanced as collateral	*3,049,202*	*2,706,820*
Loans and receivables (Note 13)	**195,731,456**	**206,846,199**
Loans and advances to credit institutions	4,377,197	5,891,260
Loans and advances to customers	188,761,864	198,078,812
Debt securities	2,592,395	2,876,127
Memorandum items: Loaned or advanced as collateral	*59,642,121*	*73,818,220*
Held-to-maturity investments (Note 14)	**9,608,489**	**17,830,752**
Memorandum items: Loaned or advanced as collateral	*299,878*	*1,859,850*
Adjustments to financial assets - macro-hedges	**138,812**	**80,001**
Hedging derivatives (Note 15)	**5,155,973**	**4,572,762**
Non-current assets held for sale (Note 16)	**7,247,941**	**6,214,572**
Investments (Note 17)	**9,266,397**	**8,773,670**
Associates	8,110,608	7,612,488
Jointly controlled entities	1,155,789	1,161,182
Reinsurance assets (Note 18)	**451,652**	**519,312**
Tangible assets (Note 19)	**6,404,416**	**5,517,560**
Property, plant and equipment	3,144,819	3,223,126
For own use	*3,144,819*	*3,223,126*
Investment property	3,259,597	2,294,434
Intangible assets (Note 20)	**3,634,566**	**3,629,300**
Goodwill	3,050,845	3,047,216
Other intangible assets	583,721	582,084
Tax assets (Note 26)	**10,097,557**	**9,764,598**
Current	707,311	180,693
Deferred	9,390,246	9,583,905
Other assets (Note 21)	**2,435,069**	**2,700,918**
Inventories	1,197,035	1,455,156
Other	1,238,034	1,245,762
Total assets	**338,623,449**	**340,320,139**
Memorandum items:		
Contingent liabilities **(Note 27)**	10,241,836	10,298,594
Contingent commitments **(Note 27)**	50,706,226	53,813,179

(*) See Note 1, "Comparison of information".

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated balance sheet at 31 December 2014.

CONSOLIDATED BALANCE SHEET

at 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities and equity

	31.12.2014	31.12.2013 (*)
Liabilities		
Financial liabilities held for trading (Note 11)	**11,974,880**	**7,890,643**
Trading derivatives	10,105,414	6,269,225
Short positions	1,869,466	1,621,418
Other financial liabilities at fair value through profit or loss (Note 23)	**1,442,391**	**1,252,065**
Customer deposits	1,442,391	1,252,065
Financial liabilities at amortised cost (Note 22)	**247,538,656**	**263,201,003**
Deposits from central banks	12,156,872	20,049,617
Deposits from credit institutions	13,762,059	21,182,596
Customer deposits	180,200,450	175,161,631
Marketable debt securities	32,920,219	37,938,304
Subordinated liabilities	4,396,075	4,809,149
Other financial liabilities	4,102,981	4,059,706
Adjustments to financial liabilities - macro-hedges	**3,242,925**	**2,195,517**
Hedging derivatives (Note 15)	**876,116**	**1,487,432**
Liabilities under insurance contracts (Note 23)	**40,434,093**	**32,028,006**
Provisions (Note 24)	**4,370,507**	**4,321,261**
Provisions for pensions and similar obligations	2,964,457	2,788,010
Provisions for taxes and other legal contingencies	396,589	461,317
Provisions for contingent liabilities and commitments	563,597	528,990
Other provisions	445,864	542,944
Tax liabilities (Note 26)	**1,671,832**	**2,352,815**
Current	265	27,893
Deferred	1,671,567	2,324,922
Other liabilities (Note 21)	**1,839,481**	**1,644,825**
Total liabilities	**313,390,881**	**316,373,567**
Equity		
Shareholders' equity (Note 25)	**23,372,983**	**23,258,485**
Capital	5,714,956	5,027,610
Share premium	12,032,802	10,583,008
Reserves	5,069,833	5,448,948
Accumulated reserves/(losses)	*3,982,602*	*4,131,017*
Reserves/(losses) of entities accounted for using the equity method	*1,087,231*	*1,317,931*
Other equity instruments	0	1,938,222
Equity component of compound financial instruments		*1,938,222*
Less: Treasury shares	(11,013)	(22,193)
Profit/(loss) attributable to the Group	620,020	315,872
Less: Dividends and remuneration	(53,615)	(32,982)
Valuation adjustments (Note 25)	**1,821,656**	**704,013**
Available-for-sale financial assets	1,601,142	994,706
Cash flow hedges	(20,872)	(4,724)
Exchange differences	174,915	(66,421)
Entities accounted for using the equity method	66,471	(219,548)
Non-controlling interests (Note 25)	**37,929**	**(15,926)**
Valuation adjustments	560	708
Other	37,369	(16,634)
Total equity	**25,232,568**	**23,946,572**
Total equity and liabilities	**338,623,449**	**340,320,139**

(*) See Note 1, "Comparison of information".

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated balance sheet at 31 December 2014.

CONSOLIDATED INCOME STATEMENT

for the years ended 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	2013 (*)
Interest and similar income (Note 29)	**8,791,327**	**9,300,809**
Interest expense and similar charges (Note 30)	**(4,636,761)**	**(5,346,052)**
NET INTEREST INCOME	**4,154,566**	**3,954,757**
Return on equity instruments (Note 31)	**185,374**	**106,882**
Share of profit/(loss) of entities accounted for using the equity method	**305,705**	**338,838**
Fee and commission income (Note 32)	**1,973,488**	**1,912,333**
Fee and commission expense (Note 32)	**(148,328)**	**(152,368)**
Gains/(losses) on financial assets and liabilities (net) (Note 33)	**573,596**	**674,311**
Financial assets and liabilities held for trading	(41,767)	195,414
Other financial instruments at fair value through profit or loss		
Other financial instruments not measured at fair value through profit or loss	452,787	272,811
Other	162,576	206,086
Exchange differences (net)	**65,990**	**4,666**
Other operating income (Note 34)	**1,057,288**	**972,905**
Income from insurance and reinsurance contracts	637,237	574,651
Sales and income from provision of non-financial services	129,516	146,039
Other operating income	290,535	252,215
Other operating expenses (Note 34)	**(1,228,074)**	**(1,447,470)**
Expenses from insurance and reinsurance contracts	(488,501)	(475,231)
Changes in inventories	(124,519)	(124,629)
Other operating expenses	(615,054)	(847,610)
GROSS INCOME	**6,939,605**	**6,364,854**
Administrative expenses	**(3,423,442)**	**(4,365,655)**
Personnel expenses **(Note 35)**	(2,577,893)	(3,421,549)
Other general administrative expenses **(Note 36)**	(845,549)	(944,106)
Depreciation and amortisation (Notes 19 and 20)	**(349,811)**	**(419,882)**
Provisions (net) (Note 24)	**(384,874)**	**(135,066)**
Impairment losses on financial assets (net) (Note 37)	**(2,193,370)**	**(4,193,601)**
Loans and receivables	(2,053,803)	(3,973,549)
Other financial instruments not measured at fair value through profit or loss	(139,567)	(220,052)
NET OPERATING INCOME/(LOSS)	**588,108**	**(2,749,350)**
Impairment losses on other assets (net) (Note 38)	**(48,809)**	**(276,551)**
Goodwill and other intangible assets	(14,119)	(41,184)
Other assets	(34,690)	(235,367)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 39)	**(28,149)**	**363,377**
Negative goodwill in business combinations (Note 7)		**2,289,074**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations (Note 40)	**(308,977)**	**(606,303)**
PROFIT/(LOSS) BEFORE TAX	**202,173**	**(979,753)**
Income tax (Note 26)	**417,752**	**1,288,358**
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**619,925**	**308,605**
Profit/(loss) from discontinued operations (net)		
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**619,925**	**308,605**
Profit/(loss) attributable to the Parent	**620,020**	**315,872**
Profit/(loss) attributable to non-controlling interests (Note 25)	**(95)**	**(7,267)**
Earnings per share from continuing and discontinued operations		
Basic earnings per share (euros) **(Note 6)**	0.11	0.06
Diluted earnings per share (euros) **(Note 6)**	0.11	0.06

(*) See Note 1, “Comparison of information”.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated income statement for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the years ended 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	2013 (*)
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**619,925**	**308,605**
OTHER COMPREHENSIVE INCOME (Note 25)	**1,117,495**	**820,000**
Available-for-sale financial assets	**790,068**	**1,180,056**
Revaluation gains/(losses)	1,019,329	1,231,024
Amounts transferred to income statement	(229,261)	(50,968)
Cash flow hedges	**(21,872)**	**36,465**
Revaluation gains/(losses)	(19,079)	39,858
Amounts transferred to income statement	(2,793)	(3,393)
Hedges of net investment in foreign operations	**0**	**0**
Revaluation gains/(losses)		
Amounts transferred to income statement		
Exchange differences	**240,692**	**(63,687)**
Revaluation gains/(losses)	240,692	(93,694)
Amounts transferred to income statement		30,007
Non-current assets held for sale	**0**	**0**
Revaluation gains/(losses)		
Amounts transferred to income statement		
Actuarial gains/(losses) from pension plans	**0**	**0**
Entities accounted for using the equity method	**286,019**	**26,959**
Revaluation gains/(losses)	286,019	26,959
Amounts transferred to income statement		
Other comprehensive income	**0**	**0**
Income tax	**(177,412)**	**(359,793)**
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**0**	**0**
Revaluation gains/(losses)	**0**	**0**
Revaluation gains/(losses)	(228,550)	(15,620)
Amounts transferred to reserves	228,550	15,620
Other comprehensive income		
TOTAL COMPREHENSIVE INCOME	**1,737,420**	**1,128,605**
Attributable to the Parent	**1,737,663**	**1,136,388**
Attributable to non-controlling interests	**(243)**	**(7,783)**

(*) See Note 1, “Comparison of information”.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of other comprehensive income for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the years ended 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
2014	**Share capital**	**Share premium**	**Accumulated reserves/ (losses)**	**Other equity instruments**	**Less: Treasury shares**	**Profit/(loss) attributable to the Parent**	**Less: Dividends and remuneration**	**Total shareholders' equity**	**Valuation adjustments**	**Non-controlling interests**	**Total equity**
Opening balance at 31.12.2013	**5,027,610**	**10,583,008**	**5,649,317**	**1,938,222**	**(22,193)**	**502,703**	**(32,982)**	**23,645,685**	**704,013**	**(15,926)**	**24,333,772**
Adjustments due to changes in accounting policy			(200,369)			(186,831)		(387,200)			(387,200)
Adjustments made to correct errors											0
Adjusted opening balance	**5,027,610**	**10,583,008**	**5,448,948**	**1,938,222**	**(22,193)**	**315,872**	**(32,982)**	**23,258,485**	**704,013**	**(15,926)**	**23,946,572**
Total comprehensive income						**620,020**		**620,020**	**1,117,643**	**(243)**	**1,737,420**
Other changes in equity	**687,346**	**1,449,794**	**(379,115)**	**(1,938,222)**	**11,180**	**(315,872)**	**(20,633)**	**(505,522)**	**0**	**54,098**	**(451,424)**
Capital increases	214,715		(214,715)					0			0
Conversion of financial liabilities into capital								0			0
Increase of other equity instruments **(Note 25)**			(33,224)					(33,224)			(33,224)
Payment of dividends/remuneration to shareholders			(85,694)				(53,615)	(139,309)		(17)	(139,326)
Transactions with own equity instruments (net)			3,205		(3,820)			(615)			(615)
Transfers between equity items	472,631	1,449,794	282,890	(1,937,425)	15,000	(315,872)	32,982	0			0
Increases/(decreases) due to business combinations								0			0
Other increases/(decreases) in equity			(331,577)	(797)				(332,374)		54,115	(278,259)
Final balance at 31.12.2014	**5,714,956**	**12,032,802**	**5,069,833**	**0**	**(11,013)**	**620,020**	**(53,615)**	**23,372,983**	**1,821,656**	**37,929**	**25,232,568**

(*) See Note 1, "Comparison of information".

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the years ended 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent											
	Shareholders' equity											
2013	**Share capital**	**Share premium**	**Accumulated reserves/ (losses)**	**Other equity instruments**	**Less: Treasury shares**	**Profit/(loss) attributable to the Parent**	**Less: Dividends and remuneration**	**Total shareholders' equity**	**Valuation adjustments**	**Non-controlling interests**	**Total equity**
Opening balance at 31.12.2012	**4,489,749**	**10,125,140**	**5,969,013**	**2,188,279**	**(194,024)**	**229,700**	**(15,211)**	**22,792,646**	**(116,503)**	**35,029**	**22,711,172**
Adjustments due to changes in accounting policy			(183,390)			(16,979)		(200,369)			(200,369)
Adjustments made to correct errors											0
Adjusted opening balance	**4,489,749**	**10,125,140**	**5,785,623**	**2,188,279**	**(194,024)**	**212,721**	**(15,211)**	**22,592,277**	**(116,503)**	**35,029**	**22,510,803**
Total comprehensive income						**315,872**		**315,872**	**820,516**	**(7,783)**	**1,128,605**
Other changes in equity	**537,861**	**457,868**	**(336,675)**	**(250,057)**	**171,831**	**(212,721)**	**(17,771)**	**350,336**	**0**	**(43,172)**	**307,164**
Capital increases	302,968		(302,968)					0			0
Conversion of financial liabilities into capital	163,234	266,268	(9,890)		182,537			602,149			602,149
Increase of other equity instruments **(Note 25)**			(107,203)	15,000				(92,203)			(92,203)
Payment of dividends/remuneration to shareholders			(36,767)				(32,982)	(69,749)		(19)	(69,768)
Transactions with own equity instruments (net)			14,527		(22,582)			(8,055)			(8,055)
Transfers between equity items	71,659	191,600	197,969	(265,057)	1,339	(212,721)	15,211	0			0
Increases/(decreases) due to business combinations			224		25,278			25,502			25,502
Other increases/(decreases) in equity			(92,567)		(14,741)			(107,308)		(43,153)	(150,461)
Final balance at 31.12.2013	**5,027,610**	**10,583,008**	**5,448,948**	**1,938,222**	**(22,193)**	**315,872**	**(32,982)**	**23,258,485**	**704,013**	**(15,926)**	**23,946,572**

(*) See Note 1, "Comparison of information".

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended 31 December 2014 and 2013, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	2013 (*)
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**(4,890,969)**	**(2,870,636)**
Consolidated profit/(loss) for the period	**619,925**	**308,605**
Adjustments to obtain cash flows from operating activities	**4,697,092**	**4,974,913**
Depreciation and amortisation	349,811	419,882
Other adjustments	4,347,281	4,555,031
Net increase/(decrease) in operating assets	**(11,182,867)**	**6,825,551**
Financial assets held for trading	(2,063,317)	(2,799,255)
Other financial assets at fair value through profit or loss	(486,838)	(117,345)
Available-for-sale financial assets	(14,283,045)	(4,571,522)
Loans and receivables	7,271,064	13,183,387
Other operating assets	(1,620,731)	1,130,286
Net increase/(decrease) in operating liabilities	**1,343,463**	**(14,796,098)**
Financial liabilities held for trading	4,084,237	676,758
Other financial liabilities at fair value through profit or loss	190,327	232,359
Financial liabilities at amortised cost	(7,882,629)	(20,188,291)
Other operating liabilities	4,951,528	4,483,076
Income tax (paid)/received	**(368,582)**	**(183,607)**
B. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**9,142,944**	**5,829,525**
Payments	**(1,350,555)**	**(539,416)**
Tangible assets	(835,442)	(379,872)
Intangible assets	(136,543)	(62,960)
Investments	(273,971)	(66,408)
Non-current assets and associated liabilities held for sale	(104,599)	(30,176)
Proceeds	**10,493,499**	**6,368,941**
Tangible assets	267,271	272,063
Investments	157,771	1,339,343
Subsidiaries and other business units	0	415,300
Non-current assets and associated liabilities held for sale	1,457,484	1,821,001
Held-to-maturity investments	8,610,973	2,521,234
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(7,065,463)**	**(3,845,189)**
Payments	**(8,472,512)**	**(9,166,561)**
Dividends	(139,309)	(69,748)
Subordinated liabilities		(977,000)
Buyback and cancellation of own equity instruments	(797)	
Acquisition of own equity instruments	(60,772)	(268,769)
Other payments related to financing activities	(8,271,634)	(7,851,044)
Proceeds	**1,407,049**	**5,321,372**
Subordinated liabilities		750,000
Disposal of own equity instruments	71,952	355,972
Other proceeds related to financing activities	1,335,097	4,215,400
D. EFFECT OF EXCHANGE RATE CHANGES	**2,461**	**(1,108)**
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(2,811,027)**	**(887,408)**
F. CASH AND CASH EQUIVALENTS AT 1 JANUARY	**6,967,808**	**7,855,216**
G. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**4,156,781**	**6,967,808**

Memorandum items		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Cash	1,721,313	1,508,864
Cash equivalents at central banks	2,435,468	5,458,944
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**4,156,781**	**6,967,808**

(*) See Note 1, “Comparison of information”.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2012.

Notes to the consolidated financial statements of CaixaBank Group for 2014

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Notes to the consolidated financial statements
for the year ended 31 December 2014

CAIXABANK, SA
AND COMPANIES COMPOSING THE CAIXABANK GROUP

As required by current legislation governing the content of consolidated financial statements, these notes to the consolidated financial statements complete, extend and discuss the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the consolidated statement of cash flows, and form an integral part of them to give a true and fair view of the equity and financial position of the CaixaBank consolidated group at 31 December 2014, and the results of its operations, the changes in consolidated equity and the cash flows during the year then ended.

1. Corporate and other information

Corporate information

CaixaBank, SA and its subsidiaries compose the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group"). CaixaBank, SA (“CaixaBank”), with tax identification (NIF) number A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 2011 with the entry of CaixaBank in the Bank of Spain’s Registry of Banks and Bankers (“Registro Especial de Bancos y Banqueros”) and its listing on the Spanish stock markets—as a bank—on 1 July 2011.

It is the bank through which Caixa d'Estalvis i Pensions de Barcelona (”la Caixa”) carried on its business indirectly as a credit institution in accordance with its Bylaws. As a result of the entry into force of Law 26/2013, of 27 December, on savings banks and banking foundations, the ”la Caixa” General Assembly held on 22 May 2014 approved a motion to transform ”la Caixa” into a banking foundation (the “la Caixa” Banking Foundation) effective 16 June 2014 following its registration in the Foundations Registry. As a result, ”la Caixa” has curtailed its indirect exercise of financial activity and lost its status as a credit institution. The General Assembly also approved the Group's restructuring with:

- The dissolution and liquidation of the former the ”la Caixa” Foundation (and passing its assets and wealth to the ”la Caixa” Banking Foundation); and
- The transfer, which took place in October 2014, to Criteria CaixaHolding, SAU – wholly owned by the ”la Caixa” Banking Foundation ("Criteria") – of the assets and liabilities not assigned to welfare projects (essentially the ”la Caixa” Banking Foundation's holding in CaixaBank, and the debt instruments of which it was the issuer). As a result, the ”la Caixa” Banking Foundation now holds its stake in CaixaBank indirectly through Criteria CaixaHolding.

A resolution was therefore passed at CaixaBank’s Annual General Meeting held on 24 April 2014 - subject to subsequent approval by the ordinary General Assembly of ”la Caixa” - to amend the bylaws, eliminating any reference to the indirect exercise of the banking activity. Accordingly, CaixaBank ceased to be the bank through which ”la Caixa” carried on its business indirectly as a credit institution.

The corporate object of CaixaBank mainly entails:

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

Criteria is CaixaBank's majority shareholder, with a stake conferring profit-sharing rights of 58.96% and a stake conferring voting rights of 57.24% at 31 December 2014. Additionally, ”la Caixa” Banking Foundation held 6,119 shares of CaixaBank at that same date. At 31 December 2013, ”la Caixa” held a 64.37% stake in CaixaBank.

Basis of presentation

The consolidated financial statements have been prepared in accordance with the Commercial Code, International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU Regulations, in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and subsequent amendments, and bearing in mind the provisions of Bank of Spain Circular 4/2004 of 22 December on Public and Confidential Financial Reporting Rules and Formats for Credit Institutions, which constitutes the adaptation of the IFRSs adopted by the European Union to Spanish credit institutions.

The financial statements were prepared from the accounting records of CaixaBank and the other Group companies, and include certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank.

Figures are presented in thousands of euros unless the use of another monetary unit is stated explicitly. Certain financial information in these notes was rounded off and, consequently, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

Standards and interpretations issued by the International Accounting Standard Board (IASB) that became effective in 2014

At the date of authorisation for issue of these consolidated financial statements, the main standards and interpretations that became effective, either as they are mandatory for annual periods beginning on or after 1 January 2014 or because CaixaBank opted to early adopt them, are as follows:

- IFRS 10 *Consolidated Financial Statements*
This standard was issued in conjunction with IFRS 11, IFRS 12 and the amendments to IAS 27 and IAS 28 (see below), replacing the standards governing the consolidation and recognition of subsidiaries, associates and joint ventures, as well as disclosure requirements.

Upon entry into force, this standard replaces the consolidation guidelines set out in the current IAS 27 Consolidated and Separate Financial Statements and in interpretation SIC 12 Consolidation – Special Purpose Entities.

The main change introduced in IFRS 10 is in the definition of control. Control is now defined through three required elements: power over the investee; exposure or rights to variable returns from the investee; and the ability to use power over the investee to affect the amount of these returns.

Adoption of the new definition of control has not caused any significant changes in the list of entities controlled by the Group.

- IFRS 11 *Joint Arrangements*
Upon entry into force, IFRS 11 replaces IAS 31 Interests in Joint Ventures. The fundamental change compared to the prevailing standard is the elimination of the proportionate consolidation option for jointly controlled entities. Under IFRS 11, these entities should be accounted for using the equity method. The standard also modifies certain nuances when analysing joint arrangements, focusing on whether or not the arrangement is structured through a separate vehicle. The standard also defines two types of joint arrangements: joint operations and joint ventures.

The Group accounts for most of its joint ventures using the equity method. Therefore, application of the new standard did not have any significant impact.

- IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 groups together and extends the scope of all disclosure requirements regarding interests in subsidiaries, associates, joint ventures or other investees. The primary change with respect to current disclosure requirements is the new obligation to disclose interests in unconsolidated structured entities.

The application of this standard requires increasing disclosures regarding associates and jointly controlled entities, especially regarding reconciliations between their contributions to profit or loss and attributable profit or loss.

- IAS 27 *Separate Financial Statements* (Amendment)
This amendment reissues the standard, given that from its entry into force its content will only refer to separate financial statements.

- IAS 28 *Investments in Associates* (Amendment)
This amendment reissues the standard, which now includes guidance on how to account for joint ventures, indicating that they shall henceforth be accounted for as associates, i.e., using the equity method.

- IAS 32 *Financial Instruments: Presentation* (Amendment)
This amendment of IAS 32 provides additional clarification regarding the requirements for offsetting financial assets and financial liabilities shown in the balance sheet. IAS 32 already states that a financial asset and liability can only be offset if the entity currently has a legally enforceable right to set off the recognised amounts.

The amended implementation guidance states, *inter alia*, that to meet this condition, the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of default, insolvency or bankruptcy of the entity and all of the counterparties.

- IFRS 10, IFRS 11 and IFRS 12: *Consolidated Financial Statements, Joint Arrangements* and *Disclosures of Interests in Other Entities*: *Transition Guidance* (Amendments)
With the amendments, the IASB wanted to clarify certain issues regarding the transition provisions for these standards. It clarified the date of initial application as the beginning of the annual period in which IFRS 10 is applied for the first time. This is the date when investors should assess whether the consolidation conclusions are the same or different.

In addition, regarding comparative data, the amendments note that when the consolidation conclusion is the same at the date of initial application, no adjustments to comparative data are required. If the consolidation conclusion is different, adjustments must be made to comparative data, but only for the immediately preceding period.

- IFRS 10, IFRS 12 and IAS 27: *Investment Entities* (Amendment)
The amendments introduce the definition of "investment entity" and exceptions whereby investees defined as an "investment entity" are not consolidated, but rather measured at fair value through profit or loss.

The amendments also set out disclosure requirements for entities defined as "investment entities".

- IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* (Amendment)
This amendment proposes restricting current disclosures of the recoverable amount of an individual asset or a cash-generating unit to the reporting periods for which the entity has recognised or reversed an impairment loss.

It also introduces new disclosures when the recoverable amount is measured at fair value less costs of disposal and the entity has recognised or reversed an impairment loss. This amendment will require the entity to disclose the level of the IFRS 13 fair value hierarchy and, within Level 2 or 3, to describe the main valuation techniques and key assumptions used, such as the current and previous discount rate.

- IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (Amendment)
This amendment allows entities to continue hedge accounting if a derivative, that had been designated as a hedging derivative, is novated, provided certain criteria are met for offsetting through a central counterparty, as a consequence of existing or newly introduced laws or regulations.

The amendment was made in response to changes in laws made to include the commitments by the G20 to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives.

Given the nature of the amendment, its becoming effective did not have any impact on the Group.

- IFRIC 21 *Levies*
This interpretation provides guidance on when to recognise a liability for a levy accounted for in accordance with IAS 37 where the timing and amount are certain. In these cases, the liability is recognised when the event that triggers the payment of the levy occurs.

The main impacts derived from the early application of this standard relate to the recognition of the ordinary and extraordinary shortfalls of the Deposit Guarantee Fund described in the related section.

Application of IFRIC 21 is accounted for retrospectively in accordance with IAS 8.

Standards and interpretations issued by the IASB but not yet effective

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

The Group has assessed the impacts arising from these standards and interpretations and has elected not to early adopt them, where possible, because it would have no significant impact.

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Approved for use in the EU		
Annual Improvements to IFRSs 2011-2013 Cycle	Minor corrections	1 July 2014
Not approved for use in the EU		
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual Improvements to IFRSs 2010-2012 Cycle	Minor corrections	1 July 2014
Annual Improvements to IFRSs 2012-2014 Cycle	Minor corrections	1 January 2016
Amendments to IAS 16 and IAS 38	*Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IFRS 11	*Acquisition of an Interest in a Joint Operation*	1 January 2016
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to IAS 27	*Equity Method in Separate Financial Statements*	1 January 2016
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*	1 January 2016
IFRS 14	*Regulatory Deferral Accounts*	1 January 2016
IFRS 15	*Revenue from Contracts with Customers*	1 January 2017
IFRS 9	*Financial Instruments: Classification and Measurement*	1 January 2018

- IAS 19 *Defined Benefit Plans: Employee Contributions* (Amendment)

The amendment is issued to enable employees, under certain circumstances, to deduct contributions to defined benefit pension plans from the related service cost in the period in which they are paid without having to make estimations to attribute them to each year of service. Contributions from employees or third parties set out formally in a benefit plan are recognised as follows:

- If the contribution is independent of the number of years of service, it can be recognised as a deduction from the service cost in the period in which the benefit is paid (this is an accounting option that must be applied consistently over time).
- If the contribution depends on a specific number of years of service, it must be attributed to these periods of service.

- IAS 16 and IAS 38 *Acceptable Methods of Depreciation and Amortisation* (Amendments)

The amendment, to be applied prospectively, clarifies that the use of revenue-based methods to calculate depreciation and amortisation are not appropriate, because this does not reflect the expected pattern of consumption of the future economic benefits of an asset.

- IFRS 11 *Acquisition of an Interest in a Joint Operation (Amendment)*

The amendment, to be applied prospectively, requires the application of IFRS 3 *Business Combinations* when the joint operation constitutes a business. Until now, this was not treated specifically.

- IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)*

The amendment, to be applied prospectively, clarifies that in the sale or contribution of assets to a joint venture or associate or the loss of control when joint control or significant influence is retained in a transaction involving an associate or joint venture, any gain or loss recognised depends on whether the assets or subsidiary constitute a business.

When the assets or subsidiary constitute a business, the standard requires full profit or loss recognition. However, when the assets or subsidiary do not constitute a business, the entity's share of the profit or loss is eliminated.

- IAS 27 *Equity Method in Separate Financial Statements* (Amendments)
The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- IAS 16 and IAS 41: *Agriculture: Bearer Plants (Amendment)*
The amendment, to be applied retrospectively, clarifies the definition and accounting treatment of bearer plants and their produce.

- IFRS 14 *Regulatory Deferral Accounts*
This standard specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

The Group is currently analysing all the future impacts of the adoption of this amendment and is unable to provide a reasonable estimate of its impact until this analysis has been carried out.

- IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*, and the related interpretations on revenue recognition (IFRIC 13 *Customer Loyalty Programmes*), IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*). The model in IFRS 15 is more restrictive and principles based. Therefore, its application could result in changes to the profile of revenue.

The Group is currently analysing all the future impacts of the adoption of this amendment and is unable to provide a reasonable estimate of its impact until this analysis has been carried out.

- IFRS 9 *Financial Instruments: Classification and Measurement*.
IFRS 9 will replace the part of IAS 39 that deals with classification and measurement of financial instruments. There are some major differences with respect to the current standard regarding financial assets. These include the approval of a new classification model based on only two categories: amortised cost and fair value, entailing the elimination of the current classifications of the held-to-maturity investments and available-for-sale financial assets categories; a single impairment method only for assets carried at amortised cost and the non-separation of embedded derivatives in financial asset contracts.

Regarding financial liabilities, the categories proposed in IFRS 9 are the same as those currently included in IAS 39. Therefore, there should not be any major differences except for the requirement to recognise changes in fair value related to credit risk as a component of equity for financial liabilities under the fair value option.

Management estimates that the future application of IFRS 9 will have a significant impact on the financial assets and liabilities currently reported. The Group is currently analysing all the future impacts of the adoption of this amendment and is unable to provide a reasonable estimate of its impact until this analysis has been carried out.

The date of application of IFRS 9 has not been established until the standard is complete. In this respect, mandatory application is not expected to be before annual periods beginning on or after 1 January 2018.

Responsibility for the information and for the estimates made

The financial statements of CaixaBank and the consolidated financial statements of the CaixaBank Group for 2014 were authorised for issue by the Board of Directors at a meeting held on 26 February 2015. These financial statements have not yet been approved by the Annual General Meeting. However, the Board of Directors of CaixaBank expects they will be approved without any changes. The financial statements of CaixaBank and the CaixaBank Group's consolidated financial statements for 2013 were approved at the Ordinary Annual General Meeting held on 24 April 2014, and are presented solely for the purpose of comparison with the figures for 2014 (see "Comparison of information" in this Note). CaixaBank forms part of the Criteria CaixaHolding Group, which in turn forms part of the Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation Group, the Parent of which is the Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" Banking Foundation. The "la Caixa" Group's consolidated financial statements for 2013 were authorised for issue by the Board of Directors of "la Caixa" at the meeting held on 27 February 2014 and approved by the General Assembly on 22 May 2014**.**

The preparation of the financial statements required Senior Management of CaixaBank and consolidated companies to make certain judgements, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates relate primarily to:

- Impairment losses on certain financial assets and the fair value of the related guarantees (Notes 12 to 14)
- The measurement of goodwill and intangible assets (Note 20)
- The useful life of and impairment losses on other intangible assets and tangible assets (Notes 19 and 20)
- Impairment losses on non-current assets held for sale (Note 16)
- The measurement of investments in jointly controlled entities and associates (Note 17)
- Actuarial assumptions used to measure liabilities arising from insurance contracts (Note 23)
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 24)
- The fair value of certain financial assets and liabilities (Note 2.2)
- The measurement of the provisions required to cover labour, legal and tax contingencies (Note 24)
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 7)
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets (Note 26)
- Determination of the share of profit (loss) of associates (Note 17).

These estimates were made on the basis of the best information available at the date of preparation of these financial statements. However, events may occur that make it necessary for them to be changed in future periods.

The accounting principles and policies and the measurement bases established by the IFRSs are generally consistent with those established by Bank of Spain Circular 4/2004 and are described in Note 2. No policy was applied that entailed a difference to these and had a significant impact.

Comparison of information and changes in scope of consolidation

The 2013 figures presented in the accompanying 2014 financial statements are given for comparison purposes only.

As explained in this Note in the section on "Basis of presentation" and Note 34, the Group opted for the early application of IFRIC 21 regarding when to recognise liabilities for levies. As indicated in this same Note in the section "Deposit Guarantee Fund" this led to adjustments to the balance sheet at 31 December 2013 and the income statement for 2013 for the impacts described below. As a result, the 2013 financial statements presented for comparison purposes differ from those effectively approved by the Annual General Meeting of 24 April 2014 by those amounts.

The early application of IFRIC 21 implies that the 2014 annual financial statements include the unsettled payment obligations to the Deposit Guarantee Fund, both those relating to Royal Decree-Law 6/2013 on the extraordinary shortfall and those relating to Article 3 of Royal Decree 2606/1996 on the annual contribution based on deposits at the end of 2014.

Following are the adjusted balance sheet at 31 December and adjusted income statement for the year ended 31 December 2013:

(Thousands of euros)	31.12.2013 authorised for issue by Directors	Adjustment	31.12.2013 adjusted
ASSETS			
Tax assets	9,598,655	165,943	9,764,598
Other assets	2,737,199	(36,281)	2,700,918
Total assets	**340,190,477**	**129,662**	**340,320,139**
LIABILITIES			
Financial liabilities at amortised cost	262,379,176	821,827	263,201,003
Other liabilities	1,949,790	(304,965)	1,644,825
Total liabilities	**315,856,705**	**516,862**	**316,373,567**
Shareholders' equity	23,645,685	(387,200)	23,258,485
Total equity	**24,333,772**	**(387,200)**	**23,946,572**
Total equity and liabilities	**340,190,477**	**129,662**	**340,320,139**

(Thousands of euros)	31.12.2013 authorised for issue by Directors	Adjustment	31.12.2013 adjusted
CONSOLIDATED INCOME STATEMENT			
Other operating expenses	(1,180,568)	(266,902)	(1,447,470)
GROSS INCOME	**6,631,756**	**(266,902)**	**6,364,854**
NET OPERATING INCOME/(LOSS)	**(2,482,448)**	**(266,902)**	**(2,749,350)**
PROFIT/(LOSS) BEFORE TAX	**(712,851)**	**(266,902)**	**(979,753)**
Income tax	1,208,287	80,071	1,288,358
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**495,436**	**(186,831)**	**308,605**
PROFIT/(LOSS) FOR THE YEAR	**495,436**	**(186,831)**	**308,605**
Profit/(loss) attributable to the Parent	**502,703**	**(186,831)**	**315,872**
Basic and diluted earnings per share	*0.09*		*0.06*

The impact of the early application of this interpretation on the balance sheet at the beginning of 2013 was not material. Therefore, in accordance with IAS 1.40, the opening balance sheet at 1 January 2013 is not presented.

In addition, changes were made in the 2013 statement of cash flows relating to the presentation of payments for non-current assets and associated liabilities held for sale, and income tax (paid)/received to make them consistent with the improvements made in the preparation of the statement of cash flows for 2014. The impact is an increase in cash flow from investing activities in 2013 of EUR 5,189 million and a decrease for the same amount in cash flows from investing activities.

As a result, the 2013 financial statements presented for comparison purposes differ from those effectively approved by the Annual General Meeting of 24 April 2014 in respect of the same items and amounts.

The most significant changes in the consolidation scope in 2014 are detailed in note 7.

In 2014 and 2013, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information.

Seasonality and materiality of operations

The cyclical or seasonal nature of the operations of the companies composing the CaixaBank Group is not significant.

In addition, in deciding what information to disclose in these consolidated annual financial statements, materiality was assessed in relation to the annual financial data.

Investments in credit institutions

At 31 December 2014, the CaixaBank Group held no ownership interest equal to or greater than 5% of the capital or voting rights of any credit institution other than the investments in subsidiaries and associates listed in Appendix 1 and no Spanish or foreign credit institution or group including a credit institution held an ownership interest equal to or greater than 5% of the capital or voting rights of any of the credit institutions that are subsidiaries of the CaixaBank Group.

Minimum reserve ratio

Throughout 2014, CaixaBank complied with the minimum reserve ratio required by applicable regulations.

Deposit guarantee fund

Following the enactment of Royal Decree-Law 19/2011, of 2 December, the annual contribution to the Deposit Guarantee Fund of Credit Institutions was set at 2 per thousand of the calculation basis of guaranteed deposits.

In addition, at its meeting of 30 July 2012, the Management Committee of the Deposit Guarantee Fund agreed to recognise an extraordinary shortfall that may be settled through equal annual instalments over the following 10 years. These instalments may be deducted from the entities' ordinary annual contributions.

Lastly, to perform the duties of the Deposit Guarantee Fund for Credit Institutions set out in Royal Decree-Law 6/2013, of 22 March, a one-off extraordinary shortfall was determined of 3 per thousand of eligible deposits at 31 December 2012, to be settled according to the schedule and subject to the deductions envisaged by the Management Committee of the Deposit Guarantee Fund.

CaixaBank has decided to apply IFRIC 21 *Levies*, which addresses the accounting of liabilities to pay levies under IAS 37, earlier than the effective date set out in the endorsement by the European Union. According to this interpretation: the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by legislation; there is no constructive obligation to pay a levy that will be triggered by operating in a future period; the liability is recognised progressively if the obligating event occurs over time; and if the obligation to pay the levy is triggered when a minimum threshold is reached, the liability is recognised when the threshold is reached.

Adoption of IFRIC 21 has resulted in a change to the accounting of the contributions made by CaixaBank to the Deposit Guarantee Fund, which will be recognised at 31 December of each year. In accordance with the applicable standards, this change is applied retrospectively, adjusting the comparative amounts as indicated in the section "Comparison of information".

Total contributions accrued in connection with the contributions explained in the preceding paragraphs in 2014 and 2013 amounted to EUR 293,032 thousand and EUR 569,703 thousand, respectively (see Note 34).

Events after the reporting period

Acquisition of Barclays Bank, SAU

On 31 August 2014, CaixaBank and Barclays Bank Plc reached an agreement whereby CaixaBank would acquire Barclays Bank, SAU

On 2 January 2015, CaixaBank successfully acquired the entire capital of Barclays Bank, SAU, after securing the necessary clearance from the regulatory authorities. The provisional amount paid was EUR 820 million, calculated based on net equity of Barclays Bank, SAU of EUR 1,714 million. The final acquisition price will be determined based on the acquiree's definitive net equity at 31 December 2014.

CaixaBank obtained control of Barclays Bank, SAU on 2 January 2015. The purchase price allocation then began as required to account for the transaction. Until the final outcome of this process is determined, the acquisition is estimated to produce negative goodwill of approximately EUR 500 million and the need to incur certain restructuring costs of approximately EUR 300 million net of tax.

Take-over bid launched for ordinary shares of Portuguese bank, BPI

On 17 February 2015 CaixaBank submitted a notice to the Portuguese stock market regulator, the Comissão do Mercado de Valores Mobiliários (CMVM), announcing its intention of launching a take-over bid for ordinary shares in the Portuguese bank, BPI.

The offer is voluntary and sets a cash price of EUR 1.329 per share. The price is the weighted average of the last six months' prices and considered to be fair in accordance with Portuguese regulations. The offer is directed at all BPI's share capital not owned by CaixaBank and is conditional on: (i) obtaining acceptance from more than 5.9% of the shares issued - so that CaixaBank, considering its current stake of 44.1%, will go on to hold more than 50% of the BPI's share capital after the operation and (ii) the removal of the 20% restriction on the voting rights held by a single shareholder established in Article 12.4 of BPI's Bylaws at the appropriate shareholders' meeting. For this restriction to be removed 75% of the share capital attending the shareholders' meeting or represented therein must vote in favour of the motion and CaixaBank may only exercise 20% of the voting rights.

CaixaBank expects to continue to support BPI's management team, whose prudent and efficient management has protected the bank from the instability affecting the financial system over the past few years.

Further, CaixaBank intends for BPI to remain a quoted entity following the takeover bid, with the support of shareholders, including representatives on the bank's Board of Directors, who choose not to sell their shares.

The transaction is expected to be completed in the second quarter of 2015. It is expected to be accretive for CaixaBank's EPS from the outset. The impact on CaixaBank's capital base (fully loaded CET1) is estimated to be between 80bp (0.80%) and 140bp (1.40%) assuming an acceptance level of between 5.9% and 55.9%. CaixaBank's objective is to maintain a capital ratio (fully loaded CET1) of over 11% following the transaction to remain one of the most solvent European banks.

2. Accounting policies and measurement bases

The principal accounting policies and measurement bases used in the preparation of the consolidated financial statements of the CaixaBank Group for 2014 were as follows:

2.1. Business combinations and basis of consolidation

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

Subsidiaries

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

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

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

In these cases, the investor considers whether it has the practical ability to direct the relevant activities unilaterally. Relevant activities include establishing financial and operating decisions, or appointing and remunerating management bodies, among other.

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

The share of third parties in the equity and profit and loss of the CaixaBank Group is shown under "Non-controlling interests" in the consolidated balance sheet and "Loss attributable to non-controlling interests" in the consolidated income statement, respectively (see Note 25).

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

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

According to IFRS 10, on loss of control of a subsidiary, the assets, liabilities, non-controlling interests and other items recognised in valuation adjustments are derecognised, and the fair value of the consideration received and any retained investment recognised. The difference is recognised in the consolidated income statement.

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

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

Joint ventures (jointly controlled entities)

The Group considers as jointly controlled entities those which are not subsidiaries and which are controlled jointly with other shareholders under a contractual arrangement. In these cases, decisions on relevant activities generally require the unanimous consent of the venturers that share control. The Group holds a 67% stake in Inversiones Alaris, SL, head of a group of companies operating in the healthcare sector, which by virtue of an agreement with other shareholders it considers a jointly controlled entity even though it holds the majority of the voting rights. This was the only important company in this situation at 31 December 2014.

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

Relevant information on these companies is disclosed in Appendix 2 and, where appropriate, Note 17. For quoted companies, the latest public figures are shown. Otherwise, the information relates to the latest actual or estimated data available at the date of preparation of these notes to the financial statements.

Associates

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

Exceptionally, investees in which more than 20% of the voting rights is held, but it can clearly be demonstrated that significant influence does not exist, and therefore the CaixaBank Group effectively does not have the power to govern the entity’s financial and operating policies, are not considered associates. Based on these criteria, at 31 December 2014 and 2013, the Group held some equity investments ranging from 20% to 50% classified under “Available-for-sale financial assets” in the consolidated balance sheet. The most significant was the investment in the Isolux Group.

The Group classifies certain investments in companies in which its holds less than 20% as associates. In all these investments, there is a long-term investment strategy and the intention it to keep the investments, representation on the governing bodies and business relations conducted, in some cases, through commercial agreements and joint ventures. Combined, these factors evidence the existence of significant influence in each investee. Significant influence is held over the following investments

- The Bank of East Asia (BEA): the relationship with this investee, which was classified as an associate in 2009, began in 2007. There is a strategic and exclusive partnership agreement with this banking institution, whereby BEA is the springboard for expansion of the CaixaBank Group’s banking business in Asia-Pacific. In this connection, a joint auto financing venture is beginning to operate in the Chinese market in which BEA and Brilliance Automotive, a Chinese car maker, and Finconsum, a CaixaBank subsidiary, have interests. In addition, CaixaBank’s Chairman is a member of BEA’s Board of Directors and Nomination Committee, and a BEA director is a member of CaixaBank’s Board of Directors. There are also collaboration agreements between the foundations of the BEA and the ”la Caixa” Banking Foundation. CaixaBank’s stake at 31 December 2014 was 18.68%.

- Erste Bank: the relationship with this investee, which was classified as an associate in 2009, began in 2008. There is a preferred partnership agreement between Erste Bank’s controlling shareholder (the Erste Foundation) and CaixaBank that confirms the amicable nature and long-term outlook of the investment, a corporate and sales collaboration agreement between Erste Bank and CaixaBank, and a collaboration agreement between Erste Foundation and ”la Caixa”. Under this preferred partnership agreement, CaixaBank can appoint a director to Erste Bank's Supervisory Board. In December 2014, CaixaBank strengthened its strategic agreement with the Erste Foundation through an amendment to the preferred partnership agreement and raised its interest from 9.12% to 9.92%. Under the amended agreement, CaixaBank can appoint a second director to Erste Bank's Supervisory Board. CaixaBank will vote at the Annual General Meeting in the same way as Erste Foundation, solely in respect of the election of members of the Supervisory Board. Through this agreement, CaixaBank has become one of the Austrian bank's stable shareholders, alongside a group of Austrian savings banks and some of their foundations, and the WSW holding company. Combined, they have a shareholding of approximately 30%.

- GF Inbursa: the relationship with this investee began in 2008, with the acquisition of a 20% stake. GF Inbursa has been classified as an associate since. CaixaBank has a shareholder agreement with GF Inbursa’s controlling shareholders. In 2013, CaixaBank sold shares representing slightly more than half of its original investment and amended the shareholder agreement entered into in 2008 to adapt to its new shareholding. GF Inbursa's Board of Directors has two members related to CaixaBank, one of which is also a member of GFI Inbursa’s Audit Committee. In addition, a CaixaBank manager in charge of facilitating information and technical knowledge sharing between the two companies is a member of GF Inbursa's Management Committee. CaixaBank’s stake at 31 December 2014 was 9.01%.

- Repsol: with a stake of 11.89% at 31 December 2014, CaixaBank is currently Repsol’s largest shareholder. Since it was created, CaixaBank has always held a relevant position in Repsol’s shareholder structure and on its Board of Directors. CaixaBank's Chairman is a Repsol director and the First Vice Chairman of the Board and Member of its Delegate Committee. CaixaBank also has a Second First Vice Chairman on the Repsol Board, who is Chairman of the Strategy, Investment and Corporate Responsibility Committee and Member of its Nomination and Compensation Committee. Meanwhile, Repsol and CaixaBank have a shareholder agreement governing joint control of Gas Natural SDG, SA.

In the consolidated financial statements, investments in associates are accounted for using the "equity method", i.e. in the proportion of the Group's share of the assets of the investee, after adjusting for dividends received and other equity eliminations. The profits and losses arising from transactions with an associate are eliminated to the extent of the Group's interest in the share capital of the associate. The Group's share of the profit or loss according to its economic stake is recognised in the income statement.

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

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

Relevant information on these companies is disclosed in Appendix 3 and, where appropriate, Note 17. For quoted companies, the latest public figures are shown. Otherwise, the information relates to the latest actual or estimated data available at the date of preparation of these notes to the financial statements.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

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

- *Consolidated structured entities*:

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

  There are instances in which the Group is highly exposed to variable returns and has decision-making power over the entity, directly or through an agent. This is the case of securitisation funds. Information on these funds, the financial support given to the vehicles and the reason are detailed in Note 28.2. At 31 December 2014, there were no agreements to provide significant additional financial support to other types of consolidated structured entities than those described.

- *Unconsolidated structured entities*:

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

  At 31 December 2014, the Group did not have any significant interests in or provide financial support to unconsolidated structured entities.

Business combinations

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

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

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

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

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

Any positive difference is recognised under “Intangible assets – Goodwill” in the balance sheet provided it is not attributable to specific assets or identifiable intangible assets of the company or business acquired. Any negative difference is recognised under “Negative goodwill in business combinations” in the income statement.

2.2. Financial instruments

Classification of financial assets and liabilities

Financial assets are classified in the balance sheet for management and measurement purposes under the categories of “Financial assets held for trading”, “Other financial assets at fair value through profit or loss”, “Available-for-sale financial assets”, “Loans and advances” and “Held-to-maturity investments”, unless they must be presented under “Non-current assets held for sale" or relate to “Cash and deposits at central banks”, “Adjustments to financial assets – macro-hedges” or “Hedging derivatives”, which are presented separately.

Financial liabilities are classified under “Financial liabilities held for trading”, “Other financial liabilities at fair value through profit or loss" and "Financial liabilities at amortised cost”, unless they should be presented under ”Liabilities associated with non-current assets held for sale” or related to “Adjustments to financial liabilities – macro-hedges” or “Hedging derivatives”, which must be presented separately.

Held for trading: comprises mainly financial assets or liabilities acquired or issued for the purpose of selling in the short term or which are part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent pattern of short-term profit-taking. The held-for-trading portfolio also covers short positions arising from sales of assets acquired temporarily under a non-optional reverse repurchase agreement or borrowed securities. Also included in the held-for-trading portfolio are derivative asset and liabilities that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

Other financial assets and liabilities at fair value through profit and loss: includes financial instruments designated by the CaixaBank Group upon initial recognition, e.g. hybrid financial assets or liabilities mandatorily measured at fair value and financial assets managed as a group with ”Liabilities under insurance contracts” measured at fair value, or with financial derivatives, the purpose of which is to mitigate the exposure to changes in fair value, or managed as a group with financial liabilities and derivatives to mitigate the overall exposure to interest rate risk. In general, the category includes all financial assets when such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatches) that would otherwise arise. Financial instruments in this category must be subject at all times to an integrated and consistent measurement system, management and control of risks and returns permitting verification that risk has effectively been mitigated. Financial assets and liabilities may only be included in this category on the date they are acquired or originated.

Available-for-sale financial assets: includes debt and equity instruments not classified under any of the preceding categories.

Loans and receivables: includes financing granted to third parties through ordinary lending and credit activities carried out by the CaixaBank Group, receivables from purchasers of goods and services it renders, and for debt securities not quoted or quoted in markets that are not sufficiently active.

Held-to-maturity investments: includes debt securities traded in an organised market with fixed or determinable payments and fixed maturity dates that the Entity has the positive intention and ability to hold to maturity.

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

Measurement of financial instruments and recognition of changes in subsequent measurements

All financial instruments are initially recognised at their fair value, which, unless there is evidence to the contrary, is the transaction price, which is mostly the price at the date of the transaction. The Entity did not recognise any asset or financial liability whose fair value differed from the transaction price and was not assessed using methodologies and assumptions that allowed its classification in Level 1 or Level 2. Therefore, no gains or losses were recognised to reflect the changes in the factors used in the valuation that market participants would have to take into account when establishing the price of the asset or liability.

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

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

Any changes in fair value of financial instruments, except for trading derivatives, due to the accrual of interest and similar items are recognised in "Interest and similar income" and "Interest expense and similar charges" as appropriate in the income statement in the period of accrual. Dividends received from other companies are recognised in "Return on equity instruments" in the consolidated income statement of the year in which the right to receive the dividend is established.

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

- Financial assets and liabilities classified as "Financial assets held for trading", "Financial liabilities held for trading", "Other financial assets at fair value through profit or loss" and "Other financial liabilities at fair value through profit and loss" are measured initially at fair value, with any changes in fair value recognised with a balancing entry in "Gains/(losses) on financial assets and liabilities (net)" in the income statement.

- Financial assets classified as "Available-for-sale financial assets" are measured initially at fair value, with subsequent changes, net of the related tax effect, recognised with a balancing entry in "Equity - Valuation adjustments - Available-for-sale financial assets" and "Equity - Valuation Adjustments - Exchange differences" in the consolidated balance sheet.

- Derivatives are recognised in the balance sheet at fair value. When derivatives are entered into, in the absence of evidence to the contrary, fair value is the transaction price. The derivative is recognised as an asset if the fair value is positive and a liability if it is negative. For derivatives classified in Levels 1 and 2 of the fair-value hierarchy (see section on "Fair value of financial instruments" of this Note), if the price differs from the fair value when the derivative is entered into, the difference is recognised immediately in the income statement.

  Subsequent changes in fair value of derivatives are recognised in the income statement under "Gains/(losses) on financial assets and liabilities (net)" except with cash flow hedges, in which case they are recognised under "Equity - Valuation adjustments – Cash flow hedges" .

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

- Financial assets and liabilities classified as "Loans and receivables", "Held-to-maturity investments" and "Financial liabilities at amortised cost" are measured at amortised cost. Amortised cost is the acquisition cost, plus or minus (as applicable) principal repayments and the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, in the case of assets, minus any reduction for impairment.

  The effective interest rate is the discount rate that exactly equates the initial value of a financial instrument to the estimated cash flows for all items until the instrument matures or is cancelled. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate plus any commission or transaction costs included in its yield. For floating-rate financial instruments, the effective interest rate is calculated as a fixed rate until the next reference rate reset.

Fair value of financial instruments

The fair value of the financial instruments and their carrying amounts at 31 December 2014 and 2013 are as follows:

Assets

(Thousands of euros)

	31.12.2014		31.12.2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets held for trading (Note 11)	**12,256,760**	**12,256,760**	**10,002,443**	**10,002,443**
Debt securities	2,049,774	2,049,774	3,593,411	3,593,411
Equity instruments	32,616	32,616	95,756	95,756
Trading derivatives	10,174,370	10,174,370	6,313,276	6,313,276
Other financial assets at fair value through profit or loss	**937,043**	**937,043**	**450,206**	**450,206**
Available-for-sale financial assets (Note 12)	**71,100,537**	**71,100,537**	**56,450,038**	**56,450,038**
Debt securities	67,205,087	67,205,087	52,117,173	52,117,173
Equity instruments	3,895,450	3,895,450	4,332,865	4,332,865
Loans and receivables (Note 13)	**195,731,456**	**221,452,636**	**206,846,199**	**230,414,253**
Loans and advances to credit institutions	4,377,197	4,377,197	5,891,260	5,891,260
Loans and advances to customers	188,761,864	214,244,050	198,078,812	221,357,323
Debt securities	2,592,395	2,831,389	2,876,127	3,165,670
Held-to-maturity investments (Note 14)	**9,608,489**	**9,810,381**	**17,830,752**	**18,094,104**
Hedging derivatives (Note 15)	**5,155,973**	**5,155,973**	**4,572,762**	**4,572,762**
Total	**294,790,258**	**320,713,330**	**296,152,400**	**319,983,806**

Liabilities

(Thousands of euros)

	31.12.2014		31.12.2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held for trading (Note 11)	**11,974,880**	**11,974,880**	**7,890,643**	**7,890,643**
Trading derivatives	10,105,414	10,105,414	6,269,225	6,269,225
Short positions	1,869,466	1,869,466	1,621,418	1,621,418
Other financial liabilities at fair value through profit or loss	**1,442,391**	**1,442,391**	**1,252,065**	**1,252,065**
Financial liabilities at amortised cost (Note 22)	**247,538,656**	**252,777,241**	**263,201,003**	**263,940,186**
Deposits from central banks	12,156,872	12,156,872	20,049,617	20,049,618
Deposits from credit institutions	13,762,059	13,762,059	21,182,596	21,182,596
Customer deposits	180,200,450	184,564,616	175,161,631	175,717,305
Marketable debt securities	32,920,219	33,613,545	37,938,304	38,056,299
Subordinated liabilities	4,396,075	4,495,303	4,809,149	4,824,649
Other financial liabilities	4,102,981	4,184,846	4,059,706	4,109,719
Hedging derivatives (Note 15)	**876,116**	**876,116**	**1,487,432**	**1,487,432**
Total	**261,832,043**	**267,070,628**	**273,831,143**	**274,570,326**

All financial instruments are classified into one of the following levels using the following hierarchy for determining fair value by valuation technique:

Level 1: on the basis of quoted prices in active markets.

Level 2: using valuation techniques in which the assumptions correspond to inputs that are observable for the asset or liability, directly or indirectly, or quoted prices for similar assets or liabilities in active markets.

Level 3: valuation techniques used in which certain of the significant assumptions are not supported by directly observable market inputs.

The fair value breakdown by methods used to calculate the fair value of the financial instruments held by the CaixaBank Group at 31 December 2014 and 2013 is as follows:

Assets

(Thousands of euros)	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held for trading (Note 11)	**1,603,397**	**10,653,363**	**0**	**3,257,215**	**6,745,228**	**0**
Debt securities	1,558,521	491,253		3,153,336	440,075	
Equity instruments	32,616			95,756		
Trading derivatives	12,260	10,162,110		8,123	6,305,153	
Other financial assets at fair value through profit or loss	**937,043**			**450,206**		
Available-for-sale financial assets (Note 12)	**68,440,965**	**1,825,978**	**833,594**	**51,479,092**	**3,273,868**	**1,697,078**
Debt securities	65,363,372	1,824,821	16,894	48,295,938	3,273,759	547,476
Equity instruments	3,035,389	1,157	858,904	3,163,927	109	1,168,829
Loans and receivables (Note 13)	**1,744,887**	**12,882**	**219,694,867**	**1,045,463**	**625,288**	**228,743,502**
Loans and advances to credit institutions			4,377,197			5,891,260
Loans and advances to customers			214,244,050			221,357,323
Debt securities	1,744,887	12,882	1,073,620	1,045,463	625,288	1,494,919
Held-to-maturity investments (Note 14)	**3,678,326**	**5,740,486**	**391,569**	**7,227,049**	**10,867,055**	
Hedging derivatives (Note 15)		**5,155,973**			**4,572,762**	
Total	**76,362,414**	**23,388,682**	**220,962,234**	**63,439,798**	**26,084,201**	**230,459,807**

Liabilities

(Thousands of euros)	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities held for trading (Note 11)	**1,862,449**	**10,112,431**	**0**	**1,614,651**	**6,275,992**	**0**
Trading derivatives	35,978	10,069,436		16,981	6,252,244	
Short positions	1,826,471	42,995		1,597,670	23,748	
Other financial liabilities at fair value through profit or loss	**1,442,391**			**1,252,065**		
Financial liabilities at amortised cost (Note 22)	**0**	**0**	**252,777,241**	**0**	**0**	**263,940,186**
Deposits from central banks			12,156,872			20,049,618
Deposits from credit institutions			13,762,059			21,182,596
Customer deposits			184,564,616			175,717,305
Marketable debt securities			33,613,545			38,056,299
Subordinated liabilities			4,495,303			4,824,649
Other financial liabilities			4,184,846			4,109,719
Hedging derivatives (Note 15)		**876,116**			**1,487,432**	
Total	**3,304,840**	**10,988,547**	**252,777,241**	**2,866,716**	**7,763,424**	**263,940,186**

Process for determining fair value

For the CaixaBank Group, most of the financial instruments recognised as available-for-sale financial assets and a significant amount of held-to-maturity investments have, as the objective reference for determining their fair value, quoted prices in active markets (Level 1) and, therefore, the fair value is determined on the basis of the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price"). In general, this level includes quoted debt instruments with a liquid market, quoted equity securities, derivatives traded on organised markets and mutual funds.

The fair value of the instruments classified in Level 2, for which there is no market price, is estimated on the basis of the quoted prices of similar instruments and valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. The fair value of OTC (over the counter) derivatives and financial instruments (mainly debt securities) traded in scantly deep or transparent organised markets is determined using methods such as "net present value" (NPV), where each flow is estimated and discounted bearing in mind the market to which it belongs, the index to which it refers and the credit risk assumed with the issuer or counterparty, or option pricing models based on observable market data (e.g. Black'76 for caps, floors and swaptions, Black-Scholes for exchange rates and equity options, and Black-Normal for inflation options). Virtually all the financial instruments classified as trading and hedging derivatives are measured following the criteria for Level 2.

Loans and receivables, and financial liabilities at amortised cost are classified mostly in Level 3. Their fair value is estimated based on discounted cash flows, bearing in mind the estimate of interest rate, credit and liquidity risks in the discount rate. These estimates use, *inter alia*, historical early repayment rates and estimated credit loss rates based on internal models.

The fair value of the rest of the financial instruments classified in Level 3, for which there are no directly observable market data, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters corresponding to instruments with a risk profile that can be equated to that of the instrument being measured, adjusted to reflect the different intrinsic risks.

For unquoted equity instruments, classified in Level 3, acquisition cost less any impairment loss determined based on publicly available information is considered the best estimate of fair value.

The main valuation techniques, assumptions and inputs used in fair value estimation by type of financial instruments and the related balances at 31 December 2014 and 2013 are as follows:

Assets

(Thousands of euros)	31.12.2014 Level 2 and 3	31.12.2013 Level 2 and 3	Main valuation techniques	Main inputs used
Financial assets held for trading (Note 11)	**10,653,363**	**6,745,228**		
Debt securities	491,253	440,075	Present value method	Market interest rates and risk premiums. Market peers.
Equity instruments	0	0		
Trading derivatives	10,162,110	6,305,153	Swaps: present value method; currency options: Black-Scholes model; interest-rate options: Black model; index and equity options: Black-Scholes model, local volatility, Heston model; inflation rate options: Black Normal model; credit: discounted cash flows and default intensity	Observable market data, correlations (equities), dividends (equities)
Available-for-sale financial assets (Note 12)	**2,701,776**	**4,990,173**		
Debt securities	1,841,715	3,821,235	Present value method	Observable market data (interest rates, risk premiums, market peers), Net Asset value
Equity instruments	860,061	1,168,938		
Loans and receivables (Note 13)	**219,707,749**	**229,368,790**		
Loans and advances to credit institutions	4,377,197	5,891,260	Present value method	Observable market data, risk premiums, prepayment rates
Loans and advances to customers	214,244,050	221,357,323		
Debt securities	1,086,502	2,120,207		Market interest rates and risk premiums. Market peers
Held-to-maturity investments (Note 14)	**6,132,055**	**10,867,055**	Present value method	Market interest rates and risk premiums. Market peers
Hedging derivatives (Note 15)	**5,155,973**	**4,572,762**	Swaps: present value method; interest rate options: Black model	Observable market data
Total	**244,350,916**	**256,544,008**		

Liabilities

(Thousands of euros)	31.12.2014 Level 2 and 3	31.12.2013 Level 2 and 3	Main valuation techniques	Main inputs used
Financial liabilities held for trading (Note 11)	**10,112,431**	**6,275,992**		
Trading derivatives	10,069,436	6,252,244	Swaps: present value method; currency options: Black-Scholes model; interest-rate options: Black model; index and equity options: Black-Scholes model, local volatility, Heston model; inflation rate options: Black Normal model; credit: discounted cash flows and default intensity	Observable market data, correlations (equities), dividends (equities)
Short positions	42,995	23,748	Present value method	Observable market data
Financial liabilities at amortised cost (Note 22)	**252,777,241**	**263,940,186**		
Deposits from central banks	12,156,872	20,049,618	Present value method	Observable market data (market interest rates and risk premiums). Market peers
Deposits from credit institutions	13,762,059	21,182,596		
Customer deposits	184,564,616	175,717,305		Observable market data (market interest rates and risk premiums). Market peers
Marketable debt securities	33,613,545	38,056,299		
Subordinated liabilities	4,495,303	4,824,649		
Other financial liabilities	4,184,846	4,109,719		
Hedging derivatives (Note 15)	**876,116**	**1,487,432**	Swaps: present value method; interest rate options: Black model	Observable market data
Total	**263,765,788**	**271,703,610**		

The measurements obtained using internal models may differ if other techniques were applied or assumptions used regarding interest rates, credit risk spreads, market risk, foreign currency risk, or the related correlations and volatilities. Nevertheless, the Group's directors consider the fair values of financial assets and financial liabilities recognised in the consolidated balance sheet, and the gains and losses on these financial instruments, to be reasonable

Credit valuation adjustment

Credit Valuation Adjustment (CVA) is a valuation adjustment of OTC (over the counter) derivatives made due to the risk related to each counterparty's credit exposure.

The CVA is calculated bearing in mind the potential exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculated by estimating exposure at default, the probability of default and loss given default for all derivatives on any underlying at the level of the legal entity with which the CaixaBank Group has exposure.

The data necessary to calculate probability of default and loss given default come from the credit markets (Credit Default Swaps). Internal data are applied where available. Where the information is not available, the CaixaBank Group performs an exercise that considers, among other factors, the counterparty's sector and rating to assign the probability of default and the loss given default, calibrated directly to market or with market adjustment factors for the probability of default and the historical expected loss.

Debit Valuation Adjustment (DVA) is a similar valuation adjustment to CVA, but arises from the CaixaBank Group's own credit risk assumed by its counterparties in OTC derivatives. Similarly, DVA is calculated by multiplying the expected negative exposure given the probabilities of default by CaixaBank's loss given default.

The CVA and DVA adjustments recognised in the balance sheet at 31 December 2014 amounted to EUR -217.6 million and EUR 47.8 million, respectively, on the fair values of derivatives. At 31 December 2013, they amounted to EUR -158.6 million and EUR 59.9 million, respectively. The change in the value of the adjustments in 2014, for EUR 71.1 million, resulted in a negative impact to "Gains/(losses) on financial assets and liabilities (net)" in the income statement. In addition, the impact on 2014 of the CVA on matured or cancelled derivatives resulted in the recognition of a negative impact of EUR 37.4 million in 'Gains/(losses) on financial assets and liabilities (net)' in the income statement (see Note 33).

Transfers between levels

The criteria applied for the revaluation of the portfolio are reviewed at least monthly, and can give rise to two circumstances:

- Improvements in the valuation of the financial instruments for having obtained prices published by contributors to market prices or because the quality of the published price has improved.
- Deterioration in the valuation of the financial instruments as a result of contributors to market prices having ceased publishing prices or because the quality of the published price has deteriorated.

Transfers between levels of the fair value hierarchy in the measurement of financial assets and financial liabilities in 2014 were as follows:

Transfers between levels

(Thousands of euros)	FROM:	Level 1		Level 2		Level 3	
	TO:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Available-for-sale financial assets				61,848			2,006
LIABILITIES							
Total				**61,848**			**2,006**

In 2014, there were transfers from Level 3 to Level 2 and from Level 2 to Level 1. The transfers were the result of obtaining prices from a market information provider that improved the quality of the data used until then.

Movements in Level 3 financial instruments

Movements in Level 3 balances in 2014 and 2013 were as follows:

Level 3 movements - 2014

(Thousands of euros)

	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Debt securities	**Trading derivatives**	**Debt securities**	**Equity instruments**
Balance at 31.12.2013	**0**	**0**	**547,476**	**1,168,829**
Total gains or losses	0	0	(43,385)	(87,484)
To profit and loss			(43,047)	(104,857)
To equity valuation adjustments			(338)	17,373
Acquisitions				8,636
Reclassification to/from Level 3			(2,006)	
Reclassification from available-for-sale to held-to-maturity **(Note 2.4)**			(388,710)	
Settlements and others			(96,481)	(231,077)
Balance at 31.12.2014	**0**	**0**	**16,894**	**858,904**
Total gains/(losses) in the period for instruments held at the end of the period	**0**	**0**	**43,385**	**87,484**

Level 3 movements - 2013

(Thousands of euros)

	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Debt securities	**Trading derivatives**	**Debt securities**	**Equity instruments**
Balance at 31.12.2012	**7,188**	**(8,129)**	**436,737**	**1,235,178**
Addition due to integration of Banca Cívica				7,208
Total gains or losses	(31)	8,129	10,120	(105,563)
To profit and loss	(31)	8,129		(118,351)
To equity valuation adjustments			10,120	12,788
Acquisitions	200		467,733	67,614
Reclassification to/from Level 3			(296,254)	
Settlements and others	(7,357)		(70,860)	(35,608)
Balance at 31.12.2013	**0**	**0**	**547,476**	**1,168,829**
Total gains/(losses) in the period for instruments held at the end of the period	**31**	**(8,129)**	**(10,120)**	**105,563**

Sensitivity analysis

To determine whether there is a significant change in the value of financial instruments classified in Level 3 due to changes in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions, the CaixaBank Group analysed the most significant instruments. This analysis indicated that the values obtained would not change significantly.

2.3. Accounting hedges

The CaixaBank Group uses financial derivatives as a financial risk management tool (see Note 3). When these transactions meet certain requirements, they qualify for hedge accounting.

When the CaixaBank Group designates a transaction as a hedge, this is done at inception of the transaction or of the instruments included in the hedge and the hedging relationship is documented in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedging instrument or instruments, and the hedged item or forecast transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness will be assessed over its entire life taking into account the risk intended to be hedged.

The CaixaBank Group applies hedge accounting for hedges that are highly effective. A hedge is considered to be highly effective if, during its expected life, the changes in fair value or in the cash flows that are attributed to the hedged risk are almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments.

To measure the effectiveness of hedges, an analysis is performed to determine whether if, at the inception of the hedge and during its life, it can be expected, prospectively, that the changes in fair value or cash flows of the hedged item that are attributable to the hedged risk are nearly completely offset by changes in the fair value or cash flows of the hedging instrument and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item.

In compliance with IAS 39, the valuation methods used to estimate the fair value of the hedged and hedging instruments are adjusted to best market practices, while retrospective and prospective measures are used for assessing hedge effectiveness that meet the requirements of AG105-113:

- The effectiveness of the hedge is within a range of 80-125%.
- The formula used to retrospectively assess the hedge is as follows:

$$80\% \geq \frac{\text{(Variación PV + Realizados del mes) de los elementos de cobertura}}{\text{(Variación PV + Realizados del mes) de los elementos cubiertos}} \leq 125\%$$

PV: present value or fair value, is the present value of future cash flows from the transaction.
Realised: cash flows from the transaction already settled.

- Effectiveness is assessed, at a minimum, at the time an entity prepares its annual or interim financial statements for retrospective methods and daily for prospective methods.
- VaR and sensitivity methods verify the high statistical correlation between the changes in fair value of the hedged item and item to be hedged that arise from the hedged risk (mainly interest rate risk).
- VaR and sensitivity methods take into consideration the time value of money (sensitivities based on discounted cash flows and, therefore, present values).
- The prospective method verifies that the ratio of interest rate sensitivity of the item to be hedged and the interest rate sensitivity of the hedging instruments is within a range of 80-125%.
- Interest rate macro-hedges are verified daily to ensure that the ratio between the one-day VaR at 99% of the overall portfolio (item to be hedged and market hedges) and the one-day VaR at 99% of the item to be hedged is less than 10%.

The Group did not use the carve-outs in IAS 39 approved by the European Union in its fair value macro-hedges.

Hedging transactions performed by the CaixaBank Group are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk and could affect profit or loss.
- Cash flow hedges, which hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised financial asset or liability or with a highly probable forecast transaction and could affect profit or loss.

The CaixaBank Group also hedges a certain amount of interest-rate sensitive financial assets or liabilities which, although forming part of the instruments composing the portfolio, are not identified as specific instruments, for interest-rate risk. These hedges, known as macro-hedges, can be fair value hedges or cash flow hedges.

In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the income statement. In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognised directly in the income statement, but the balancing entry is recognised in "Adjustments to financial assets - macro-hedges" or "Adjustments to financial liabilities - macro-hedges" depending on the substance of the hedged item rather than in the items under which the hedged items are recognised.

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

Virtually all CaixaBank's hedges at 31 December 2014 and 2013 are fair value macro-hedges (see Note 15).

When hedging derivatives no longer meet the requirements for hedging accounting, they are reclassified as trading derivatives. For cash flow hedges, the previously recognised gains or losses on the hedged item are recognised in the income statement using the effective interest rate method at the date hedge accounting is discontinued. For cash flow hedges, the cumulative gain or loss recognised in equity remain in equity until the forecast transaction occurs, at which point it is recognised in the income statement. However, if it is expected that the transaction will not be carried out, the cumulative gain or loss is recognised immediately in the income statement.

For the most part, the CaixaBank Group hedges the market risk related to derivatives arranged with customers individually by arranging symmetric derivatives on the market, recognising both in the trading portfolio. In this way, position or market risk arising from these operations is not significant.

2.4. Reclassification of financial assets

In 2014, the amounts of reclassified financial assets and the related implications are as follows:

(Thousands of euros)	Carrying amount at 31.12.2014	Fair value at 31.12.2014	Carrying amount at the reclassification date	Effective interest rate range at the reclassification date
First half of 2010 (1)				
ES0000012916	1,808,771	1,812,321	1,817,042	3.24
ES0314854094	102,542	102,989	94,946	4.21
XS0485309313	154,404	154,827	146,258	3.81
First half of 2013 (2)				
ES00000122F2	178,406	180,149	179,014	4.21
ES00000120G4	103,018	105,911	100,590	4.85
ES00000122D7	50,421	59,348	49,961	6.16
ES00000123B9	86,343	104,749	86,740	6.38
Second half of 2013 (3)				
ES00000950F6	915,752	922,296	936,792	5.75
Second half of 2014 (4)				
ES0252506011	388,710	391,569	388,710	0.00

(1) Reclassification in 2010 from "Available-for-sale financial assets" to "Held-to-maturity investments" for a nominal amount of EUR 7,113.2 million of a number of bonds. The reasons for the reclassification related to the Group's strategy of effectively holding this investment until maturity and its sufficient financial ability to do so.

(2) Reclassification in March 2013 from "Available-for-sale financial assets" to "Held-to-maturity investments" for a nominal amount of EUR 5,916 million of a number of bonds. The reasons for the reclassification related to the Group's strategy of effectively holding this investment until maturity and its sufficient financial ability to do so.

(3) Reclassification in December 2013 from "Available-for-sale financial assets" to "Held-to-maturity investments" for a nominal amount of EUR 1,878 million of bonds issued by the Autonomous Governments due to the Group's strategy of effectively holding this investment to maturity and its sufficient financial ability to do so.

(4) Reclassification in July 2014 from "Available-for-sale financial assets" to "Held-to-maturity investments" for a nominal amount of EUR 431.9 million of a bond related to the SAREB based on the Group's strategy of effectively holding this investment to maturity and its sufficient financial ability to do so.

The losses and gains that would have been recognised in profit or loss or in other comprehensive income had there been no reclassifications of financial assets, and the gains, losses, income and expenses recognised in the income statement are summarised in the following tables:

(Thousands of euros)	Amount
Contribution of financial assets reclassified in 2014	**(43,190)**
Recognised in equity	
Recognised in profit or loss for the period	(43,190)
Changes in fair value	**(33,667)**
Would have been recognised in equity had the financial assets not been reclassified	(33,667)
Would have been recognised in profit or loss for the year had the financial assets not been reclassified	

2.5. Assets pledged or received as collateral

No significant guarantees or collateral were received with regard to which there is authorisation to sell or repledge irrespective of default by the owner of the guarantee or collateral, except for the collateral inherent to the treasury activity, mainly from activity with reverse repurchase agreements.

The carrying amounts of assets pledged as collateral at 31 December 2014 are as follows:

(Thousands of euros)	31.12.2014
Assets pledged as collateral for repurchase agreements **(Notes 22.1 and 22.2)**	10,626,278
Cash provided as collateral for repurchase agreements	193,839
Total	**10,820,117**

The fair values of assets received as collateral at 31 December 2014 are as follows:

(Thousands of euros)	31.12.2014
Assets received as collateral for reverse repurchase agreements **(Notes 13.1 and 13.2)**	1,323,038
Cash received as collateral for reverse repurchase agreements	226,000
Cash received as collateral for derivatives	802,976
Total	**2,352,014**

The Group has short positions on assets received as collateral for reverse repurchase agreements with a fair value of EUR 1,869 million, recognised under "Financial assets held for trading - Short positions" (see Note 11).

In addition, the assets transferred arising from this activity amounted to EUR 135 million at 31 December 2014, and are included, by nature, under “Repurchase agreements” in Note 21.

At 31 December 2014, the assets received from repurchase and reverse repurchase agreements have maturities of three months or less. Therefore, fair value does not differ significantly from carrying amount.

In addition, the assets pledged in the European Central Bank facility, by their nominal amounts, are as follows:

(Millions of euros)	31.12.2014
Debt securities	2,255
Securitisation bonds retained	4,888
Loans and advances to customers	1,709
Mortgage, public sector and multiseller covered bonds retained	26,179
Total	**35,031**

2.6. Offsetting of financial assets and liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance statement when, and only when, the entity currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

At 31 December 2014 and 2013, no amounts of financial assets and financial liabilities had been set off.

2.7. Derecognition of financial instruments

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

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

- If substantially all the risks and rewards of ownership of the transferred asset are transferred (such as in the case of: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deeply out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised.

- If substantially all the risks and rewards of ownership of the transferred financial asset are retained (such as in the case of: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar assets, or other similar arrangements) it is not derecognised and continues to be measured by the same criteria used before the transfer and the following are recognised:

  - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss; and

  - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offset.

- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of: a sale of a financial asset together with a put or call option that is neither deep-in-the-money nor deep-out-of-the-money, securitisations in which the transferor assumes a subordinated loan or other type of credit enhancement for part of the transferred asset, or other similar cases), the following distinction is made:

  - If the transferor does not retain control over the financial asset transferred it is derecognised and any right or obligation retained or arising from the transfer is recognised; or

  - If the transferor retains control over the financial asset transferred it continues to recognise the asset for an amount equal to the its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

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

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

2.8. Financial guarantees

Financial guarantees are defined as contracts whereby the issuer thereof undertakes to make specific payments to reimburse the creditor for the loss incurred when a specific debtor fails to meet its payment obligations in accordance with contractual terms and conditions, irrespective of the legal form of the obligation, such as deposits, guarantees, insurance contracts or credit derivatives.

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

Guarantees or “guarantee contracts” are insurance contracts that contain the obligation to compensate a beneficiary in the event of default on a specific obligation other than a debtor’s payment obligation, such as bonds for ensuring participation in auctions and competitions, irrevocable documentary credits or any security bond.

All these transactions are recognised under the memorandum item “Contingent liabilities” in the balance sheet.

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

Financial guarantee and guarantee contract portfolios, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any provision required. The credit risk is determined by applying criteria similar to those established for quantifying impairment losses on debt instruments measured at amortised cost (see Note 2.9 below).

Provisions set aside for this type of arrangements are recognised under "Provisions – Provisions for contingent liabilities and commitments" on the liability side of the balance sheet. Additions to and reversals of provisions are recognised in “Provisions” in the income statement.

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

2.9. Impairment of financial assets

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

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to "Impairment losses on financial assets (net)" in the income statement for the year in which the impairment becomes evident. The reversal, if any, of previously recognised impairment losses is recognised in the same item in the income statement for the year in which the impairment no longer exists or has decreased.

Debt securities measured at amortised cost

Debt securities are classified, on the basis of insolvency risk attributable to the customer or to the transaction, in one of the following categories:

- *Standard*: debt instruments that do not meet the requirements for classification in other categories.
- *Substandard*: debt instruments which, without qualifying individually for classification as doubtful or write-off, show weaknesses that may entail losses for the CaixaBank Group. This category includes, *inter alia*, the transactions of customers who form part of groups in difficulty (such as the residents in a specific geographical area or those belonging to a specific economic sector).
- *Doubtful*:

  i) *Due to customer arrears*: includes the total amount of debt instruments, whoever the obligor and whatever the guarantee or collateral, any part of whose principal, interest or contractually agreed expenses is past-due more than three months, unless such instruments should be classified as write-off.

  The refinancing or restructuring of transactions whose payment is not up to date does not interrupt their arrears or give rise to their reclassification to the standard risk category unless there is reasonable certainty that the customer can make payment on schedule, or unless new effective guarantees or collateral are provided (see Note 2.10).

  Effective guarantees or collateral are considered to be collateral in the form of cash deposits, quoted equity instruments and debt securities issued by creditworthy issuers; mortgages on completed housing, offices and multi-purpose premises and on rural property, net of any prior charges; and personal guarantees (bank guarantees and other, inclusion of new obligors, etc.) which entail the direct and joint and several liability of the new guarantors to the CaixaBank Group, these being persons or entities whose solvency is sufficiently demonstrated as to ensure the full repayment of the transaction under the agreed terms.

  ii) *For reasons other than customer arrears*: includes debt instruments, where due or not, which are not classifiable as write-off or doubtful due to customer arrears, but for which there are reasonable doubts about their full repayment (principal and interest) under the contractual terms.

As a general rule, only costs that can be claimed back judicially such as lawyers' or attorneys' fees are capitalised and therefore increase the value of the debt.

- *Write-off*: includes debt instruments, whether due or not, for which the CaixaBank Group, after analysing them individually, considers the possibility of recovery to be remote and proceeds to derecognise them, without prejudice to any actions that the CaixaBank Group may initiate to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

  Unless there is evidence to the contrary, this category includes all the debits, except amounts covered by sufficient effective guarantees or collateral, of customers that are declared subject to bankruptcy proceedings for which there is notice that the liquidation phase has been or is to be declared, or whose solvency has undergone a notable and irreversible deterioration, and the balances of transactions classified as doubtful due to arrears that are more than four years old.

An assessment is made at the end of each reporting period regarding whether there is objective evidence that a financial asset or group of financial assets is impaired. The main events that could indicate the existence of impairment are:

- ✓ significant financial difficulty of the issuer or obligor;
- ✓ a breach of contract, such as a default or delinquency in interest or principal payments;
- ✓ the lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- ✓ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- ✓ the disappearance of an active market for that financial asset because of financial difficulties; or
- ✓ observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

To determine impairment losses, the lending portfolio is segmented based on internal credit risk management models. Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtor's ability to pay all amounts due. This analysis is carried out:

- Individually: assets classified as doubtful due to customer arrears of significant amounts are assessed individually to estimate impairment losses, taking into account the age of the past-due amounts, the guarantees or collateral provided and the economic situation of the customer and the guarantors. Assets classified as doubtful due to reasons other than customer arrears are also assessed individually to estimate impairment losses.

- Collectively: impairment losses on other transactions classified as doubtful due to customer arrears are calculated collectively, grouping together instruments with similar credit risk characteristics indicative of the debtors' ability to pay the amounts due, the principal and interest, according to the contractual terms. The credit risk characteristics considered to group assets include: asset type, the debtor's sector of activity, the geographical area of the activity, collateral type, age of past due amounts and any other relevant factor for estimating future cash flows.

The amount of an impairment loss incurred on a debt security carried at amortised cost is generally equal to the difference between its carrying amount and the present value of its estimated future cash flows.

For the estimate of the allowance for impairment of instruments classified as doubtful due to customer arrears, determined collectively, the percentages applied, at least, to the outstanding exposure of the transactions based on the time elapsed since the first payment not paid are as follows:

Allowance percentage	
Up to 180 days	25.00%
Over 180 days and up to 270 days	50.00%
Over 270 days and up to 1 year	75.00%
Over 1 year	100.00%

For debt instruments with mortgage collateral, the value of the rights received as collateral is considered to be the best estimate of the recoverable amount of the instruments, provided these are first call and duly constituted in favour of CaixaBank.

The value of rights received as collateral is determined using the lower of the cost in the public deed or the accredited cost of the asset, and the appraisal value in its current condition. If the deed is manifestly old, the amount may be adjusted by an indicator that adequately reflects the change in cost between the date of the deed and that estimation date.

A percentage is applied to the collateral determined in this manner in accordance with the type of asset.

Weightings	
Completed homes, primary residence	80%
Rural buildings in use, and completed multi-purpose facilities, premises and offices	70%
Completed homes (other)	60%
Land, lots and other real estate assets	50%

Coverage of credit risk is estimated on the outstanding risk above the weighted value of the guarantee with the above percentages. The coverage percentages indicated above, based on the time elapsed since the maturity of the first unpaid payment, are applied to these values.

To ensure appropriate coverage of losses incurred for impairment of financial assets measured at amortised cost, the provisions calculated as described above are compared with the losses obtained using internal models. Based on the information provided by its internal management models, CaixaBank has a methodology for calculating the loss incurred based on multiplying three factors: exposure at default (EAD), probability of default (PD) and loss given default (LGD).

This methodology uses internal management data that are also used to calculate regulatory capital requirements and, accordingly, have been subject to a process of validation, regular auditing and oversight by the Bank of Spain. In addition, the model has been integrated in CaixaBank's risk management since it shares certain methodological aspects (e.g. the use of risk parameters), and especially as it uses the Entity’s same historical database.

- Exposure at default (EAD): the debt outstanding at the time of the impairment.
- Probability of default (PD): determined by estimating the probability of default on the basis of historical internal data in such a way as to reflect only the loss incurred of both the status of payments by borrowers in each segment and also of any local or national economic conditions that may correlate to defaults on assets in the segment. To this end, it estimates "Point-in-Time" probabilities of default at the end of each reporting period, with a projection at that date of the

observed historical probabilities of default through linear regressions with macroeconomic variables providing an explanation thereof.

This estimate of the probability of default is similar to that defined in the Basel regulations (Capital Framework Agreement) as "Point-in-Time PD", which adapts to the present situation of the economic cycle since it utilises the default frequencies observed over the most recent periods.

- Loss given default (LGD): is estimated to expressly reflect the present situation, i.e. the loss in the capacity to recover future flows of assets.

  In order to determine loss given default in accordance with the definition of incurred losses, reflecting the present situation, the methodology for estimating LGD has been determined with a projection of the observed historical LGDs through linear regressions with macroeconomic variables providing an explanation thereof.

The risk parameters used in the internal models for calculating the loss incurred are estimated on the basis of internal historical data, and the portfolio is segmented in accordance with the characteristics of the assets of which it is composed. These characteristics include the asset and obligor type, the collateral type, the number of months past-due and the number of months elapsed since the last adjustment. The relevant historical loss experience is allocated to each of the segments defined.

The methodology employed considers all the obligor grades of each of the loan portfolio categories, and not only those that obtain a poorer classification based on the internal models.

The historical loss experience used by CaixaBank in its internal models is adjusted on the basis of observable data to reflect the effects of current conditions that did not affect the period on which the historical experience is based and to remove the effects of conditions in the historical period that do not exist currently. Thus, impairment losses are estimated through the link between historical internal data for default and loss given default and other observable data, such as macroeconomic variables and the status of payments by borrowers included in each segment, reflecting only the current situation. The method also excludes any macroeconomic events or adverse changes to the status of payments by borrowers that are expected subsequent to the date of analysis.

At 31 December 2014, the Group's internal model showed an estimate of losses incurred for credit risk that were not materially different to the allowances recognised.

Debt securities classified as available for sale

The amount of the impairment losses incurred on debt securities included in the available-for-sale financial asset portfolio is the positive difference between their acquisition cost (net of any principal repayment) and their fair value less any impairment loss previously recognised in the income statement. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

When there is objective evidence that the differences arising on measurement of these assets are due to impairment, they are removed from “Equity – Valuation adjustments – Available-for-sale financial assets” and the cumulative amount considered impaired at that date is recognised in the income statement. If all or part of the impairment loss is subsequently reversed, the reversed amount is recognised in the income statement for the period in which the reversal occurs.

Equity instruments classified as available for sale

The amount of the impairment losses on equity instruments included in the available-for-sale financial asset portfolio is the difference between their acquisition cost and their fair value less any impairment loss previously recognised in the income statement.

When there is objective evidence that a decline in the fair value is due to impairment, such as a fall of 40% of its market price or a situation of continued losses over a period of more than 18 months, the unrealised losses are recognised in accordance with the impairment loss recognition criteria applied to available-for-sale debt instruments, with the exception that any recovery arising on these losses is recognised under "Equity – Valuation adjustments – Available-for-sale financial assets".

Equity instruments measured at cost

The impairment loss on equity instruments measured at cost is the difference between the carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities. In estimating the impairment, account is taken of the equity of the investee, except for "valuation adjustments" due to cash flow hedges, determined on the basis of the latest approved balance sheet, adjusted for the unrealised gains at the measurement date.

Impairment losses are recognised in the income statement for the period in which they arose, as a direct reduction of the cost of the instrument.

2.10. Refinancing or restructuring operations

Under current legislation, these relate to transactions in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, has amended the agreement, cancelled the agreement and/or arranged a new transaction.

The CaixaBank Group considers operations that meet any or all of the following conditions to be an exception to this classification:

- Operations with contractually agreed grace periods
- Operations with natural persons that are up to date on payment at the date of refinancing and meet a specific debt ratio or an appropriate internal scoring level.
- Operations with legal persons that are up to date on payment at the date of refinancing and meet a specific financial debt/EBITDA ratio or an appropriate internal scoring level.
- For the Credíto Abierto (open credit) product, the number of drawdowns and purpose are analysed to determine the amount to be considered as refinanced

In general, refinanced or restructured and new operations carried out for refinancing, are classified in the substandard risk category. However, based on the specific characteristics of the operation, they may be classified into other risk categories:

- Doubtful: i) operations whose outstanding debt at the time of refinancing was less than the current debt outstanding, ii) previous refinancing and iii) operations granting principal repayment grace periods longer than 30 months.

- Standard: i) operations with a principal repayment grace period of less than six months, ii) operations granted to natural persons with a debt ratio equal to or lower than 50% and iii) operations granted to legal persons whose financial debt/EBITDA ratio is equal to or lower than 5. When this requirement is not met because the ratio is higher, the internal rating is observed, and where it is lower than a specific level, the loan remains classified in the standard risk category.

Refinanced operations may be reclassified as standard risk subsequently when 10% of the refinanced debt has been collected or the customer meets the agreement obligations. The last conditions must coincide with the following circumstances:

- That from the time of the refinancing, the borrower meets its commitments for at least 12 consecutive months (six months in the case of financing for the purchase of a primary residence).
- That at the end of the grace period, deferment or moratorium, the borrower pays its debt for at least three months.

If this latter circumstance is not met, but the previous one is and the operation is classified as doubtful, it is reclassified as substandard, rather than standard.

For the other situations, reclassification of the risk of operations is not warranted and the operations remain classified in the risk category determined at the time of the refinancing. Nevertheless, all operations will be classified in the least favourable situation after applying the refinancing criteria or the criteria applicable in Bank of Spain Circular 4/2004.

2.11. Foreign currency transactions

The CaixaBank Group's functional and presentation currency is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in foreign currency. The functional currency is the currency of the primary economic environment in which the CaixaBank Group operates. The functional currency may be other than the euro, depending on the country in which the subsidiaries are based. The presentation currency is the currency in which the CaixaBank Group's financial statements are presented.

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

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

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

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

The exchange differences arising on the translation of foreign currency balances and transactions to the functional currency of the Group are generally recognised under "Exchange differences (net)" in the consolidated income statement. However, exchange differences arising on changes in the value of non-monetary items are recognised under "Equity – Valuation adjustments – Exchange differences" in the balance sheet until they are realised, and exchange differences arising on financial instruments classified as at fair value through profit or loss are recognised in the income statement with no distinction made from other changes in fair value.

In order to combine the separate financial statements of foreign branches whose functional currency is not the euro in the CaixaBank Group's consolidated financial statements, the following policies are applied:

- Translate the financial statements of the foreign branches to the CaixaBank Group's presentation currency. The translation is performed at the exchange rates used in translating foreign currency balances, except for income and expenses, which are translated at the closing exchange rate of each month.

- Recognise any differences under "Equity – Valuation adjustments – Exchange differences" in the balance sheet until the related item is derecognised, when it is reclassified to profit or loss.

2.12. Recognition of income and expenses

The main policies applied by the CaixaBank Group to recognise revenue and expenses are as follows:

Interest income, interest expenses, dividends and similar items

Interest income, interest expenses and similar items are recognised on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises. Interest accrued on doubtful loans, including loans exposed to country risk, is credited to profit or loss upon collection, which is an exception to the general rule. Dividends received from other companies are recognised as income when the right to receive payment is established. This is when the dividend is officially declared by the company's relevant body.

Fees and commissions

The criteria for recognising fee and commission income and expenses vary according to their nature.

- Financial fees and commissions, such as loan and credit origination fees, are an integral part of the effective cost or yield of the financial transaction and are recognised under the same heading as finance income or costs; i.e. "Interest and similar income" and "Interest expense and similar charges". Fees and commissions, which are collected in advance, are taken to profit or loss over the life of the transaction, except when they are used to offset directly related costs.

  Fees and commissions offsetting directly related costs, understood to be those which would not have arisen if the transaction had not been arranged, are recognised under "Other operating income" as the loan is taken out. Individually, these fees and commissions do not exceed 0.4% of the principal of the financial instrument, subject to a maximum limit of EUR 400; any excess is recognised in the income statement over the life of the transaction. If the total sum of financial fees and commissions does not exceed EUR 90, it is recognised immediately in profit or loss. In any event, directly related costs identified individually can be recognised directly in the income statement upon inception of the transaction, provided they do not exceed the fee or commission collected (see Notes 32 and 34).

  For financial instruments measured at fair value through profit or loss, the amount of the fee or commission is recognised immediately in the income statement.

- Non-financial fees and commissions arising from the provision of services are recognised under "Fee and commission income" and "Fee and commission expense" over the life of the service, except for those relating to services provided in a single act, which are accrued when the single act is carried out.

Non-financial income and expense

Non-financial income and expenses are recognised for accounting purposes on an accrual basis.

Deferred receipts and payments

Deferred receipts and payment are recognised for accounting purposes at the amount resulting from discounting the expected cash flows to net present value at market rates.

2.13. Mutual funds, pension funds and other assets under management

Mutual funds and pension funds managed are not presented on the face of the Group's consolidated balance sheet since the related assets are owned by third parties. The fees and commissions earned in the period from this activity are included under "Fee and commission income" in the consolidated income statement.

Other assets owned by third parties and managed by consolidated entities for which a management fee is received are not presented on the face of the consolidated balance sheet (see Note 28.1).

2.14. Employee benefits

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

i) Short-term employee benefits.
ii) Post-employment benefits.
iii) Other long-term employee benefits.
iv) Termination benefits.

Short-term employee benefits

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

The cost of services rendered is recognised under "Administrative expenses – Personnel expenses" in the income statement.

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

Post-employment benefits

Post-employment benefits are employee benefits which are payable by the CaixaBank Group to its employees after the completion of employment with the Group. They include: retirement benefits, such as pensions and one-off retirement payments; and other post-employment benefits, such as post-employment life insurance and post-employment medical care, at the end of the employment relationship.

Defined contribution plans

The CaixaBank Group's post-employment obligations with its employees are deemed to be defined contribution obligations when the Group makes pre-determined contributions to a separate entity and has no legal or constructive obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods. Defined contribution plans each year are recognised under “Administrative expenses – Personnel expenses” in the consolidated income statement.

Post-employment obligations that do not meet the aforementioned conditions are considered defined benefit obligations.

Defined benefit plans

The present value of defined benefit post-employment benefits, net of the fair value of plan assets, is recorded under “Provisions – Provisions for pension and similar obligations” in the consolidated balance sheet (see Note 24).

Plan assets are defined as those assets that will be used to directly settle plan obligations and that meet the following conditions:

- They are not owned by the consolidated entities, but rather by a legally separate, non-related third party;
- Are available to be used only to pay or fund post-employment benefits and are not available to the Group’s own creditors, even in bankruptcy. Assets cannot be returned to the Group’s consolidated entities, unless the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity, or are used to reimburse it for post-employment benefits the Group has already paid to employees.

Virtually all the Group’s defined benefit post-employment benefits are assured through polices taken out with the Group subsidiary VidaCaixa, SA de Seguros y Reaseguros. Consequently, these contracts do not meet the requirements to be considered plan assets. The fair value of the insurance contracts is shown under “Insurance contracts linked to pensions” in CaixaBank’s separate balance sheet.

CaixaBank’s remaining defined benefit post-employment benefits, arising mostly from mergers, are assured through polices contracted with the entities that are not considered related parties and which do meet the requirements to be considered plan assets. The fair value of these insurance contracts is recognised as a decrease in the value of the liabilities under “Provisions – Provisions for pensions and similar obligations”. When the value of plan assets is greater than the value of the obligations, the positive difference is recognised under “Other assets – Other”.

The assets and liabilities of VidaCaixa, SA de Seguros y Reaseguros, which include the mathematical provisions of the policies taken out, are included on consolidation. Therefore, in this process the amount recognised under “Insurance contracts linked to pensions” is eliminated and the same amount is deducted from “Liabilities under insurance contracts”.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the income statement and includes the following:
  - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period, recognised under "Administrative expenses – Personnel expenses".
  - Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments, recognised under "Provisions (net)".
  - Any gain or loss arising on settlement of a plan is recognised in "Provisions (net)".
- The net interest on the net defined post-employment benefit liability/(asset), understood to be the change during the period in the net defined benefit liability/(asset) that arises from the passage of time, is recognised in "Interest expenses and similar charges", or "Interest and similar income" if it results in income, in the income statement.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Valuation adjustments" in the balance sheet. The standard provides the option of reclassifying them subsequently to voluntary reserves or maintaining them as valuation adjustments. In this respect, the Group elected to reclassify them to voluntary reserves.

  This includes:
  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan asset, excluding the amounts included in the net interest on the net defined post-employment liability/(asset) for defined benefit post-employment benefits.
  - Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the net defined post-employment liability/(asset) for defined benefit post-employment benefits.

Other long-term employee benefits

Other long-term employee benefits, understood as obligations with pre-retired employees (those who have ceased rendering services for the Entity but who, without being legally retired, continue to enjoy economic rights vis-à-vis the Entity until they acquire the status of legally retired), long-service bonuses and similar items, are treated for accounting purposes, where applicable, as established for defined benefit post-employment plans, except that the actuarial gains and losses are recognised in "Provisions" in the income statement (see Note 24).

Termination benefits

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

A liability and an expense for termination benefits are recognised when there is no realistic possibility of withdrawing the offer to pay the termination benefits or when the costs for restructuring (guidance on which is provided in IAS 37) which involves the payment of termination benefits are recognised. These amounts are recognised as a provision under "Provisions for pensions and similar obligations" in the balance sheet until they are settled.

2.15. Income tax

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

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

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

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

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

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

Deferred tax assets are only recognised when it is probable that sufficient future taxable profit will be obtained against which the deferred tax asset can be utilised.

Deferred tax assets recognised are reviewed at the end of each reporting period to ensure that they remain valid, and adjusted, where appropriate, based on any new estimates. Recognised tax assets are tested for impairment every six months to ensure that they can be utilised within the expected time frame.

2.16. Tangible assets

“Tangible assets” includes the amount of property, land, furniture, vehicles, IT equipment and other facilities owned or acquired under a finance lease. “Tangible assets” in the balance sheet is broken down into two line items: “Property and equipment” and “Investment property”.

“Property and equipment” comprises property and equipment for own use and other assets leased out under an operating lease. Property and equipment for own use includes assets held by the CaixaBank Group for present or future administrative uses or for the production or supply of goods and services that are expected to be used over more than one financial period.

"Investment property" reflects the carrying amounts of land, buildings and other structures owned to obtain rental income or gains through sale.

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

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

The depreciation charge is recognised under "Depreciation and amortisation" in the income statement and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets.

Depreciation of tangible assets

	Years of estimated useful life
Buildings	
Constructions	16 - 50
Facilities	8 - 25
Furniture and fixtures	4 - 50
Electronic equipment	4 - 8
Other	7 - 14

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

At CaixaBank, property and equipment for own use are mostly allocated to the Banking Business cash-generating unit (CGU). This CGU was tested for impairment to verify whether it generated sufficient cash flows to support the value of its assets.

In the particular case of investment property, fair value corresponds to the market appraisal of the asset in its current condition by independent experts. To determine fair value at 31 December 2014, appraisals were requested in accordance with the criteria established by Ministerial Order ECO/805/003 when the latest available appraisal was over two years old or the gross carrying amount of the asset was over EUR 1 million. Statistical appraisals were carried out for the rest of the assets.

In this respect, CaixaBank has a corporate policy that guarantees the professional competence and the independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March. The main appraisers and valuation agencies with which the CaixaBank Group worked in Spain in 2014 are listed in Note 19.

Any impairment loss determined is recognised with a charge to "Impairment losses on other assets (net) – Other assets" in the income statement and a reduction to the carrying amount of the asset to its recoverable amount. After the recognition of an impairment loss, the depreciation charges for the asset in future periods are adjusted in proportion to its revised carrying amount and remaining useful life.

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

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

Upkeep and maintenance expenses are recognised under "Administrative expenses – Other general administrative expenses" in the income statement. Similarly, operating income from investment property is recognised under "Other operating income" in the income statement and the related operating expenses under "Other operating expenses".

2.17. Intangible assets

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

Goodwill

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

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

i) the consideration transferred plus, as appropriate, the fair value of any previously-held equity interest in the acquiree and the amount of non-controlling interests; and

ii) the net fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recognised in "Intangible assets - Goodwill".

Goodwill is not amortised in any circumstance.

At the end of each reporting period or whenever there are indications of impairment, an estimate is made of any impairment that reduces the recoverable amount to below carrying amount and, where there is impairment, the goodwill is written down with a balancing entry in "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the income statement. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Other intangible assets

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

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

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

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

The amortisation charge for these assets is recognised in "Depreciation and amortisation" in the income statement.

Any impairment losses on assets with either indefinite or finite useful lives are recognised with a balancing entry in "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the income statement. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for tangible assets.

Internally developed computer software

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

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

At 31 December 2014 and 2013, practically all intangible assets corresponding to software were developed by third parties.

2.18. Inventories

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

Inventories are measured at the lower of cost, including financial charges, and net realisable value. Net realisable value is defined as the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale. The accounting principles and measurement bases applied to assets received as payments of debts classified under this item are the same as those set out in Note 2.19.

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

Any write-downs to inventories or subsequent reversals of write-downs are recognised under “Impairment losses on other assets (net) – Other assets” in the income statement for the year in which the write-down or reversal occurs.

When inventories are sold, the carrying amount of those inventories is derecognised and an expense recognised in the income statement for the period in which the related revenue is recognised. The expense is recognised in “Other operating expenses – Changes in inventories” in the income statement when the sale relates to activities that do not form part of the Group's ordinary business and "Other operating expenses – Other" in all other cases.

2.19. Non-current assets held for sale

Assets recognised under this heading in the balance sheet reflect the carrying amount of individual assets or disposal groups, or assets that form part of a line of business that will be disposed of (discontinued operation) whose sale is highly probable in their present condition within one year from the reporting date. The carrying amount of these assets will be recovered principally through a sale transaction.

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

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

Non-current assets held for sale are generally measured both initially and subsequently at the lower of carrying amount at the date of classification and fair value less costs to sell.

The acquisition-date carrying amount of non-current assets held for sale from foreclosures or recoveries is amortised cost, defined as the outstanding balance receivable on loans/credits at the date of cancellation, net of the estimated impairment, which is at least 10% . The fair value of non-current assets held for sale from foreclosures or recoveries is the market appraisal value of the asset received in its current condition less estimated costs to sell, which under no circumstance will be less than 10% of the appraisal value.

If the assets remain in the balance sheet for a longer time than initially envisaged, the value of the assets is reviewed to recognise any impairment losses arising from difficulties finding buyers or reasonable offers. In no circumstances does CaixaBank delay recognition of impairment which, at least, entails raising the hedging percentage from the aforementioned 10% to 20%, 30% or 40% for assets that remain in the balance sheet for more than 12, 24 or 36 months, respectively.

At 31 December 2014, the fair value of these assets was determined in accordance with appraisals or valuations carried out in accordance with the criteria of Ministerial Order ECO/805/003 by independent experts of up to two years old, or less if there are indications of impairment. Homes with a gross carrying amount of under EUR 500,000 are an exception. The values of these are updated using statistical appraisals. In this respect, the CaixaBank Group has a corporate policy that guarantees the professional competence, independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the CaixaBank Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March. The main appraisers and valuation agencies with which the CaixaBank Group worked in Spain in 2014 are listed in Note 16.

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

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

2.20. Leases

Finance leases

Leases that transfer substantially all the risks and rewards inherent in the asset to the lessee are considered finance leases.

Leases in which the CaixaBank Group acts as the lessor of the asset are recognised as lending under “Loans and receivables” in the balance sheet at the sum of the present values of the lease payments receivable. These payments include the exercise price of the lessee’s purchase option at expiry of the lease, where this price is sufficiently below the fair value of the asset at expiry of the purchase option making it reasonably certain that the option will be exercised.

When the CaixaBank Group acts as lessee, the cost of the leased asset is recognised in the related item in the balance sheet based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount (which is the lower of the fair value of the leased asset and the sum of the present value of the lease payments payable to the lessor plus, if appropriate, the exercise price of the purchase option).

These assets are depreciated using the same criteria as for the rest of the items of property and equipment for own use.

Finance income, when it acts as lessor, and finance expenses, when it acts are lessee, are recognised in the income statement under “Interest and similar income” and “Interest expense and similar charges”, respectively.

Operating leases

Operating leases are leases in which substantially all the risks and rewards inherent in the asset and ownership of the asset are retained by the lessor.

In operating leases in which the CaixaBank Group acts as lessor, the acquisition cost of the leased assets is included under “Tangible assets” in the balance sheet. The assets are depreciated using the policies adopted for other items of property and equipment for own use and income from the leases is recognised under “Other operating income” in the income statement.

When the CaixaBank Group acts as lessee, the lease payments are recognised under “Administrative expenses – Other general administrative expenses” in the income statement.

Sale and leaseback transactions

In sales of assets at fair value and the leasing back under an operating lease, the profit or loss from the transaction is recognised immediately in the income statement. If the sale was made at a price below fair value, the gain or loss is also recognised immediately in the income statement unless the loss is compensated for by future lease payments at below market price, in which case the loss is deferred and recognised in proportion to the lease payments over the period for which the asset is expected to be used. Conversely, if the asset is sold above fair value, the profit is deferred and recognised in the income statement over the period for which the asset is expected to be used.

In sale and leaseback transactions, the CaixaBank Group has a procedure for monitoring the transaction prospectively, paying special attention to changes in market office rental prices compared to the contractual rents CaixaBank is required to pay and the condition of the assets sold.

The review is carried out annually, or more frequently if exceptional circumstances in the office rental market or in the conditions of the properties make this advisable. The appropriate provisions will be recognised if, as a result of the monitoring described above, any permanent or significant situation occurs that requires it.

In addition, upon initial recognition an assessment is made of whether the lease includes a derivative embedded in a financial instrument that requires separation.

2.21. Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the contingent asset is disclosed.

2.22. Provisions and contingencies

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

The CaixaBank Group’s financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liability side of the balance sheet on the basis of the obligations covered, e.g. provisions for pensions and similar obligations, provisions for tax and provisions for contingent liabilities and commitments.

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

The Group's tax contingency policy is to set aside provisions for the possible tax expense and late-payment interest arising from the income tax assessments initiated by the tax authorities for the main applicable taxes, irrespective of whether an appeal has been lodged. Meanwhile, provisions are made for legal suits for claims exceeding EUR 150 thousand, in those instances where there is a 50% probability of losing the case.

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

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

At year-end 2014, certain lawsuits and proceedings were ongoing involving the CaixaBank Group arising from the ordinary course of its operations. The CaixaBank Group's legal advisers and directors consider that the outcome of such lawsuits and proceedings will not have a material effect on equity in the years in which they are settled.

2.23. Insurance transactions

The Group applies the requirements of IFRS 4 *Insurance Contracts* to all the assets and liabilities in its consolidated financial statements derived from insurance contracts in accordance with the definition provided in this standard.

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

In accordance with the applicable IFRSs, insurance entities must carry out an adequacy test of their on-balance sheet insurance contract liabilities in relation to their contractual obligations.

In this respect, it determines:

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

ii) The difference between the carrying amount and the present value of projected cash flows from the financial assets related to the insurance contracts.

The present value of the contractual cash flows in insurance contracts is determined using the same interest rate as that used to estimate the present value of the financial assets related to the insurance contracts.

If the difference in i) is greater than the difference in ii), the liability recognised for insurance contracts in the consolidated balance sheet is inadequate and the deficiency is recognised in profit or loss for the period.

The main components of technical provisions are as follows.

- *Unearned premiums and unexpired risks*

  The provision for unearned premiums includes the proportion of premiums written in the year that must be allocated to the period between the close of the reporting period and the expiry of the policy period.

The provision for unexpired risks is designed to complement the provision for unearned premiums by the amount which is not sufficient to cover the measurement of all the risks and expenses corresponding to the coverage period not elapsed at the end of the reporting period.

- *Life insurance*

  This provision consists mainly of the mathematical provisions of the insurance contracts and the provision for unearned premiums of insurance contracts with a period of coverage equal to or less than one year. Mathematical provisions represent the excess of the current actuarial value of the future obligations of subsidiary insurance companies over that of the premiums which the policyholder must satisfy.

  The insurance companies have used the PERM/F-2000P mortality and survival tables for all new contracts since 15 October 2000. PERM/F-2000C tables are applied to contracts before this date.

- *Life insurance provision where the investment risk is borne by the policyholders*

  These provisions correspond to the technical provisions of insurance contracts where the investment risk is born by the policyholder.

- *Claims*

  The provision for claims represents the total amount of outstanding liabilities on claims occurred before the end of the reporting period. The Group calculates this provision as the difference between the total estimated or exact cost of the claims that have occurred and are pending declaration, settlement or payment, including external and internal expenses for handling and processing the files, and the combined amount of the amounts already paid as a result of the claims.

- *Provisions for bonuses and rebates*

  These include the benefits accrued to the policyholders or beneficiaries and not yet assigned at the end of the reporting period. Not included is the effect of allocating part of the unrealised gains on the investment portfolio to policyholders.

Technical provisions corresponding to accepted reinsurance are determined using the same criteria as for direct insurance.

Technical provisions for direct insurance and accepted reinsurance are presented in the balance sheet under “Liabilities under insurance contracts” (see Note 23).

Technical provisions linked to risks assigned to reinsurers are calculated on the basis of the reinsurance contracts entered into and by applying criteria similar to those used for direct insurance. These provisions are recognised in the consolidated balance sheet under “Reinsurance assets” (see Note 18).

In addition, the Group has been applying the 'shadow accounting' in IFRS 4. According to this option, the insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset related to insurance contracts affects those measurements in the same way as a realised gain or loss does. The related adjustment to the insurance liability (or deferred acquisition costs or intangible assets) shall be recognised in the income statement in other comprehensive income if, and only if, the unrealised gains or losses are recognised in other comprehensive income.

2.24. Statement of cash flows

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

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

2.25. Statements of changes in equity. Part A) Statement of other comprehensive income

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

The items used to present the statement of other comprehensive income are as follows:

i) The profit or loss for the year.

ii) The net income or expense recognised temporarily in consolidated equity as valuation adjustments.

iii) The net income or expense recognised definitively in equity.

iv) The tax accrued on the previous items

v) The total recognised income and expense calculated as the sum of the above items

2.26. Statements of changes in equity. Part B) Statement of total changes in equity

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

i) Adjustments due to changes in accounting policy and error corrections: includes changes in equity as a result of the retrospective restatement of financial statement balances on account of changes in accounting policies or for correction of errors.

ii) Total comprehensive income: represents the aggregate of all items recognised in the statement of total changes in equity income part A) other comprehensive income, outlined above.

iii) Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

3. Risk management

Adequate risk management is essential for the business of any credit institution, especially one like CaixaBank which mainly operates in retail banking and considers the confidence of its customers to be a core value.

The business environment in 2014 was difficult, with three factors having a significant impact on the priorities of the Entity's risk management:

- **The macroeconomic environment**. Recovery by most of Europe's economies is coming about extremely slowly. However, in 2014 the growth of the Spanish economy easily outstripped initial expectations.

  Private consumption, investment (above all in capital goods, but also construction) and tourism, which continued to set new records, were the main drivers of the recovery.

  Against this backdrop, we saw several straight quarters of employment growth, signs of stability in the real estate sector and the beginning of a trend toward decline in default indicators, which nonetheless remain high.

  Better macroeconomic prospects are gradually feeding through positively to family economies; household disposable income is holding steady, while part of household savings is earmarked for the early repayment of debt. This, coupled with solid demand for new credit, has driven a sharp reduction in Spain's credit balance.

  Household and corporate deleveraging amid historically low interest rates poses, and will continue to pose, a major challenge to ensure the expected returns of the Entity's shareholders, customers and investors.

- **Regulatory changes**. 2014 featured a host of developments in Regulation and Supervision governing financial institutions concerning standards and reporting, as well as asset valuation and inspection. A few of the main changes are as follows:

  - Adaptation to the **new capital requirements regulations**: The Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR), as well as regulatory monitoring and implementation of the Regulatory Technical Standards (RTS) and the Implementing Technical Standards (ITS) of both. Following the publication of the new rules and regulations in June 2013, CaixaBank began making changes to its systems and processes in the second half last year to ensure that the calculation of the capital charge (risk-weighted assets) and direct deductions from capital were fully aligned with the first report sent to the Regulator at the March 2014 close.

  - The continuation of the 'Comprehensive Assessment' by the European Central Bank (ECB) and the European Banking Authority (EBA) as a preliminary step towards the Single Supervisory Mechanism (SSM) assuming full powers from November 2014. This exercise began in November 2013 and the results were published in October 2014. The three main pillars of the comprehensive assessment were:

    - Ongoing assessment by the ECB of the Entity's risk profile (Risk Assessment Survey - RAS), which will determine the supervisory intensity of the ECB.

    - The Asset Quality Review (AQR): this consisted of a review of the carrying amounts of banks' assets at 31 December 2013 and marked a starting point for the stress tests through a static quantitative and qualitative analysis of credit risk (processes, assets, collateral and provisions) to identify potential needs for additional provisioning.

  - The Stress Test: a forward-looking -2014-2016- view of the resilience of banks to stress on financial indicators to detect where capital must be strengthened if minimum capital requirements are not met due to hypothetical impacts in a baseline and adverse macroeconomic scenario and estimated organic capital generation capacity in these conditions using an ad hoc methodology defined by the EBA.

- Preparation of a new set of quarterly reports for the SSM, with increased granularity and complexity than previous reports. The main reports are:

  - The COREP (Common Reporting) statements, with breakdowns of figures and items comprising the regulatory capital charge, and
  - FINREP (Financial Reporting) statements, with detailed accounting balances of various balance sheet items, by segment and product, which until now fell under risk disclosures.

- The start of SSM Banking Supervision, official in November 2014, in line with the guidelines established by the EBA. The SSM has taken over the role previously carried out by the Bank of Spain (with respect to CaixaBank), setting up Joint Supervisory Teams comprising personnel of the ECB and the Bank of Spain to carry out the ongoing monitoring of CaixaBank.

  Application of Directive 2002/87/EC with the supplementary information requirements regarding financial conglomerates according to the definition provided therein.

- Monitoring of developments through the delegated acts and technical standards of the Bank Recovery and Resolution Directive (BRRD), especially with respect to the minimum indicators that should be included in recovery plans, the circumstances under which the failure of an entity may occur, the contributions to national resolution funds and the single resolution fund , as well as the minimum requirement for own funds and eligible liabilities (MREL) and the relationship with the Financial Stability Board (FSB) consultation to improve total loss-absorbing capacity (TLAC).

- Analysis of the implications for the new Directive on markets in financial instruments (MIFID 2) and the Regulation on markets in financial instruments (MIFIR), and their amendments to the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR), in particular with respect to ESMA consultations on technical advisory to the European Commission on development of the rules.

This structural transformation of Europe's banking framework has had a major impact on day-to-day risk management, requiring internal changes to adapt to and cope adequately with these challenges.

- **Reputational risks.** Third, but equally if not more important for the Group than the previous two, is the considerable deterioration in the confidence in Spain over banks.

The economic crisis, high leverage among households and businesses, and the decline in the value of investments in financial products, among other reasons, have tarnished the banking sector's overall image. The best practices and greater social awareness applied by CaixaBank to mitigate the impacts have made it stand out among customers and public opinion in general. However, the Entity has also seen its reputation suffer, so it will continue working to improve it.

In short, considering the existence of these risks factors in a complicated business environment, CaixaBank worked far harder in 2014 than other years to develop its risk management framework described below and to align it with internal best practices.

This section describes the key features of this risk management framework:

- The Risk Culture which, *inter alia,* involves general risk management principles, employee training and the involvement of the General Risks Division in other HR processes related to the business areas
- The Governance Structure and the Organisation
- The Corporate Risk Map
- The Risk Appetite Framework approved by the Board of Directors in 2014
- The Internal Control Framework

Risk Culture

General risk management principles

The general principles guiding risk management at CaixaBank can be summarised as follows:

- Risk is inherent to CaixaBank's business:
  Creating value through the provision of financial intermediation services involves assuming risks of varying extremes, which have to be managed appropriately. The most relevant risks are: credit, market, liquidity, interest rate risk in the banking book, investee, operational and reputational.

- Risk is the ultimate responsibility of the Board and requires involvement of Senior Management:
  The Board of Directors is the most senior risk management body. It approves and regularly reviews the main policies and strategies. Management is involved in risk management:

  - It reports to the Board of Directors on the status and changes in all the risks to which the Group is exposed on a timely basis. It also answers any additional requests for information that the Entity's governing bodies deem appropriate.

  - It analyses in the Global Risk Committee the status and changes in the principal risk parameters, and proposes risk management measures to ensure best practices are adopted. The Global Risk Committee's decisions are taken jointly.

- Medium-low risk profile

  CaixaBank's target risk profile is medium-low, translating into a target rating of AA/A. Risk and returns on transactions, the level of confidence in the statistical tools used to measure risks, and the level and composition of capital must be commensurate to this level of solvency. The rating target is included in the Strategic Plan approved by the Board of Directors.

- Involvement throughout the organisation
    - The risk and control areas identify, from an overarching perspective, all the risks to which activity is exposed. Their main duty is to manage and control risks using specialist teams.
    - The business units of the branch network and operating centres of Central Services have first-hand knowledge of customers and operations, which is essential to adequately documenting and approving transactions and monitoring the evolution thereof.

- Life cycle of transactions:

  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, with an authorisation system always requiring approval by two employees.

- Independence of business and operating units

  The Risks Function is independent from business and operating units, and is subject to decisions made by the Board of Directors and general management.

- Approval based on the borrower's repayment ability and an appropriate return

- The use of standard criteria and tools

  Risk definitions, analysis criteria and management and control tools are standard across the organisation. Risk policies and procedures are published in internal regulations available to all staff. Risks are identified taking into account the development of new products and businesses, as well as relevant changes to these, in order to ensure they are in line with the Group's risk profile.

- Decentralised decision-making

  Inclusion of the table of powers in the systems facilitates the decentralisation of decision-making so that decisions are taken as close as possible to customers, while ensuring risks are approved at a suitable level. Staff avail of sufficient information to identify, manage and report risks, and are aware of their responsibilities with regards to these duties.

- Use of advanced techniques

  Risks are measured and analysed using advanced methods and tools in accordance with sector best practices. 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 the various operational risks relating to each CaixaBank activity are identified using both quantitative techniques, such as the calculation of VaR, and qualitative techniques through key risk indicators (KRI), self-assessment of operational risks and the establishment of action plans and risk mitigation plans.

  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.

- Allocation of appropriate resources

  The human and technical resources allocated to risk management are sufficient in terms of both quantity and quality to allow objectives to be reached.

Training

The General Risks Division and the General Human Resources Division define the content of any risk-related training for functions supporting the Board/Senior Management covering specific matters that help high-level decision-making, as well as the rest of the organisation, especially branch network staff. The aim is to help decentralise decision-making, train staff on risk analysis, reinforce the Entity's risk culture, optimise risk cycle management and improve risk quality.

CaixaBank structures the provision of risk-related training through the Corporate Risk School, whereby training is seen as a strategic tool designed to provide support to business areas. The school also acts as a conduit for disseminating the Bank's risk policies; providing training, information and tools for all the Bank's staff. The proposal comprises a training circuit for specialising in risk management, which will be linked to the professional development of all the Bank's workforce from Retail Banking staff to specialists from any field.

More than 7,000 hours of training divided up into various training programmes were given to staff of the branch network and central services of CaixaBank in 2014. The main programmes were:

- Training in operational risk, to raise awareness about operational risk throughout the Group, so that its potential materialisation is considered when defining and developing processes, activities and methodologies.
    - Online courses: an interactive course on operational risk was given to all bank employees through the corporate online training platform.
    - Support documentation: a full set of supporting documentation covering the entire operational risk management framework is available to all employees.
    - Specific training: specific ad hoc training is carried out according to the needs of the model[1].
- Training of risk analysts on risk management criteria and policies, and the analysis of the economic-financial and legal aspects of risk.

In addition, external training was funded on a variety of topics, such as risk appetite, operational risk and adaptation to new European regulations.

Lastly, several initiatives were carried out within the CaixaBank Group to extend the risk culture; a highlight of 2014 entailed training workshops on regulatory changes regarding risk and capital charge at the CaixaCard subsidiary, with an emphasis on the need to consider risk as another core management element throughout the Organisation. The intention is to extend this training to other Group companies in 2015.

Outlook for risk management in HR processes of the business areas

Analysis of regulators and other influential bodies in the banking sector, such as the Basel Committee and the Financial Stability Board, indicate that the 'internalisation' by management and business area heads of the long-term impact of commercial decisions has been a best industry practice until now, but has become a requirement and standard of good management.

At CaixaBank, a clear example of the importance and consolidation of the risk culture is that since 2011, the General Human Resources Division requests the opinion of the General Risks Division on the quality of credit risk management by specific employees of the branch network, the regional divisions and the business segments, all under a broader process for assessing all candidates up for promotion or to retain their positions of responsibility.

[1] For example, in 2014 area managers were given training in the Group's intention to start using the advanced measurement approach (AMA) and the implications of this.

Governance Structure and Organisation

<u>Governance Structure</u>

Board of Directors

The Board of Directors' duties include approving the Bank's strategy, overseeing the organisation of the Bank to implement this strategy, and supervising and controlling the Bank's management to ensure that it meets the Bank's stated targets and respects its corporate purpose and interest.

The Board of Directors is also responsible for approving the general risk control and management policy as well as the periodic monitoring of internal information and control systems. Accordingly, the Board of Directors is the Bank's highest risk policy-setting body.

The Board of Directors has also established its own duties with regard to risk and is responsible for making decisions on certain issues in this regard. The following table shows the issues related with risk management on which the Board will take decisions, and its main duties:

Issues on risk management on which the Board of Directors will take decisions	General matters
• Adopting and monitoring compliance with risk measurement approaches, as well as calculating the related regulatory capital requirements; • Organising the highest tier control duties; • Establishing global risk limits; and • Ruling on general risk policies and progress made.	• Defining general risk management principles; • Establishing the distribution of functions within the organisation and the criteria for preventing conflicts of interest; • Approving and reviewing periodically the risk performance, management, control and reduction strategies and policies; • Approving the general internal control strategies and procedures; and • Monitoring the results of the risk management and control function and the status of internal control of credit and counterparty, market, liquidity, interest rate risk in the banking book, operational and investee risks.

Delegate Risk Committee

The Board of Directors has delegated certain matters to delegate committees. Specifically, in September 2014 the Delegate Risk Committee was created for the ongoing monitoring of risk management.

The Delegate Risk Committee reports to the Board of Directors the resolutions adopted at each meeting. In addition, at Board of Directors meetings, the Delegate Risk Committee Chairman reports, at the request of the Chairman of the Board of Directors, on the Committee's activities, as well as the work carried out and the opinion of the Committee regarding issues previously addressed at the meeting and which must be decided on by the Board.

To strengthen relations between the Risks Area and the governing bodies, the Global Risk Committee reports directly to the Risk Committee.

The Delegate Risk Committee shall comprise members of the Board of Directors who do not perform executive functions and who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the Entity, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6). At least a third of members, and in every case the Chairman, shall be independent Directors. The Committee shall appoint from among its members the Chairman and may appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.

The Delegate Risk Committee shall meet as often as necessary to fulfil its duties and shall be convened by the Chairman, either on his/her own initiative or at the request of the Chairman of the Board of Directors or of two members of the Committee itself.

Its basic functions, according to Article 13 of the Regulations of the Board of Directors, are:

- Advise the Board of Directors on the overall susceptibility to risk, current and future, of the Entity and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the appropriateness of the risks assumed and the profile established.
- Propose to the Board the Group's risk policy.
- Propose to the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
- Regularly review exposures with its main customers, economic business sectors and by geographic area and type of risk.
- Examine the information and control processes of the Group's risk as well as the information systems and indicators.
- Evaluate compliance risk in its scope of action and determination, understood as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.
- To report on new products and services or significant changes to existing ones.
- To examine, without prejudice to the functions of the Remuneration Committee, if the incentives anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.

Organisation

Risks Division

At CaixaBank, the Risks Function is carried out by a general division responsible for the Group's risks and operating independently of the business areas from both a reporting and operational perspective. The Corporate Individual Analysis and Approval Division, responsible for analysing and authorising retail lending, the Corporate Business Analysis and Approval Division, responsible for analysing and authorising risk to the rest of the business segments and specialised sectors (companies and SMEs, public sector-sovereign, financial institutions, real estate, project finance, tourism, and food and agriculture) and the Corporate Global Risk Management Division, responsible for managing risks at corporate level and overseeing asset performance and solvency and capital adequacy mechanisms, report to this general division. Also reporting to the General Risks Division independently from these corporate divisions are the Permanent Lending Committee, which has been delegated powers by the Board to approve transactions, and the Risk Models Validation Division, which assesses whether the risk management and control procedures are in line with the Entity's risk profile and strategy, and validates the internal risk models.

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

One of its most significant tasks, in collaboration with the Bank's other areas, is to lead implementation in the entire branch network of instruments for the end-to-end management of risks under Basel guidelines, in order to assure a balance between risks assumed and expected returns.

Risk Committees

CaixaBank's Senior Management, under the supervision of the Delegate Risk Committee and acting within the framework of the powers delegated by the Board, sit on the various risk management committees which establish general action policies, approve transactions at the highest level, and manage business risk across the Group.

- Global Risk Committee

  This committee is responsible for the end-to-end management, control and monitoring of risks to which the Bank is exposed, as well as the specific risks of the most relevant financial investees, and the implications of these risks when managing solvency and capital consumption.

  The Global Risk Committee is also charged with adapting CaixaBank's risk strategy to the risk appetite framework, clarifying and resolving doubts about interpreting the risk appetite and keeping CaixaBank's Board informed through the Delegate Risk Committee of the main areas of activity and the status of risks to which the CaixaBank Group is exposed.

  The committee will also analyse the Group's global risk position and put in place the main measures to optimise risk management within the framework of the Group's strategic objectives.

  All Global Risk Committee members must notify the committee of any matters within their remit that could affect the global management of the Group's risks.

- Permanent Lending Committee

  This analyses and, where appropriate, approves the transactions that fall within its scope, and refers any transactions that exceed its level of authority to the Board of Directors. It is the final tier in the approvals hierarchy, above which lending and credit must be signed off by the Board of Directors.

- Risk Policies Committee

  This committee approves CaixaBank's market and credit risk policies. Policies are any of the guidelines governing the Bank's activities and any procedures through which they are implemented.

The Risk Policies Committee's remit is to establish policies that are in line with and underpin the CaixaBank Group's Risk Appetite Framework. Its powers, as conferred upon it by the Global Risk Committee, include defining and authorising policies for approving loans and monitoring risks, along with default and recovery policies.

The Transparency Committee has also appointed the Risk Policies Committee to analyse and approve loan and credit products, ensuring their design or modifications thereto comply with regulations on the commercialisation of such products.

- Subsidiaries' Risk Policies Committee

It is responsible for approving policies for credit and market risk associated with CaixaBank Group subsidiaries. The Subsidiaries' Risk Policies Committee has the same powers and responsibilities as the Risk Policies Committee but at subsidiaries.

During Subsidiaries' Risk Policies Committee meetings, subsidiaries will be updated on any fluctuations in the key risk indicators, legislative developments, and changes in the organisation and risk circuits that could affect them. Subsidiaries, meanwhile, will report on changes in the risks to which their businesses are exposed.

- Operational Risk Committee

It focuses on applying, reviewing and disseminating the Operating Risk Management Framework, as well as identifying critical points, and establishing operating risk mitigation and control procedures.

- Models and Parameters Committee

The Parameters and Models Committee reviews and formally approves models and parameters for credit risk, market risk (including counterparty risk – credit in Treasury activity and operational risk), and any other methodologies used by the committee to perform its control duties.

- Risk Monitoring Committee

The Risk Monitoring Committee defines the risk monitoring strategy, in line with the global risk management framework. It draws up and implements the risk monitoring policy. It also analyses the most relevant risk exposures.

- Default and Recovery Committee

This committee analyses default targets set by senior management and applies them to managed portfolios and players involved in lending. It oversees and monitors level of compliance with the targets set, and liaises with the various areas to take the steps needed to redress any deviations. It defines and monitors recovery policies and procedures, which will be presented to the Policies Committee for approval before roll-out. It reports to the Global Risk Committee on matters within its remit.

- New Investment Products Committee

This committee approves the commercialisation of new financial products and ensures advertising, communication and contractual information associated with the commercialisation of new investment products of both Treasury and those managed by third-party entities complies with prevailing legislation.

- Corporate Rating Committee

  It approves and/or amends internal corporate ratings, analysts' proposals, and the validity thereof, for both standard and pre-rating scores.

- Large Auctions Committee

  It analyses and authorises the foreclosure of real-estate assets securing debts of over EUR 600,000. It focuses especially on how these assets will be auctioned off and makes any decisions related with auctions (e.g. halting auctions).

- Large Client Monitoring Committee

  This committee is charged with transmitting, reflecting upon and exchanging ideas and opinions between Risk Monitoring and business areas. It establishes a framework for considering the conclusions set out in major customer monitoring reports, and disseminates information on the profound changes stemming from the change in supervisor.

- Dations Committee

  It sets out the necessary protocol for each case of dation in payment, i.e. receipt of real-estate assets pledged to secure loans to individuals, and the subrogation thereof to BuildingCenter.

- Real Estate Acquisition and Appraisal Committee

  This committee analyses and approves, where appropriate, any acquisitions proposed by branch network directors of real-estate accepted in lieu of payment of real-estate developer loans, taking into account the legal aspects of each arrangement, appraisal values, and expected recoveries. It also signs off acquisitions of real estate from insolvent companies and, exceptionally when this is the best option for recovering loans.

- ALCO

  There are other committees that do not report to the Risks Division, such as the Asset-Liability Committee (ALCO), whose functions effect liquidity, interest rate and foreign currency risk as part of structural risk and which proposes the hedges and issuances to manage these risks.

Corporate Risk Map

The current development of the financial system and the rapid transformation of the regulatory framework highlight the growing importance of assessing the risk and control environment of entities. CaixaBank's Internal Control Area is coordinating the Corporate Risk Map (CRM) Project to identify, measure, monitor, control and report risks. The Corporate Risk Map offers a comprehensive vision of the risks associated with corporate activities and the control environment.

The CRM project has included determining a Corporate Risk Catalogue, which helps the internal and external monitoring and reporting of the Entity's risks, which are grouped into the following categories: Risks affecting the Entity's financial activity and risks affecting business continuity.

The main risks reported periodically to management and the governing bodies are:

- Risks affecting the Entity's financial activity.
    - **Liquidity risk:** Risk of insufficient liquid assets due to outflows of funds and market closure to meet contractual maturities of liabilities, regulatory requirements, or the needs of the business.
    - **Credit risk:** Risk of a decrease in the value of CaixaBank's assets due to uncertainty in a counterparty's ability to meet its obligations.
    - **Market risk:** Risk of a decrease of the value in the Group's assets held for trading or increase in the value of its liabilities held for trading due to fluctuations in interest rates or prices in the market where the assets and liabilities are traded.
    - **Interest or exchange rate risk:** Risk of a negative impact on the economic value of the balance sheet or results, arising from changes in the structure of the interest rate curve or exchange rate fluctuations.
    - **Actuarial risk:** Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans due to the differences between the claims estimates and actual performance.
    - **Capital adequacy risk:** Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.

- Risks affecting continuity of activity
    - **Legal/Regulatory risk**: Risk of a loss or decrease in profitability of the CaixaBank Group as a result of changes to the regulatory framework or court rulings that are unfavourable to the Entity.
    - **Compliance:** Risk arising from a deficient procedure that generates actions or omissions that are not aligned with the legal or regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.
    - **Operational risk:** Risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Includes the risk categories encompassed in the regulation.
    - **Reputational risk:** Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by the Entity, its Senior Management or Governing Bodies.

      In order to restore the confidence of its customers in the Entity, CaixaBank has focused on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, regulatory compliance and anti-money laundering structures to minimise the probability of occurrence of actions or omissions such as those seen in global financial institutions throughout 2014, which have had a greater media impact and affected the sector's image.

Risk appetite framework

Background

Regulators and other advisory bodies in the financial sector are increasingly advising on the need to define and implement a risk appetite framework that backs up the decision-making process and informed approval of risks.

In particular we would note the guiding principles published by the Financial Stability Board (November 2013), which considering them a standard prerequisite for good governance, and adequate management and oversight of financial groups. The European Banking Authority and the Bank of Spain adhere to these recommendations, which are still not statutory.

The risk culture has always been distinguishing feature of the CaixaBank Group's business. This culture, together with the risk policies and systems in place and the skills of its workforce, have permitted the Group to maintain a moderate risk profile and noteworthy level of solvency in the Spanish market.

As a result of its pursuit of leadership and excellence, the CaixaBank Group has adopted this framework, considered among best practices in internal risk governance.

Description and structure

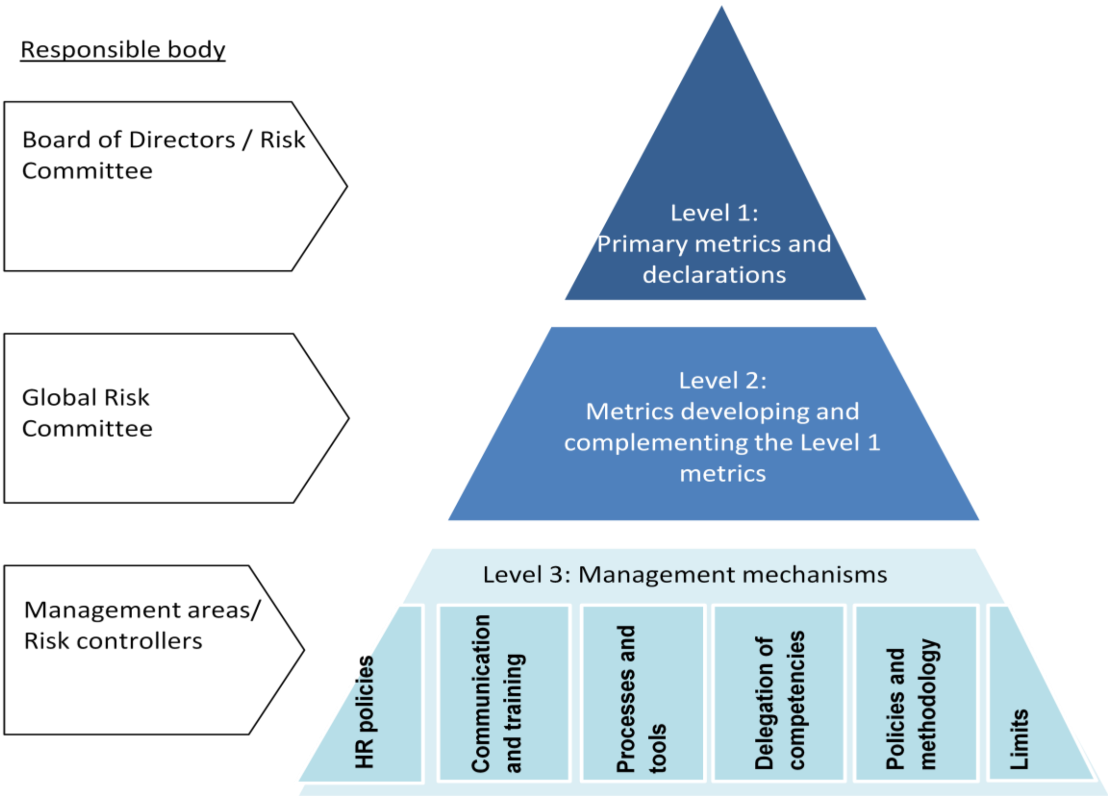
The Risk Appetite Framework (the "Framework") is a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Group's strategic and profitability objectives.

To designing the Framework, in November 2014 the Board established four key dimensions expressing the Group's aspiration regarding the main risks that could affect the Entity. These are:

- **Loss buffer**: CaixaBank has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position as one of the soundest entities in the European banking market.
- **Funding and liquidity:** CaixaBank wants to make sure that it is always able to meet its obligations and funding requirements on time, even under adverse market conditions, and one objective is to have a stable and diversified funding base as a means of preserving and protecting the interests of its depositors.
- **Business composition:** CaixaBank aspires to maintain its leading position in the retail banking market and be able to generate revenue and capital in a balanced and diversified manner.
- **Franchise**: CaixaBank is committed to the highest ethical and governance standards in its business conduct, encouraging sustainability and social responsibility, and ensuring operating excellence.

In line with best practices in the financial sector, the structure of the Framework complements these statements with management indicators and levers to transmit these practices, in a consistent and efficient manner, to the management of the business and of the risks.

The Framework is represented graphically by a pyramid structure that ends with Tier 1 principles and indicators, supported by more detailed metrics (Tier 2) and impact on day-to-day activity through management levers.



- **Tier 1** comprises the **Risk Appetite Statement** and **key metrics**, which are assigned appetite and tolerance thresholds. The **Board of Directors** defines, approves, oversees and can amend this tier as often as is determined in the policy governing the Framework, with specialist advice and ongoing monitoring by the Delegate Risk Committee.

  There are various "**Appetite**" and "**Tolerance**" levels for each of the metrics which have a **system of alert traffic lights**:

  - "Green traffic light": risk target
  - "Amber traffic light": early alert
  - "Red traffic light": breach

  There is also a "Black traffic light" for certain metrics included in the *Recovery Plan*. Once activated, the internal communication and governance processes would be triggered based on the defined seriousness of the situations.

  This ensures a comprehensive and scaled monitoring process of potential impairments in the Entity's risk profile.

  To illustrate, some metrics considered for each dimension are:

  - **Loss buffer** Regulatory solvency ratios, calculated based using advanced models and approaches (expected loss, VaR) and accounting-related indicators, such as cost of risk.

- **Funding and liquidity** External (regulatory ratios) and internal (management) metrics.

- **Business composition** Indicators that encourage diversification (e.g. by borrower, sector) and minimise exposure to non-strategic assets.

- **Franchise** Includes non-financial risks (e.g. operational, reputational), with both quantitative metrics, such as commitments of zero tolerance of non-compliance.

- **Tier 2** includes more detailed metrics, which are monitored by the management team, especially the Global Risk Committee. These indicators tend to derive from the factorial decomposition of tier 1 (e.g. expected loss in PD and LGD) or from a greater breakdown of the contribution to the higher tier of risk portfolios or business segments. They also include the most complex and specialised risk measurement parameters, which allow the tier 1 metrics to be taken into consideration by risk management units in the decision-making process.

  The Board of Directors is assured that its management team monitors the same risks, more exhaustively, to be able to identify and prevent potential deviations in the established risk profile.

- Lastly, **Tier 3** represents the management levers which the management team, through the various business units and areas in charge of authorising, monitoring and controlling each risk, defines and implements for alignment with the established Framework.

  These mechanisms include:

  - Human resources policies, such as incentives or appointments in the business areas.

  - Communication and training in risks which, similar to the preceding policies, are crucial to consolidate and disseminate an effective risk culture.

  - Processes and risk to standardise, monitor and ensure that execution is carried out consistently throughout the Entity.

  - The delegation of powers to ensure the convergence of decisions at various levels that pool the information, incentives and skills necessary without jeopardising efficiency and opportunities.

  - The policies and methodologies in the broadest sense for aligning these competencies with the desired risk profile and maximising their consistency and scope of application, as well as the correct measurement and assessment of the risks of the Framework.

  - The definition of aggregate concentration limits to ensure that the sum of the parts complies with the tier 1 thresholds.

Monitoring and governance of the Risk Appetite Framework in the CaixaBank Group:

The **Board of Directors** is responsible for defining and supervising the Group's risk profile, updating the framework each year and monitoring the effective risk profile. Approving the Framework in 2014 enabled the risk to be structured in a single and comprehensive strategy, management and control platform used by the governing bodies and management of the CaixaBank Group, from the perspective of a financial conglomerate.

The **Delegate Risk Committee** advises the Board of Directors on the Entity's overall susceptibility to risk, current and future and its strategy in this area. It reports to the Board on the risk appetite framework, assisting in the monitoring of the implementation of this strategy and ensuring that the Group's actions are consistent with the level of risk tolerance and risk profile established.

The **Global Risks Committee** is an executive body which reports directly to the Delegate Risk Committee. It monitors the effective compliance of the framework at least once a month. If the pre-established levels are exceeded, the necessary measures are taken to reshape the situation.

In order to meet the information, management and control needs of the above mentioned bodies, the following reporting system has been set up:

- **Monthly presentation** of the tier 1 scorecard to the **Global Risks Committee,** indicating the risk position for the last available month and the trend. If risk levels breach the threshold for:
  - **Appetite**: an "amber traffic light" or early alert is assigned to the indicator, and the party responsible or the Management Committee is entrusted with preparing an action plan to return to the "green" zone, and a timeline drawn up.
  - **Tolerance**: a "red traffic light" is assigned, including an explanation as to why the previous action plan did not work. Corrective or mitigating measures are proposed to reduce exposure. This must be approved by the Delegate Risk Committee.
  - ***"Recovery Plan"***: would trigger the Plan's governance process, which entails a set of measures to:
    1. Reduce the possibility of the Entity going bankrupt or entering into a resolution process; and
    2. Minimise the impact in the event of bankruptcy, and avoid the need for a bail out.

    In this case, the regulator must be informed of serious breaches and the action plans expected to be adopted.
- **Quarterly presentation** to the **Delegate Risk Committee** on the situation, action plans and forecasts for tier 1 metrics.
- **Half-yearly presentation to the Board of Directors** on the situation, action plans and forecasts for tier 1 metrics.

  During these sessions, the Board may decide to amend or update the metrics and previously assigned thresholds as per the regulation governing the Risk Appetite Framework (at least annually).

  If a risk breaches a tolerance threshold which could threaten the Group's ability to continue as a going concern, the Board may initiate the measures set forth in the ***Recovery Plan***.

Global risk management and control ensures that the Entity's risk profile is aligned with its strategic objectives, preserves the solvency and liquidity mechanisms, enables it to achieve an optimal risk-return ratio and strive for excellence in customer service with flexible and transparent processes.

Internal control framework

Developments in the financial system, macroeconomic trends and the transformation of the Regulatory Framework indicate the growing importance of assessing risk and the control environment of entities, imposing greater demands and responsibility on Senior Management and the governing bodies.

CaixaBank has an internal control framework which offers a reasonable degree of assurance that the Group will achieve its objectives. CaixaBank's internal control environment is aligned with guidelines issued by the regulator and industry best practices, and is structured in accordance with the Three Lines of Defence model:

- The first line of defence comprises the Group's business units and support areas, which are responsible for identifying, measuring, controlling, mitigating and reporting the key risks affecting the Group as it carries out its business.

- The second line of defence acts independently and is designed to identify, measure, monitor and report all of the Group's material risks, as well as to establish and develop management and control systems for these risks, and design compliance policies. The second line of defence includes, *inter alia,* the Global Risk Management, Regulatory Compliance and Internal Control areas.

- The third line of defence, which comprises Internal Audit, is responsible for assessing the effectiveness and efficiency of risk management and the internal control systems, applying principles of independence and objectivity.

Global Risk Management

The Global Risk Management Corporate Division, which reports to the Group's General Risk Division, is responsible for ensuring that the main risk management principles are in keeping with the Entity's risk profile, its risk policies, the organisation of the risk function (structure, limits and delegation and committee), the use of measurement methodologies in keeping with their complexity, the monitoring of positions and solvency of borrowers and the systems and procedures for reporting, managing and controlling risks.

As we mentioned in the preceding section, the Risk Appetite Framework was approved in November 2014 as a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to accept. The Global Risk Management Corporate Division ensures the tool is implemented and monitored.

A systematic and periodical reporting system aimed at the various governing bodies has been defined to handle the reporting, management and control needs of the various thresholds established.

Internal Validation

The Basel Capital Accord establishes how entities can determine their minimum capital requirements based on their 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 criticality and importance of the capital determination process requires proper control environments to ensure that reliable estimates are obtained. The control environment must also be sufficiently specialised and operate on a continuous basis in the entities. In this respect, internal validation must comply with regulatory requirements, as well as provide fundamental support to risk management in its responsibilities of issuing technical opinions and authorising the use of internal models.

Regulations state that internal validation is a compulsory prerequisite for supervisory validation, which must be carried out by a sufficiently independent and specialised unit of the institution, with clearly defined functions.

At CaixaBank, the internal validation function is performed by the Risk Models Validation (RMV) Division, which was created on approval by the Management Committee. The RMV function falls directly under the General Risks Division. This ensures its independence from the areas in charge of developing risk models and policies, and risk infrastructures.

RMV's mission is to ensure that the advanced risk measurement models are appropriate for the correct determination of the CaixaBank Group's regulatory capital needs.

In line with its mission, the scope of RMV's actions include credit, market and operational risk, reviewing methodological and management (e.g. use of management models and tools, risk policies, coverage levels, controls, governance, implementation of models in management processes) aspects, and verifying the existence of an IT environment with sufficient data quality to support the modelling process.

RMV's activities are aligned with regulatory requirements of the various oversight mechanisms and coordinated with Internal Audit in the development of its functions.

Within the framework of the project to migrate to the Single Supervisory Mechanism (SSM), the Internal Validation unit has identified a number of areas within internal governance to be strengthened. The Global Risk Model Validation framework has been defined and signed off. This document outlines the Internal Validation unit's mission, the general action framework, the reporting lines, etc. Relevant criteria for the recommendations issued have also been defined.

RMV's activities are classified into three categories:

<u>Strategic planning</u>

RMV has a plan that sets out the medium-term validation requirements and objectives covering a three-year period. The medium-term plan entails annual planning that reflects the analysis and review activities carried out each year to guarantee the validity of the opinions issued by RMV.

<u>Review and monitoring:</u>

- Through validation cycles, RMV keep the opinions on the various models and their integration in management (for IRB models) up to date.
- Complete validation in the event of the roll-out of models and material changes.
- Specific reviews in addition to ordinary validation processes designed to add value to the risk management areas.

<u>Reporting:</u>

- The RMV annual report on activities carried out over the past year.
- Coordination of the process for updating the follow-up dossiers of the models.
- Regular monitoring of recommendations issued.

The findings of any RMV review activity are used as the basis for issues recommendations and an overall opinion. RMV focuses attention on the main deficiencies identified, adapting the level of monitoring and the recommendation scale according to their relevance.

To achieve its objectives, RMV must act in accordance with the general principles defined in the Global Risk Model Validation Framework. In particular, the following general principles are relevant in the review evaluation process:

- Critical examination: All relevant information regarding models and their use should be evaluated. A rigorous, in-depth and well-founded opinion should be issued.
- Transparency: RMV's opinion should be fully understood by the areas reviewed.
- Regulatory Compliance: RMV must always comply with any applicable internal rules and regulatory requirements. In particular, it must ensure that the internal models comply with the minimum regulatory requirements.

The following table provides a summary of RMV recommendations as they current stand:

(Thousands of euros)	Total	In progress
Does not show any deficiency or deficiencies are few and immaterial	51.09%	19.15%
There are certain weaknesses	34.78%	43.75%
There are relevant aspects	14.13%	69.23%

Regulatory Compliance

Regulatory Compliance supervises compliance risk, which is defined as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

The management and governing bodies of each Group company are responsible for regulatory compliance. They must provide this function with the resources needed for effective management of this risk. CaixaBank's Regulatory Compliance Area sets out the lines of action, coordination and control together with the Regulatory Compliance officers of the subsidiaries.

Oversight of compliance risk by the Regulatory Compliance Area 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 each Group company, such as the Code of Business Conduct and Ethics, the Anti-corruption Policy, Telematic Code of Conduct and, where applicable, the Internal Code of Conduct on matters relating to the Stock Market (IRC) and the Internal Code of Conduct for the Contribution to Euribor. Its functions include enforcing compliance with these rules and analysing, where appropriate, any potential deficiencies in their application. It also manages the Confidential Consulting and Whistle-blowing Channel available exclusively to employees. This channel also resolves any reports of financial and accounting irregularities that may arise.

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

It reports regularly on its control activities to the management and governing bodies. 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 Regulatory Compliance, there is an independent unit, the Anti-Money Laundering and Counter Terrorist Financing Operating Unit (AMLOU), whose sole mission is to enforce compliance with anti-money laundering and counter terrorist financing laws, helping the commercial areas raise customer awareness, and control and report suspicious transactions. The AMLOU is managed and supervised by the Group's Anti-Money Laundering and Counter Terrorist Financing (AML / CTF) Committee, and reports on its activities to Senior Management and the Audit and Control Committee of CaixaBank.

Internal control over financial reporting

CaixaBank's Internal Control over Financial Reporting Model includes a combination of processes designed by the Executive Audit, Management and Capital Control Division and implemented by the Board of Directors, Audit and Control Committee, Senior Management and associated personnel to provide reasonable assurance on the reliability of the financial information published by the Entity.

The model is based on the international standards developed by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), as well as a number of general principles and best practices developed by a group of experts and published in June 2010 by the Spanish Securities Market Regulator (CNMV) in the report entitled "Guidelines on Internal Control over Financial Reporting in Listed Companies".

The mechanisms comprising the risk management and control systems regarding the process of publishing the Entity's financial information are explained in more detail in the Annual Corporate Governance Report.

Internal Control and Internal Audit

The Deputy General Audit and Internal Control Division is in charge of ensuring the correct performance of and supervising the Group's internal control model. This division reports systematically and regularly to CaixaBank's 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.

The Internal Control and Internal Audit areas under this deputy general division operate independently from each other and from other CaixaBank Group areas and companies in accordance with guidelines issued by regulatory and supervisory authorities.

The mission of the Internal Control Area is to provide reasonable assurance to management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the Group's risks.

Its main duties include:

- Coordinating the Corporate Risk Map.
- Advising Senior Management on the control protocols and action plans needed to resolve any control deficiencies
- Systematically and regularly reporting on the Group's control environment to Senior Management and governing bodies

In performing its duties, this area provides a transversal view of the main risks assumed by the Group and assesses the Group's control environment.

Internal Audit provides reasonable assurance to Senior Management and the governing bodies that the CaixaBank Group's objectives are being fulfilled, assessing the effectiveness and efficiency of the risk management, control and corporate-governance processes.

Pursuant to the principles of independence and objectivity, and applying a systematic and disciplined approach, Internal Audit performs assurance and consulting services that add value to the Entity, acting as the third line of defence in CaixaBank's internal control framework.

Internal Audit's main responsibilities include:

- Assessing the effectiveness and efficiency of the internal control systems established to mitigate the risks associated with the Entity's activities, with a special focus on:
    - compliance with prevailing external legislation, the requirements of supervisory bodies, and the appropriate application of the comprehensive risk management frameworks defined by European Directives on solvency for the banking and insurance sectors.
    - compliance with internal policies and regulations, and alignment with best industry practices and uses.
    - the reliability and integrity of financial and operational information, including the effectiveness of Internal Control over Financial Reporting (ICFR).
    - the economical and efficient use of resources by the Entity.
- Adding value by proposing recommendations to address weakness detected in reviews conducted and monitoring their implementation by the appropriate centres.
- Reporting regularly relevant information to Senior Management and the Audit and Control Committee on the conclusion of tasks carried out, weaknesses identified and recommendations made.

Internal Audit has a specific strategic plan related to CaixaBank's 2011-2014 Strategic Plan, the key points of which are as follows:

- Annual audit plan focusing on the key risks identified in CaixaBank, which is submitted to the Audit and Control Committee for examination and approval.
- Response to local/global supervisory requirements and to specific and one-off requests from governing bodies and Senior Management.

Efficient use of resources through improvement in continuous auditing by operating advanced performance alerts, ongoing auditor training and a suitable policy for outsourcing specialised services.

3.1. Credit risk

3.1.1 Overview

Credit risk is the most significant risk item on the CaixaBank Group's balance sheet and arises from the banking and insurance business, treasury operations and the investee portfolio. The maximum credit risk exposure at 31 December 2014 of financial instruments recognised under “Held-for-trading portfolio”, “Available-for-sale financial assets”, “Loans and receivables”, “Held-to-maturity investments” and “Hedging derivatives” in the accompanying balance sheet, and “Contingent liabilities” and “Contingent commitments” as memorandum items in the accompanying balance sheet, does not differ significantly from the carrying amount.

Regarding its ordinary business, CaixaBank gears its lending activity towards meeting the finance needs of households and businesses. Credit risk management is characterised by a prudent approvals policy and appropriate coverage. Most loans are to private borrowers and consist primarily of mortgages to first-time homebuyers. Therefore, the loan structure has a significantly low level of risk given the high degree of diversification and fragmentation. In accordance with the CaixaBank Group's Strategic Plan, there is a commitment to retain leadership in retail lending and further strengthen the position in corporate lending. In terms of geographic distribution, business is mainly based in Spain and there is no exposure in high-risk countries.

To ensure appropriate protection of customers, natural persons and credit institutions, the current legal framework (Sustainable Economy Act 2/2011, of 4 March, and Ministerial Order EHA/2899/2011, of 28 October, on transparency and protection of customers of banking services) requires all institutions to establish policies, methods and procedures that ensure the correct study and granting of loans. The new concept of “responsible loan” establishes the need to adequately evaluate customer solvency and promote practices to ensure responsible lending.

Accordingly, CaixaBank has detailed policies, methods and procedures for studying and granting loans, or responsible lending, as required in Annex 6 of Circular 5/2012 of 27 June, of the Bank of Spain addressed to credit institutions and payment service providers regarding transparency in banking and responsible lending.

The document was approved by the CaixaBank Board of Directors in February 2014, in compliance with Bank of Spain Circulars 5/2012 and 3/2014, and establishes, *inter alia*, the following policies:

- An appropriate relationship between income and the expenses borne by consumers
- Documentary proof of the information provided by the borrower and the borrower’s solvency
- Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation
- An appropriate independent assessment of real estate collateral
- An Entity-wide policy of not granting foreign currency loans to individuals

In addition, bearing in mind the current economic-social climate, CaixaBank has devised an "Assistance Plan" for individuals with mortgages on their main residence facing circumstantial financial difficulties. This Plan is designed to achieve three objectives:

- Pro-actively prevent default.
- Offer families that have long been good customers of the Entity and who are at risk of default due to the loss of work by one of the mortgage holders, illness, a temporary drop in income, or other circumstantial factors.
- Reduce the NPL ratio

CaixaBank also adheres to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect mortgagors without funds, as amended by Law 1/2013, of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals.

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the credit risk defined by the CaixaBank Group are commensurate with the established risk tolerance levels.

3.1.2 Key indicators

At 31 December 2014 and 2013, the non-performing loan ratio (including doubtful loans for contingent exposures) stood at 9.69% and 11.66%, respectively. At 31 December 2014 and 2013, provisions non-performing loans resulted in coverage ratios of 55.30% and 61.02%, respectively.

3.1.3 Credit risk cycle

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

3.1.3.1 Credit risk measurement and rating

The mission of the Corporate Risk Models and Policies Division within Global Risk Management at CaixaBank is to build, maintain and monitor the credit risk measurement systems. It is also in charge of guaranteeing and advising on the use of these systems, while seeking to ensure that the decisions based on these measurements take their quality into account. As established in best practices, this corporate division is independent from the business areas in order to ensure that risk rating policies are not affected by commercial considerations.

In accordance with the Delegated Regulation (EU) No. 529/2014 of the European Commission (CRR), CaixaBank uses internal models to assess credit risk related to 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

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 at default

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

The estimate is based on the 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 modelled 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.

These 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, 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. Moreover, the tools are implemented across the entire branch network and integrated within the normal authorisation and monitoring tools of asset products.

Credit risk assessment tools can be either product or customer oriented. Product-oriented tools are used mainly within the scope of authorisation of new retail banking transactions and take account of the debtor's specific characteristics, information derived from the customer relationship, internal and external alerts, and the specific characteristics of the transaction to determine the probability of default of the transaction. 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. This second group comprises behavioural 'scoring' models for the monitoring of risk of individuals and ratings or companies.

Rating tools for companies vary considerably according to the customer segment. The rating process for micro-enterprises and SMEs is based on a modular algorithm, and four different data sets are rated: 1) the financial statements, 2) the information drawn from dealings with customers, 3) internal and external alerts, and 4) certain qualitative factors.

The Corporate Rating function, which reports to the CaixaBank Global Risk Management Division, has internal models in place to obtain ratings for the large companies segment. These are expert models that seek to replicate the ratings of rating agencies and require expert criteria of analysts. In view of the lack of sufficient statistical frequency 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. CaixaBank reviews the default recovery and default remedial procedures on an ongoing basis to minimise 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 modelled 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

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.

3.1.3.2 Admission and approval

Approval of lending transactions at CaixaBank follows the basic criterion of evaluation of the borrower’s repayment capacity, and it is not the Entity's policy to approve transactions merely because guarantees exist. If this condition is fulfilled, it is also important to secure further guarantees, particularly in the case of long-term transactions, and to establish a price in accordance with these two conditions.

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

The Entity has an approval system in place to authorise loans, which is a highly effective tool for delegating powers to manage risk. The system is based on the establishment of maximum amounts by guarantee and customer/group in the case of individuals and large companies, and by customer/economic group expected-loss thresholds in other business segments. Decisions on risk operations must be signed off by two employees with sufficient risk approval powers.

The level of approval powers is determined based on the evaluation of five key parameters:

- **Amount**: the total finance applied for plus any finance already extended. This determines the level of risk to be approved.
- **Collateral**: the group of assets and/or funds pledged to secure fulfilment of a repayment obligation. This key parameter analyses what percentage of the finance is secured by the collateral.
- **General Risk Policy**: raft of policies identifying and evaluating the relevant variables of each transaction.
- **Term:** the requested payment term for the finance; a critical variable introducing uncertainty into the transaction.
- **Risk-adjusted price:** the risk-adjusted pricing or price determines the price of the transaction including the risk premium.

In this respect, in 2014, the process for updating risk parameters continued and new management models were rolled out to improve the predictive capabilities of these tools.

Scorings of individual customers are updated monthly to always have an appropriate credit rating. The Entity periodically updates the financial statements and qualitative information of its companies to achieve the maximum level of coverage of the internal rating.

This system is based on electronic files for both new applications and existing transactions, eliminating the need to physically move files and making the process more efficient. This includes all documentation necessary to analyse and resolve the transaction for the related level, capturing basic information automatically from information systems and by scanning documentation offering a digital signature by the parties (e.g. provision of guarantee).

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

This RAR measure aims to achieve greater control over the balance between risk and returns. It can identify the factors determining the returns on each customer adequately and analyse customers and portfolios in accordance with their risk-adjusted returns. With this objective, a specific commercial action was undertaken, together with the commercial network, to boost returns and optimise this ratio.

In 2014, a specific, centralised area was created for risk operations with individuals and self-employed professionals: Individual Loan Approval. The main objective of this area is to manage authorisation of loans to individuals that exceed the approval powers of the branch offices, with a commitment to provide a response with 48 hours. All Individual Loan Approval centres of the Regional Divisions will transfer this activity gradually to the new centre. This project began as a pilot text with the Catalonia Regional Division in 2014 before being extended progressively to the rest of the regions. By the end of 2014, nine regional divisions have centralised this activity, leaving four to be integrated, which will take place in January and February 2015.

In addition, a company-level reorganisation was carried out with a view to proceeding with specialisation. Individual teams were set up for the tourism, and food & agriculture sectors, both of which are considered crucial for recovery of the economy.

Highlights for the year include:

- Both the individual and corporate lending policies were reviewed. The objective was to simplify and streamline circuits and delegate more powers to the branch offices. In this vein, progress was made on the pre-approval policy for business loans.
- The Permanent Lending Committee's powers were was increased in terms of approving credit operations, while its regulations were amended, simplifying and speeding up the approval process within the scope of responsibilities through the Operating Committee.
- The new management models were reviewed for the continuous improvement of the predictive capacity of the risk tools. Some tools, such as the business analysis reporting template, were simplified.

The pricing tools integrated in the loan application system (based on appropriate coverage of the risk premium), which use information from the risk-adjusted return tool, were fully implemented in the corporate and business centres network and are currently up and running in the SME segment.

3.1.3.3. Limits on large exposures

The maximum risk limit for large companies, which includes the credit risk of the loan portfolio and the equity portfolio, the insurance business portfolio and positions in investment funds and guarantee pension funds, is assigned based on a credit rating (given by the Corporate Rating unit) and the maximum acceptable loss for each borrower in accordance with CaixaBank's own funds. Considerations for determining the risk limit include the borrower’s size and net debtor position, among others.

3.1.3 Credit risk mitigation

The Entity applies the following policies to mitigate credit risk:

- Compensation policies and processes:

  Transaction offsetting agreements included in clauses of framework offsetting agreements are used as credit risk mitigation techniques since they provide an offsetting facility between contracts of the same type. In this respect, in managing risk and calculating capital, the existing and reciprocal cash balances between the Entity and the counterparty are offset.

As noted previously, transactions at CaixaBank are approved based on an evaluation of the borrower's repayment capacity. If this condition is fulfilled, the contribution of additional guarantees or collateral (mortgages, collateral provided by shareholders or the parent company, or pledges) is assessed and a price is set in accordance with the aforementioned conditions that guarantees appropriate coverage of the risk premium.

However, long-term operations must have more solid guarantees, as repayment capacity is always subject to the passage of time and the difficulties involved in assessing and controlling investment projects. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the project.

The different types of guarantees and collateral, along with the policies and procedures their management and assessment, are as follows:

- Personal guarantees

  Most of these relate to pure-risk operations with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant, as those ultimately responsible for the operation. In the case of individuals the collateral is estimated on the basis of declarations of assets, and where the backer is a legal entity, it is analysed as the holder for the purposes of the approval process.

- Security interests

  The main types of security interests accepted for day-to-day business are as follows:

  - Pledged guarantees

    Applicable to loans, open credits, credit accounts, guarantee lines, risk lines or leases, guaranteed through CaixaBank intermediation or pledging of accounts held against the bank. In the vast majority of cases, CaixaBank must be the depository entity for the pledged guarantee and the pledge remains active until the asset falls due or is redeemed early, or so long as the asset is not derecognised. The main types of acceptable financial guarantees are as follows:

    - Demand savings accounts: A pledge is drawn up for a specific sum on the account. The rest may be freely used, and may even be used in other on-going operations.

    - Time deposits and savings facilities: The entire sum of the product is effectively withheld.

    - Interests in mutual funds: The guarantee withholding is applied to the number of holdings that make up the amount pledged, depending on the valuation at the time of pledging. Other holdings may be pledged to secure further borrowings. The percentages established for pledged collateral vary depending on the type of investment between 100% of the cash value for FIM investment funds and FIAMM money market funds, and 50% for equity investments, mixed packages or currency deals.

- Insurance policies: Pledge in line with the policy and for the lowest value between the surrender value and the sum of capital, pensions and contributions. The pledged policy is fully affected.

- Mortgage covered bonds: The pledge is applied to the number of securities that make up the amount pledged. Others may be used in other asset operations.

- Rights and securities: The pledge is applied to fixed income or equities deposited with CaixaBank in a securities account, provided they are quoted on official markets. CaixaBank applications show the daily trends in the values of the securities pledged. In general, the applicable pledging percentage is 50% of the effective value in the case of equities and 85% for fixed income securities, although in certain cases the system applies lower percentages or even prevents the pledge. During the guarantee registration process, the system ensures that a pledge can be applied on the security in question and determines the applicable percentage.

- Public body invoices and certifications of works, supplies or services or subsidies from a public body: These are loan or credit facility operations where the Entity is given a charge over the borrower's collection right. In all cases a credit transfer contract must be drawn up, along with the loan contract or credit facility agreement.

- Mortgage guarantees

  Internal regulations expressly establish the following:

  - The procedure for approval of guarantees and the requirements for drawing up operations, e.g., the documentation that must be supplied to the Entity and the mandatory legal certainty of this documentation.

  - Review processes for the appraisals registered, in order to ensure proper monitoring and control of the guarantee. Regular processes are also carried out to test and validate the appraisal values in order to detect any anomalies in the procedures of the appraisal entities acting as suppliers to CaixaBank.

  - Outlay policy, mainly concerning property development operations, to allow funds to be released as work progresses, depending on the valuation drawn up by the appraisal entity.

  - Loan to value (LTV) of the transaction: The capital to be granted in mortgage operations is limited to percentages of the value of the guarantee, which is defined as the lowest of three values: the appraisal value, the value as estimated by the applicant and, if the transaction is a purchase, the value shown on the official deed. IT systems calculate the level of approval required for each type of transaction.

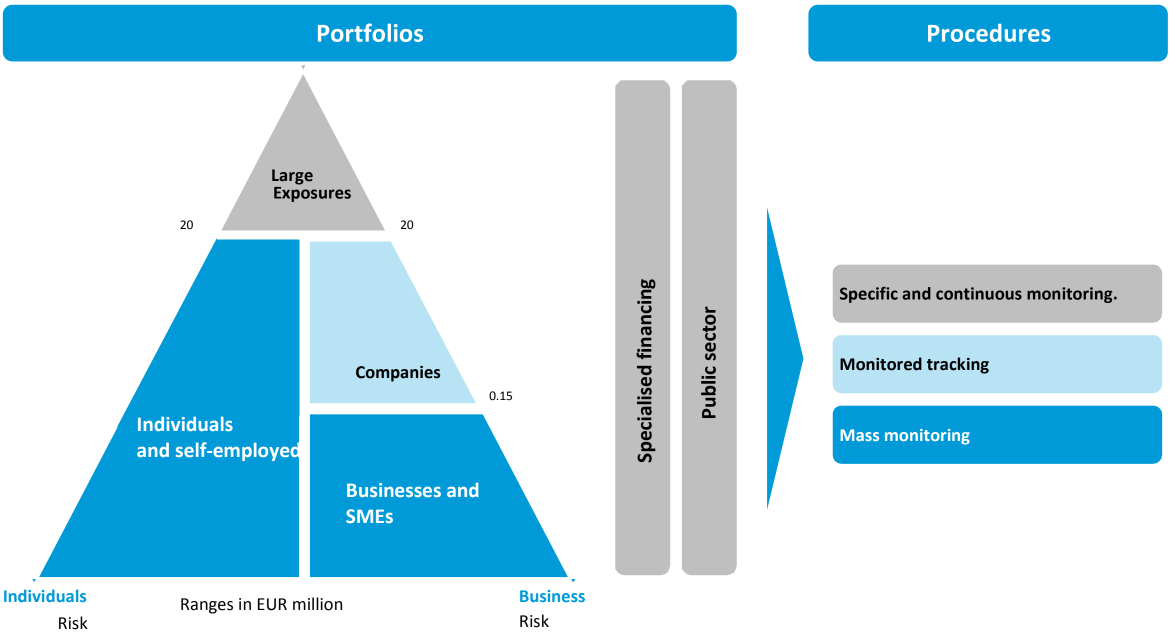
3.1.3.5 Credit risk monitoring

To adequately manage credit risk, borrowers must be monitored continuously over the entire term of their loans. The objective is to reach a conclusion on the degree of satisfaction with the risk assume with the borrower and any actions that need to be taken. Risk Monitoring targets the overall lending portfolio.

The Risk Monitoring and Prevention Management Department in CaixaBank reports to the Corporate Global Risk Management Division. Its function is two-fold: to prepare follow-up reports on individual borrowers or economic groups with higher risk levels, or large exposures, 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.

Another feature of the alert system is that it is fully integrated with the customer information systems, including all loan applications related to the customer. Alerts are assigned individually to each borrower and a rating is established automatically on a monthly basis.

Monitoring of portfolios is guided by several different policies and procedures, based on the exposure in question and the specific nature of the portfolios:



The monitoring procedures are: *mass monitoring* for individuals and SMEs (exposure under EUR 150,000) through preventive management, triggering automatic actions with direct implications for risk management, *monitored tracking* for companies and real estate developers (exposure up to EUR 20 million) and *specific and continuous monitoring* for relevant risks or those with specific characteristics.

The Analysis and Approval Area also monitors certain portfolios: the Risk Approval Centres conduct monitored tracking of borrowers and groups with the most relevant exposures, while the Large Exposures and Public Sector Division is in charge of monitoring the specialised financing and public sector portfolios given their specific nature.

The outcome of the monitoring process is the establishment of *Action Plans* for each of the borrowers analysed. These plans are in addition to the rating generated by the *Alerts* and, at the same time, provide a reference for future approval policies.

Within the scope of the migration in Europe towards the single banking supervisor, and above all as a result of the *Asset Quality Review* (AQR), credit risk monitoring also enables the Entity to quantify the related impairment of assets of individually significant amounts.

3.1.3.6 Arrears management

The default and recoveries function is the last step in the credit risk management process and is aligned with CaixaBank's risk management guidelines.

Recovery is conceived as an an integral management circuit that begins even before default or before an obligation falls due through a prevention system implemented by CaixaBank and ends with recovery or definitive write-off.

The CaixaBank branch network oversee the recovery activity. The Entity's extensive network allows for coverage of the entire national territory, ensuring proximity to and knowledge of the customer, which it leverages applying criteria of effectiveness and efficiency.

One of CaixaBank's main risk management priorities since economic recession in Spain began has been to ensure that the units responsible for arrears management have the resources they need to operate successfully.

The aim is to act on the first signs of any deterioration in the creditworthiness of debtors and carefully implement measures to monitor operations and the related guarantees and, if necessary, instigate claims to recover debt quickly. These measures make up the first three "Principles and premises of the Entity's recovery activity":

- Prevention: One of the most important principles at CaixaBank is the early detection of the risk of non-payment, so it can be managed and the situation normalised even before it occurs.
- Customer-orientation: Recovery actions are designed to help customers find solutions to irregularities in payments. They also provide a tool for increasing customer loyalty, as recovery management is carried out with and for the customer. This requires knowledge and an analysis of the customer to decide on the best action for both the Entity and the customer.

  Incidents are managed bearing in mind the customer's overall position, rather than each position showing incidents separately. Also taken into account is the customer's relationship within an economic group or with other customers. In general, efforts are made to avoid overlaps in actions, which increases costs.
- Anticipation: CaixaBank attempts to act as early as possible to arrive at a solution and pre-empt other creditors in order to have the best position vis-à-vis the debtors and any other creditors.

The situation of the Spanish real estate market poses extreme difficulties for those who took out mortgage loans when property prices were at their highest, leaving them in a situation now where they cannot meet their payment obligations.

In this context, the Entity was among the first to embrace and adopt the Code of Good Practices and is still applying today a set of measures for private customers experiencing temporary difficulties in paying off mortgage loans on their normal residence. These measures, which apply only to customers whose relationship with the Entity shows their unequivocal desire to honour the commitments made, aim to adapt the conditions of the operation to the borrower's current situation. Grace periods, waiting clauses, unification of debts and a payment moratorium, for example, are some of the measures that are analysed when deciding with customers on the process that best suits their particular situation, also applying the prudence criteria established in the "Principles and premises of the Entity's recovery activity".

- Prudence: The objective of the recovery activity is to obtain the highest amount possible at the lowest cost at any time during the life of the loan (including the judicial stage), always acting with maximum prudence in ongoing negotiations with the customer. In this respect, actions that lead to an improvement in the customer's classification and exceed the powers delegated in the recovery officer must be agreed jointly, never unilaterally. Moreover, agreements should only be make when they are reasonable and realistic, and have completed the related approval circuit.

3.1.3.7. Recoveries

Policies and strategies of the CaixaBank Group in relation to problem assets in the construction and property development sectors

The underlying criterion guiding the CaixaBank Group's management of problem assets in the real estate sector is to help borrowers meet their obligations.

First, with the commitment of shareholders and other companies within the borrower group, it studies the possibility of granting grace periods so that the financed land can be developed, ongoing property development can be finalised and finished units can be sold.

The analysis places special importance on the feasibility of projects, thereby avoiding a higher investment for those properties whose sale is not reasonably assured.

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

For completed projects, the possibility of helping with the sale is analysed through Servihabitat Servicios Inmobiliarios, SL, which is 49%-owned by CaixaBank and exclusively manages, for a period of 10 years, the CaixaBank Group's real estate assets (see Note 17), basically the properties of BuildingCenter, SAU, a property holding company of the CaixaBank Group, and of the Criteria CaixaHolding Group, in which the "la Caixa" Banking Foundation has a direct stake. This allows for the efficient management of the investment, pursuing recovery and adding value and profitability.

In all cases, detailed purchaser quality checks are run to ensure the feasibility of providing loans to the end buyers.

Finally, when there is no reasonable possibility that the borrower can continue to maintain its position, the mortgaged asset is acquired. The acquisition price is calculated using the appraisal performed by a valuation company approved by the Bank of Spain. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

Policies and strategies relating to foreclosed assets

BuildingCenter, SAU is the CaixaBank subsidiary responsible for ownership of the Group's real estate assets. BuildingCenter acquires the real estate assets deriving from CaixaBank's lending activity and manages them through Servihabitat Servicios Inmobiliarios, SL.

Real estate assets are acquired through three different channels:

1) Acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans. Auction prices are established, up to the limits set forth in applicable legislation, pursuant to updated appraisals made by appraisal firms approved by the Bank of Spain. Activities involving

adjudication at auction are controlled by the Auctions Committee comprising CaixaBank's Risks and Legal Services Areas and representatives of BuildingCenter, which is the ultimate holder of the assets.

2) Acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts. As in the previous instance, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction.

3) Acquisition of real estate assets of companies, mainly property developers, to cancel their debts. As in the previous instances, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction. The acquisition process includes conducting full legal and technical reviews of the properties. The Real Estate Acquisition and Appraisal Committee, comprising CaixaBank's Risk and Legal Services Areas and representatives of BuildingCenter, which is the ultimate holder of the assets, permanently controls this process and is first in line for approving the transactions prior to them being put before CaixaBank's Management Committee.

At 31 December 2014, the accumulated volume of assets entrusted to BuildingCenter, SAU for administration amounts to EUR 6,515 million (EUR 6,020 million at 31 December 2013), of which EUR 4,348 thousand relate to assets handed over during 2014.

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

- Land development: Certain procedures have yet to be completed for some plots that are suitable for development in order for them to be developed, such as completion of the planning process, redistribution of plots and development of urban infrastructure. These procedures are performed through the specialised services of Servihabitat Servicios Inmobiliarios, pursuant to very strict investment criteria. They are only performed when the investment ensures that the value of the affected assets will be maintained.
- Completion of housing developments: CaixaBank's acquisition criteria restrict purchases of property developments in progress. A number of minor measures to improve some of these developments are made to ensure that they can be sold. These measures are performed using the technical resources and experience of Suministros Urbanos y Mantenimientos, SA (Sumasa), a Group subsidiary, also pursuant to very strict investment criteria.
- Property exchanged through swaps: This involves mobilising certain land by assigning it to a developer in exchange for part of the finished product in the property development. This strategy is followed in very limited circumstances and following very strict criteria for selecting the property developer with regard to solvency and the ability to complete the project. This strategy enables land that has been initially acquired to be converted into a finished product, which makes it easier to trade on the market.
- In-house property development: Restricted to very specific transactions where the asset's quality and characteristics mean that developing the asset is the clearest and most secure means to recover the investment and generate a positive margin.
- Rental: A means of benefiting from rising demand and generating recurring income without forcing a sale in a market with increasingly fewer buyers facing difficulties accessing credit. This strategy also involves a social dimension when former owners are offered the opportunity to rent the property they have handed over in lieu of their debt to allow them to continue living in it.
- Sale: Servihabitat Servicios Inmobiliarios, the company that manages the real estate assets of BuildingCenter, implements an intense sales campaign through an online-multichannel system,

CaixaBank branches, its own offices, and estate agents, etc., which continuously positions it as a benchmark in terms of sales volume and brand recognition and innovation.

3.1.3.8 Refinancing policies

Refinancing entails the redesign of risks for customers in arrears in an attempt to enhance the guarantees available and make it easier for them to meet their commitments. On 2 October 2012, the Bank of Spain released Circular 6/2012, of 28 September, which includes the treatment and classification of refinancing and debt restructuring operations (see Note 2.10). It considers as refinancing operations, the refinanced and restructured operations as described in the Circular.

The Group has a detailed customer debt refinancing policy, which complies with Circular 6/2012 and contains the same general principles issued by the European Banking Authority for this type of operation.

The economic juncture calls for policies to provide certain kinds of assistance to customers, within a framework approved by the Entity's management and ensuring that refinancing processes are compliant with prevailing standards. In this respect, CaixaBank has also adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect mortgagors without funds, as amended by Law 1/2013, of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals.

In general, the facilities granted to a customer to comply with commitments do not entail any substantial change to the original contracts in respect of accounting recognition. Therefore, the restructuring or renegotiation measures applied do not generally lead to the derecognition of the original asset and the recognition of a new transaction.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions at all times. In this regard, during the monitoring process provisions for impairment are assigned to those transactions for which the terms may need to be changed due to evidence of impairment of the borrower's solvency. Therefore, as these transactions are correctly classified and valued, no additional provisions emerge in relation to the impairment of refinanced loans.

The movement in 2014 and 2013 in the gross amount and impairment allowances for refinanced operations is as follows:

31.12.2014

(Thousands of euros)	Standard					
	Full mortgage collateral		Other collateral		Uncollateralised	
	No. of transactions	**Gross amount**	**No. of transactions**	**Gross amount**	**No. of transactions**	**Gross amount**
Public sector	106	95,281	2	10,169	91	814,443
Other legal persons and individual entrepreneurs	24,917	3,706,197	409	145,646	9,404	1,181,964
Of which: finance for construction and development	2,186	1,071,386	22	73,479	114	11,060
Other natural persons	70,675	4,143,224	726	40,321	25,648	133,933
Total	**95,698**	**7,944,702**	**1,137**	**196,136**	**35,143**	**2,130,340**

31.12.2013

(Thousands of euros)

	Standard					
	Full mortgage collateral		Other collateral		Uncollateralised	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	27	48,605	21	49,668	71	579,303
Other legal persons and individual entrepreneurs	12,751	3,312,989	453	125,694	4,824	893,085
Of which: finance for construction and development	*3,156*	*1,452,060*	*34*	*61,922*	*561*	*58,793*
Other natural persons	85,655	5,610,952	434	13,617	25,935	156,356
Total	**98,433**	**8,972,546**	**908**	**188,979**	**30,830**	**1,628,744**

31.12.2014

(Thousands of euros)

	Doubtful						
	Full mortgage collateral		Other collateral		Uncollateralised		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	2	3,825	1	3,035	26	26,614	80
Other legal persons and individual entrepreneurs	14,398	4,067,059	1,005	746,441	3,743	1,043,375	2,784,730
Of which: finance for construction and development	*4,800*	*1,884,551*	*291*	*477,372*	*173*	*660,301*	*1,723,674*
Other natural persons	26,631	2,224,508	941	97,043	11,690	68,247	554,010
Total	**41,031**	**6,295,392**	**1,947**	**846,519**	**15,459**	**1,138,236**	**3,338,820**

31.12.2013

(Thousands of euros)

	Doubtful						
	Full mortgage collateral		Other collateral		Uncollateralised		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	38	32,106	6	3,162	17	12,663	
Other legal persons and individual entrepreneurs	13,457	5,689,399	145	201,984	3,141	1,578,285	4,331,595
Of which: finance for construction and development	*7,471*	*4,061,150*	*49*	*118,736*	*644*	*875,895*	*3,066,089*
Other natural persons	37,439	3,449,513	493	45,249	16,399	93,351	820,636
Total	**50,934**	**9,171,018**	**644**	**250,395**	**19,557**	**1,684,299**	**5,152,231**

31.12.2014

(Thousands of euros)	Substandard						
	Full mortgage collateral		Other collateral		Uncollateralised		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	38	67,648			16	87,950	
Other legal persons and individual entrepreneurs	3,033	828,889	120	42,965	567	427,656	296,880
Of which: finance for construction and development	*731*	*340,309*	*11*	*15,789*	*4*	*9,752*	*131,000*
Other natural persons	9,655	605,157	311	34,767	1,416	6,168	122,974
Total	**12,726**	**1,501,694**	**431**	**77,732**	**1,999**	**521,774**	**419,854**

31.12.2013

(Thousands of euros)	Substandard						
	Full mortgage collateral		Other collateral		Uncollateralised		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector			2	48,144	2	21	4
Other legal persons and individual entrepreneurs	2,019	1,445,658	19	62,317	788	537,820	443,542
Of which: finance for construction and development	*1,108*	*633,586*	*1*	*50,000*	*103*	*47,952*	*217,892*
Other natural persons	12,324	1,254,523	86	8,157	3,050	22,899	148,504
Total	**14,343**	**2,700,181**	**107**	**118,618**	**3,840**	**560,740**	**592,050**

31.12.2014

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	282	1,108,965	80
Other legal persons and individual entrepreneurs	57,596	12,190,192	3,081,610
Of which: finance for construction and development	*8,332*	*4,543,999*	*1,854,674*
Other natural persons	147,693	7,353,368	676,984
Total	**205,571**	**20,652,525**	**3,758,674**

31.12.2013

(Thousands of euros)	Total		
	No. of transactions	**Gross amount**	**Specific allowance**
Public sector	184	773,672	4
Other legal persons and individual entrepreneurs	37,597	13,847,231	4,775,138
Of which: finance for construction and development	*13,127*	*7,360,094*	*3,283,980*
Other natural persons	181,825	10,654,617	969,139
Total	**219,606**	**25,275,520**	**5,744,281**

The following table shows the NPL ratios for each of the refinanced portfolios, calculated by dividing the gross doubtful balances by the total amount refinanced of each portfolio:

	31.12.2014	**31.12.2013**
Public sector	3.0%	6.2%
Other legal persons and individual entrepreneurs	48.0%	53.9%
Of which: finance for construction and development	*66.5%*	*68.7%*
Other natural persons	32.5%	33.7%

The movement in 2014 and 2013 in the gross amount and impairment allowances for refinanced operations is as follows:

31.12.2014

(Thousands of euros)	Standard	Doubtful		Substandard		Total	
	Gross amount	Gross amount	Provision	Gross amount	Provision	Gross amount	Provision
Balance at 31.12.2013	10,790,269	11,105,712	(5,152,231)	3,379,539	(592,050)	25,275,520	(5,744,281)
Additions	2,173,821	1,139,831	(297,824)	514,436	(87,514)	3,828,088	(385,338)
Derecognitions (1)	(1,875,372)	(3,998,762)	2,326,063	(1,080,799)	148,487	(6,954,933)	2,474,550
Reclassifications	531,891	432,056	(301,009)	(963,948)	108,713	(1)	(192,296)
Changes in balance (2)	(1,349,431)	(398,691)	86,181	251,973	2,510	(1,496,149)	88,691
Balance at 31.12.2014	**10,271,178**	**8,280,146**	**(3,338,820)**	**2,101,201**	**(419,854)**	**20,652,525**	**(3,758,674)**

(1) "Derecognitions" includes the balances of those transactions that were completely cancelled during the year, either due to collection, an award, or a new refinancing.

(2) "Changes in balance" includes other changes taken place during the year in refinanced transactions, mainly amounts collected.

31.12.2013

(Thousands of euros)	Standard	Doubtful		Substandard		Total	
	Gross amount	Gross amount	Provision	Gross amount	Provision	Gross amount	Provision
Balance at 31.12.2012	10,668,180	6,277,910	(2,035,806)	3,474,338	(903,922)	20,420,428	(2,939,728)
Additions due to integration of Banco de Valencia	770,816	682,473	(471,817)	297,902	(58,418)	1,751,190	(530,235)
Additions	3,193,260	3,407,641	(1,516,592)	1,176,590	(229,878)	7,777,491	(1,746,470)
Derecognitions (1)	(1,311,291)	(2,281,596)	785,331	(809,795)	232,973	(4,402,682)	1,018,304
Reclassifications	(2,212,155)	2,929,578	(385,839)	(717,423)	531,566	0	145,727
Changes in balance (2)	(318,541)	89,707	(1,527,508)	(42,073)	(164,371)	(270,907)	(1,691,878)
Balance at 31.12.2013	**10,790,269**	**11,105,712**	**(5,152,231)**	**3,379,539**	**(592,050)**	**25,275,520**	**(5,744,281)**

(1) "Derecognitions" includes the balances of those transactions that were completely cancelled during the year, either due to collection, an award, or a new refinancing.

(2) "Changes in balance" includes other changes taken place during the year in refinanced transactions, mainly amounts collected.

The net amounts recognised in the 2014 and 2013 income statements as lower hedging requirements to cover credit risk due to refinancing were EUR 172 million and EUR 84 million, respectively. The interest payable that was not recognised for accounting purposes as income, since the transactions were in an accounting situation of interest accrual, and that was recognised as income in the income statement as a result of refinancing amounted to EUR 52 million and EUR 35 million, respectively (including late-payment interest).

3.1.4 Concentration risk

According to the guidelines published by the Committee of European Banking Supervisors (CEBS) in September 2010[2] before it was dissolved and its responsibilities assumed by the EBA, concentration risk is one of the main possible causes of major losses and potential destruction of solvency of financial institutions, with many examples seen in the 2008-2009 period.

In line with normal industry practice and as set out in CaixaBank's Corporate Risk Catalogue, concentration risk is conceptually included within credit risk However, according to sector supervisors and in line with best practices, the scope of analysis and monitoring of concentration risk should be broader than just loans and advances and include any type of asset.

Moreover, in line with the CEBS Guideline 7, CaixaBank has developed methodologies, processes and tools to systematically identify its overall exposure with regard to a particular customer, product, industry or geographic location. Wherever it is considered necessary, limits on relative exposures to each of these have been defined under the Risk Appetite Framework.

Lastly, the impact of interdependencies between and degree of diversification of risks is measured in terms of both regulatory and economic capital.

Concentration in customers or in “large exposures”

As explained in section 3.1.3.3. "Limits on large exposures", the maximum risk with large companies is assigned based on creditworthiness and the estimate of total loss. None of the groups reported exceed the established limits.

Concentration by product type

CaixaBank's internal reporting integrates both a traditional intra-risk perspective and a transversal inter-risk vision for monitoring and offering the management and governing bodies a holistic view of positions classified for accounting purposes in "Loans and receivables", "Fixed-income portfolio", "Equity portfolio" and "Derivatives".

In addition, a report is drawn up monthly showing all the positions of the Consolidated Group, and of guaranteed mutual and pension funds. The report looks at financial portfolio performance by product type, category, country risk and issuer/counterparty risk.

[2] “CEBS Guidelines on the management of concentration risk under the supervisory Review process (GL31)”

Concentration by geographic location

Risk concentration by geographic area in 2014 and 2013, respectively, is as follows:

31.12.2014

(Thousands of euros)	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Credit institutions	**27,915,558**	**5,346,366**	**19,426,847**	**1,111,036**	**2,031,309**
Public sector	**74,174,163**	**71,877,165**	**2,296,146**	**0**	**852**
Central government	54,321,863	52,024,865	2,296,146		852
Other	19,852,300	19,852,300			
Other financial institutions	**14,871,005**	**9,798,094**	**5,028,339**	**44,572**	
Non-financial institutions and individual entrepreneurs	**91,111,192**	**86,290,344**	**2,222,900**	**1,753,342**	**844,606**
Construction and real estate development	10,827,477	10,702,307	98,978	24,356	1,836
Civil engineering	6,077,165	5,562,956	229,804	284,334	71
Other	74,206,550	70,025,081	1,894,118	1,444,652	842,699
Large corporations	46,340,585	42,788,857	1,735,516	1,335,227	480,985
SMEs and individual entrepreneurs	27,865,965	27,236,224	158,602	109,425	361,714
Other households and non-profit institutions serving households	**106,294,990**	**104,934,909**	**912,459**	**121,371**	**326,251**
Home purchase	83,671,813	82,437,847	846,725	104,418	282,823
Consumer	8,788,687	8,772,961	7,385	3,844	4,497
Other	13,834,490	13,724,101	58,349	13,109	38,931
SUBTOTAL	**314,366,908**	**278,246,878**	**29,886,691**	**3,030,321**	**3,203,018**
Less: Impairment losses on assets not assigned to specific transactions	**68,419**				
TOTAL	**314,298,489**				

31.12.2013

(Thousands of euros)	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Credit institutions	**23,072,011**	**7,135,897**	**13,362,789**	**1,053,601**	**1,519,724**
Public sector	**67,612,135**	**65,820,415**	**1,748,572**	**0**	**43,148**
Central government	47,720,792	45,947,765	1,748,407		24,620
Other	19,891,343	19,872,650	165		18,528
Other financial institutions	**14,234,919**	**10,260,651**	**3,873,052**	**74,106**	**27,110**
Non-financial institutions and individual entrepreneurs	**97,194,043**	**92,362,446**	**2,842,647**	**1,399,580**	**589,370**
Construction and real estate development	14,340,131	14,212,382	104,393	20,784	2,572
Civil engineering	7,035,881	6,510,328	271,074	254,380	99
Other	75,818,031	71,639,736	2,467,180	1,124,416	586,699
Large corporations	47,313,976	43,887,707	2,275,724	917,949	232,596
SMEs and individual entrepreneurs	28,504,055	27,752,029	191,456	206,467	354,103
Other households and non-profit institutions serving households	**113,159,814**	**111,726,655**	**989,708**	**116,763**	**326,688**
Home purchase	89,320,333	88,026,958	908,954	101,293	283,128
Consumer	6,114,915	6,098,618	8,134	3,540	4,623
Other	17,724,566	17,601,079	72,620	11,930	38,937
SUBTOTAL	**315,272,922**	**287,306,064**	**22,816,768**	**2,644,050**	**2,506,040**
Less: Impairment losses on assets not assigned to specific transactions	**48,262**				
TOTAL	**315,224,660**				

The detail of risk in Spain by Autonomous Community in 2014 and 2013 is as follows:

31.12.2014 **1 / 2**

(Thousands of euros)	Total	Andalusia	Balearic Islands	Canary Islands	Castilla - La Mancha	Castilla y León
Credit institutions	**5,346,366**	**32,358**	**257,747**			**102,542**
Public sector	**71,877,165**	**1,468,969**	**678,919**	**626,929**	**265,078**	**479,286**
Central government	52,024,865					
Other	19,852,300	1,468,969	678,919	626,929	265,078	479,286
Other financial institutions	**9,798,094**	**18,811**	**104**	**97**	**876**	**7,334**
Non-financial institutions and individual entrepreneurs	**86,290,344**	**7,299,136**	**1,853,023**	**3,335,830**	**1,071,255**	**2,134,751**
Construction and real estate	10,702,307	1,863,942	279,620	1,000,346	321,163	296,067
Civil engineering	5,562,956	361,435	96,826	125,467	59,486	83,448
Other	70,025,081	5,073,759	1,476,577	2,210,017	690,606	1,755,236
Large corporations	42,788,857	1,091,317	495,145	645,594	41,266	753,869
SMEs and individual entrepreneurs	27,236,224	3,982,442	981,432	1,564,423	649,340	1,001,367
Other households and non-profit institutions serving households	**104,934,909**	**17,868,613**	**3,624,557**	**6,052,651**	**3,099,658**	**3,785,840**
Home purchase	82,437,847	12,841,765	2,684,164	5,378,709	2,598,179	3,235,393
Consumer	8,772,961	952,258	169,844	276,036	118,438	118,118
Other	13,724,101	4,074,590	770,549	397,906	383,041	432,329
TOTAL	**278,246,878**	**26,687,887**	**6,414,350**	**10,015,507**	**4,436,867**	**6,509,753**

31.12.2014 **2 / 2**

(Thousands of euros)

	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others (*)
Credit institutions	**2,403,897**	**1,995,298**		**48,128**	**316,690**	**189,706**
Public sector	**5,945,115**	**6,736,519**	**316,631**	**1,298,131**	**879,820**	**1,156,903**
Central government						
Other	5,945,115	6,736,519	316,631	1,298,131	879,820	1,156,903
Other financial institutions	**5,979,569**	**3,712,766**	**36,426**	**21,575**	**840**	**19,696**
Non-financial institutions and individual entrepreneurs	**26,443,034**	**27,225,238**	**1,920,912**	**4,742,984**	**4,373,739**	**5,890,442**
Construction and real estate	2,321,713	2,499,198	283,868	703,607	359,529	773,254
Civil engineering	2,362,960	1,462,030	154,498	194,099	282,127	380,580
Other	21,758,361	23,264,010	1,482,546	3,845,278	3,732,083	4,736,608
Large corporations	13,979,857	18,829,620	711,109	1,399,770	2,786,696	2,054,614
SMEs and individual entrepreneurs	7,778,504	4,434,390	771,437	2,445,508	945,387	2,681,994
Other households and non-profit institutions serving households	**31,159,658**	**14,778,863**	**3,741,996**	**8,054,177**	**3,018,605**	**9,750,291**
Home purchase	24,066,761	11,792,323	3,148,488	6,372,362	2,523,405	7,796,298
Consumer	5,303,549	579,505	257,515	374,587	145,732	477,379
Other	1,789,348	2,407,035	335,993	1,307,228	349,468	1,476,614
TOTAL	**71,931,273**	**54,448,684**	**6,015,965**	**14,164,995**	**8,589,694**	**17,007,038**

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

31.12.2013 **1 / 2**

(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castilla - La Mancha	Castilla y León
Credit institutions	**7,135,897**	**89,795**	**383,914**	**1,420**	**20,108**	**104,256**
Public sector	**65,820,415**	**1,591,725**	**657,875**	**537,057**	**256,599**	**409,545**
Central government	45,947,765					
Other	19,872,650	1,591,725	657,875	537,057	256,599	409,545
Other financial institutions	**10,260,651**	**99,434**	**203**	**42**	**1,288**	**92,061**
Non-financial institutions and individual entrepreneurs	**92,362,446**	**8,678,005**	**1,924,394**	**3,858,450**	**1,442,633**	**2,454,305**
Construction and real estate	14,212,382	2,933,473	378,688	1,358,609	499,231	524,516
Civil engineering	6,510,328	594,418	77,812	102,856	60,036	74,919
Other	71,639,736	5,150,114	1,467,894	2,396,985	883,366	1,854,870
Large corporations	43,887,707	1,109,879	425,521	748,987	223,363	812,290
SMEs and individual entrepreneurs	27,752,029	4,040,235	1,042,373	1,647,998	660,003	1,042,580
Other households and non-profit institutions serving households	**111,726,655**	**18,933,543**	**3,797,102**	**6,427,703**	**3,263,149**	**4,017,614**
Home purchase	88,026,958	13,496,689	2,792,992	5,725,591	2,732,720	3,413,084
Consumer	6,098,618	1,002,215	171,436	277,150	122,437	119,722
Other	17,601,079	4,434,639	832,674	424,962	407,992	484,808
TOTAL	**287,306,064**	**29,392,502**	**6,763,488**	**10,824,672**	**4,983,777**	**7,077,781**

(Thousands of euros)

	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others (*)
Credit institutions	**1,820,632**	**3,117,093**	**894**	**524,949**	**623,056**	**449,780**
Public sector	**5,988,669**	**6,898,357**	**551,803**	**1,002,278**	**857,314**	**1,121,428**
Central government						
Other	5,988,669	6,898,357	551,803	1,002,278	857,314	1,121,428
Other financial institutions	**6,528,603**	**2,178,526**	**73,358**	**149,336**	**1,097,402**	**40,398**
Non-financial institutions and individual entrepreneurs	**29,300,339**	**26,071,143**	**2,333,526**	**5,838,497**	**4,146,846**	**6,314,308**
Construction and real estate	1,373,716	3,940,926	567,278	1,037,094	441,700	1,157,151
Civil engineering	2,107,546	2,127,021	80,767	409,191	530,250	345,512
Other	25,819,077	20,003,196	1,685,481	4,392,212	3,174,896	4,811,645
Large corporations	17,917,505	15,702,899	824,185	1,815,248	2,210,896	2,096,934
SMEs and individual entrepreneurs	7,901,572	4,300,297	861,296	2,576,964	964,000	2,714,711
Other households and non-profit institutions serving households	**34,162,652**	**15,122,280**	**4,028,224**	**8,586,373**	**3,118,230**	**10,269,785**
Home purchase	26,674,712	12,331,030	3,360,692	6,750,547	2,597,983	8,150,918
Consumer	2,449,114	614,872	295,640	391,582	146,030	508,420
Other	5,038,826	2,176,378	371,892	1,444,244	374,217	1,610,447
TOTAL	**77,800,895**	**53,387,399**	**6,987,805**	**16,101,433**	**9,842,848**	**18,195,699**

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

Concentration by economic sector

Risk concentration by economic sector is subject to the limits established by the Risk Appetite Framework (Tier 1), differentiating between private business economic activities and public sector financing. In keeping with the internal communication policy of the Risk Appetite Framework, trends in these indicators are reported monthly to the Global Risk Committee and quarterly to the Delegate Risk Committee (at least).

For the private business sector, a maximum concentration limit in any economic sector is established by aggregating the accounting positions recognised under loans and receivables, investment portfolio and equity investments (excluding treasury repo operations, deposits and trading portfolio).

At the end of December, the real estate sector showed the largest relative weight. The following chapter provides a more in-depth view of financing for real estate development and for home purchases, and assets acquired in lieu of payment of debts.

In addition, in calculating the economic capital charge, the impact of diversification of the lending portfolio based on sector concentration is determined.

Using the same methodology as for the private business sector, exposure to the public sector is analysed and monitored on an ongoing basis. See 3.1.5 Sovereign risk for details.

Risk concentration by activity in 2014 and 2013, respectively, is as follows:

31.12.2014

(Thousands of euros)

	TOTAL	*Of which: Mortgage collateral*	*Of which: Other collateral*	Collateralised loans (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public sector	**13,983,235**	***545,039***	***583***	**61,792**	**90,915**	**340,585**	**16,984**	**35,346**
Other financial institutions	**3,049,141**	***753***		**753**				
Non-financial institutions and individual entrepreneurs	**66,025,567**	***27,930,249***	***807,954***	**9,746,578**	**10,357,963**	**6,170,816**	**990,663**	**1,472,183**
Construction and real estate	9,565,785	*9,279,622*	*64,357*	1,885,893	3,848,458	2,818,140	385,334	406,154
Civil engineering	4,089,395	*860,540*	*29,635*	319,207	323,441	184,322	24,734	38,471
Other	52,370,387	*17,790,087*	*713,962*	7,541,478	6,186,064	3,168,354	580,595	1,027,558
Large corporations	27,038,405	*4,438,684*	*284,262*	1,887,938	1,296,639	796,128	116,063	626,178
SMEs and individual entrepreneurs	25,331,982	*13,351,403*	*429,700*	5,653,540	4,889,425	2,372,226	464,532	401,380
Other households and non-profit institutions serving households	**105,772,340**	***96,071,947***	***461,295***	**22,022,967**	**33,422,147**	**32,676,233**	**7,023,636**	**1,388,259**
Home purchase	83,671,813	*81,873,585*	*114,158*	16,248,825	28,238,366	29,948,589	6,436,553	1,115,410
Consumer	8,788,687	*1,896,559*	*119,448*	903,326	691,140	325,905	66,734	28,902
Other	13,311,840	*12,301,803*	*227,689*	4,870,816	4,492,641	2,401,739	520,349	243,947
SUBTOTAL	**188,830,283**	***124,547,988***	***1,269,832***	**31,832,090**	**43,871,025**	**39,187,634**	**8,031,283**	**2,895,788**
Less: Impairment losses on assets not assigned to specific transactions (*)	**68,419**							
TOTAL	**188,761,864**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	16,893,851	13,934,800	272,956	3,128,699	4,408,841	4,877,871	1,374,808	417,537

31.12.2013

(Thousands of euros)

	TOTAL	*Of which: Mortgage collateral*	*Of which: Other collateral*	Collateralised loans (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public sector	**10,204,734**	***315,036***	***933***	**40,212**	**33,699**	**146,882**	**64,240**	**30,935**
Other financial institutions	**4,275,361**							
Non-financial institutions and individual entrepreneurs	**71,233,044**	***31,959,899***	***840,854***	**10,189,249**	**12,133,697**	**8,364,587**	**1,144,155**	**969,066**
Construction and real estate development	13,038,408	*12,862,586*	*170,210*	2,812,775	5,119,402	4,346,987	426,790	326,842
Civil engineering	5,030,377	*822,335*	*20,491*	244,812	344,285	201,907	35,169	16,653
Other	53,164,259	*18,274,978*	*650,153*	7,131,662	6,670,010	3,815,693	682,196	625,571
Large corporations	26,593,262	*3,734,635*	*93,468*	1,342,612	1,155,766	900,692	150,676	278,358
SMEs and individual entrepreneurs	26,570,997	*14,540,343*	*556,685*	5,789,050	5,514,244	2,915,001	531,520	347,213
Other households and non-profit institutions serving households	**112,413,934**	***101,898,986***	***799,788***	**22,192,526**	**33,658,087**	**37,400,583**	**8,191,784**	**1,255,795**
Home purchase	89,320,333	*85,875,836*	*148,620*	15,632,762	27,784,292	34,016,321	7,582,699	1,008,382
Consumer	6,044,012	*2,062,940*	*254,303*	949,754	856,649	415,652	64,694	30,494
Other	17,049,589	*13,960,210*	*396,865*	5,610,010	5,017,146	2,968,610	544,391	216,919
SUBTOTAL	**198,127,073**	***134,173,921***	***1,641,575***	**32,421,987**	**45,825,483**	**45,912,052**	**9,400,179**	**2,255,796**
Less: Impairment losses on assets not assigned to specific transactions	**48,262**							
TOTAL	**198,078,811**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	19,531,239	16,983,128	296,738	3,672,412	5,185,723	6,447,125	1,451,169	523,437

Risk concentration by creditworthiness (Standard & Poor's rating scale) of counterparties to fixed income instruments in 2014 and 2013, respectively, is as follows:

2014

(Thousands of euros)

	Loans and receivables (Note 13.3)	Financial assets held for trading (Note 11)	Available-for-sale financial assets (Note 12)	Held-to-maturity investments (Note 14)	TOTAL
AAA		578	194,552		195,130
AA+			114,921	750,129	865,050
AA		254,045	416,608		670,653
AA-			57,591		57,591
A+	983,539	10,046	419,423		1,413,008
A			260,577		260,577
A-		26,679	988,733		1,015,412
BBB+	7,409	240,445	1,854,986	3,087,078	5,189,918
BBB		1,505,867	51,857,284	4,466,820	57,829,971
BBB-		10,229	9,088,555		9,098,784
Investment grade	**990,948**	**2,047,889**	**65,253,230**	**8,304,027**	**76,596,094**
	38.5%	99.9%	97.1%	86.4%	94.1%
BB+	571,730		419,807		991,537
BB		1,885	330,249	915,752	1,247,886
BB-			25,134		25,134
B+			60,285		60,285
B			3,909		3,909
B-					0
CCC+			70,582		70,582
CCC					0
CC					0
C					0
D					0
No rating	1,011,648		1,041,891	388,710	2,442,249
Non-investment grade	**1,583,378**	**1,885**	**1,951,857**	**1,304,462**	**4,841,582**
	61.5%	0.1%	2.9%	13.6%	5.9%
Balance at 31.12.2014	**2,574,326**	**2,049,774**	**67,205,087**	**9,608,489**	**81,437,676**

2013

(Thousands of euros)

	Loans and receivables (Note 13.3)	Financial assets held for trading (Note 11)	Available-for-sale financial assets (Note 12)	Held-to-maturity investments (Note 14)	TOTAL
AAA		1,558	244,497		246,055
AA+		149,954	538,456	3,250,468	3,938,878
AA		52,705	86,232		138,937
AA-	788,624	10,492	279,491		1,078,607
A+			361,997		361,997
A			243,312		243,312
A-	20,492	13,217	1,141,357		1,175,066
BBB+		49,681	843,918	426,707	1,320,306
BBB	460,974	219,606	2,343,876	555,145	3,579,601
BBB-		3,060,225	44,673,046	10,673,856	58,407,127
Investment grade	**1,270,090**	**3,557,438**	**50,756,182**	**14,906,176**	**70,489,886**
	44.7%	99.0%	97.4%	83.6%	92.3%
BB+			304,990		304,990
BB		494	129,974	2,924,576	3,055,044
BB-		11,210	207,000		218,210
B+		1,994	99,076		101,070
B		4,650	11,628		16,278
B-		6,410			6,410
CCC+			1,311		1,311
CCC	1,373		64,068		65,441
CC	10,002		1,414		11,416
C	23,101		684		23,785
D	16,250		329		16,579
No rating	1,518,618	11,215	540,517		2,070,350
Non-investment grade	**1,569,344**	**35,973**	**1,360,991**	**2,924,576**	**5,890,884**
	55.3%	1.0%	2.6%	16.4%	7.7%
Balance at 31.12.2013	**2,839,434**	**3,593,411**	**52,117,173**	**17,830,752**	**76,380,770**

Standard & Poor's sovereign ratings for the Kingdom of Spain at 31 December 2014 and 2013 were BBB and BBB-, respectively. Investments classified as “Non-investment grade” held by the Group under “Held-to-maturity investments” correspond to Spanish regional public debt and SAREB issues.

3.1.5. Sovereign risk

The Group’s position in sovereign debt, concentrated mainly in CaixaBank and the insurance group, is subject to the Company’s general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile.

First, the position in public and regional debt is subject to the general concentration and country risk limits established. Regular control procedures are in place for both, preventing new positions from being taken that could increase the credit risk on names or countries in which the Company has a high risk concentration unless express approval is given by the pertinent authority.

For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographical location of all of the Group's fixed-income issues (e.g. bonds, private fixed-income, public debt, preference shares) and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.

Regarding the Treasury Desk's public debt position, a set of limits on maturity and amount per country is approved on positions in sovereign debt issues for managing residual liquidity in the balance sheet, market making and arbitrage.

These positions are also subject to the framework for market risk control and limits established for the treasury positions (see section on market risk).

To monitor market and credit risk, daily reports are prepared on country risk based on an analysis of trends in credit default swaps and the comparison of implied rates derived from these instruments with official ratings assigned by the rating agencies.

Finally, in addition to these controls, a report is drawn up monthly showing all the positions of the Consolidated Group, and of guaranteed mutual and pension funds. The report looks at portfolio performance by product type, category, country risk and issuer/counterparty risk.

The carrying amounts of the main items related to sovereign risk exposure at 31 December 2014 and 2013 are shown below.

31.12.2014 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12) (2)	Loans and receivables (Note 13) (1)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months	75,957	(74,000)	849,758	1,158,875	1,808,771
	Between 3 months and 1 year (1)	56,724	(837,841)	7,075,100	3,699,651	2,458,528
	Between 1 and 2 years	359,499	(59,697)	1,438,950	635,680	1,131,940
	Between 2 and 3 years (2)	117,733	(135,012)	1,295,807	905,539	514,461
	Between 3 and 5 years	160,206	(86,613)	5,140,335	2,100,705	
	Between 5 and 10 years	473,627	(279,617)	6,645,401	3,534,157	395,535
	Over 10 years	239,362	(322,303)	8,109	1,926,766	
	Total	1,483,108	(1,795,083)	22,453,460	13,961,373	6,309,235
Belgium	**Total**	0	0	0	0	0
Greece	**Total**	0	0	0	0	0
Ireland	**Total**	0	0	0	0	0
Italy	Less than 3 months	1,436				
	Between 3 months and 1 year	10,678				
	Between 1 and 2 years	25,994	(9,691)			
	Between 2 and 3 years	4,791	(24,286)			
	Between 3 and 5 years	22,227	(3,319)			
	Between 5 and 10 years	16,490	(18,763)			
	Over 10 years	1,313	(18,324)			
	Total	82,929	(74,383)	0	0	0
Portugal	**Total**	0	0	0	0	0
Russia	**Total**	0	0	0	0	0
Other	Less than 3 months	150,005		852	21,863	
	Between 3 months and 1 year	100,020				
	Between 1 and 2 years			408,878		
	Between 2 and 3 years	1,170				
	Between 3 and 5 years	2,299				
	Between 5 and 10 years	1,130				
	Total	254,624	0	409,730	21,863	0
Total countries		**1,820,661**	**(1,869,466)**	**22,863,190**	**13,983,236**	**6,309,235**

(1) "Loans and receivables" includes EUR 17 million from CaixaRenting, SA and EUR 0.6 million from Caixa Card 1 EFC, SAU.

(2) "Available-for-sale financial assets" includes EUR 44.9 million from InverCaixa Gestión, SGIIC, SA.

31.12.2014 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months			271,073		
	Between 3 months and 1 year			361,220		
	Between 1 and 2 years			1,138,128		
	Between 2 and 3 years			1,168,526		
	Between 3 and 5 years			1,542,944		
	Between 5 and 10 years			5,058,263		
	Over 10 years			25,170,099		
	Total	**0**	**0**	**34,710,253**	**0**	**0**
Belgium	Less than 3 months			0		
	Between 3 months and 1 year			2,083		
	Between 1 and 2 years			567		
	Between 2 and 3 years			154		
	Between 3 and 5 years			3,965		
	Between 5 and 10 years			11,021		
	Over 10 years			123		
	Total	**0**	**0**	**17,913**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			1,856		
	Total	**0**	**0**	**1,856**	**0**	**0**
Italy	Less than 3 months			9,499		
	Between 3 months and 1 year			14,791		
	Between 1 and 2 years			17,636		
	Between 2 and 3 years			21,250		
	Between 3 and 5 years			18,720		
	Between 5 and 10 years			100,067		
	Over 10 years			1,327,703		
	Total	**0**	**0**	**1,509,666**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Russia	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months			878		
	Between 3 months and 1 year			495		
	Between 1 and 2 years			1,528		
	Between 2 and 3 years			2,436		
	Between 3 and 5 years			3,365		
	Between 5 and 10 years			11,519		
	Over 10 years			64,252		
	Total	**0**	**0**	**84,473**	**0**	**0**
Total countries		**0**	**0**	**36,324,161**	**0**	**0**
Total Group (CaixaBank + insurance group)		**1,820,661**	**(1,869,466)**	**59,187,351**	**13,983,236**	**6,309,235**

31.12.2013 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months	15,147	(437,155)	824,228	1,259,525	1,000,155
	Between 3 months and 1 year (1)	43,537	(237,586)	1,099,398	1,798,166	4,117,722
	Between 1 and 2 years	406,597	(137,514)	6,462,828	508,938	4,296,813
	Between 2 and 3 years (2)	151,477	(35,709)	1,482,541	746,823	1,131,805
	Between 3 and 5 years	2,035,099	(260,267)	1,662,554	1,893,389	514,460
	Between 5 and 10 years	253,943	(201,322)	4,011,827	2,166,700	137,073
	Over 10 years	305,269	(233,659)	368,373	1,792,179	
	Total	3,211,069	(1,543,212)	15,911,749	10,165,720	11,198,028
Belgium	Between 3 months and 1 year	9,995				
	Between 5 and 10 years	1				
	Over 10 years	497				
	Total	10,493	0	0	0	0
Greece	**Total**	0	0	0	0	0
Ireland	**Total**	0	0	0	0	0
Italy	Less than 3 months	3,351				
	Between 3 months and 1 year	35,521	(16,612)			
	Between 1 and 2 years	12,605	(38,282)			
	Between 2 and 3 years	26,735				
	Between 3 and 5 years	11,192	(23,312)			
	Between 5 and 10 years	10,246				
	Over 10 years	557				
	Total	100,207	(78,206)	0	0	0
Portugal	**Total**	0	0	0	0	0
Other	Less than 3 months				31,339	
	Between 3 months and 1 year	200,217		923		
	Between 2 and 3 years	1		421,456		
	Between 3 and 5 years	2,504			7,623	
	Between 5 and 10 years	1,431				
	Over 10 years	63				
	Total	204,216	0	422,379	38,962	0
Total countries		**3,525,985**	**(1,621,418)**	**16,334,128**	**10,204,682**	**11,198,028**

(1) “Loans and receivables” includes EUR 18 million from CaixaRenting, SA and EUR 0.6 million from Caixa Card 1 EFC, SAU.

(2) “Available-for-sale financial assets” includes EUR 45.1 million from InverCaixa Gestión, SGIIC, SA.

31.12.2013 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months			181,816		
	Between 3 months and 1 year			117,062		
	Between 1 and 2 years			203,043		
	Between 2 and 3 years			444,958		
	Between 3 and 5 years			849,133		
	Between 5 and 10 years			2,443,611		
	Over 10 years			18,543,984		
	Total	**0**	**0**	**22,783,607**	**0**	**0**
Belgium	Between 1 and 2 years			2,148		
	Between 2 and 3 years			576		
	Between 3 and 5 years			3,381		
	Between 5 and 10 years			10,817		
	Over 10 years			84		
	Total	**0**	**0**	**19,394**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			1,689		
	Total	**0**	**0**	**1,689**	**0**	**0**
Italy	Less than 3 months			5,673		
	Between 2 and 3 years			16,269		
	Between 3 and 5 years			26,848		
	Between 5 and 10 years			72,003		
	Over 10 years			506,273		
	Total	**0**	**0**	**865,533**	**0**	**0**
Portugal	Between 5 and 10 years					
	Over 10 years					
	Total	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months			741		
	Between 3 months and 1 year			5,582		
	Between 1 and 2 years			16,247		
	Between 2 and 3 years			1,567		
	Between 3 and 5 years			2,455		
	Between 5 and 10 years			13,733		
	Over 10 years			53,021		
	Total	**0**	**0**	**93,346**	**0**	**0**
Total countries		**0**	**0**	**23,763,569**	**0**	**0**
Total Group (CaixaBank + insurance group)		**3,525,985**	**(1,621,418)**	**40,097,697**	**10,204,682**	**11,198,028**

Short positions in debt securities include mainly hedges to manage long positions in Spanish public debt classified in the held-for-trading portfolio and available-for-sale financial assets.

3.1.6 Information regarding financing for property development, home purchasing, and foreclosed assets

The main data at 31 December 2014 and 2013 regarding financing for property development, home purchasing and foreclosed assets are discussed below.

Memorandum items: Data on the CaixaBank Group

(Thousands of euros)	Carrying amount	
	31.12.2014	**31.12.2013**
Total loans and advances to customers excluding public sector (businesses in Spain)	174,778,628	187,894,296
Total assets	338,623,449	340,320,139
Impairment and credit risk provisions. General allowance	68,419	48,262

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at 31 December 2014 and 2013. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

31.12.2014

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognised by CaixaBank Group credit institutions	**14,068,609**	**3,358,143**	**4,386,601**
Of which: Doubtful	7,679,126	2,971,372	4,173,832
Mortgage	*6,568,300*	*2,971,372*	*3,172,595*
Personal	*1,110,826*		*1,001,237*
Of which: Substandard	606,373	76,342	212,770
Mortgage	*570,526*	*76,342*	*195,875*
Personal	*35,847*		*16,895*
Memorandum items			
Asset write-offs	4,197,749		

31.12.2013

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognised by CaixaBank Group credit institutions	**19,980,018**	**4,955,622**	**6,941,610**
Of which: Doubtful	11,866,069	4,315,068	6,596,846
Mortgage	*10,301,950*	*4,315,068*	*5,102,412*
Personal	*1,564,119*		*1,494,434*
Of which: Substandard	1,055,719	237,061	344,764
Mortgage	*988,099*	*237,061*	*313,053*
Personal	*67,620*		*31,711*
Memorandum items			
Asset write-offs	2,314,383		

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the "la Caixa" Group's real estate companies, which at 31 December 2014 and 2013 amounted to EUR 1,662 million and EUR 2,008 million, respectively. These amounts include the bond issued in 2012 by Servihabitat XXI, SAU (which merged with Criteria CaixaHolding, SAU in 2013) for EUR 999 million and EUR 1,350 million, respectively.

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

By type of collateral

(Thousands of euros)	Carrying amount	
	31.12.2014	**31.12.2013**
Without mortgage collateral	**1,698,855**	**2,097,643**
With mortgage collateral	**12,369,754**	**17,882,375**
Completed buildings	9,040,157	11,801,595
Homes	*6,315,031*	*8,619,101*
Other	*2,725,126*	*3,182,494*
Buildings under construction	1,068,288	2,099,159
Homes	*923,201*	*1,813,707*
Other	*145,087*	*285,452*
Land	2,261,309	3,981,621
Built land	*725,352*	*1,406,468*
Other	*1,535,957*	*2,575,153*
Total	**14,068,609**	**19,980,018**

Financing for home purchases

The breakdown of home purchase loans at 31 December 2014 and 2013 is as follows:

(Thousands of euros)	Gross amount	
	31.12.2014	**31.12.2013**
Without mortgage collateral	790,215	888,022
Of which: doubtful	*6,838*	*8,340*
With mortgage collateral	80,356,912	86,988,370
Of which: doubtful	*3,263,520*	*3,976,087*
Total home loans	**81,147,127**	**87,876,392**

Note 1: Includes financing for home purchases granted by investee Union de Créditos para la Financiación Inmobiliaria, EFC, SAU (Credifimo).

Note 2: Amounts at 31 December 2014 include the negative impact of the reclassification of EUR 3,000 million as an increase in loans to individuals for "Other" purposes, basically to provide finance to customers who have used an additional drawdown on a mortgage contract granted originally for a home purchase "hipoteca abierta" for other financing purposes.

Real estate loans granted in 2014 and 2013 by CaixaBank or subsidiaries amounted to EUR 479.4 million and EUR 310.8 million, respectively, while the average percentages financed were 82% and 74%, respectively.

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

31.12.2014

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**80% < LTV ≤ 100%**	**LTV > 100%**	**TOTAL**
Gross amount	15,345,802	27,488,184	30,411,023	6,311,877	800,026	80,356,912
Of which: doubtful	*197,651*	*653,929*	*1,601,104*	*615,012*	*195,824*	*3,263,520*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for doubtful transactions in accordance with prevailing regulations.

31.12.2013

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**80% < LTV ≤ 100%**	**LTV > 100%**	**TOTAL**
Gross amount	15,602,098	27,877,915	34,750,409	7,707,240	1,050,708	86,988,370
Of which: doubtful	*236,688*	*789,137*	*1,939,162*	*740,362*	*270,738*	*3,976,087*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for doubtful transactions in accordance with prevailing regulations.

Foreclosed assets

The table below shows foreclosed assets by source and type of property at 31 December 2014 and 2013:

(Thousands of euros)	31.12.2014	
	Net carrying amount	**Of which: Allowances (*)**
Property acquired from loans to real estate constructors and developers	**4,921,102**	**(6,593,964)**
Completed buildings	2,519,215	(2,202,944)
Homes	*1,930,237*	*(1,699,149)*
Other	*588,978*	*(503,795)*
Buildings under construction	352,643	(560,973)
Homes	*305,895*	*(494,604)*
Other	*46,748*	*(66,369)*
Land	2,049,244	(3,830,047)
Built land	*1,115,601*	*(1,768,878)*
Other	*933,643*	*(2,061,169)*
Property acquired in mortgage loans to homebuyers (1)	**1,080,671**	**(909,000)**
Other property foreclosures	**716,754**	**(703,524)**
Total	**6,718,527**	**(8,206,488)**

(*) Allowance corresponds to the difference between the value of the cancelled gross debt and the net carrying amount.

(1) Does not include foreclosure rights deriving from auctions in the amount of EUR 745 million, net.

(Thousands of euros)	31.12.2013	
	Net carrying amount	**Of which: Allowances (*)**
Property acquired from loans to real estate constructors and developers	**4,465,486**	**(5,584,408)**
Completed buildings	2,600,557	(2,209,992)
Homes	*2,047,065*	*(1,755,890)*
Other	*553,492*	*(454,102)*
Buildings under construction	260,532	(390,645)
Homes	*203,513*	*(323,087)*
Other	*57,019*	*(67,558)*
Land	1,604,397	(2,983,771)
Built land	*856,456*	*(1,224,225)*
Other	*747,941*	*(1,759,546)*
Property acquired in mortgage loans to homebuyers (1)	**1,234,420**	**(1,049,710)**
Other property foreclosures	**469,125**	**(481,122)**
Equity instruments, investments and financing granted to unconsolidated companies holding these assets		
Total	**6,169,031**	**(7,115,240)**

(*) Allowance corresponds to the difference between the value of the cancelled gross debt and the net carrying amount.

(1) Does not include foreclosure rights deriving from auctions in the amount of EUR 552 million, net.

3.1.7 Counterparty risk generated by treasury operations

Quantification and management of counterparty risk with the financial sector from treasury and foreign trade operations show certain peculiarities, basically as a result of the type of financial instruments used and, principally, of the expediency and flexibility required for treasury transactions.

The maximum authorised exposure to counterparty credit risk for credit approval purposes is determined using a complex calculation approved by Management, primarily based on ratings for the entities and on analysis of their financial statements.

Monitoring is also carried out of share prices and of CDSs for the counterparties in order to detect any impairment of their solvency.

Practically all exposures arising from the activity of the Treasury Desk were assumed with counterparties located in European countries and the United States.

Additionally, the distribution by ratings reflects the significance of operations with counterparties assessed as "investment grade," i.e. those which international rating agencies have considered to be safe due to their high payment capacity.

The Corporate Global Risk Management Division is responsible for integrating these risks within the Company's overall exposure management framework, although specific responsibility for managing and monitoring exposure to counterparty risk arising from activity with the financial sector lies with the Corporate Risk Analysis and Approval Division, which draws up the proposals for approval of risk lines, and monitors the use of these lines.

Within the Group, counterparty risk is controlled by CaixaBank through an integrated real-time system that provides information at any given time of the available limit for any counterparty, by product and maturity.

Risk is measured both in terms of current market value and future exposure (the value of risk positions in due consideration of future changes to underlying market factors).

Furthermore, as part of the monitoring process for credit risks assumed by market operations, the Corporate Risk Analysis and Approval Division and the Executive Legal Advisory Division actively manage and monitor the adequacy of the related contractual documentation. To mitigate exposure to counterparty risk, CaixaBank has a solid base of collateral agreements. Virtually all the risks undertaken in connection with derivative instruments are covered by standardised ISDA and/or CMOF contracts, which provide for the possibility of offsetting the outstanding collection and payment flows between the parties.

CaixaBank has signed collateral agreements with interbank counterparties, which provide a guarantee of the market value of derivative transactions. CaixaBank's policy is to collateralise all its derivatives transactions with financial institutions, and the same applies to repo transactions hedged with GMRA agreements.

In addition, following the entry into force of EMIR regulations and the Regulation of the European Parliament on prudential requirements for credit institutions, the risks of trading in OTC derivatives contracts is being mitigated through clearance of positions using Central Counterparties.

Moreover, to mitigate settlement risk with a counterparty, delivery-versus-payment (DVP) settlement systems are used, whereby clearing and settlement of a transaction occur simultaneously and inseparably.

3.1.8 Risk associated with the investee portfolio

The risk relating to the CaixaBank Group's investee portfolio is the risk associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions composing the investment portfolio at medium to long term.

The Corporate Global Risk Management Division measures the risk of these positions. For investments not classified as available for sale, i.e. intended to be held on a long-term basis, the most significant risk is default risk, and, therefore, the PD/LGD approached is used. For investments classified as available for sale, the calculation is carried out using the internal Value at Risk model, as the most significant risk is market risk. The Risk in Market Operations Division calculates the risk inherent in market price volatility using a statistical estimate of maximum potential losses by reference to historical data on price changes of the return spread in relation to risk-free interest rates. If the requirements for applying the aforementioned methods are not met, the simple risk-weighting method under Basel III is applied.

The Corporate Global Risk Management Division monitors these indicators on an ongoing basis to ensure that the most appropriate decisions are always taken on the basis of the market performance observed and predicted and of the CaixaBank Group's strategy.

These measures and their implementation are necessary to monitor management of the investee portfolio and enable CaixaBank Group Senior Management to take strategic decisions on portfolio composition.

The Risk in Market Operations Department, moreover, studies derivatives and the exchange rate risk associated with the investee portfolio, and monitors risk in relation to finance markets associated with investees on an ongoing basis. See Notes 12 and 17 for more details.

The investee portfolio also provides a source of countercyclical earnings. Throughout the economic and financial crisis seen in the past few years in Spain, the diverse nature of the investments made stands out, with priority placed on investments in leading, well managed companies with recurrent earnings and operations in other geographical areas. This has helped cushion the lower income from the banking business in Spain. Accordingly, the investee portfolio has acted as an additional buffer to ensure a permanent, significant flow of earnings to guarantee the Entity's capital and, therefore, the returns expected by shareholders.

Lastly, the Herfindahl Index is used to measure the degree of concentration of the portfolio. This index was originally created to identify the degree of concentration in markets (monopolies, oligopolies, perfect competition), but is now a generally accepted and commonly used measurement in assessing concentration in an asset portfolio. For instance, the Bank of Spain's ICAAP (Internal Capital Adequacy Assessment Process for Credit Institutions) guidelines require the use of a concentration index in the assessment of its capital needs for credit concentration risk. The calculation of the Herfindahl Index to measure CaixaBank's investee portfolio at 31 December 2014 showed a level of 14.47%. According to the generally accepted use of this index, values of less than 10% are traditionally considered indicative of low concentration, values of between 10% and 18% are classified as medium-low concentration and values of above 18% as high concentration. In sum, this measures would appear to indicate that CaixaBank's investee portfolio is in the medium-low concentration range; i.e. a level of diversification considered medium-high.

3.2. Market risk

3.2.1. Exposure

The financial activity of credit institutions involves assuming market risk, which includes exposures from various sources: risk in the banking book from interest rate and exchange rate fluctuations (see Note 3.3.1 Interest rate risk), the risk caused by taking up treasury positions, and the risk associated with equity investments which form part of CaixaBank’s diversification business. Although in all instances, risk refers to the potential loss of profitability or portfolio value as a result of adverse fluctuations in market rates or prices, below we refer specifically to market risk linked to treasury and trading activities.

3.2.2. Overview

Subject to the methodological specifications and the additional comments set out below to provide a specific practice of the various exposure groups, there are two concepts which constitute common denominators and market standards for measurement of this risk: sensitivity and VaR (value at risk).

These sensitivity analyses provide information concerning the impact on the economic value of positions of a rise in interest rates, exchange rates, prices or volatility, but do not provide any assumptions as to the likelihood of such changes.

In order to standardise risk measurement across the entire portfolio, and to include certain assumptions regarding the extent of changes in market risk factors, VaR methodology (value at risk: statistical estimate of potential losses from historical data on price fluctuations) is used with a one-day time horizon and a statistical confidence level of 99% (i.e. under normal market conditions, 99 out of 100 times, the actual daily losses would be less than the losses estimated under the VaR method).

The main factors affecting market risk are as follows:

- Interest rate risk: risk that changes in the level of interest rate curves will affect the value of instruments in portfolio, including but not limited to bonds, deposits, repos and derivatives.
- Foreign currency risk: risk that changes in exchange rates will affect the value of instruments in portfolio, including mainly any product with cash flows in a currency other than the euro and foreign exchange derivatives.
- Share price risk: risk that changes in share prices and equity indices will affect the value of the instruments in portfolio.
- Inflation risk: risk that changes in expected inflation will affect the value of the instruments in portfolio, including inflation derivatives.
- Commodity price risk: risk that changes in prices of commodities will affect the value of the instruments in portfolio, including commodity derivatives.
- Credit spread risk: risk that changes in credit spreads will affect the value of the instruments in portfolio, including mainly private fixed-income issues.
- Volatility risk: risk that changes in the volatility of the underlyings will affect the value of the instruments in portfolio, including options.

In addition, there are other, more complex types of market risks, including:

- Correlation risk: risk that changes in the correlation between risk factors will affect the value of the instruments in portfolio, including options on baskets of underlying assets.
- Dividend risk: risk that changes in expected future dividends will affect the value of the instruments in portfolio, including mainly equity derivatives.

3.2.3. Mitigation of market risk

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the market risk metrics defined by the CaixaBank Group are commensurate with the established risk tolerance levels. The RAF approved by the Board of Directors sets a limit for VaR with a one-day time horizon and confidence level of 99% for all trading activities of EUR 20 million.

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR limits in line with the Risk Appetite Framework, complemented by the definition of VaR sublimits, stressed VaR and incremental default and migration risk, stress test results, maximum losses and sensitivities for the various management units that could assume market risk in the trading activities of the Treasury Desk. The risk factors are managed by the Executive Finance Division using economic hedges as appropriate within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits.

The Risk in Market Operations Division is in charge of monitoring compliance with these thresholds and the risks assumed, and reporting excesses to the areas in charge of their resolution and subsequent monitoring. To do so, it produces a daily report on position, risk quantification and the utilisation of risk thresholds, which is distributed to Management, Treasury Desk officers and the Internal Audit division.

Beyond the trading portfolio, noteworthy for accounting purposes is the use of tools such as fair value micro and macro hedges to eliminate potential accounting mismatches between the balance sheet and income statement caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, levels for each macro hedge are established and monitored, expressed as ratios between total risk and the risk of the hedged items.

3.2.4. Market risk cycle

The Risk in Market Operations Division, in the Corporate Global Risk Management Division within the Entity's General Risks Division, 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. To perform its functions, on a daily basis this division monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with the thresholds, and analyses the ratio of actual returns to the assumed risk.

In addition to tasks performed by the Risk in Market Operations Division, the Executive Technical Secretariat and Validation Division performs internal validation of the models and methodologies used to quantify and monitor market risk.

The initial version of the internal model for estimating capital for market risk in trading activities was approved by the Bank of Spain in 2006 (Circular 3/2003). This circular has been repealed for those purposes by Regulation (EU) 575/2013 (CRR). The scope of the model covers virtually all the strict treasury positions and the trading derivatives over investees.

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 behaviour of risk factors. The parametric VaR technique assumes fluctuations that can be modelled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, 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, the Risk in Market Operations Division 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) using the historical methodology, which constitutes an estimate of the specific risk attributable to issuers of securities.

Total VaR results from the aggregation of VaR arising from fluctuations in interest rates, exchange rates (and the volatility of both) and from the Spread VaR, which are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors, and the addition of Equities VaR and Commodities VaR, assuming in both cases a correlation of one with the other risk factor groups.

In 2014, the average 1-day VaR at 99% for trading activities was EUR 4.6 million. The highest market risk levels, up to EUR 8.3 million, were reached in January, mainly as VaR anticipates a potentially negative movement in the daily market value of equity positions (mainly transactions with equity derivatives).

At 31 December 2014, structured credit exposure at CaixaBank including the trading portfolio was residual and is measured at market prices.

Decomposition of relevant risk factors

The table below shows the average 1-day VaR at 99% attributable to the various risk factors. As can be observed, the consumption levels are of moderate significance and are mainly concentrated on the interest rate curve and share price risks. The risk amounts in relation to commodities prices, inflation and volatility of interest rates and exchange rates are of extremely marginal significance. Exposure to share price risk and their volatility decreased compared to the prior year, due to a better positioning in derivatives on shares.

Parametric VaR by risk factors

(Thousands of euros)

	Total	Interest rate	Exchange rate	Share price	Inflation	Commodity price	Credit spread	Interest rate volatility	Exchange rate volatility	Share price volatility
Average VaR 2013	**6,979**	2,213	502	3,185	98	0	1,194	267	39	896
Average VaR 2014	**4,624**	2,474	810	1,420	94	0	1,190	211	58	271

Additional measures to VaR

Since January 2012, VaR measures are complemented by two risk metrics related to the new regulatory requirements of Circular 4/2011 (repealed for these purposes by Regulation (EU) 575/2013 (CRR) and approved by the Bank of Spain following validation: 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 (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The Stressed VaR calculation is leveraged by the same methodology and infrastructure as the calculation of historical VaR for VaR, with the only significant difference being the historical window selected.

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% , one-year time horizon, and a quarterly liquidity horizon, which is justified by the high liquidity of portfolio issues. The estimate is made using Montecarlo simulation of possible future states of external rating of the issuer and the issue, based on transition matrices published by the main rating agencies, where dependence between credit quality variations between the different issuers is modelled using Student's t-distribution.

The maximum, minimum and average values of these measurements during 2014, as well as their value at the close of the period of reference, are shown in the following table.

Summary of Risk Measurements - 2014
(Thousands of euros)

	High	Low	Average	Last
1-day VaR	8,340	2,797	4,624	2,797
1-day Stressed VaR	23,968	7,096	12,485	8,412
Incremental risk	213,140	13,932	42,066	16,799

Regulatory capital using internal market risk models

Regulatory capital for market risk using internal models is the sum of three charges associated with each of the aforementioned measurements: VaR, Stressed VaR and Incremental Default and Migration Risk. In contrast to the foregoing, both regulatory VaR and regulatory Stressed VaR are calculated with a 10 market days time horizon, for which values obtained with the one-day horizon are scaled by multiplying them by the square root of 10.

The different elements that appear in the determination of the final charges using the internal market risk model for each of the aforementioned measurements are shown below. Charges for VaR and stressed VaR are identical and correspond to the maximum between the last value and the arithmetic mean of the last 60 values, multiplied by a factor depending on the number of times the actual daily result was less than the estimated daily VaR. Similarly, capital for Incremental Default and Migration Risk is the maximum of the last value and the arithmetic mean of the preceding 12 weeks.

Regulatory capital at 31 December 2014
(Thousands of euros)

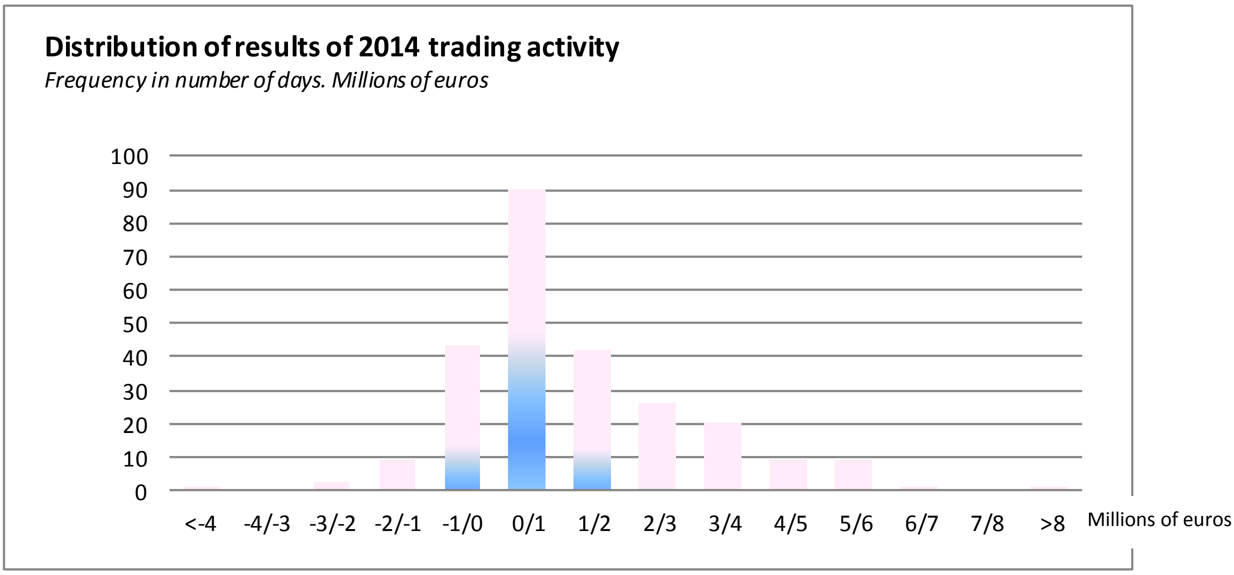
	Last value	60 day average	Exceeded	Multiplier	Capital
10 day VaR	8,844	11,929	0	3	**35,786**
10 day Stressed VaR	26,602	32,084	0	3	**96,252**
Incremental risk	16,799	31,858			**31,858**
TOTAL					**163,896**

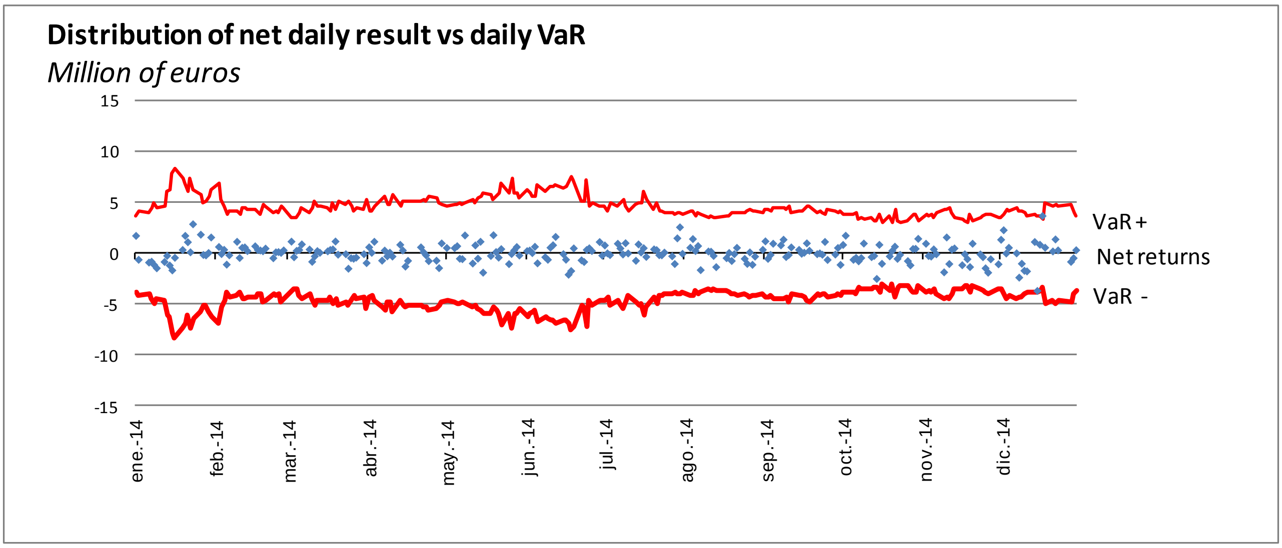
VaR and daily gains and losses

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.





Stress testing

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

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

Based on the set of measures described above, management of market risk on trading positions in CaixaBank's markets is in accordance with the methodological and monitoring guidelines set out in Regulation (EU) 575/2013.

3.3. Interest rate risk

3.3.1 Interest rate risk in the banking book

Interest rate risk is managed and controlled directly by CaixaBank management through the Asset-Liability Committee (ALCO). Under the scope of the Risk Appetite Framework (RAF), the competent bodies monitor and validate that the interest rate risk metrics defined for the CaixaBank Group are commensurate with the established risk tolerance levels.

CaixaBank manages this risk with a two-fold objective:

- Optimise the Entity's net interest income within the volatility limits of the RAF.
- Preserve the economic value of the balance sheet at all times within the range established in the RAF.

To attain these objectives, risk is actively managed 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 or other counterparties.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the Asset and Liability Committee to achieve this dual objective.

At 31 December 2014, CaixaBank used fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk and to preserve the economic value of its balance sheet (see Note 15).

In 2013, CaixaBank arranged a macro-hedge against cash flow interest rate risk. By entering into financial derivatives in the market, this macro-hedge was designed to hedge the risk of fixing interest rates on the Entity's loans indexed to the 12-month Euribor rate. This cash flow macro-hedge was active throughout 2014, with the latest hedge expiring in December 2014 (see Note 15).

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at 31 December 2014 of sensitive items on the CaixaBank Group balance sheet.

The sensitivity to interest rates and the expected terms to maturity have been analysed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behaviour, including the possibility that the customer may withdraw the funds invested in this type of products.

For other products, in order to define the assumptions for early termination, internal models that capture behavioural variables of customers, own products and seasonal variables are used, and that also consider macro-economic variables to ascertain the future operations of customers.

Matrix of maturities and revaluations of the sensitive balance sheet at 31 December 2014

(Thousands of euros)

	1 year	2 years	3 years	4 years	5 years	> 5 years	TOTAL
ASSETS							
Mortgage collateral	96,087,546	14,508,332	1,311,003	1,192,387	1,061,051	8,550,309	122,710,628
Other guarantees	42,274,459	2,245,930	1,215,395	552,506	598,514	2,152,639	49,039,443
Debt securities	19,655,119	2,219,221	1,420,866	512,805	4,014,468	6,339,370	34,161,849
Total assets	**158,017,124**	**18,973,483**	**3,947,264**	**2,257,698**	**5,674,033**	**17,042,318**	**205,911,920**
LIABILITIES							
Customer funds	115,832,274	28,140,551	4,838,720	4,273,501	4,237,304	20,178,914	177,501,264
Issues	15,266,123	6,649,460	3,996,549	4,111,231	2,058,973	11,524,401	43,606,737
Money market, net	4,505,270	883,407	244,917	6,995,803	427,500	375,679	13,432,576
Total liabilities	**135,603,667**	**35,673,418**	**9,080,186**	**15,380,535**	**6,723,777**	**32,078,994**	**234,540,577**
Assets less liabilities	**22,413,457**	**(16,699,935)**	**(5,132,922)**	**(13,122,837)**	**(1,049,744)**	**(15,036,676)**	**(28,628,657)**
Hedges	**(27,533,527)**	**5,807,197**	**4,006,751**	**4,522,958**	**1,308,646**	**11,887,976**	
Total difference	**(5,120,070)**	**(10,892,738)**	**(1,126,171)**	**(8,599,879)**	**258,902**	**(3,148,700)**	**(28,628,656)**

Interest rate risk in the banking book is subject to specific control and includes various risk measures, such as analysis of the sensitivity of net interest income and the present value of future cash flows (impact of 1 basis point), VaR (Value at risk) measures and stochastic measures, such as EaR (Earnings at risk), to changes in interest rates.

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 (immediate parallel and progressive movements of different intensities, as well as changes in slope). The most likely scenario, which is obtained using the implicit market rates, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately +0.27% on the rising scenario and -0.60% on the falling scenario. Given the current level of interest rates, it should be pointed out that the scenario of a 100bp fall does not imply the application of negative interest rates.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on economic value.

Impact of a 1bp increase in the curve

(Thousands of euros)

	31.12.2014	31.12.2013
Value of future cash flows	**(1,501)**	**(8,619)**

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.

As a supplement to these measurements of sensitivity, VaR measures are applied in accordance with treasury-specific methodology.

1-day VaR of CaixaBank's balance with a 99% confidence level

(Thousands of euros)

	End of period	Average	High	Low
2014	**89,916**	**80,662**	**115,285**	**67,920**
2013	**88,928**	**163,015**	**215,975**	**88,928**

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.

In accordance with current regulations, the CaixaBank Group does not avail itself of its own funds for the interest rate risk in the banking book undertaken, in view of the low risk profile of its balance sheet. The interest rate risk in the banking book assumed by the CaixaBank Group is substantially below levels considered significant (outliers) under current regulations.

CaixaBank continues to carry out a series of actions designed to strengthen the monitoring and management of interest rate risk in the banking book.

3.3.2 Currency risk in the banking book

The equivalent euro value of foreign currency assets and liabilities held by CaixaBank at 31 December 2014 and 2013 is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Total foreign currency assets	**6,377,649**	**6,435,741**
Financial assets held for trading	610,967	509,344
Loans and receivables	3,545,885	3,897,851
Loans and advances to credit institutions	*357,841*	*1,244,482*
Loans and advances to customers	*3,188,044*	*2,653,369*
Investments(1)	2,155,704	1,962,334
Other assets	65,093	66,212
Total foreign currency liabilities	**7,223,949**	**8,113,103**
Financial liabilities at amortised cost	6,560,310	7,582,605
Deposits from central banks	*3,686,863*	*3,962,331*
Deposits from credit institutions	*230,051*	*191,224*
Customer deposits	*1,884,894*	*2,755,986*
Marketable debt securities	*595,190*	*544,605*
Other	*163,312*	*128,459*
Other liabilities	663,639	530,498

(1) At 31 December 2014, the CaixaBank Group had an exposure of EUR 1,455 million in Hong Kong dollars on its ownership interest in The Bank of East Asia, Ltd, and of EUR 1,280 million in Mexican pesos on its ownership interest in GF Inbursa, at market value. At 31 December 2013, these exposures were EUR 1,161 million and EUR 1,228 million, respectively.

The Executive Treasury and Capital Markets Division at CaixaBank is responsible for managing the foreign currency risk arising from balance sheet positions denominated in foreign currency, a task performed through the market risk hedging activity undertaken by the Treasury Area. This risk is managed by applying the principle of minimising the assumed currency risks, which explains why the exposure of the CaixaBank Group to this risk is low or virtually nil.

The remaining minor foreign currency positions are chiefly held with credit institutions in major currencies (e.g. dollars, sterling and Swiss francs). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The percentage breakdown, by currency, of loans and receivables and financial liabilities at amortised cost is as follows:

(Percentage)

	31.12.2014	31.12.2013
Loans and receivables	**100**	**100**
US dollar	69	71
Pound sterling	11	10
Mexican peso	4	3
Swiss franc	3	3
Japanese yen	7	7
Canadian dollar	2	2
Other	4	4
Investments	**100**	**100**
Mexican peso	34	37
Hong Kong dollar	66	63
Financial liabilities at amortised cost	**100**	**100**
US dollar	81	85
Pound sterling	16	13
Other	3	2

Sensitivity analyses on currency positions are not representative, given that the CaixaBank Group does not have significant exposures in currencies other than the euro.

3.4. Liquidity risk

3.4.1 Overview

The CaixaBank Group manages liquidity to maintain sufficient levels so that it can comfortably meet all its payment obligations on time and to prevent its investment activities from being affected by a lack of lendable funds, at all times within the Risk Appetite Framework.

To achieve these objectives it:

- Has a centralised liquidity management system that includes a segregation of duties to ensure optimum control and monitoring of risks.
- Maintains an efficient level of liquid funds to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Actively manages liquidity; this entails continuous monitoring of liquid assets and the balance sheet structure.
- Considers sustainability and stability as core principles of its funding sources strategy, based on:
    - A fund structure that entails mainly customer deposits
    - Funding in capital markets to complement the funding structure

The CaixaBank Group's ALCO is charge of managing, monitoring and controlling liquidity risk. To do so, it monitors, on a monthly basis, compliance with the Risk Appetite Framework (RAF), the Entity's long-term funding plan, trends in liquidity, expected gaps in the balance sheet structure, indicators and alerts to anticipate a liquidity crisis so that it can take corrective measures in accordance with the Liquidity Contingency Plan. It also analyses the potential liquidity levels under each of the hypothetical crisis scenarios.

The ALM (Asset and Liability Management) and Financing Division, which reports to CaixaBank's Executive Finance Division, is responsible for analysis and managing liquidity risk, ensuring that liquid assets are permanently available in the balance sheet, i.e. minimising the liquidity risk in the banking book under the guidelines established by the ALCO. 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 types of scenarios 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 various time horizons and LGD levels based on the nature of the crisis analysed. 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 Liquidity Division, which reports to CaixaBank's Executive Finance Division, manages short-term liquidity. 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. This daily monitoring task is performed on the basis of the contractual maturity dates of the transactions.

3.4.2 Residual maturity periods

The detail, by contractual term to maturity of the balances of certain items on the CaixaBank separate balance sheet at 31 December 2014 and 2013, excluding in some cases valuation adjustments, in a scenario of normal market conditions, is as follows:

31.12.2014

(Millions of euros)

	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and deposits at central banks	4,157						4,157
Financial assets held-for-trading - debt securities		130	98	230	800	792	2,050
Trading derivatives		1,712	82	133	2,892	9,262	14,081
Available-for-sale debt securities		778	940	6,297	9,531	6,735	24,281
Loans and receivables:	528	22,669	5,939	20,918	64,340	111,964	226,358
Loans and advances to credit institutions	107	1,974	143	66	1,899	106	4,295
Loans and advances to customers	421	20,695	5,616	19,868	61,897	110,737	219,234
Debt securities			180	984	544	1,121	2,829
Held-to-maturity investments		1,885	268	4,492	2,550	413	9,608
Hedging derivatives		42	9	179	1,805	3,139	5,174
Total assets	**4,685**	**27,216**	**7,336**	**32,249**	**81,918**	**132,305**	**285,709**
Liabilities							
Trading derivatives		1,602	74	130	2,088	10,118	14,012
Financial liabilities at amortised cost:	87,792	42,215	20,509	47,415	50,723	12,867	261,521
Deposits from central banks		2,243	1,930	1,112	6,868		12,153
Deposits from credit institutions		4,837	4,646	551	2,861	526	13,421
Customer deposits	86,545	32,224	10,934	41,510	23,732	1,619	196,564
Marketable debt securities		2,654	2,054	3,288	16,757	6,474	31,227
Subordinated liabilities				52	169	4,248	4,469
Other financial liabilities	1,247	257	945	902	336		3,687
Hedging derivatives		56	22	141	353	304	876
Total liabilities	**87,792**	**43,873**	**20,605**	**47,686**	**53,164**	**23,289**	**276,409**
Assets less liabilities	**(83,107)**	**(16,657)**	**(13,269)**	**(15,437)**	**28,754**	**109,016**	**9,300**

31.12.2013

(Millions of euros)

	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and deposits at central banks	6,967						6,967
Financial assets held-for-trading - debt securities		10	25	289	2,689	607	3,620
Trading derivatives		572	92	290	2,408	5,116	8,478
Available-for-sale debt securities		158	1,570	2,194	11,418	4,582	19,922
Loans and receivables:	532	26,843	7,711	29,916	58,842	116,777	240,621
Loans and advances to credit institutions	95	2,686	803	2,956	992	398	7,930
Loans and advances to customers	437	24,157	6,489	26,960	55,082	116,269	229,394
Debt securities			419		2,768	110	3,297
Held-to-maturity investments			1,000	7,685	9,009	137	17,831
Hedging derivatives		24	19	276	1,624	2,648	4,591
Total assets	**7,499**	**27,607**	**10,417**	**40,650**	**85,990**	**129,867**	**302,030**
Liabilities							
Trading derivatives		504	84	234	1,523	6,089	8,434
Financial liabilities at amortised cost:	87,302	36,209	11,313	51,632	77,476	15,853	279,785
Deposits from central banks		3,490	145	725	15,480		19,840
Deposits from credit institutions	8,793	6,374	3,075	913	1,040	705	20,900
Customer deposits	77,675	25,028	7,321	43,376	36,389	2,450	192,239
Marketable debt securities		797	78	6,132	24,356	8,115	39,478
Subordinated liabilities					211	4,583	4,794
Other financial liabilities	834	832	694	486	221	289	3,356
Hedging derivatives		1	5	44	182	1,255	1,487
Total liabilities	**87,302**	**36,714**	**11,402**	**51,910**	**79,181**	**23,197**	**289,706**
Assets less liabilities	**(79,803)**	**(9,107)**	**(985)**	**(11,260)**	**6,809**	**106,670**	**12,324**

Bear in mind that the calculation of the gap in the total balance included in the previous tables projects transaction maturities according to their contractual and residual maturity, irrespective of any assumption that the assets and/or liabilities will be renewed. At a financial entity with a high degree of retail financing, assets have a longer average maturity than liabilities, which produces a negative gap in the short term. The tables also indicate a high degree of stability in customers' demand accounts. Meanwhile, given the current liquidity climate, the analysis must keep in mind the influence exerted on this calculation by maturities of repurchase agreements and of deposits obtained through guarantees pledged on the loan with the European Central Bank. In conclusion, a large portion of the liabilities is stable and others are very likely to be renewed, while additional guarantees are available at the European Central Bank, and there is the capacity to generate new deposits through asset securitisation and the issuance of mortgage- and/or public sector-covered bonds. In addition, the Company has access to liquid assets allowing it to immediately obtain liquidity. Also worth noting is the fact that the calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market.

For the insurance business, liquidity that emerges from commitments (liabilities) arising from insurance contracts, mainly life savings insurance, sold by the CaixaBank Group through VidaCaixa, is managed through the actuarial financial estimate of cash flows arising from the aforementioned contracts. Financial immunisation techniques are also applied based on estimated actuarial financial maturity, i.e. not necessarily contractual, and the financial assets affected.

In this regard, it should be noted that the liquidity of the consolidated balance sheet is managed separately for the insurance business and other businesses, mainly banking, and for this reason, the maturities of the insurance group's portfolio of financial assets, mainly classified as held for sale, are not presented in the matrix of maturities.

Detailed below are the maturities of VidaCaixa's portfolio by carrying amounts after eliminating balances held with Group companies. In addition, Note 3.1.5 details the Insurance Group's sovereign risk maturities.

Maturities of the Insurance Group's portfolio of financial assets

(Thousands of euros)

	31.12.2014	31.12.2013
Less than 1 month	311,368	133,586
Between 1 and 3 months	249,119	230,894
Between 3 and 12 months	823,199	949,945
Between 1 and 5 years	6,371,408	5,100,158
Over 5 years	35,019,967	25,729,200
Total	**42,775,061**	**32,143,783**

Financial instruments that include accelerated repayment terms

At 31 December 2014, CaixaBank had instruments containing terms that could trigger accelerated repayment if one or more of the events set out in the agreements occurred. The balance of transactions including accelerated repayment terms at 31 December 2013 stood at EUR 497.5 million, of which EUR 180 million related to transactions in which the term had already expired and was not demanded by the counterparty and EUR 317.5 million to other transactions in which downgrades in credit rating could trigger accelerated repayment. Details of these operations, by nature of the agreement, are as follows:

Instruments with accelerated repayment terms

(Thousands of euros)

	31.12.2014	31.12.2013
Registered mortgage covered bonds (1)	180,000	261,000
Loans received (2)	317,500	321,292

(1) The bonds are recognised under "Customer deposits – Time deposits" (see Note 22.2).

(2) The loans are included in "Loans and advances to credit institutions" (see Note 22.1).

3.4.3 Composition of liquid assets

The detail of the CaixaBank Group's liquid assets at 31 December 2014 and 2013 is as follows:

Liquid assets (1)
(Thousands of euros)

	31.12.2014	31.12.2013
Cash and central banks (*)	4,156,781	6,967,794
Balance drawable on the facility (**)	29,156,024	27,983,572
Eligible assets not included in the facility	35,255,179	33,375,619
Other marketable assets not eligible by the central bank (***)	9,070,733	9,607,335
Tot	**77,638,716**	**77,934,319**

(*) Includes amounts deposited in the marginal deposit facility (1-day deposit with the ECB)

(**) Does not include outstanding assets to be contributed to the European Central Bank facility (EUR 3,636 million in 2013 and EUR 1,584 million 2014). These assets were contributed to the facility in January 2014 and 2015, respectively.

(**) Fixed-income with an A or higher rating, equities and investments in mutual funds.

(1) Bank of Spain liquidity criteria.

Banking liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the policy, and the balance that can be drawn on the credit facility with the ECB, amounted to EUR 56,665 million and EUR 60,762 million at 31 December 2014 and 2013, respectively.

CaixaBank's liquidity management policy includes maintaining a liquidity level above 10% of the Entity's assets. This threshold was comfortably met throughout 2014, and was 16.7% at year-end (17.9% at 31 December 2013). The liquidity level is mainly based on retail financing; customer deposits account for 71% of financing sources.

3.4.4 Liquidity strategy

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the liquidity risk metrics defined for CaixaBank are commensurate with the established risk tolerance levels.

As risk appetite indicators, two groups of indicators have been established, four tier 1 short-term liquidity (position and stress at 30 days) and a long-term funding structure (retail and wholesale) indicators, and five tier 2 short-term liquidity (position), balance sheet structure, concentration of wholesale maturities, concentration of liability counterparties and intraday liquidity indicators.

As part of this approach to managing liquidity risk and to allow it to anticipate potential needs for lendable funds, the CaixaBank Group's wide variety of financing programmes cover a number of maturity periods. This allows the Group to maintain adequate levels of liquidity at all times.

As another prudent measure to prepare for potential stress on liquid assets or market crises, i.e. to deal with the contingent liquidity risk, CaixaBank placed a series of guarantee deposits with the European Central Bank (ECB) which it can use to obtain high levels of liquid assets at short notice.

Financing obtained from the European Central Bank through various monetary policy instruments was EUR 6,868 million at 31 December 2014, compared to EUR 15,480 million at 31 December 2013. The amount drawn at present relates to the extraordinary liquidity auctions, known as TLTRO (maturity to September

2018), where as the balance at 31 December 2013 corresponded to the LTRO extraordinary auctions (maturity between January and February 2015).

At the 2014 year-end, the CaixaBank Group ensured its long-term access to resources through renewal of the fixed income securities and promissory notes issue programmes, with the following amounts:

Debt issuance capacity

(Thousands of euros)

	Total issuance capacity	Issued at 31.12.2014
Promissory notes programme (1)	5,000,000	31,424
Fixed-income programme (2)	15,000,000	533,550

(1) Promissory notes programme registered with the CNMV on 15.07.2014.

(2) Base prospectus for non-participating securities registered with the CNMV on 22.07.2014.

Covered bond issuance capacity

(Thousands of euros)

	31.12.2014	31.12.2013
Mortgage-covered bond issuance capacity	4,211,018	885,280
Public sector covered bond issuance capacity	2,147,365	1,217,600

Wholesale financing maturities (net of own securities acquired) are as follows:

Wholesale financing maturities (net of own securities acquired)

(Thousands of euros)

	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Promissory notes	100,000	100,000	0	0	0	200,000
Mortgage covered bonds	0	2,384,742	2,985,453	15,609,470	9,125,068	30,104,733
Public sector covered bonds	0	0	0	50,000	0	50,000
Senior debt	0	886,000	400,000	2,572,851	131,500	3,990,351
Subordinated debt and preference shares	0	0	48,600	159,300	907,756	1,115,656
Convertible bonds	0	0	0	564,300	0	564,300
Total wholesale issue maturities	**100,000**	**3,370,742**	**3,434,053**	**18,955,921**	**10,164,323**	**36,025,040**

The Group's financing policies take into account a balanced distribution of issue maturities, preventing concentrations and diversifying financing instruments. In addition, its reliance on wholesale markets is limited.

3.5. Operational risk

3.5.1 Introduction

Operational risk is defined as: "The risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including legal risk". Operational risk includes legal and regulatory risk, but excludes strategic, reputational and business risk. Losses on lending operations resulting from operational risk are recorded for operational risk management purposes. Losses relating to market risk resulting from operational risk are recorded both for management purposes and for calculating regulatory capital for operational risk.

The overall objective at CaixaBank is to improve the quality of business management based on information concerning operational risks and to comply with the tolerance level established in the Risk Appetite Framework, aiding decision-making to ensure the organisation's long-term continuity and improving processes and the quality of customer service, while also complying with the established regulatory framework and the requirements to calculating the capital charge.

This overall objective comprises a number of specific objectives that form the basis for the organisation and working methodology applicable to managing operational risk. These objectives are:

- To identify and anticipate existing operational risks.
- To ensure the organisation's long-term continuity.
- To promote the establishment of continuous improvement systems for operating processes and the structure of existing controls.
- To exploit operational risk management synergies at the Group level.
- To promote an operational risk management culture.
- To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

3.5.2 Corporate governance

Overall control and oversight of operational risk is carried out by the Corporate Global Risk Management Division, which materialises the independence functions required by the Basel Committee on Banking Supervision. Its responsibilities include the control and oversight of operational risk.

Business areas and Group companies: responsible for the daily management of operational risk within their respective areas. This implies identifying, assessing, managing, controlling and reporting the operational risks of their activity and helping CaixaBank's Operational Risk Division to implement the management model.

The Operational Risk Division is part of the Corporate Risk Models and Policies Division, which reports to CaixaBank's Corporate Global Risk Management Division. It is responsible for defining, standardising and implementing the operational risk management, measurement and control model. It also provides back-up to the Areas and consolidates information on operational risks throughout the Entity for the purposes of reporting to Senior Management and to the risk management committees involved.

CaixaBank's Risk Models Validation and Internal Audit areas are responsible for validation of the Group's internal risk management models. In this context, a Framework Collaboration Agreement between the two was agreed the sets out their scopes and approaches to the review of internal models and guarantees the adequacy and efficiency of the control functions.

3.5.3 Operational risk cycle

In 2014, a project was developed to move from the current standardised approach to operational risk management to more advanced measurement approaches with a dual objective of implementing best practices in operational risk management and, at the same time, calculating regulatory capital requirements with risk-sensitive approaches. This project entailed, *inter alia*, the following lines of action:

- Strengthening of the integration in operational risk management:
  - Creation of the Operational Risk Committee
  - Publication of Operational Risk Regulations
  - Integration of operational risk in the Risk Appetite Framework
  - Specific operational risk training initiatives
  - Inclusion of operational risk and operational risk management levers in the Corporate Risk Map
- Implementation and adaptation of a comprehensive risk management tool:
  - Capture, monitoring and management of internal losses
  - Performance of operational risk self-assessments
  - Monitoring of operational risk indicators (KRIs)
  - Inclusion and monitoring of weaknesses and correction plans
- Measurement of capital for operational risk using advanced measurement approaches (2 iterations):
  - Start-up of the calculation engine
  - Workshops on constructing extreme-loss scenarios
  - Development of the AMA

Whereas in 2014 the standardised approach was used to calculate capital, the Group's operational risk management and measurement model is designed to support advanced measurement approaches (AMA).

In this way, according to current regulations, there are two overriding objectives behind the implementation of advanced measurement approaches (AMA) for calculating capital:

- Use of advanced calculation methodologies based on internal operational loss data, scenarios and control factors and the business environment.
- Establishing an operational risk model based on policies, processes, tools and methodologies that improve operational risk management in the companies, helping ultimately to reduce operational risk.

The entities must achieve these objectives, subject to current regulations, by basing their operational risk model around two pillars:

Operational Risk Management Framework (ORMF)

This is the Governance Framework and Management Structure for the operational risk model set out in this Operational Risk Management Framework and the documents implementing it. This structure defines the Operational Risk Measurement System, based on the policies, procedures and processes used to manage operational risk, in line with the Group's general risk policies.

Operational Risk Measurement System

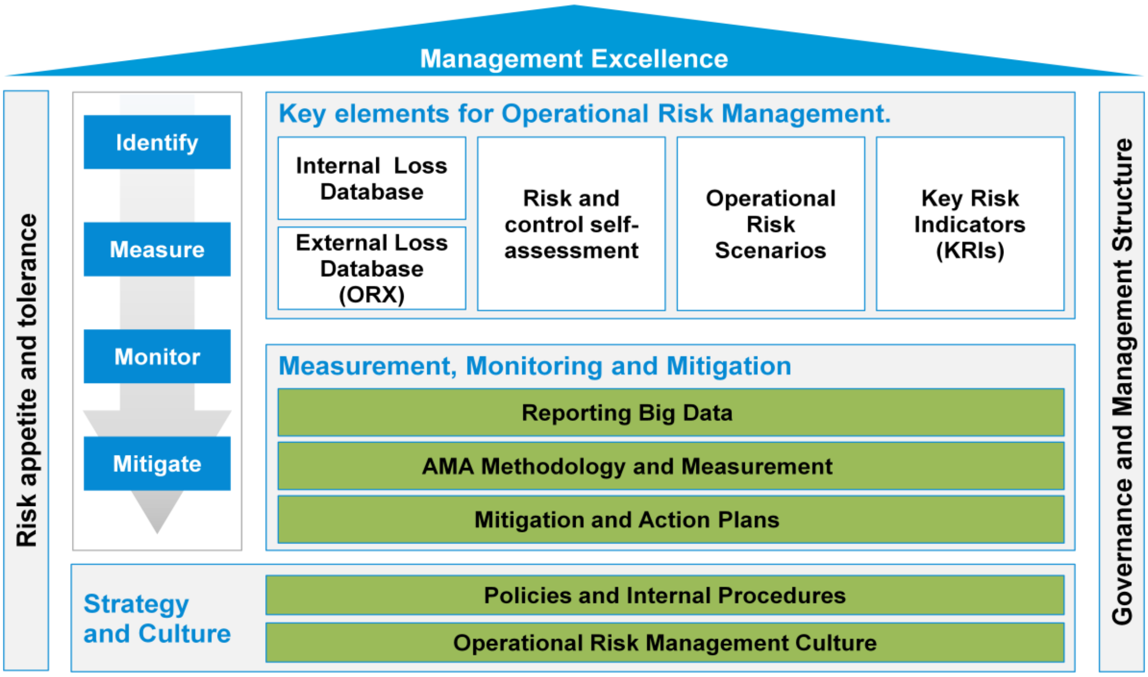
This is defined as the system, processes and data the Entity uses to measure its operational risk and determine its related regulatory capital requirements. It is a system that integrates operational risk management into the Group's day-to-day activities.

The Group's Operational Risk Measurement System is known as the AMA Measurement Approach.

Current regulations establish that advanced measurement approaches (AMA) must be based on a combination and interaction of qualitative and quantitative methodologies, grouped into four pillars[3]:

- Internal operational loss data
- External operational loss data
- Operational risk scenarios
- Business environment and internal control factors (BEICFs)[4]

Based on legislative and regulatory requirements and considering the two pillars supporting operational risk models under an advanced measurement approach (AMA), such as the model and the tools required, the Group's AMA operational risk model is structured as follows:



The methodologies implemented through operational risk management mechanisms and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector[5].

The technological environment of the operational risk system provides all the functionality required and is fully integrated into the Bank's transactional and information systems.

The main system is supported by an integrated tool, which has been customised to the Bank's needs. This component provides most of the functionality required for day-to-day operational risk management. More than 400 users have access to it.

The tool is fed by multiple data sources from the transactional systems (of the Bank itself and some its subsidiaries) on a daily basis to capture key events, losses and KRIs; it also offers interfaces for updating the organisational structure and the other firms in the data model.

All risk assessment processes, loss enrichments, KRI management, action plans, etc. are carried out through work flows managed and controlled by the product itself, keeping the persons responsible for pending tasks up-to-date with what is happening.

[3] Four data elements of an AMA. Regulatory framework. Supervisory Guidelines for Advanced Measurement Approaches, Article 40
[4] *Business Environment and Internal Control Factors.*
[5] *Principles for the Sound Management of Operational Risk, Principle 6, Article 39.d*

The system also generates automatic interfaces to report losses to the ORX association and the tool's calculation engine.

Finally, it is also important to note the integration with the Bank's information system: multiple interfaces have been designed for downloading all information from the system and uploading into the Big Data environment to provide an analytical environment.

3.5.4 Operational risk management levers

The main operational risk management mechanisms illustrated in previous diagram are discussed below.

Qualitative measurement. Self-assessments of operational risks

The qualitative assessment of operational risk in the CaixaBank Group is based on the operational risk self-assessment methodology. The methodology allows, using expert criteria, the operational risks identified in the Operational Risk Map to be assessed.

In 2014, this methodology was used to analyse and evaluate a total of 475 operational risks and 1,570 controls.

Quantitative measurement. Internal Operational Risk Database

Quantitative techniques provide based on internal operational loss data provide one of the foundations for measuring operational risk in both the Group's operational risk management, when authorisation for the use of advanced measurement approaches is obtained, and the calculation of its capital requirements for operational risk.

This quantitative methodology of measuring operational risk based on internal loss data is known as the Internal Operational Risk Database[6] in the Group. This is supported by the corporate management tool.

The internal database is structured under a technological environment subject to a data model.

At its lowest level, the database structure contains an operational effect, directly related to an operational event, which is the next highest level.

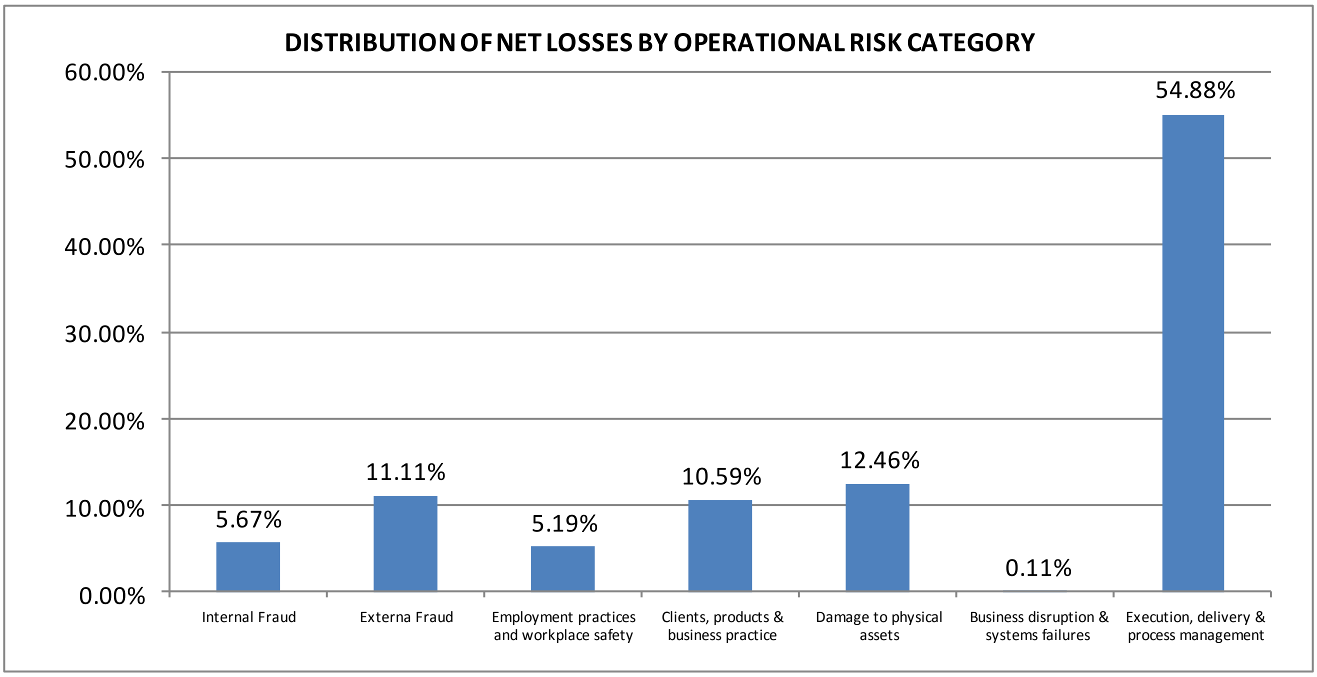
An operational event is defined as an event in which an identified operational risk is materialised. The concept of the effect is derived from the concept of the event -both of which are intimately related. The effect is defined as the description used to classify an operational loss or recovery (economic impact) resulting from an operational event[7].

Therefore, an operational event may result in one, several or no operational effects, which may in turn be identified in one or several areas.

The operational event is the most important and central concept in the Internal Database model.

[6] Also known as the Internal Database.
[7] Effects linked to losses are termed operational loss effects. Effects linked to recoveries are termed operational recovery effects.

The distribution of the Group's net operational losses in 2014 is shown in the following chart:



Quantitative measurement. External Database

The quantitative method based on data for losses external to the Group (losses in other entities in the sector) is known as the External Database.

Implementation of a quantitative method based on external operational loss data is a regulatory requirement[8] in the advanced measurement approach (AMA), as this complements historic data on operational losses in the entities.

The Group has signed up to the ORX (Operational Riskdata eXchange) association, which provides information on operating losses for banks worldwide, to implement a quantitative methodology.

The ORX association groups banks by geographic areas, dividing these into subgroups to provide more useful and realistic information.

The organisation requires its members to classify operational loss data using a series of parameters, both regulatory and proprietary. As a result, all of the parameters required by the ORX are reported in events in the Group's Internal Database.

Qualitative measurement. Operational risk scenarios

One of the foundations of the CaixaBank Group's management of operational risk is identification through qualitative techniques. To this end, it has implemented a methodology for generating operational risk scenarios that allows it to:

- Obtain greater knowledge of the Group's operational risk profile.
- Improve the level of interaction with areas involved in managing operational risk.

[8] CRR, Title III, Chapter 4, Article 322, Section 2.b.

- Effectively integrate operational risk management.

A series of workshops and meetings with experts is held to generate operational risk scenarios for use in the capital calculation methodology under the AMA advanced measurement approach.

The scenario generation process involves five recurrent stages: scope setting, scenario identification, scenario workshops, determination of scenarios, and monitoring and reporting.

The scenario generation process is carried out annually. This recurrent process enables the results from previous years to be used as the starting point for future years.

In 2014, a total of 59 operational scenarios were assessed.

Operational risk indicators (KRIs)

Application of operational risk indicators (KRIs) is one of the main qualitative/quantitative operational risk measurement methodologies in the CaixaBank Group. These:

- Enable us to anticipate the development of operational risks, taking a forward-looking approach to their management.
- Provide information on development of the Entity's operational risk profile and the reasons for this.

A KRI is a metric, index or measure that detects and anticipates changes in operational risk levels. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage the Group's operational risk.

The KRI methodology is supported by the corporate management tool.

In 2014, a total of 421 KRIs were monitored.

3.5.5 Action and mitigation plans

The generation of action and mitigation plans is one of the links in the Group's operational risk management chain. To this end, it has implemented an action and mitigation plan methodology that allows it to:

- Effectively offset the Group's operational risks, reducing their frequency and their impact when they do arise.
- Have in place a solid control structure based on policies, methodologies, processes and systems.
- Effectively integrate operational risk management.

The action and mitigation plans may originate from any of the operational risk management tools or other sources: self-evaluations, scenarios, external sources (ORX, specialist press), KRIs, losses on operational events, and internal validation and internal audit reports.

The operational risk insurance framework enables certain specific risks to be covered in order to transfer and, therefore, mitigate their impact.

The Group has contracted corporate insurance policy covering the main risks it might face in its activities.

From this starting point, it is developing a methodology for mitigating operational risk through insurance, which it plans to have completed in 2015. This will require compliance with the CRR, Title III, Chapter 4, Article 323.

3.5.6 Business continuity plan

Business continuity is defined as an organisation's ability to recover from a disaster and/or unexpected event and resume or continue its operations; i.e. plan how it must act in response to an event or the possibility that an event will occur.

The objective of business continuity is to protect the business and therefore the company. Business continuity affects the whole organisation. All employees must be involved and committed to achieving its objectives.

Business continuity is a further aspect to be considered in our day-to-day activities and when designing and modifying business processes.

Incorporating business continuity into its culture enables continuous improvement in a company, ensuring it can recover from present and future incidents.

The Group's business continuity is covered by the Business Continuity Management System, which is ISO 22301:2012 certified.[9]

The Group's business continuity plan forms part of the Business Continuity Management System.

The ISO 22301:2012 methodology is a management system involving a cyclical planning, implementation, review and improvement process for the Group's Business Continuity procedures and activities, ensuring that it can meet the objectives set by CaixaBank's management.

The Group's Business Continuity Plan has four main elements:

- A specific plan for Central Services (CS)
- A specific plan for the regional network
- A specific plan for International Banking.
- A specific plan for subsidiaries

3.5.7 Technology contingency plan, emergency plans and security measures

Technological contingency plan

The Group's Technological Contingency Plan is based on two lines:

- Identification of key business services.
- General technological contingency plan

Emergency plans and security measures

There are several internal regulations on security measures in the different areas of the Entity, in addition to a general Emergency Plan.

- Security in central offices

[9] International Organisation for Standardisation. ISO 22301:2012 Societal Security – Business Continuity Management Systems – Requirements.

- Information security
- Personal data processing and confidentiality

3.6. Compliance risk

Definition and objective

Compliance risk is defined as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

All employees and areas of CaixaBank Group companies manage compliance risk.

The CaixaBank Group's objective is to minimise the probability of occurrence of compliance risk and, if it occurs, to detect, report and address the weaknesses promptly.

Compliance risk is not limited to any specific area, but rather the entire Entity. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage compliance risk, the management and governing bodies encourages the dissemination and promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its members, as well as other employees and Senior Management must ensure their compliance as a core criteria guiding their day-to-day activities.

Therefore, the first line of defence or control, the areas whose business is exposed to compliance risk implement and manage a first level of risk indicators and controls to detect potential non-compliance risks and act effectively to mitigate them. They must also ensure that their internal regulations and procedures are at all times consistent with current legislation, regulatory standards and codes of conduct and standards, putting in place mechanisms to prevent issues arising, detect trends and understand new developments as they arise. Cooperation with advisory functions (mainly Legal Services and Regulatory Compliance) is therefore essential.

As a second line of defence, the Regulatory Compliance Area reviews internal procedures to verify that they are up-to-date and, as appropriate, to identify situations of risk, in which case it calls upon the affected areas to develop and implement the improvement actions necessary. A commitment to a reasonable implementation schedule is reached and Regulatory Compliance performs regular monitoring, reporting the results to the governing bodies and management.

Regulatory Compliance is also in charge of advising Senior Management on this matter and of promoting a compliance culture in the Entity.

The main areas of control of Regulatory Compliance programme include, among others, the following operating areas:

- Anti-Money Laundering and Countering Terrorist Financing.
- The Spanish Securities Market Act .
- Transparency of banking services.
- Products and services, including the launch of new products and services.
- The Code of Business Conduct and Ethics.

- Codes of Conduct (Telematic Code of Conduct, Internal Code of Conduct on matters relating to the Securities Market, Internal Code of Conduct relating to contributions to the Euribor panel, Anti-corruption policy).
- Corporate governance.
- Customer protection
- Personal data protection
- Solvency
- Risk of corporate criminal prosecution.
- Advertising and commercial communications.
- Regulator requirements in related matters.

The Internal Control Area is also involved in the second line of control, defining and managing the corporate risk map, which includes regulatory compliance risk.

Finally, as a third line of defence, Internal Audit function performs an independent review of the first two lines.

3.7. Reputational risk

The Corporate Social Responsibility and Reputation Area of CaixaBank, in accordance with the CaixaBank Reputation Committee, is entrusted with monitoring reputational risk which, should it arise, could adversely affect CaixaBank's image, understood to be the stakeholders' perception of and expectations for the Entity

CaixaBank's reputational risk map identifies the risks with the highest potential impact on its reputation and the degree of development of preventative measures. Based on the map, a series of indicators are established for each relevant risk to allow for periodic monitoring of the effectiveness of the preventive measures implemented. These indicators are integrated in a scorecard and periodically submitted to the Reputation Committee, which reports to the Management Committee of CaixaBank.

Some of the main actions carried out in 2014 to improve certain KRIs were: reorganisation of the complaint management service to provide better and quicker responses to customers; closer contact to consumer defence platforms and associations through direct and personalised attention; the start-up of a major communication campaign to raise awareness about and promote the main corporate and business milestones achieved at CaixaBank.

In 2015, the process for defining the indicators for risks with a potentially high impact on reputation will be completed. Another project begun in 2014 and that will conclude in 2015 is the development of a reputation scorecard for use as a global management tool that allows for continuous monitoring of reputation indicators. The objective is to have a global metric, with both a multistakeholder perspective, that allows for the comparison of data over time, a market perspective.

The Group measures its reputation as follows:

Perception and expectations of stakeholders	
Customers • Surveys on the level of service offered (in person and through remote channels) • Comments received by the Customer Service area	**Shareholders** • Periodic surveys • Meetings with the Shareholder Advisory Committee • Comments received by the Shareholder Service
Employees • Workplace climate survey • Regular consultations • Input through suggestion boxes • Other internal dialogue mechanisms	**Society** • Reports on trends in the Bank's reputation in written and online media, as well as in social networks • Presence in forums and conferences, as a benchmark institution • Dialogue with consumer associations
Other external indicators	
• Specific reports by independent experts • Position in national and international rankings (economic, social, environmental, corporate governance) • Presence on prestigious sustainability indices • Awards and acknowledgements obtained for the business	

3.8. Actuarial risk and risk relating to the insurance business

3.8.1 Overview

In general, risk of the insurance business is managed in accordance with Spanish insurance law. In particular, according to the ROSSP and other provisions of the Directorate-General of Insurance and Pension Funds (DGSyFP), which establishes, among other rules, the framework for managing credit and liquidity risk in the insurance activity, determining the credit rating and level of diversification. In relation to interest rate risk, the Group manages insurance contract commitments and the affected assets jointly using financial immunisation techniques envisaged in the provisions of the Directorate-General of Insurance and Pension Funds.

In particular, Note 3.1.4 provides information relating to the credit risk associated with financial assets acquired to manage the commitments arising from the insurance contracts. Note 3.1.5 provides additional quantitative information regarding credit ratings based on Standard & Poor's rating scale. This note also describes the Group's policies regarding exposure to sovereign risk. The quantitative information on the exposure of the insurance activity in sovereign debt is also detailed by portfolio, country and residual maturity. Note 3.4 includes information on liquidity risk in the insurance activity.

The insurance business is exposed to subscription or actuarial risk.

According to the EC Solvency II Directive, underwriting or actuarial risk reflects the risk relating to underwriting life and non-life insurance contracts, attending to claims covered and the processes deployed in the exercise of this activity, with the following breakdown.

- Mortality risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where an increase in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- Longevity risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where a decrease in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- Disability or morbidity risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of disability, illness or morbidity rates.

Therefore, in the life insurance business, the main variables determining actuarial risk are mortality, survival and disability rates while the key variable in the other business lines is the claims rate.

3.8.2 Actuarial risk cycle

Management of actuarial risk is based on compliance with the regulations established by the DGIPF, from which policies are established, and monitoring of the technical trends of products, which depends mainly on actuarial factors (basically deaths). This stable, long-term management is reflected in the actuarial risk management policies:

- Subscription: acceptance of risk based on actuarial variables (age of the policyholder, insured sum and duration of the guarantee) and, in life insurance, additional variables such as the accumulation of risk per person and state of health.

- Rate-setting: rates are established using the mortality tables permitted by prevailing legislation. Mortality tables are compared with the Entity's own experience.
- Claims: Stability in claims is managed by diversifying risk among several reinsurance companies with sufficient capacity to absorb unexpected losses,

Insurance companies assume risk towards policyholders and mitigate these risks by taking out insurance with reinsurance companies. By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

The Group’s reinsurance programme lists the procedures that must be followed to implement the established reinsurance policy. These include:

- Disclosure of the types of reinsurance to be contracted, the terms and conditions of the policy, and aggregate exposure by type of business.
- Definition of the amount and type of insurance to be automatically covered by the reinsurance contract, e.g. mandatory reinsurance contracts.
- Procedures for acquiring facultative reinsurance.

In this respect, the Group has established limits on the net risk retained per business line, by risk or event (or a combination of both). These limits are set in accordance with the risk profile and reinsurance cost.

Handling claims and ensuring the adequacy of the provisions are basic principles of insurance management. The definition and follow-up of the aforementioned policies enables them to be changed, if required, to adapt risks to the Group's global strategy. Moreover, these policies were put before and approved by CaixaBank's Global Risk Committee.

3.8.3 Management tools

Technical provisions are estimated using specific procedures and tools and are quantified and tested for adequacy on an individual policy basis.

Technological support

The Group operates in an environment of highly-mechanised processes and integrated systems. All production operations, irrespective of the channel, are recorded in the systems using the various contracting, benefits management and provision calculation applications (e.g. TAV for individual and ACO or Avanti for group insurance). Investment software is used to manage and control the investments backing the company’s insurance activity. All of the applications are accounted for automatically in the accounting support software.

Under the framework of these integrated and automated systems, there are also a number of applications that perform management support duties, including the treatment and preparation of reporting and risk management information. In addition, a Solvency and Risk datamart is being developed as a support tool for compliance with all the requirements of the Solvency II Directive from the application date.

Reports drafted

As indicated previously, technical monitoring of products allows for monitoring and control of the Group's actuarial risk.

The position and control of the Insurance Group's risks are monitored regularly by VicaCaixa's Management, Investment and Global Risk Committee and CaixaBank's Global Risk Committee and ALCO.

Solvency II

In 2013, the European authorities set January 1, 2016 as the application date of the Solvency II directive.

The Omnibus II Directive was approved in 2014, amending the Solvency II Directive and completing the new regulatory and supervisory framework for insurance in the EU, and granted powers to the EIOPA to conclude the Solvency II project.

Regulatory developments in Europe currently under debate (delegated acts, technical standards and guidelines) should be completed in 2015. In Spain, the whole set of rules of Solvency II must be transposed into national legislation.

In preparation for Solvency II until the 1 January 2016 effective date, in 2014 the EIOPA (the European insurance advisor) issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II until 2016. These guidelines cover four areas:

- System of Governance.
- Forward looking assessment of own risks (based on own risk and solvency assessment –ORSA- principles).
- Pre Application of Internal Models.
- Submission of Information to National Competent Authorities.

The Group, in addition to working to comply with the adaptation guidelines, has been working actively on implementing Solvency II since the project began, 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.

3.9. Legal and regulatory risk

Aware of the influence that the regulatory framework can have on the Entity's activities and its potential impact on its long-term sustainability, the CaixaBank Group regularly monitors all regulatory changes. Senior Management, especially through the Regulation Committee set up as an offshoot of the Management Committee, carefully considers the transcendence and scope of new regulatory measures. Members of this committee, chaired by the Executive Manager of Research and Strategic Planning, are the CEO, the General Secretary of Risks, the Chief Risks Officer, the Chief Insurance and Asset Management Officer, the Chief Business Officer, the Chief Finance Officer, the Chief Audit, Management and Capital Control Officer, the Executive Director of Legal Advisory Services and the Corporate Director of Banking Investee Management.

The Regulation Committee is responsible for monitoring the regulatory environment, analysing its impacts, establishing strategic positions in relation to the different regulatory proposals and preliminary regulatory proposals, and setting the key strategic lines to follow in this respect, including the management of the representation of the Entity's interests. The aim is to anticipate regulatory changes and facilitate the Group's adaptation to new requirements.

The Regulation Division, belonging to the Legal Advisory Area, is tasked with continuously monitoring regulatory changes and handling regulatory alerts, in coordination with the different areas.

In addition to internal analysis of the various regulatory impacts, the CaixaBank Group is actively involved in the sector debate regarding the consultation documents issued by the various regulators; e.g. the European Commission, the Basel Committee, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), to help improve the new regulatory framework as much as possible. The debate is generally channelled through the sector associations of which the Group is a member (above all the CECA or the ESBG). Accordingly, opinions on the consultative documents issued by the regulatory bodies can be shared, as well as other matters of interest for determining the future shape of the banking business.

With the Banking Union in Europe arranged following approval of the Capital Requirements Directive (CRD IV), the Capital Requirements Regulation (CRR), the Directive on Bank Recovery and Resolution (BRRD) and the Directive on Deposit Guarantee Schemes, regulations continued to progress towards a more detailed and specialised nature with regulatory developments of these regulations through the Delegated Acts of the European Commission and the Regulatory Technical Standards (RTS) and the Implementing Technical Standards (ITS) of the European authorities. As analysis and management of these rules and regulations require solid technical skills, above all in respect of solvency, liquidity and risk management, the Group's specialist areas in these areas remain involved, offering expert assessment and allow for a rapid response.

3.10. Capital adequacy risk

As stated in the Risk Appetite Framework, the CaixaBank Group has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position as one of the soundest entities in the European banking market.

Capital adequacy to cover eventual unexpected losses is measured from two different perspectives and using different methodologies: regulatory capital, which underwent the most significant changes in 2014, and economic capital.

In general, the banking sector mainly uses regulatory capital (increasingly during the financial crisis of the past few years) as this is the metric required by regulators and that which investors and analysts can use to compare financial entities. However, the CaixaBank Group has developed and uses economic capital as an additional reference as it provides a more accurate view of its risk aggregation and diversification policy.

Regulatory capital

In June 2013 the new regulation governing capital requirements at European level was published, the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CCR), which came into force in January 2014.

Additionally, following the transposition to European legislation, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital. The most significant of these are as follows:

- Total loss-absorbing capacity requirements (working company and company in liquidation) of the Financial Stability Board (FSB).

- Review of the corporate governance principles relating to long-term liquidity (Net Stable Financing Ratio) of the Basel Committee (BCBS).

- Procedures and methodologies for performing the Supervisory Review and Evaluation Process of the EBA.

In all these procedures, CaixaBank has adapted its processes and systems to ensure the calculation of capital consumption and direct deductions from capital are fully aligned with the new established requirements.

The following table shows the capital requirements for the various risks at December 2014. Customer credit risk represents 68% of capital requirements, of which 56% is calculated using the IRB method.

(Thousands of euros)	**Capital requirement**	**Weight of total (%)**
Credit risk	**7,627,704**	**68%**
Standardised approach	*2,722,438*	*24%*
IRB approach	*4,273,599*	*38%*
Securitisations, CVA and DTAs	*631,667*	*5%*
Equity portfolio risk	**2,353,930**	**21%**
Risk relating to the trading portfolio and currency risk	**307,744**	**3%**
Operational risk	**888,947**	**8%**
Total	**11,178,325**	**100%**

Lastly, as described at the start of Note 3, Risk Management, in October the official results of the comprehensive assessment of the European banking sector performed by the European Central Bank (ECB) and the European Banking Authority (EBA) were published. The ”la Caixa” Group achieved an extremely positive result in this assessment, which involved a review of the quality of the banks' assets (AQR) and stress test on its position at 31 December 2013.

The internal assessment performed to evaluate CaixaBank specific results, the Entity has the highest capital adequacy ratio of the ten leading banks in the euro area by market capitalisation.

These results confirm CaixaBank's financial strength and security, which exceed those of other large European players, and reflect the sound base on which it has established itself as leader in the Spanish banking sector.

Economic capital

In order to comply with the regulations of Pillar II of Basel II, the CaixaBank Group developed an economic capital mode that measures, based on the Bank's own criteria, the group of risks which the Group's activity is subject to.

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. This is an internal estimate which the Entity adjusts according to its level of tolerance to risk, volume, and type of business activity.

Therefore, the Entity's Board of Directors and Management are responsible for ensuring that it has sufficient capital at all times to deal with any incident, with the highest possible level of confidence.

Specifically, the CaixaBank Group uses a higher level of confidence than that used in the Pillar I calculations: 99.95%, compared to 99.9% under Basel II, which allows it to maintain its target rating (in the range of AA-/A+) in alignment with best sector practices.

Hence, economic capital is not a substitute for regulatory capital, but a supplement which is used to better offset the actual risk assumed by the CaixaBank Group and it includes risks have been factored in either not at all or only partially, by the regulatory measures.

In addition to the risks referred to in Pillar 1 (credit, market and operational risk), it includes interest rate risk in the banking book, liquidity risk and other risks (business, reputational, concentration, concentration and actuarial).

4. Capital adequacy management

Regulatory framework

Since 1 January 2014, the capital adequacy of financial institutions has been regulated by Regulation 575/2013 and Directive 2013/36/EU of the European Parliament and of the Council, both dated 26 June 2013, which implement the Basel III regulatory framework (BIS III) in the European Union. This new regulation has implied significant changes in the structure and calculation of eligible capital.

In Spain, these changes in the international framework were transposed into national legislation in 2014. In this connection, Law 10/2014 was approved on 26 June.

Bank of Spain Circulars 2/2014 and 3/2014 implement regulatory options in relation to requirements in effect during the period of transition to BIS III. Further, Circular 2/2014 repealed the Principal Capital requirement. However, Royal Decree-Law 14/2013 established, as a transitional measure for 2014, the limit on the distribution of the elements of Tier 1 capital to the buffer of Principal Capital above the minimum requirement at 31 December 2013. At 31 December 2014, CaixaBank had a buffer of EUR 4,648 million above the minimum capital requirement. Accordingly, no limits are applicable.

In 2014, the European Central Bank (ECB) and the European Banking Authority (EBA) conducted a comprehensive assessment of the European banking sector. The process involved an asset quality review (AQR) and a raft of stress tests on the position of European banks at 31 December 2013. According to the official results published in October, the ”la Caixa” Group comfortably passed the assessment with a CET1 ratio of 9.3% projected in an adverse scenario for 2016. The AQR, which consisted of an exhaustive review of the quality of the Entity’s assets, concluded that practically no further provisioning is required, confirming that the bank comfortably meets its coverage requirements and applies a prudent policy of flagging and provisioning for impaired assets. The AQR conclusions also included a series of recommendations to reinforce and formalise the Group's collateral valuation policies, a process that is currently underway and nearing completion. An extension of the calculation perimeter for the *Credit Value Adjustment* was also recommended (which has already been completed) in addition to the reclassification of some exposures to different portfolios. The Group has followed and implemented all pertinent recommendations arising from this process.

An internal assessment of CaixaBank using the same methodology threw up a CET1 ratio of 10.3% in an adverse scenario for 2016.

Capital adequacy of CaixaBank

The annual trend in solvency is evidence of the Group’s ability to generate capital organically, thanks to both its earnings, a prudent risk management policy and non-recurring transactions: basically, the conversion of the series I/2011 and 1/2012 mandatory convertible and/or exchangeable subordinated bonds in the first half of the year.

The CaixaBank Group’s long-term ratings stand at BBB (Standard & Poor’s), Baa3 (Moody’s), BBB (Fitch) and A low (DBRS).

The composition of the CaixaBank Group's eligible capital is as follows:

(Thousands of euros)	31.12.2014		01.01.2014	
	Amount	%	Amount	%
Shareholders' equity	**23,372,983**		**23,258,486**	
Capital or endowment fund	5,714,956		5,005,417	
Share premium and reserves	17,091,622		16,031,957	
Other equity instruments	0		1,938,222	
Profit attributable to the Group after dividend payments	566,405		282,890	
- Expected dividends	(256,344)		(47,791)	
+ Non-controlling interests and valuation adjustments	202,906		(195,486)	
- Non-eligible amounts	(52,046)		(1,935,760)	
Equity instruments	**23,267,499**		**21,079,449**	
- Deductions from CET1	(1,106,633)		(1,082,280)	
- Tier 1 coverage	(4,065,931)		(1,956,136)	
CET1	**18,094,935**	**13.0%**	**18,041,033**	**11.8%**
+ TIER 1 additional instruments	0		1,885,846	
- Deductions of basic capital	(4,065,931)		(3,841,982)	
+ Tier 1 coverage	4,065,931		1,956,136	
Basic capital (Tier 1)	**18,094,935**	**13.0%**	**18,041,033**	**11.8%**
+ Subordinated financing	4,196,824		4,246,927	
+ Eligible general provisions	320,520		157,000	
- Deductions of Tier 2 capital	(162,208)		(172,446)	
Tier 2 capital	**4,355,136**	**3.1%**	**4,231,480**	**2.8%**
Total capital (Total Tier)	**22,450,071**	**16.1%**	**22,272,513**	**14.6%**
CET1 buffer	**11,807,127**		**11,178,440**	
Surplus capital	**11,271,745**		**10,072,348**	
Memorandum items: risk-weighted assets	**139,729,074**		**152,502,072**	
Credit risk	95,346,300		105,746,677	
Shareholder risk	29,424,130		31,324,808	
Operational risk	11,111,838		11,422,000	
Market risk	3,846,806		4,008,588	

NOTE: January 2014: Information re-estimated at year-end 2013 to include the charge against reserves in 2013 corresponding to the new accounting entry for the Deposit Guarantee Fund and revision of the criteria used to calculate capital adequacy during the transition period, in accordance with Bank of Spain Circular 3/2014 (see Note 1 - Comparison of information).

December 2014: official data of COREP statement differ from information published in the results presentation, mainly due to the change in accounting policy for dividends (see Notes 5 and 6).

Applying the criteria expected for the end of the transitional period, CaixaBank had a fully loaded CET1 ratio of 12.5%, implying a buffer of EUR 7,033 million over the fully-loaded Pillar 1 minimum regulatory requirement of 7%, which includes a 2.5% capital cushion.

5. Appropriation of profit

The proposed appropriation of profit of CaixaBank in 2014, to be presented by the Board of Directors for approval at the Annual General Meeting, is as follows:

Appropriation of CaixaBank's profit
(Thousands of euros)

	2014
Basis of appropriation	
Profit/(loss) for the year	934,952
Appropriation:	
To Acquisition of bonus subscription rights from shareholders (1)	**79,767**
Acquisition of bonus subscription rights from shareholders in September 2014 under the scrip dividend programme (2)	36,802
Acquisition of bonus subscription rights from shareholders in December 2014 under the scrip dividend programme (3)	16,813
Acquisition of bonus subscription rights from shareholders in March 2015 under the scrip dividend programme (4)	26,152
To Final Dividend (5)	**230,016**
To reserves (6)	**625,169**
Legal reserve (7)	137,469
Restricted reserve for goodwill (8)	120,487
Voluntary reserves (9)	367,213
Net profit for the year	**934,952**

(1) Estimated amount to be appropriated in this connection, see Notes 2, 3, 4, 5 and 8 below.

(2) In September 2014, shareholders representing 86.85% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held on 24 April 2014, under item 7.2 of the agenda (scrip dividend programme). As a result, the Company paid a total of EUR 36,802 thousand to the remaining shareholders (representing 13.15% of the share capital) who elected to sell their bonus subscription rights to the Company.

(3) In December 2014, shareholders representing 94.05% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held on 24 April 2014, under item 7.3 of the agenda (scrip dividend programme). As a result, the Company paid a total of EUR 16,813 thousand to the remaining shareholders (representing 5.95% of the share capital) who elected to sell their bonus subscription rights to the Company.

(4) Amount estimated to be paid in March 2015 assuming shareholders representing 11.44% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue approved at the Annual General Meeting of 24 April 2014 under item 7.4 of the agenda (scrip dividend) that the Board of Directors intends to execute at its meeting on 26 February 2015. This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company.

(5) The Board of Directors will submit a proposal at the Annual General Meeting to approve a final cash dividend of EUR 0.04 per share, to be paid in June 2015. The total amount to be distributed is estimated. This amount will increase or decrease according to the number of shares issued as part of the scrip issue mentioned in note (4) above.

(6) Estimated amount (see note 9 below).

(7) Amount to reach the 20% of share capital at 31 December 2014 set out in Article 274 of the Corporate Enterprises Act and above the minimum amount required of 10% of income to be allocated to the legal reserve.

(8) In accordance with Article 273.4 of the Corporate Enterprises Act.

(9) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment to shareholders of the price of the bonus subscription rights of CaixaBank shares and the final dividend paid increases or decreases (see Notes 4 and 5 above).

The appropriation proposed to be approved involves 0.18 euros per share on 2014 profit.

The table below shows the mandatory provisional liquidity statements indicating there is sufficient profit to pay dividends related to the scrip dividend programme agreed by the Board of Directors on 4 September 2014 and 20 November 2014, respectively, within the scope of the scrip dividend programme, equivalent to the first and second interim dividends for 2014:

2014 (Thousands of euros)		
Date of resolution to pay interim dividend	04.09.2014	20.11.2014
Applicable balance sheet date	31.07.2014	31.10.2014
Profit from 1 January 2014	805,384	491,432
Equivalent to first interim dividend paid		(36,802)
Maximum dividend (*)	**805,384**	**454,630**
Maximum interim dividend payout	(279,875)	(282,546)
Remainder	**525,509**	**172,084**

(*) Except for the mandatory provision to legal reserves and for goodwill

It also shows the availability of liquidity and committed reserves to distribute these dividends approved by the respective Executive Committee and Board of Directors meetings.

6. Shareholder remuneration and earnings per share

Shareholder remuneration

CaixaBank's shareholder remuneration policy continues to entail quarterly dividend payments, in March, June, September and December. A new scrip dividend remuneration scheme was approved at the Annual General Meeting of 12 May 2011. Under this programme, in certain quarters shareholders can choose between the following three options:

a) Receive shares via a scrip issue;

b) Receive cash from the market sale of the rights allocated in the issue; or

c) Receive cash from the sale to CaixaBank, at a price fixed by the Entity, of the rights allocated during the capital increase.

Shareholders may also combine these three options, at their discretion.

CaixaBank reported, in a significant event notice dated 17 February 2015, that the Board of Directors had agreed, at its meeting of 16 February 2015, to propose to the Annual General Meeting that the last dividend payment related to the 2014 fiscal year, payable in June 2015, be paid exclusively in cash.

CaixaBank hereby initiates a change in its shareholder remuneration policy consisting of combining the choice of scrip and/or cash (scrip dividend programme) with payments made exclusively in cash. CaixaBank expects to continue this combination during the 2015 fiscal year and to increase the full cash component for 2016.

CaixaBank paid its majority shareholder EUR 656,709 thousand in dividends in 2014 (EUR 691,939 thousand in 2013). This amount includes EUR 490,251 thousand relating to the cash dividend and the market value of the shares received by the ”la Caixa” Banking Foundation and EUR 166,458 thousand corresponding to the market value of the shares received by Criteria as part of the scrip dividend programme.

Under this policy, shareholder remuneration in 2014 was as follows:

Distribution of dividends paid in 2014
(Thousands of euros)

	Euro per share	Maximum amount	Amount paid in cash	Date of announcement	Payment date
Scrip dividend programme, equivalent to the third interim dividend against 2013 results (*)	0.05	251,381	18,037	27.02.2014	21.03.2014
Scrip dividend programme, equivalent to the final dividend against 2013 results (*)	0.05	270,074	67,657	29.05.2014	20.06.2014
Scrip dividend programme, equivalent to the first interim dividend against 2014 results (*)	0.05	279,875	36,802	04.09.2014	26.09.2014
Scrip dividend programme, equivalent to the second interim dividend against 2014 results (*)	0.05	282,546	16,813	20.11.2014	12.12.2014
Total distributed	**0.20**	**1,083,876**	**139,309**		

(*) Includes cash paid to shareholders and the fair value of the shares delivered.

Earnings per share

Basic earnings per share are calculated by dividing consolidated net profit or loss for the period attributable to equity holders of the Parent by the weighted average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding less treasury shares after adjusting for dilutive potential ordinary shares (share options, warrants and convertible bonds). At 31 December 2014, there were no transactions involving potential ordinary shares. Therefore, there is no difference between basic and diluted earnings per share.

Basic and diluted earnings per share in 2014 and 2013, as per the consolidated profit of the CaixaBank Group attributable to the Parent, are as follows:

Calculation of basic and diluted earnings per share

	2014	2013
Numerator		
Profit attributable to the Parent (thousands of euros)	**620,020**	**315,872**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	5,556,487	5,082,995
Adjustment for issue of mandatory convertible instruments	155,606	547,732
Adjusted number of shares (Basic earnings per share denominator)	**5,712,093**	**5,630,727**
Basic earnings per share (euro) (**)	**0.11**	**0.06**

(*) Number of shares outstanding at the beginning of the period, excluding the average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

(**) Including CaixaBank's 2014 individual profit, basic earnings per share would be EUR 0.16.

7. Business combinations, acquisition and disposal of ownership interests in subsidiaries

Business combinations and the main changes during 2014 and 2013 in ownership interests in subsidiaries were as follows:

Business combinations - 2014

There were no significant business combinations in 2014.

Business combinations - 2013

Business combinations in 2013 are described in detail in the 2013 annual financial statements. The most significant operation was the acquisition and subsequent merger with Banco de Valencia.

Transactions with subsidiaries – 2014

Appendix I provides the key data, percentage of ownership, share capital, reserves, results and the cost of the direct stake of subsidiaries.

Transactions with subsidiaries did not have any impact on the consolidated financial information. The main transactions in 2014 were as follows:

BuildingCenter, SAU

On 19 June 2014, the sole partner made a non-refundable cash contribution of EUR 1,900 million. CaixaBank's stake in BuildingCenter is 100%.

In the last quarter of 2014 several mergers by absorption were carried out between BuildingCenter, SAU (absorbing company) and Grupo VIP Gestión de Inmuebles, General de Inversiones Tormes and Servihabitat Gestión Inmobiliaria (absorbed companies).

The capital increases were carried out so that the Company could take over the ownership of real estate assets acquired or foreclosed originating in operations to finance real estate developers and private parties granted by CaixaBank.

VidaCaixa Grupo, SA and VidaCaixa, SA, de Seguros y Reaseguros

In March 2014, the Board of Directors of VidaCaixa, SA, de Seguros y Reaseguros resolved to distribute a share premium of EUR 1,000 million to its sole shareholder, CaixaBank. The Company recognised this distribution with a charge to the individual cost of the investment for a total of EUR 579 million. The remainder was recognised as a dividend for 2014 in CaixaBank's separate income statement.

In December 2014, the Board of Directors approved the distribution of a share premium and reserves for the amount of EUR 181 million and EUR 652 million respectively, of which EUR 760 million were recognised as a reduction in the individual cost of the investment in CaixaBank's separate balance sheet and the remainder as a dividend for 2014 in CaixaBank's separate income statement.

CaixaBank’s ownership interest in VidaCaixa, SA, de Seguros y Reaseguros 31 December 2014 was 100%.

8. Segment information

Segment reporting is carried out on the basis of internal control, monitoring and management of the CaixaBank Group's activity and results, and developed in accordance with the various areas of business established with regard to the Group's structure and organisation. The Board of Directors is the highest operational decision-making body of each business.

The business segments are defined bearing in mind the inherent risks and management characteristics of each. For the purposes of business segment reporting of activities and income, the core business units on which accounting and management figures are available are taken as a reference. The same general principles are applied as those used in Group management information, and the measurement, valuation bases and accounting principles applied are basically the same as those used to prepare the financial statements, with no asymmetric allocations.

CaixaBank's business segments are:

Banking and insurance: the CaixaBank Group's core business and includes the entire banking business (retail banking, corporate banking, cash management and markets) and insurance business, primarily carried out in Spain through the branch network and the other complementary channels. It encompasses the activity and the profits generated from the Group's customers, whether individuals, companies or institutions. It also incorporates the liquidity management and the Assets and Liabilities Committee (ALCO), and income from the financing of the equity investment business.

Total assets of the banking and insurance business at 31 December 2014 stood at EUR 327,331 million, of which EUR 7,248 million related to non-current assets held for sale. Total liabilities stood at EUR 307,584 million and equity at EUR 19,747 million.

Gross customer loans, under management criteria, amounted to EUR 197,185 million, while total customer funds stood at EUR 271,758 million.

This segment includes the result of the Group's insurance companies, mainly VidaCaixa, whose retail products are distributed to the same customer base and through the CaixaBank branch office network. Net profit for Grupo VidaCaixa in 2014 amounted to EUR 872 million. Key indicators for Grupo VidaCaixa at year-end 2014 included on-balance sheet assets of EUR 59,438 million, mathematical provisions of EUR 34,946 million and premiums earned in the year of EUR 5,545 million.

Investments: includes the significant holdings in the area of the Group's international diversification or services. It includes the results of the investments in the international banking investee portfolio (GF Inbursa, The Bank of East Asia, Erste Group Bank, Banco BPI and Boursorama), the investments in Repsol, SA and Telefónica, SA, and other significant holdings in the area of sector diversification following the Group's latest acquisitions.

Total assets of this business at 31 December 2014 amounted to EUR 11,292 million, of which EUR 8,031 million related to investments in companies accounted for using the equity method, which contributed income of EUR 201 million. Capital assigned amounted to EUR 3,626 million.

The allocation of capital to the investments businesses has been adapted to the entry into force of the new Basel III capital regulations and is determined based on Common Equity Tier 1 (CET1) BIS III fully loaded regulatory capital charge. The allocation to this segment takes into account both the consumption of capital by risk-weighted assets 10% and all applicable deductions. Therefore, as the CaixaBank Group's entire capital is distributed, the excess of the difference between book equity and regulatory capital allocated to the investments business is allocated to the banking and insurance business.

The gross income of this business, which reached EUR 144 million in 2014, includes income from the equity accounting of the respective investments and from dividends, net of the related financing charge, equivalent to the opportunity cost of holding the investment over the long term and determined based on a long-term rate plus a credit spread, adapted in 2014 to trends in market conditions.

Segment operating expenses include both direct and indirect expenses, which are allocated in accordance with internal distribution methods.

The performance of the CaixaBank Group by business segment in 2014 and 2013 is shown below: The information shown for 2013, presented for comparison purposes only, has been adjusted to include the changes in criteria for preparation adopted in 2014, as well as the impact of the adjustment of 2013 for application of IFRIC 21 and IAS 8 regarding the contribution to the Deposit Guarantee Fund.

Consolidated income statement of the CaixaBank Group - By business segment
(Millions of euros)

	Banking and insurance		Investments		TOTAL CAIXABANK GROUP	
	2014	2013	2014	2013	2014	2013
Net interest income	**4,463**	**4,446**	**(308)**	**(491)**	**4,155**	**3,955**
Dividends and share of profit/(loss) of entities accounted for using the equity method	112	76	379	370	491	446
Net fee and commission income	1,825	1,760			1,825	1,760
Gains/(losses) on financial assets and liabilities and other operating income and expense	396	198	73	6	469	204
Gross income/(loss)	**6,796**	**6,480**	**144**	**(115)**	**6,940**	**6,365**
Administrative expenses	(3,420)	(4,363)	(3)	(3)	(3,423)	(4,366)
Depreciation and amortisation	(350)	(420)			(350)	(420)
Pre-impairment income/(loss)	**3,026**	**1,697**	**141**	**(118)**	**3,167**	**1,579**
Impairment of financial and other assets	(2,579)	(4,329)			(2,579)	(4,329)
Net operating income/(loss)	**447**	**(2,632)**	**141**	**(118)**	**588**	**(2,750)**
Gains/(losses) on disposal of assets and others	(404)	1,584	18	186	(386)	1,770
Profit/(loss) before tax	**43**	**(1,048)**	**159**	**68**	**202**	**(980)**
Income tax	350	1,136	68	152	418	1,288
Profit/(loss) after tax	**393**	**88**	**227**	**220**	**620**	**308**
Profit/(loss) attributable to non-controlling		(8)			0	(8)
Profit/(loss) attributable to the Group	**393**	**96**	**227**	**220**	**620**	**316**
Average annual equity	20,149	19,711	3,220	3,484	23,369	23,195

As additional information, the banking and insurance activity is shown separately from the real estate business in 2014 due to the special management of the segment's assets, which arise from the banking activity.

The real estate business encompasses the loans managed by a business unit, which operates mainly through centres specialising in the management of real estate loans; foreclosed real estate assets (available for sale or lease), which are mostly owned by the BuildingCenter real estate subsidiary; and other real estate-related assets and subsidiaries.

Segment results for the banking and insurance business for 2014 are as follows:

Consolidated income statement for the banking and insurance business - 2014

(Millions of euros)

	Banking and insurance business (excl. real estate)	Real estate business	TOTAL BANKING AND INSURANCE
Net interest income	**4,462**	**1**	**4,463**
Dividends and share of profit/(loss) of entities accounted for using the equity method	110	2	112
Net fee and commission income	1,818	7	1,825
Gains/(losses) on financial assets and liabilities and other operating income and expense	562	(166)	396
Gross income/(loss)	**6,952**	**(156)**	**6,796**
Administrative expenses	(3,361)	(59)	(3,420)
Depreciation and amortisation	(304)	(46)	(350)
Pre-impairment income/(loss)	**3,287**	**(261)**	**3,026**
Impairment of financial and other assets	(1,582)	(997)	(2,579)
Net operating income/(loss)	**1,705**	**(1,258)**	**447**
Gains/(losses) on disposal of assets and others	(16)	(388)	(404)
Profit/(loss) before tax	**1,689**	**(1,646)**	**43**
Income tax	(148)	498	350
Profit/(loss) after tax	**1,541**	**(1,148)**	**393**
Profit/(loss) attributable to non-controlling interests			0
Profit/(loss) attributable to the Group	**1,541**	**(1,148)**	**393**
Average annual equity	18,333	1,816	20,149

The income of the CaixaBank Group for 2014 and 2013 by segment and geographical area is as follows.

Geographical information: distribution of ordinary income (*)

(Millions of euros)

	Banking and insurance		Investments		TOTAL CaixaBank GROUP	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Spain	12,511	12,929	376	88	12,887	13,017
Other countries	15	15	(15)	274	0	289
Total ordinary income	**12,526**	**12,944**	**361**	**362**	**12,887**	**13,306**

The information shown for 2013, presented comparison purposes only, has been restated to include the changes in criteria adopted in 2014.

(*) Corresponds to the following items on the CaixaBank Group consolidated income statement: 1. Interest and similar income, 4. Return on equity instruments, 5. Share of profit/(loss) of entities accounted for using the equity method, 6. Fee and commission income, 8. Gains/(losses) on financial assets and liabilities (net),10. Other operating income

9. Remuneration of key management personnel and executives

Under the provisions of Bank of Spain Circular 4/2004 and applicable international accounting regulations, key management personnel and executives at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any member of the Board of Directors and Senior Management. By virtue of their positions, this group of persons is considered to be a “related party,” and as such subject to the disclosure requirements described in this Note.

Persons who have certain kinship or personal relationships with key management personnel and executives are also considered related parties, along with companies in which control, significant influence or significant voting power is exercised by key employees or any of the aforementioned persons in their family environment. The transactions carried out by the CaixaBank Group with the aforementioned parties and other related parties are disclosed in Note 41.

Remuneration of the Board of Directors

The remuneration of directors, as established in the corporate Bylaws and the Regulations of the Board of Directors, is in line with the basic rules governing Director remuneration stipulated in Article 218 of the Corporate Enterprises Act.

In this regard, Article 34 of the Bylaws, which shareholders resolved to amend at the Annual General Meeting of 25 April 2013, states that remuneration of directors shall consist of a fixed annual sum which will be determined by the Annual General Meeting. The Chairman of the Board receives additional fixed remuneration for carrying out his duties.

Additionally, within the limits specified by the Annual General Meeting, directors may receive compensation in the form of company shares or shares in another publicly traded Group company, options or other share-based instruments. This compensation must be reported and ratified by the Annual General Meeting. Where appropriate, the resolution shall stipulate the number of shares to be delivered, the exercise price for the options, the value of the shares taken as reference and the term set for this type of remuneration.

Independently of the above, Directors carrying out executive duties at the Company, whatever the nature of their legal relationship, are entitled to receive remuneration for these duties to be determined by the Board of Directors on the basis of a proposal submitted by the Remuneration Committee. This remuneration may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In the event of departure not caused by a breach of their functions, Directors may be entitled to compensation.

Details of remuneration and other benefits accrued by the members of the Board of Directors of CaixaBank for their membership in that body in 2014 by item, are as follows:

2014

(Thousands of euros)

	Post	Type of director	Board of Directors	Other board committees	Non-variable remuneration)	Variable remuneration (1)	Other long-term benefits (2)	Other concepts (3)	Other positions in Group companies	TOTAL
Isidre Fainé Casas	Chairman	Proprietary director	1,081	27						1,108
Antonio Lavilla Masanell (4)	Deputy Chairman	Executive director	40	14	531	70	50	3		708
Gonzalo Gortázar Rotaeche (4)	Chief Executive Officer	Executive director	40	14	572	84	129	5	447	1,291
Juan María Nin Génova (4)			40	14	892	276	120		76	1,418
Eva Aurín Pardo	Director	Proprietary director	81						45	126
Maria Teresa Bassons Boncompte	Director	Proprietary director	81	27						108
Fundación Caja Navarra, represented by Juan Franco Pueyo	Director	Proprietary director	81							81
Fundación de Carácter Especial Monte San Fernando, represented by Guillermo Sierra Molina	Director	Proprietary director	81							81
Salvador Gabarró Serra	Director	Proprietary director	81	34						115
Susana Gallardo Torrededía (5)			25	17						42
Javier Godó Muntañola (6)			40	5					45	90
Javier Ibarz Alegría	Director	Proprietary director	81	34					45	160
Arthur K. C. Li (7)	Director	Other external director								
David Li Kwok-po (8)			68							68
María Dolors Llobet María	Director	Proprietary director	81	27					138	246
Juan José López Burniol	Director	Proprietary director	81	34						115
Alain Minc	Director	Independent director	81	27						108
María Amparo Moraleda Martínez (9)	Director	Independent director	55	51						106
John S. Reed	Director	Independent director	81							81
Leopoldo Rodés Castañé	Director	Proprietary director	81	7						88
Juan Rosell Lastortras	Director	Independent director	81	7						88
Antonio Sáinz de Vicuña y Barroso (10)	Director	Independent director	68	52						120
Francesc Xavier Vives Torrents	Director	Independent director	81	27						108
Total			**2,510**	**418**	**1,995**	**430**	**299**	**8**	**796**	**6,456**

(1) Variable remuneration is the accrued in 2014 by the director. That remuneration will be received half in cash and half in shares, an one part is receivable on a straight-line basis in three years.
(2) It includes the contribution to pension plans
(3) It includes payments in kind, interest and dividends accrued on the variable deferred remuneration and other concepts.
(4) Departure on 24 April 2014
(5) Departure on 30 June 2014
(6) Appointment on 20 November 2014
(7) Departure on 23 October 2014
(8) Appointment on 24 April 2014
(9) Appointment on 1 March 2014
(10) Other concepts includes payments in kind, accrued interest and dividends on the variable remuneration to receive in three years and other concepts

The Board of Directors at 31 December 2014 was composed of 19 members. At its meeting of 30 June 2014, the Board of Directors resolved to remove the Chief Executive Officer and accepted the resignation of Mr. Nin as Deputy Chairman and director of CaixaBank, thereby agreeing a termination benefit of EUR 15,081 thousand in cash and shares pursuant to a deferral agreement. At the same meeting, a resolution to appoint Gonzalo Gortázar as the new CEO was passed. In addition, Javier Godó stepped down as board member and Antonio Massanell was appointed board member and Deputy Chairman of CaixaBank.

Additionally, Caixabank paid life insurance premims on behalf of Mr. Nin and Mr. Gortázar for an amount of EUR 6 and 13 thousand, respectively.

CaixaBank has a group third-party liability insurance policy to cover its Board members and Senior Management. The premiums paid in this connection in 2014 were EUR 894 thousand.

Remuneration received in 2014 by the Board members of CaixaBank in connection with their duties as representatives of the Institution on the Boards of quoted companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies (excluding Group companies) amounted to EUR 1,131 thousand, recognised in the companies' respective income statements.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such. Note 41 provides the balances of contingent risks and commitments, as well as defined benefit post-employment obligations accrued with Executive Directors and Senior Management (See Note 39)

There are no termination benefits agreed in the event of termination of the appointment as Director, except for those agreed with the Executive Deputy Chairman and the Chief Executive.

Remuneration of Senior Management

CaixaBank's Senior Management at 31 December 2014, comprised 10 persons, holding the following positions at the Entity: General Managers (3), Deputy General Managers (3), Executive Managers (3) and General Secretary (1). On 30 June 2014, two General Managers were appointed as directors, as explained in the preceding paragraphs.

The total remuneration paid in 2014 and 2013 to Senior Management of CaixaBank is set out in the table below. This remuneration is recognised in "Personnel expenses" in CaixaBank's income statement. The total remuneration includes the remuneration accrued by Mr. Massanell and Mr. Gortázar during the period in which they were members of the Senior Management.

(Thousands of euros)	**2014**
Short-term remuneration	9,504
Post-employment benefits	1,080
Other long-term benefits	363
Total	**10,947**

Note: This amount includes fixed remuneration, non-cash payments and total variable remuneration assigned to Senior Management.Variable remuneration includes the variable remuneration in cash or shares, as well as the part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over three years.

The remuneration paid in 2014 to Senior Management at CaixaBank in connection with their activities as representatives of the Entity on the Boards of listed companies and other companies in which the Entity has a significant presence or representation and that are CaixaBank consolidated companies were EUR 363 thousand, recognised in the income statements of these companies.

There are agreements with members of the Management Committee regarding termination benefits for early termination or rescission of contracts.

Other disclosures concerning the Board of Directors

Article 229.3 of the Corporate Enterprises Act, recently amended by Law 31/2014 of 3 December modifying the Corporate Enterprises Act to improve corporate governance, in force since 24 December 2014, introduces, among other duties applicable to directors, the duty to report to the Board of Directors any situation of conflict of interest, direct or indirect, incurred in by each of the Directors or related parties in respect of the Company.

In this connection, the Company's directors have informed of the following at 31 December 2014:

Director	Conflict of interest
Alain Minc	Approval of own suitability report
Juan Rosell Lastortras	Approval of own suitability report
Antonio Sáinz de Vicuña y Barroso	Approval of own suitability report
Antonio Sáinz de Vicuña y Barroso	Re-election as member of the Executive Committee.
María Amparo Moraleda Martínez	Election as member of the Executive Committee.
Antonio Sáinz de Vicuña y Barroso	Re-election as member of the Appointments and Remuneration Committee.
María Amparo Moraleda Martínez	Appointment as member of the Appointments and Remuneration Committee.
Gonzalo Gortázar Rotaeche	Appointment as Chief Executive Officer
Gonzalo Gortázar Rotaeche	Appointment as member of the Executive Committee.
Antonio Massanell Lavilla	Appointment as Deputy Chairman of the Board
Gonzalo Gortázar Rotaeche	Appointment as Director of VidaCaixa
Xavier Ibarz Alegría	Appointment as Director of VidaCaixa
Gonzalo Gortázar Rotaeche	Appointment as Chairman of VidaCaixa and establishing of remuneration.
Antonio Massanell Lavilla	Appointment as member of the Executive Committee.
Isidre Fainé Casas	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Antonio Massanell Lavilla	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Eva Aurín Pardo	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Mª Teresa Bassons Boncompte	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.

Director	Conflict of interest
Salvador Gabarró Serra	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Xavier Ibarz Alegría	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Juan José López Burniol	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
María Dolors Llobet María	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Leopoldo Rodés Castañé	Authorisation of the signature of the agreement to transfer from "la Caixa" Banking Foundation to CaixaBank ownership of certain brands and authorisation of the signature of the brand licence agreement regulating CaixaBank's use of brands owned by "la Caixa" Banking Foundation.
Antonio Massanell Lavilla	Submission to the Board of Directors of Barclays Bank, once the acquisition of its shares by CaixaBank had been completed, of a proposal to adopt the necessary measure to transfer the depository business for mutual funds, SICAVs and pension funds considered to be non-core entities to CaixaBank.

The new regulation governing duties of directors, and specifically, the text of the new Articles 229 and 230 of the Corporate Enterprises Act that came into force on 24 December. In compliance with the previous regulation in force until that date directors were also required to disclose the direct or indirect interests that both they and any parties related to them hold in the share capital of a company whose activity is identical, similar or complementary to that constituting the corporate purpose of the company in question, as well as any positions or duties they may have had in these companies.

In this connection, the Company's directors have reported the following information on their activities and those of parties related to them at 24 December 2014:

Director	Company	Shares	% stake	Business activity	Post	Company represented
Isidre Fainé Casas	Banco BPI, SA			Banking	Director	-
Isidre Fainé Casas	The Bank of East Asia, Limited			Banking	Director	-
Isidre Fainé Casas	CitiGroup	8,444	0.00%	Banking	-	-
Antonio Massanell Lavilla	CecaBank	0	0.00%	Banking	Chairman	
Antonio Massanell Lavilla	Boursorama, SA	0	0.00%	Banking	Director	"la Caixa" Banking Foundation
Antonio Massanell Lavilla	Banco BPI, SA (1)	0	0.00%	Banking	Director	
Gonzalo Gortázar Rotaeche	VidaCaixa, SA de Seguros y Reaseguros	0	0.00%	Insurance	Chairman	
Gonzalo Gortázar Rotaeche	Grupo Financiero Inbursa	0	0.00%	Banking	Director	
Eva Aurín Pardo	Banco Santander	8,069	0.00%	Banking	-	(ownership of related person)
Eva Aurín Pardo	VidaCaixa, SA de Seguros y Reaseguros	0	0.00%	Insurance	Director	
Maria Teresa Bassons Boncompte	BBVA	2,224	0.00%	Banking	-	-
Maria Teresa Bassons Boncompte	BBVA	430	0.00%	Banking	-	(ownership of related person)
Maria Teresa Bassons Boncompte	Banco Santander	440	0.00%	Banking	-	-
Maria Teresa Bassons Boncompte	Deutsche Bank	704	0.00%	Banking	-	-
Arthur K.C. Li (2)	The Bank of East Asia, Limited	26,533,989	1.13%	Banking	Deputy Chairman (non-executive)	
Arthur K.C. Li (3)	The Bank of East Asia, Limited	65,522,260	2.79%	Banking		(ownership of related person)
Maria Dolors Llobet Maria	VidaCaixa, SA de Seguros y Reaseguros	0	0.00%	Insurance	Director	
Maria Dolors Llobet Maria	Nuevo Micro Bank, SAU	0	0.00%	Banking	Director	

(1) Pending registration in the Register of Senior Officers.

(2) Of the 26,533,989 shares of The Bank of East Asia, Limited owned by Mr. Li, 15,491,795 shares are managed by an entity founded by him

(3) The related party is also Chairman and CEO of The Bank of East Asia, Limited

Pursuant to article 229.3 of the Corporate Enterprises Act in force, Board members may not carry out for their own account or the account of others activities which actually or potentially constitute effective competition with those carried out by the Company or which, in any other way, permanently conflict with the Company's interests. Article 230 of the Corporate Enterprises Act stipulates that the Company can lift this prohibition if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. Express and separate approval of the exemption must be obtained from shareholders at the Annual General Meeting.

In this connection, it is noted that Director Arthur C.K. Li was appointed as member of the company's Board of Directors on 20 November 2014. Arthur C.K. Li is currently the Deputy Chairman of the Board of Directors of Hong Kong bank The Bank of East Asia Limited, in which he states that he held a stake at December 2014.

In addition, affiliates of Arthur K.C. Li hold posts and carry out duties at, and have stakes in The Bank of East Asia Limited.

CaixaBank has an 18.68% stake in and several partnership agreements with The Bank of East Asia Limited, with the two entities operating directly in geographic areas that do not overlap, but rather complement each other. In this respect, it cannot be considered at present that performing duties or holding positions in The Bank of East Asia Limited constitute effect competition with the Company. Nevertheless, as the new wording of Article 229 of the Capital Enterprises Act refers to "potential" competition and, therefore, a broad interpretation is required to prevent the risk of non-compliance with the new terms of the law and, as this is unlikely to cause any damage to the Company, a proposal will be submitted for approval at the upcoming Annual General Meeting to grant Arthur K.C. Li an exemption to perform duties and hold positions and stakes in the Hong Kong bank, The Bank of East Asia. This approval is expected to include the exercise of responsibilities and duties at companies owned directly or indirectly by The Bank of East Asia from the shareholding or exercise of positions and functions within the parent companies.

CaixaBank shares held by Board members

At 31 December 2014, the (direct and indirect) stakes held by members of the Board of Directors in the share capital of the Company are as follows:

	Direct	Indirect	Total shares held	Percentage (1)
Isidro Fainé Casas	714,710		714,710	0.013%
Antonio Massanell Lavilla	82,099		82,099	0.001%
Gonzalo Gortázar Rotaeche	406,092		406,092	0.007%
Eva Aurín Pardo	1,450		1,450	0.000%
Mª Teresa Bassons Boncompte	18,427		18,427	0.000%
Fundación Caja Navarra	53,600,000		53,600,000	0.938%
Fundación de Carácter Especial Monte San Fernando	51,174,466		51,174,466	0.895%
Salvador Gabarró Serra	8,613		8,613	0.000%
Javier Ibarz Alegría	1,404		1,404	0.000%
Arthur K.C. Li	1,012		1,012	0.000%
Maria Dolors Llobet Maria	850		850	0.000%
Juan José López Burniol	24,979		24,979	0.000%
Alain Minc	12,303		12,303	0.000%
Maria Amparo Moraleda Martínez				0.000%
John S. Reed	11,953		11,953	0.000%
Leopoldo Rodés Castañé	11,932		11,932	0.000%
Joan Rosell Lastortras		40,300	40,300	0.001%
Antonio Sainz de Vicuña y Barroso	581		581	0.000%
Francesc Xavier Vives Torrents	3,185		3,185	0.000%
Total	**106,074,056**	**40,300**	**106,114,356**	**1.857%**

(1) % calculated on issued capital at 31 December 2014.

10. Cash and deposits at central banks

The breakdown of this item in the balance sheet is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Cash	1,721,314	1,508,864
Deposits at central banks	2,435,467	5,458,944
Total	**4,156,781**	**6,967,808**

The balance of deposits at central banks includes balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities. At 31 December 2013, it also included EUR 3,000 million invested in the European Central Bank (deposit facility).

The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

11. Held-for-trading portfolio (assets and liabilities)

The detail of the balance of this heading in the consolidated balance sheet is as follows:

(Thousands of euros)	31.12.2014		31.12.2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Debt securities	2,049,774		3,593,411	
Equity instruments	32,616		95,756	
Trading derivatives	10,174,370	10,105,414	6,313,276	6,269,225
Short positions **(Note 2.5)**		1,869,466		1,621,418
Total	**12,256,760**	**11,974,880**	**10,002,443**	**7,890,643**

Debt securities

The detail, by counterparty, of the balance of this item is as follows:

(Thousands of euros)	**31.12.2014**	**31.12.2013**
Spanish government debt securities (*)	1,483,109	3,211,069
Treasury bills	32,552	13,217
Government bonds and debentures	910,082	2,709,264
Other issues	540,475	488,588
Foreign government debt securities (*)	337,552	314,916
Issued by credit institutions	178,078	53,143
Other Spanish issuers	1,885	14,283
Other foreign issuers	49,150	
Total	**2,049,774**	**3,593,411**

(*) See Note 3 "Information relating to sovereign risk exposure".

Equity instruments

The detail of this item is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Shares in Spanish companies	32,174	93,251
Shares in foreign companies	442	2,505
Total	**32,616**	**95,756**

Trading derivatives

The detail, by type of product, of the fair value of the Group's trading derivatives at 31 December 2014 and 2013 is as follows:

Fair value by product

(Thousands of euros)	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**969,420**	**892,954**	**462,125**	**436,395**
Purchases of foreign currencies against euros	672,970	13,751	11,281	323,823
Purchases of foreign currencies against foreign currencies	281,766	238,208	114,333	102,415
Sales of foreign currencies against euros	14,684	640,995	336,511	10,157
Acquisitions and sales of financial assets	**7,552**	**13,189**	**4,093**	**23,581**
Acquisitions	7,347		313	
Sales	205	13,189	3,780	23,581
Financial futures on shares and interest rates	**0**	**0**	**0**	**0**
Share options	**167,633**	**189,914**	**85,640**	**60,635**
Bought	167,633		85,640	
Issued		189,914		60,635
Interest rate options	**429,579**	**423,363**	**216,392**	**195,837**
Bought	429,579		216,392	
Issued		423,363		195,837
Foreign currency options	**6,877**	**23,662**	**8,035**	**10,648**
Bought	6,877		8,035	
Issued		23,662		10,648
Other share and interest rate transactions	**6,977,425**	**6,975,060**	**4,614,619**	**4,570,511**
Share swaps	73,285	117,314	124,911	102,646
Future rate agreements (FRAs)	2,568	2,967	2,820	2,707
Interest rate swaps	6,901,572	6,854,779	4,486,888	4,465,158
Credit derivatives	**163**	**0**	**0**	**0**
Bought	163			
Sold				
Commodity derivatives and other risks	**1,615,721**	**1,587,272**	**922,372**	**971,618**
Swaps	1,603,442	1,577,877	919,634	970,246
Bought	12,199		2,738	
Sold	80	9,395		1,372
Total	**10,174,370**	**10,105,414**	**6,313,276**	**6,269,225**

The detail by counterparty of the fair value of trading derivatives is as follows:

Fair value by counterparty

(Thousands of euros)	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Organised markets	**4,560**	**22,903**	**3,288**	**7,898**
OTC markets	**10,169,810**	**10,082,511**	**6,309,988**	**6,261,327**
Credit institutions	5,419,436	8,166,597	3,797,648	5,921,811
Other financial entities	716	2,969	3,752	7,461
Other sectors	4,749,658	1,912,945	2,508,588	332,055
Total	**10,174,370**	**10,105,414**	**6,313,276**	**6,269,225**

Short positions

The detail, by product type, of short positions is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
On securities lending agreements	**0**	**0**
On overdrafts on repurchase agreements (*)	**1,869,466**	**1,621,418**
Debt securities **(Note 2.5)**	1,869,466	1,621,418
Total	**1,869,466**	**1,621,418**

(*) See Note 3 “Information relating to sovereign risk exposure”.

Overdrafts on repurchase agreements of debt securities are short-term transactions arranged to offset off-balance sheet positions that have been sold or are subject to a repurchase agreement.

12. Available-for-sale financial assets

The breakdown, by type of transaction, of the balance of this item in the balance sheet is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Debt securities (*)	**67,205,087**	**52,117,173**
Spanish government debt securities (**)	57,163,712	38,695,356
Treasury bills	*798,672*	*249,047*
Government bonds and debentures	*52,881,744*	*37,109,540*
Other issues	*3,483,296*	*1,336,769*
Foreign government debt securities (**)	2,023,639	1,402,341
Issued by credit institutions	5,365,193	8,294,786
Other Spanish issuers	1,161,125	2,355,906
Other foreign issuers	1,491,418	1,368,784
Equity instruments	**3,895,450**	**4,332,865**
Shares in quoted companies	2,912,160	3,010,691
Shares in unquoted companies	858,904	1,168,829
Ownership interests in investment funds and other	124,386	153,345
Subtotal	**71,100,537**	**56,450,038**
Total	**71,100,537**	**56,450,038**

(*) See ratings classification in Note 3.1.4 “Risk associated with debt securities”.

(**) See Note 3 "Information relating to sovereign risk exposure".

The table below presents a breakdown of the percentage of ownership interests and market value of the main quoted companies classified as available-for-sale equity instruments as it is considered that the CaixaBank Group does not exercise significant influence over them.

(Thousands of euros)	31.12.2014		31.12.2013	
Company	% stake	Market value	% stake	Market value
Telefónica, SA	5.25%	2,912,160	5.37%	2,894,819
Bolsas y Mercados Españoles SHMSF, SA (1)			5.01%	115,872
Market value		**2,912,160**		**3,010,691**

(1) Sold in 2014.

The tables below show the changes in “Equity instruments” in 2014 and 2013:

(Thousands of euros)

	Acquisitions and capital increases	Sales	Amounts transferred to income statement	Adjustments to market value	Other	Impairment losses (Note 37)	Total
Total balance at 31.12.2013							**4,332,865**
Telefónica, SA	73,570	(72,080)	(17,870)	28,602	5,119		17,341
Bolsas y Mercados Españoles□ SHMSF, SA		(77,038)	(46,774)	7,940			(115,872)
Inversiones Financieras Agval, SA		(68,760)	(26,240)	26,240			(68,760)
Other	11,959	(246,489)	(25,977)	12,563	69,763	(91,943)	(270,124)
Changes in 2014	**85,529**	**(464,367)**	**(116,861)**	**75,345**	**74,882**	**(91,943)**	**(437,415)**
Balance at 31.12.2014							**3,895,450**

(Thousands of euros)

	Acquisitions and capital increases	Additions due to integration of Banco de Valencia (1)	Sales	Amounts transferred to income statement	Adjustments to market value	Other	Impairment losses (Note 37)	Total
Total balance at 31.12.2012								**4,111,280**
Telefónica, SA	66,408		(144,071)	(16,649)	414,279			319,967
Inversiones Financieras Agval, SA (2)						68,760		68,760
Bolsas y Mercados Españoles□ SHMSF, SA					38,582			38,582
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (SAREB)	31,300							31,300
Other	76,273	17,578	(284,111)	(28,689)	76,046	68,101	(162,222)	(237,024)
Changes in 2013	**173,981**	**17,578**	**(428,182)**	**(45,338)**	**528,907**	**136,861**	**(162,222)**	**221,585**
Balance at 31.12.2013								**4,332,865**

(1) Addition of the portfolio from Banca de Valencia at fair value (see Note 7).

(2) Reclassification from "Investments", with no impact on equity or profit and loss.

In 2014, a number of investments in equity instruments classified as available-for-sale financial assets were sold, with a pre-tax gain of EUR 98,991 thousand (EUR 28,689 thousand in 2013) (see Note 30), and includes the gains on the sale of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA (“BME”) and Inversiones Financieras Agval, SL, as described below.

Individually, the most significant changes in 2014 in available-for-sale equity instruments were as follows:

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA (BME)

On 16 January 2014, CaixaBank, through an accelerated bookbuild among institutional and/or qualified investors, sold a package of 4,189,139 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA ("BME"), representing approximately 5.01% of that company's share capital and CaixaBank's entire holding in BME. All shares were placed with institutional and/or qualified investors.

The share placement amounted to EUR 124 million, at a sale price of EUR 29.60 per share. The capital gain generated on this operation amounted to EUR 47 million.

Telefónica, SA

In 2014, CaixaBank sold a 0.15% stake in Telefónica for EUR 90 million, generating a pre-tax gain of EUR 18 million. Its stake also increased by 0.02% following the receipt of shares with a market value of EUR 73,570 thousand, through the scrip dividend programme.

The transactions performed aim to exploit market opportunities without changing the strategic nature of this interest for CaixaBank, which has held a stake of more than 5% in this company for the last 10 years. As a result, they did not lead to any change in the classification as available-for-sale financial assets.

At 31 December 2014, the market value of the Group's stake in Telefónica, SA was EUR 2,912 million.

As the holding in Telefónica is considered to be strategic, the capital gains on sales are recognised under "Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (see Note 40).

Inversiones Financieras Agval, SL

The Group has reached an agreement to sell CaixaBank's 30% stake in Aguas de Valencia held through Inversiones Financieras Agval. The agreement, with Fomento Urbano de Castellón, was the result of compliance with an independent ruling issued finally on the dispute between the Group and that company. The sale was carried out in July 2014, at a price of EUR 95 million, generating a pre-tax gain of EUR 26 million.

Key data on the main investments classified as a available-for-sale financial assets are as follows:

(Thousands of euros)

Corporate name	Registered office	% interest (2)	% voting rights (2)	Equity (2013)	Profit/(loss) for 2013
Telefónica, SA (1)	Gran Vía, 28 28013 Madrid	5.25%	5.25%	27,482,000	4,593,000
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (SAREB)	Paseo de la Castellana, 89 28046 Madrid	12.44%	12.44%	668,080	(260,533)
Caser, Compañía de Seguros y Reaseguros, SA	Avenida de Burgos, 109 28050 Madrid	11.51%	11.51%	893,371	51,592
Grupo Isolux Corsan, SA	Caballero Andante, 8 28021 Madrid	27.86%	27.86%	555.249	5.880

(1) Quoted company.

(2) Includes direct and indirect stakes held at 31 December 2014.

13. Loans and receivables

The breakdown of the balance of this item in the accompanying balance sheet, based on the nature of the related financial instruments, is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Loans and advances to credit institutions	4,377,197	5,891,260
Loans and advances to customers	188,761,864	198,078,812
Debt securities	2,592,395	2,876,127
Total	**195,731,456**	**206,846,199**

The detail of the main valuation adjustments included in each of the asset categories classified under "Loans and receivables" is as follows:

31.12.2014

(Thousands of euros)

		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	4,377,299	(4)	(49)	(49)		4,377,197
Loans and advances to customers	199,200,991	(10,594,569)	487,209	(331,767)		188,761,864
Debt securities	2,574,326		18,069			2,592,395
Total	**206,152,616**	**(10,594,573)**	**505,229**	**(331,816)**	**0**	**195,731,456**

31.12.2013

(Thousands of euros)

		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	5,892,413	(2,968)	1,876	(61)		5,891,260
Loans and advances to customers	212,899,513	(14,982,285)	577,005	(400,505)	(14,916)	198,078,812
Debt securities	2,839,434		36,693			2,876,127
Total	**221,631,360**	**(14,985,253)**	**615,574**	**(400,566)**	**(14,916)**	**206,846,199**

13.1. Loans and advances to credit institutions

The detail of the balance of this item by loan type and credit status excluding valuation adjustments is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Demand	**3,576,887**	**4,397,272**
Reciprocal accounts	31,826	21,545
Other accounts	3,545,061	4,375,727
Time	**800,412**	**1,495,141**
Time deposits	258,785	586,365
Reverse repurchase agreements (Note 2.5)	540,242	903,804
Doubtful assets	1,385	4,972
Total	**4,377,299**	**5,892,413**

13.2. Loans and advances to customers

The detail of the balance of this item, by counterparty, loan type and status, borrower sector and interest rate formula, excluding valuation adjustments, is as follows:

Loan type and status

(Thousands of euros)	31.12.2014	31.12.2013
Loan type and status	**199,200,991**	**212,899,513**
Public sector	13,806,850	9,978,559
Commercial loans	6,862,340	5,204,006
Secured loans	116,131,254	124,210,004
Reverse repurchase agreements**(Note 2.5)**	782,796	3,558,606
Other term loans	33,474,847	35,454,786
Finance leases	2,202,067	2,288,682
Receivables on demand and others	6,256,967	7,231,478
Doubtful assets	19,683,870	24,973,392
By counterparty	**199,200,991**	**212,899,513**
Public sector: Spanish public sector	13,910,251	10,127,423
Public sector: Other countries	223,590	38,669
Private sector: Resident	179,899,269	197,554,908
Private sector: Non-resident	5,167,881	5,178,513
By interest rate type	**199,200,991**	**212,899,513**
Fixed	41,065,723	43,332,781
Floating	158,135,268	169,566,732

The balance of "Receivables on demand and others" included the asset recognised under the scope of the business combination with Banco de Valencia. In the award of Banco de Valencia to CaixaBank, a protocol of financial support measures implemented through an Asset Protection Scheme was signed, under which the FROB would assume 72.5% of the losses incurred from a series of assets from the loan portfolios (SMEs and self-employed professionals) and contingent liabilities ("Guaranteed assets"), up to a certain maximum amount, with effective retrospectively to 30 September 2012, and over a period of 10 years, i.e., to

30 September 2022. The agreement included a threshold from which these losses would be assumed by the FROB.

Net losses are calculated and settled each year. CaixaBank must submit, prior to 28 February of each year, the list of losses, gains and recoveries relating to the previous year. The FROB will make payments, if applicable, provided that the net loss is above the agreed-upon threshold and prior to 30 June of each year. At 31 December 2014, this asset recognised amounted to EUR 709 million. The characteristics of the guaranteed assets and the long term of the agreement, which is 10 years, makes it difficult to estimate the effective timetable of the settlements to be made by the FROB, which will depend on the actual loss incurred each year with regard to the guaranteed assets, and once the threshold of the first loss assumed by CaixaBank is exceeded. In 2014, the calculation of losses, gains and recoveries with regard to 2013 did not give rise to any settlement on the part of the FROB as it did not exceed the threshold.

Finance lease

In all types of finance leases marketed by the CaixaBank Group for capital goods or real estate, the risks and rewards are transferred to the lessee. The lease arrangements always contain a purchase option for a value below the fair value of the asset on the market. Where the value of the purchase option is similar to fair value, a repurchase agreement available to the supplier of the asset is added to the lease.

Assets leased under finance leases are recognised at the present value of the lease payments payable by the lessee, plus the guaranteed and non-guaranteed residual value, excluding interest expenses and value-added tax. The detail is as follows:

Finance leases
(Thousands of euros)

	31.12.2014	31.12.2013
Lease payments payable by the lessee	2,005,780	2,087,971
Third-party guarantees	8,707	10,613
Unguaranteed residual value	187,580	190,098
Total	**2,202,067**	**2,288,682**

The following table provides a detail, by term, of finance lease payments receivable (capital and interest, excluding tax and residual values) from both the public and private sector:

Minimum lease payments receivable from finance leases at 31 December 2014
(Thousands of euros)

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Minimum lease payments receivable	583,644	1,270,846	616,420	2,470,910

Impaired and past-due but not impaired assets

The detail of the past-due principal and interest not impaired at 31 December 2014 and 2013, by type of financial instrument, is as follows:

31.12.2014

Past-due and not impaired

(Thousands of euros)

	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**230,408**	**42,288**	**30,235**	**302,931**
Spanish public sector	3,386	415	691	4,492
Other resident sectors	208,311	35,915	29,113	273,339
Other non-resident sectors	18,711	5,958	431	25,100
Total	**230,408**	**42,288**	**30,235**	**302,931**

31.12.2013

Past-due and not impaired

(Thousands of euros)

	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**195,828**	**68,833**	**81,571**	**346,232**
Spanish public sector	36,782	1,993	7,997	46,772
Other resident sectors	136,984	63,233	64,132	264,349
Other non-resident sectors	22,062	3,607	9,442	35,111
Total	**195,828**	**68,833**	**81,571**	**346,232**

The detail of doubtful assets, by loan type and counterparty, is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Public sector	**125,042**	**187,532**
Private sector	**19,558,828**	**24,785,860**
Mortgage loans	14,316,093	18,978,488
Other loans	2,149,548	2,962,572
Credit accounts	2,451,991	2,168,145
Factoring	23,951	24,192
Commercial loans	56,468	135,089
Other credit	560,777	517,374
Total	**19,683,870**	**24,973,392**

NOTE: Includes EUR 5,187 million and EUR 6,053 million at 31 December 2014 and 2013, respectively, of doubtful assets for reasons other than arrears.

The changes in the balance of “Doubtful assets” in 2014 and 2013 were as follows:

Doubtful assets.
(Thousands of euros)

	2014	2013
Balance at 1 January	**24,973,392**	**19,989,085**
Plus:		
Additions due to business combinations		1,705,902
Increase due to refinancings		3,287,000
Additions	8,213,268	13,797,631
Less:		
Assets foreclosed and acquired from developers and individuals	(5,076,392)	(4,749,302)
Standardised and other assets	(5,998,584)	(7,151,317)
Assets derecognised due to disposal	(353,147)	
Other assets written-off	(2,074,667)	(1,905,607)
Balance at 31 December	**19,683,870**	**24,973,392**

In 2014, CaixaBank carried out a number of sales of assets in the portfolio, for an amount of EUR 353,147 thousand, gross, classified as doubtful assets, while assets for the amount of EUR 1,566,469 thousand were removed from the balance sheet because recovery was deemed to be remote (see Note 28.4). The pre-tax capital gains on these transactions amounted to of EUR 89 million, recognised under “Impairment losses on financial assets (net)” in the income statement (see Note 37).

Past-due receivables on doubtful assets at 31 December 2014 and 2013 were EUR 2,050,818 thousand and EUR 2,211,824 thousand, respectively, recognised under other memorandum accounts supplementing those in the balance sheet.

Doubtful loans amounted to EUR 20,110 million and EUR 25,365 million at 31 December 2014 and 2013, respectively, including doubtful contingent liabilities (see Note 27). The non performing loans ratio (doubtful loans and contingent liabilities as a percentage of total risk) stood at 9.69% at 31 December 2014 (11.66% at 31 December 2013). The ratio for the Spanish financial system as a whole according to the figures for November 2014 stood at 12.75%.

The detail, by collateral provided for the asset, of the age of the balances of doubtful assets at 31 December 2014 and 2013, is as follows:

31.12.2014

Terms by guarantee

(Thousands of euros)

	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	1,212,325	475,376	336,170	3,224,273	5,248,144
Other completed homes	327,206	170,847	177,227	3,163,534	3,838,814
Rural buildings in use, and completed multi-purpose facilities, premises and offices	388,997	142,454	106,846	2,018,868	2,657,165
Land, lots and other real estate assets	609,930	89,758	264,023	2,936,900	3,900,611
Transactions with mortgage collateral	**2,538,458**	**878,435**	**884,266**	**11,343,575**	**15,644,734**
Other guarantees	690,042	408,251	314,315	2,206,804	3,619,412
Negligible-risk transactions	71,424	31,811	30,494	285,995	419,724
Other guarantees	**761,466**	**440,062**	**344,809**	**2,492,799**	**4,039,136**
Total	**3,299,924**	**1,318,497**	**1,229,075**	**13,836,374**	**19,683,870**

31.12.2013

Terms by guarantee

(Thousands of euros)

	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	2,957,648	366,524	380,640	2,483,599	6,188,411
Other completed homes	850,926	269,356	324,887	3,588,515	5,033,684
Rural buildings in use, and completed multi-purpose facilities, premises and offices	663,709	234,199	230,203	1,827,305	2,955,416
Land, lots and other real estate assets	1,062,956	332,191	359,736	3,843,340	5,598,223
Transactions with mortgage collateral	**5,535,239**	**1,202,270**	**1,295,466**	**11,742,759**	**19,775,734**
Other guarantees	1,457,898	550,087	604,945	1,667,089	4,280,019
Negligible-risk transactions	254,449	61,395	64,775	537,020	917,639
Other guarantees	**1,712,347**	**611,482**	**669,720**	**2,204,109**	**5,197,658**
Total	**7,247,586**	**1,813,752**	**1,965,186**	**13,946,868**	**24,973,392**

13.3. Debt securities

The breakdown of the balance of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Issued by credit institutions		
Other Spanish issuers	2,574,326	2,839,434
Total	**2,574,326**	**2,839,434**

The amount of debt securities issued by other Spanish issuers of private fixed-income securities includes:

- Bonds for nominal amounts of EUR 1,749 million and EUR 1,749 million at 31 December 2014 and 2013 issued by multi-seller securitisation funds to which Banca Cívica contributed covered bonds it issued over the course of several years. These bonds were adjusted to their fair value at the date of the business combination. The covered bonds are recognised under "Financial liabilities at amortised cost – Customer deposits" in the balance sheet.

- EUR 999 million corresponding to plain vanilla bonds issued by Criteria CaixaHolding, XXI (formerly Servihabitat XXI, SAU) in 2012 for EUR 1,350 million and acquired by CaixaBank. A partial redemption of EUR 351 million was made in 2014.

13.4. Impairment allowances

The changes in the balance of the allowances for impairment losses on assets comprising "Loans and receivables" in 2014 and 2013 are as follows:

2014

(Thousands of euros)

	Balance at 31.12.2013	Net impairment allowances (Note 37)	Amount used (Note 28.4)	Transfers and other	Balance at 31.12.2014
Specific allowance	**14,935,708**	**1,315,221**	**(3,665,157)**	**(2,061,505)**	**10,524,267**
Loans and advances to credit institutions	2,968	142	(107)	(2,999)	4
Loans and advances to customers	14,932,740	1,315,079	(3,665,050)	(2,058,506)	10,524,263
Public sector	*635*	*(8,608)*	*(72)*	*9,057*	*1,012*
Other sectors (*)	*14,932,105*	*1,323,687*	*(3,664,978)*	*(2,067,563)*	*10,523,251*
Debt securities	0				0
General allowance	**48,262**	**23,368**	**0**	**(3,211)**	**68,419**
Loans and advances to customers	48,262	23,368	0	(3,211)	68,419
Country risk allowance	**1,283**	**363**	**0**	**240**	**1,886**
Loans and advances to customers	1,283	363		240	1,886
Total	**14,985,253**	**1,338,952**	**(3,665,157)**	**(2,064,476)**	**10,594,572**

(**) At 31 December 2014 and 2013, includes allowances for other financial assets, amounting to EUR 7,166 thousand and EUR 6,558 thousand, respectively.

2013

(Thousands of euros)

	Balance at 31.12.2012	Addition due to integration of Banco de Valencia (*)	Net impairment allowances (Note 37)	Amount used (Note 28.4)	Transfers and other	Balance at 31.12.2013
Specific allowance	**12,565,780**	**3,766,959**	**3,719,738**	**(3,865,197)**	**(1,251,572)**	**14,935,708**
Loans and advances to credit	2,499		3,036		(2,567)	2,968
Loans and advances to customers	12,533,972	3,722,209	3,766,027	(3,865,197)	(1,224,271)	14,932,740
Public sector	*953*		*(510)*	*(389)*	*581*	*635*
Other sectors (**)	*12,533,019*	*3,722,209*	*3,766,537*	*(3,864,808)*	*(1,224,852)*	*14,932,105*
Debt securities	29,309	44,750	(49,325)		(24,734)	0
General allowance	**27,803**	**0**	**13,275**	**0**	**7,184**	**48,262**
Loans and advances to customers	27,803		13,275		7,184	48,262
Country risk allowance	**2,079**	**0**	**(795)**	**0**	**(1)**	**1,283**
Loans and advances to customers	2,079		(795)		(1)	1,283
Total	**12,595,662**	**3,766,959**	**3,732,218**	**(3,865,197)**	**(1,244,389)**	**14,985,253**

(*) Includes fair-value adjustments to assets from Banco de Valencia.

(**) At 31 December 2013 and 2012, includes allowances for other financial assets, amounting to EUR 6,558 thousand and EUR 1,857 thousand, respectively.

At 31 December 2014 and 2013, considering the provisions for contingent liabilities (see Note 21), the total provisions for loans and advances to customers and contingent liabilities were EUR 11,121 million and EUR 15,478 million, respectively The amounts of provisions are supported by the Company's internal models. Provisions for contingent liabilities at 31 December 2014 and 2013 amounted to EUR 533 million and EUR 502 million (see Note 24), recognised under “Provisions” on the liabilities side of the accompanying consolidated balance sheet. Coverage stood at 55.30% (132% with mortgage collateral).

"Transfers and others" relates mainly to the transfer of provisions recognised to hedge against the risk of insolvency in connection with loan transactions by CaixaBank cancelled through the acquisition of real estate assets to provisions for properties foreclosed by companies for amounts of EUR 1,225 million and EUR 994 million at 31 December 2014 and 2013, respectively.

The breakdown of provisions to cover credit risk, according to how they are identified, is as shown:

Provisions for credit risk according to how they are identified

(Thousands of euros)

	31.12.2014	31.12.2013
Specific allowance identified individually	1,615,007	1,146,545
Specific allowance identified collectively	7,247,341	10,028,201
Collective allowance for losses incurred but not reported (*IBNR)*	1,732,224	3,810,507
Total	**10,594,572**	**14,985,253**

14. Held-to-maturity investments

The breakdown, by type of transaction, of the balance of this item in the balance sheet is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Debt securities (*)	**9,608,489**	**17,830,752**
Spanish government debt securities (**)	6,309,235	11,198,028
Government bonds and debentures	*5,393,483*	*5,008,839*
Other issues	*915,752*	*6,189,189*
Issued by credit institutions	537,071	1,564,736
Other Spanish issuers	2,012,054	1,817,520
Other foreign issuers	750,129	3,250,468
Total	**9,608,489**	**17,830,752**

(*) See ratings classification in Note 3.1.4 "Risk associated with debt securities".

(**) See Note 3 "Information relating to sovereign risk exposure".

"Held to maturity investments" includes, inter alia, ESM and SAREB bonds with outstanding balances at 31 December 2014 of EUR 750 million and EUR 1,623 million, respectively (EUR 3,250 million and EUR 1,817 million, respectively, at 31 December 2013). The SAREB bonds are backed by an irrevocable guarantee of the Spanish government.

Regarding the SAREB bonds, CaixaBank maintained their classification as held to maturity at the time of the business combination with Banco de Valencia, since it had the positive intention and ability to hold these debt instruments until maturity. These bonds included clauses for extending the redemption period. CaixaBank considered the extension of the period in the bond to be similar to an instrument with a prepayment option (cancellation option) available to the issuer, and in which the exercise price of this early cancellation option would be approximately equal to the amortised cost of the debt at the maturity date for the year. Consequently, and in accordance with applicable accounting standards, the existing embedded derivative would be closely tied with the debt instrument. Therefore, CaixaBank did not consider it necessary to treat the derivative separately. At the time of initial recognition, no amount was recognised in connection with transaction costs capitalised as an increase in the asset's carrying amount.

In accordance with the bond subscription agreement, the SAREB has the possibility of redeeming the bonds early. In 2013, a SAREB bond owned by CaixaBank was fully redeemed at par upon maturity for EUR 588.5 million. A new bond issued at par for a nominal amount of EUR 545.2 million, and cash for the difference, was received as consideration. The new bond was added at its market value on acquisition, with no impact in the income statement. In the first half of 2014, the SAREB offered bondholders a reverse auction, although CaixaBank did not attend the auction. The second half of 2014 saw maturities for a nominal amount of EUR 1,296 million, for which the SAREB delivered new bonds for the same nominal amount. A bond was also redeemed early for the amount of EUR 104 million.

In the case of a hypothetical partial redemption in which there is a difference between the carrying amount of the bonds redeemed and the market value of the new bonds received, the difference would be recognised in profit or loss.

In November 2014, following the revision of the assets transferred by Banco de Valencia to the SAREB in 2012, the initial contribution was corrected and bonds worth EUR 90 million repaid.

At 31 December 2014 and 2013, "Held-to-maturity investments" also included several bonds related to the cancellation in 2013 of the loan granted from the Fund to Finance Payments to Suppliers (Fondo para la Financiación de los Pagos a Proveedores), for a total amount of EUR 2,810 million and EUR 3,072 million, respectively, with maturities between 31 May 2015 and 31 January 2022.

In December 2014, SAREB subordinated bonds worth EUR 389 million were reclassified from "Available-for-sale financial assets" to "Held-to-maturity investments", equivalent to their market value at the reclassification date (see Note 2.4).

15. Hedging derivatives (assets and liabilities)

The detail, by type of product, of the fair value of derivatives designated as hedges is as follows:

Fair value by product

(Thousands of euros)	31.12.2014		31.12.2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Share options	**131,573**	**0**	**103,349**	**0**
Bought (1)	131,573		103,349	
Issued				
Interest rate options	**0**	**54,013**	**520,542**	**545,983**
Bought			520,542	
Issued		54,013		545,983
Foreign currency options	**26,442**	**0**	**0**	**0**
Bought	26,442			
Issued				
Other share and interest rate transactions	**4,769,632**	**568,385**	**3,937,718**	**841,538**
Share swaps				
Future rate agreements (FRAs)			47,211	
Interest rate swaps	4,769,632	568,385	3,890,507	841,538
Commodity derivatives and other risks	**228,326**	**253,718**	**11,153**	**99,911**
Swaps	228,326	249,761	11,153	99,911
Sold		3,957		
Total	**5,155,973**	**876,116**	**4,572,762**	**1,487,432**

(1) Includes the fair value of the embedded derivative in the November issue of bonds exchangeable for Repsol shares (see Note 22.3).

The detail, by type of market and counterparty, of the fair value of derivatives designated as hedging derivatives is as follows:

Fair value by counterparty

(Thousands of euros)	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Organised markets				
OTC markets	**5,155,973**	**876,116**	**4,572,762**	**1,487,432**
Credit institutions	3,395,274	769,466	4,176,370	1,350,850
Other financial entities	142,979	46,606	130,908	97,381
Other sectors	1,617,720	60,044	265,484	39,201
Total	**5,155,973**	**876,116**	**4,572,762**	**1,487,432**

The detail, by type of hedge, of the fair value of derivatives designated as hedging derivatives is as follows:

Fair value by type of hedge
(Thousands of euros)

	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	**4,797,477**	**621,170**	**4,380,909**	**1,391,524**
Micro-hedges	29,118	6,504	70,218	354,897
Macro-hedges	4,768,359	614,666	4,310,691	1,036,627
Cash flow hedges	**358,496**	**254,946**	**191,853**	**95,908**
Micro-hedges	358,496	254,946	144,642	95,908
Macro-hedges			47,211	
Total	**5,155,973**	**876,116**	**4,572,762**	**1,487,432**

At 31 December 2014 and 2013, the main exposures and the derivatives designated to hedge them were as follows:

- Fair value hedges:
  - Fair value macro-hedges: cover balance sheet positions exposed to interest rate risk. Specifically fixed-rate issues and certain fixed-rate loans and certain fixed-income positions of public administrations classified as available for sale. The hedge is effected by changing them to floating rates, whereby the interest rates are the substance of the hedged risks Hedging instruments used are mainly interest rate swaps that change the rate of the hedged item from fixed to floating rate.

    The fair values of the hedging instruments recognised on the asset and liability sides of the balance sheet at at 31 December 2014 amount to EUR 4,768 million and EUR 615 million, respectively.

    The hedged items recognised under "Adjustments to financial assets - macro-hedges and Adjustments to financial liabilities - macro-hedges" in the balance sheet at 31 December 2014 totalled EUR 138.8 million and EUR 3,242.9 million respectively.

    Of a net total of +EUR 927.5 million in adjustments recognised in "Interest and similar income" and "Interest expense and similar charges" in the income statement (see Notes 29 and 30), +EUR 911 million relate to fair value macro-hedge adjustments.

  - Fair value micro-hedges: the objective of these hedges is to mitigate the impact of changes in the value of the hedged item caused by the risks it is hedged against. In includes a micro-hedge arranged on equities classified as available-for-sale. The fair value of the hedging instruments stands at EUR 26.4 million.

- Cash flow hedges:
  - The purpose of the cash flow micro-hedges is to hedge the exposure of the item being hedged to variations in cash flow caused by the risks against which it is covered.

There follows a brief description of the nature of the risks hedged and of the instruments used, classifying them according to the various management objectives:

1. Micro-hedges of inflation-indexed public debt:

   The purpose of this micro-hedge is to stabilise the impact on net interest income of interest associated with inflation-indexed public debt, eliminating the underlying risk of the benchmark index.

   To hedge this risk, interest rate swaps and inflation swaps and options have been arranged on the market that change the inflation-indexed rate of the issue from floating to variable.

   The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at at 31 December 2014 amount to EUR 226.9 million and EUR 210.4 million, respectively.

2. Micro-hedges on transactions considered to be highly probable:

   The purpose of these micro-hedges is to cover the price risk associated with a highly probable forecast transaction.

   CaixaBank currently has a cash flow micro-hedge arranged on a portion of its stake in Repsol, SA (see Note 22.3 for details of this operation).

   The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at at 31 December 2014 amount to EUR 131.6 million and EUR 44.6 million, respectively.

In 2013, in view of the tightening undergone by the 12-month Euribor implicit yield curve, the decision was taken to hedge the risk that the 12-month Euribor rates and, consequently, the official reference indices used to establish most of CaixaBank's loans would be lower than expected and could therefore adversely affect the net interest margin for 2014 and 2015. A cash flow micro-hedge was arranged using FRAs, which matured in 2014. The adjustments recognised in relation to this operation in the income statement for 2014 stand at +EUR 24.3 million.

In 2014 and 2013, the corresponding effectiveness tests on these hedges were performed. Any ineffective portions of the hedges were recognised under "Gains/(losses) on financial assets and liabilities" in the income statement (see Note 33).

16. Non-current assets held for sale

Movements in this heading in 2014 and 2013 were as follows:

(Thousands of euros)	2014			
	Foreclosed assets			
	Foreclosure rights (1)	Foreclosed assets	Other assets (2)	Total
Cost				
Balance at 1 January	563,956	7,846,028	685,150	9,095,134
Additions in the year	1,357,908	2,012,911	104,599	3,475,418
Transfers (3)	(1,122,769)	745,825	152,918	(224,026)
Disposals due to sale		(1,608,310)	(11,596)	(1,619,906)
Balance at 31 December	799,095	8,996,454	931,071	10,726,620
Impairment allowances				
Balance at 1 January	(12,285)	(2,851,719)	(16,558)	(2,880,562)
Allowances **(Note 40)**	(22,334)	(135,199)	(1,473)	(159,006)
Transfers (4)	(19,878)	(663,061)	(89,192)	(772,131)
Amounts used		325,864	7,156	333,020
Balance at 31 December	(54,497)	(3,324,115)	(100,067)	(3,478,679)
Total	**744,598**	**5,672,339**	**831,004**	**7,247,941**

(1) Foreclosure rights are measured initially at the net value at which the asset will be recognised when the definitive foreclosure occurs.
(2) Includes mainly: bonds placed with courts to participate in auctions, provisions of funds and payments to notaries and administrative agencies for a variety of procedures related to properties, as well as prepayments on properties expected to be allocated in the short term.

(3) Includes mainly reclassifications to "Tangible assets - Investment property" when the property is put up for lease (see Note 19) and additions of foreclosed assets arising from foreclosure rights.

(4) Includes provisions recognised to hedge against the risk of insolvency on credit operations of CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter.

(Thousands of euros)

	2013			
	Foreclosed assets			
	Foreclosure rights	Foreclosed assets	Other assets	Total
Cost				
Balance at 1 January	420,664	5,711,082	587,980	6,719,726
Additions due to integration of Banco de Valencia		290,413	17,929	308,342
Additions in the year	802,356	4,212,274	30,176	5,044,806
Transfers	(659,064)	(467,827)	112,973	(1,013,918)
Disposals due to sale		(1,899,914)	(63,908)	(1,963,822)
Balance at 31 December	563,956	7,846,028	685,150	9,095,134
Impairment allowances				
Balance at 1 January	(9,259)	(1,420,512)	(15,984)	(1,445,755)
Additions due to business combinations		(171,321)	(2,716)	(174,037)
Net allowances **(Note 40)**	(5,377)	(472,019)	(2,735)	(480,131)
Transfers	2,351	(914,126)	4,281	(907,494)
Amounts used		126,259	596	126,855
Balance at 31 December	(12,285)	(2,851,719)	(16,558)	(2,880,562)
Total	**551,671**	**4,994,309**	**668,592**	**6,214,572**

The detail, by age, of foreclosed assets at 31 December 2014 and 2013, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

Age of foreclosed assets

	31.12.2014		31.12.2013	
	No. of assets	Thousands of euros	No. of assets	Thousands of euros
Up to 1 year	36,903	3,303,031	35,862	2,994,275
Between 1 and 2 years	27,260	2,246,053	30,725	2,997,249
Between 2 and 5 years	35,071	3,800,242	16,959	2,163,385
Over 5 years	2,868	446,223	1,160	255,075
Total	**102,102**	**9,795,549**	**84,706**	**8,409,984**

The breakdown by sector of foreclosed assets at 31 December 2014 and 2013 is as follows:

Type of sector

(Percentage of value of assets)

	31.12.2014	31.12.2013
Residential	80.5%	82.2%
Industrial	17.8%	15.7%
Farming	1.8%	2.1%
Total	**100%**	**100%**

The fair value of property classified as non-current assets held for sale is measured based on Level 2 in the fair value hierarchy.

Foreclosed assets are appraised on a regular basis in compliance with Ministerial Order ECO/805/003 and statistical appraisals (see Note 2.19). The CaixaBank Group applies an adjustment to these appraisals to factor in possible impairment according to the type of property, the length of time it has been on the Company's balance sheet and other applicable indicators of impairment. An independent expert is then asked to make a comparative assessment of the value of all the foreclosed real estate assets. These analyses suggest that the market value of the assets does not differ significantly from their carrying amount.

The table below shows the companies and agencies that carried out appraisals in 2014:

(Thousands of euros)

	%
Krata, SA	2.0%
Sociedad de Tasación, SA	22.0%
Tasaciones Inmobiliarias, SA	26.8%
Tecnitasa	2.8%
Valoración Hipotecaria, SA	1.7%
Valoraciones Mediterráneo, SA	0.7%
Valoraciones y Tasaciones Hipotecarias, SA	15.9%
Valtenic, SA	25.3%
Others	2.8%
Total	**100.0%**

17. Investments

The breakdown of the cost of investments in associates and joint ventures is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Quoted banking investments	5,241,573	4,869,193
Underlying carrying amount	*3,914,695*	*3,588,297*
Goodwill	*1,326,878*	*1,280,896*
Other quoted companies	3,231,764	3,210,384
Underlying carrying amount	*3,231,764*	*3,210,384*
Goodwill		
Unquoted	1,467,501	1,338,853
Underlying carrying amount	*1,093,865*	*1,019,701*
Goodwill	*373,636*	*319,152*
Subtotal	**9,940,838**	**9,418,430**
Less:		
Impairment allowances	(674,441)	(644,760)
Total	**9,266,397**	**8,773,670**

The detail of goodwill at 31 December 2014 and 2013 is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
The Bank of East Asia, LTD (1)	677,940	569,044
Banco BPI, SA	350,198	350,198
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros	299,618	299,618
Grupo Financiero Inbursa (1)	298,740	295,349
Boursorama, SA	66,306	66,306
Can Seguros Generales (2)		13,412
Other	7,712	6,121
Total	**1,700,514**	**1,600,048**

(1) Equivalent value in euros of goodwill recorded in foreign currency.

(2) Sold in 2014.

The tables below show the changes in "Investments" in 2014 and 2013:

(Thousands of euros)	Underlying carrying amount	Goodwill	Impairment allowances	Total
Balance at 31.12.2013	**7,818,382**	**1,600,048**	**(644,760)**	**8,773,670**
Acquisitions and capital increases	335,119	38,755	(13,950)	359,924
Disposals and capital reductions	(47,671)	(13,412)	845	(60,238)
Profit for the period	305,705			305,705
Dividends declared	(476,555)			(476,555)
Translation differences	159,870	82,831		242,701
Valuation adjustments - investees	286,020			286,020
Reclassifications and others	(140,546)	(7,708)	(16,576)	(164,830)
Balance at 31.12.2014	**8,240,324**	**1,700,514**	**(674,441)**	**9,266,397**

(Thousands of euros)	Underlying carrying amount	Goodwill	Impairment allowances	Total
Balance at 31.12.2012	**8,481,398**	**2,192,789**	**(736,016)**	**9,938,171**
Acquisitions and capital increases	232,825	8,890		241,715
Business combinations	73,179	9,571		82,750
Disposals and capital reductions	(659,390)	(387,696)		(1,047,086)
Profit for the period	338,838			338,838
Dividends declared	(343,927)			(343,927)
Translation differences	(58,981)	(32,552)		(91,533)
Changes in consolidation method	(172,031)	(31,998)		(204,029)
Valuation adjustments - investees	22,500			22,500
Reclassifications and others	(96,029)	(158,956)	91,256	(163,729)
Balance at 31.12.2013	**7,818,382**	**1,600,048**	**(644,760)**	**8,773,670**

The main changes during 2014 and 2013 in this item excluding impairment losses are as follows:

2014

(Thousands of euros)	Underlying carrying amount	Goodwill	Total
Acquisitions and capital increases			
The Bank of East Asia, Ltd.	146,118	37,952	184,070
Repsol, SA	75,907		75,907
Erste Group Bank AG	67,804		67,804
Can Seguros Generales	32,000		32,000
Other	13,290	803	14,093
	335,119	**38,755**	**373,874**
Disposals and capital reductions			
Can Seguros Generales	(40,289)	(13,412)	(53,701)
Other	(7,382)		(7,382)
	(47,671)	**(13,412)**	**(61,083)**

2013

(Thousands of euros)	Underlying carrying amount	Goodwill	Total
Acquisitions and capital increases			
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA	60,000		60,000
Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA	60,000		60,000
Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA	51,000		51,000
The Bank of East Asia, Ltd.	31,917	6,333	38,250
Servihabitat Servicios Inmobiliarios, SL	15,367		15,367
Other	14,541	2,557	17,098
	232,825	**8,890**	**241,715**
Disposals and capital reductions			
Grupo Financiero Inbursa	(624,192)	(387,696)	(1,011,888)
Other	(35,198)		(35,198)
	(659,390)	**(387,696)**	**(1,047,086)**

The main changes in 2014 are as follows:

The Bank of East Asia, LTD (BEA)

In 2014, CaixaBank acquired shares in BEA for the amount of EUR 160,075 thousand. Further, as part of the scrip dividend programme carried out by BEA in March 2014, CaixaBank opted to receive shares for a market value of EUR 23,996 thousand.

CaixaBank's shareholding in BEA stood at 18.68% at 31 December 2014 (16.51% at 31 December 2013).

Erste Group Bank

Under the scope of the new strategic agreement signed in December 2014 with Erste Foundation (see Note 2.1), CaixaBank acquired 3,438,400 million shares from Erste Foundation for EUR 67,804 thousand, raising its shareholding in Erste Group Bank from 9.12% to 9.92%.

Repsol, SA

CaixaBank elected not to transfer its free allotment rights and receive 4,013,062 shares under the Repsol Flexible Dividend programme on 16 June 2014. These shares had a market value of EUR 75,907 thousand. Further, under the Repsol Flexible Dividend of 17 December 2014, CaixaBank opted to receive the cash payment from the sale of the rights allocated, for an amount of EUR 75,767 thousand. CaixaBank's shareholding in Repsol stood at 11.89% at 31 December 2014.

In November 2013, CaixaBank issued bonds exchangeable for Repsol shares for a nominal amount of EUR 594.3 million (see Note 22.3). CaixaBank retains the voting rights from its stake after the issue, as well as significant influence, and continues to classify Repsol as an associate. Following the exchange of the bonds, its stake will decrease by no more than 2.5%.

Banco BPI, SA (BPI)

On May 27, 2014, Banco BPI, SA presented a public exchange offer of subordinated debt and preference shares issued by the Entity for approximately €127 million. Acceptance of the offer was equivalent to 91% of the total, resulting in the issuance of 66,924,237 new shares. Consequently, as the number of shares of Banco BPI, SA held by CaixaBank did not change, the Group's stake was diluted from 46.22% before the exchange to 44.10%, which it maintained at 31 December 2014.

Purchase of Zurich Insurance Company Ltd's stake in CAN Seguros Generales and its subsequent sale to SegurCaixa Adeslas, SA

In line with the plan to reorganise Banca Cívica's insurance portfolio, in June 2014, CaixaBank purchased Zurich Insurance Company Ltd's 50% stake in CAN Seguros Generales and as a result wound up the joint venture held by the two companies.

The total amount paid was EUR 32,000 thousand, including the penalty for early termination specified in the partnership agreements signed with the Zurich insurance group. Further, as part of the purchase price allocation for Banca Cívica, CaixaBank had previously recognised an accounting provision to cover the aforementioned penalty, which was applied in the transaction.

Immediately after the purchase, and in virtue of the agreements in place between CaixaBank and the Mutua Madrileña Group, the Company sold 100% of CAN Seguros Generales to SegurCaixa Adeslas, SA de Seguros y Reaseguros for EUR 46,700 thousand.

The market value of quoted companies at 31 December 2104 and 2013 is shown in the table below:

(Thousands of euros)	31.12.2014		31.12.2013	
	% stake (1)	Market value	% stake (1)	Market value
Repsol, SA	11.89%	2,495,322	12.02%	2,867,253
Grupo Financiero Inbursa	9.01%	1,280,346	9.01%	1,227,582
The Bank of East Asia, LTD	18.68%	1,454,995	16.51%	1,161,265
Erste Group Bank, AG	9.92%	820,070	9.12%	992,831
Banco BPI, SA	44.10%	659,167	46.22%	781,234
Boursorama, SA (2)			20.68%	148,396
Market value		**6,709,900**		**7,178,561**

(1) Direct and indirect stakes

(2) Delisted on 28 May 2014, following tender offer by Société Générale

Impairment of equity investments

For the purpose of assessing the recoverable amount of equity investments in associates and jointly-controlled entities, the CaixaBank Group has a methodology in place for performing a quarterly assessment of potential indicators of impairment in the carrying amount of these investments. Specifically, it assesses unquoted investees' business performance and, where applicable, the companies' share prices throughout the period and the target prices published by renowned independent analysts. The Group uses the data to determine the recoverable value of the investment and, if this exceeds the carrying amount, it considers that there are no indications of impairment.

The CaixaBank Group carried out impairment tests to assess the recoverable amount of its investments and verify the valuation adjustments recognised. It used generally accepted valuation methods such as discounted cash flows (DCF), regression curves, dividend discount models (DDM) and others. It did not consider potential control premiums in any of the valuations.

Balance sheet and income statement projections were made, as a base reference, for five years, as these investments are long-term. They are updated and adjusted on a half-yearly basis.

The assumptions used are moderate and based on macroeconomic data on each country and sector obtained from renowned external sources and published strategic plans of quoted companies or internal strategic plans in the case of unquoted entities. The same methodology has been applied for associates and jointly controlled entities. It used individual discount rates for each activity and country, ranging from 8.2% to 12.8% for banking investments and from 8.1% to 10% for other significant holdings (between 9.5% and 14.4%, and 9.1% and 10%, respectively, in the stress tests carried out at 31 December 2013). The growth rates used to calculate residual value beyond the projected period were between 2.5% to 4.3% for banking investments and from 0.5% to 2% for other significant holdings (between 0.5% and 4.3%, and 0.5% and 2%, respectively, in the stress tests carried out at 31 December 2013). These growth rates were estimated based on the data of the latest projected period and never exceed nominal GDP growth estimated for the country or countries in which the investees operate.

Given the uncertainty inherent in these assumptions, sensitivity analyses are performed using reasonable changes in the key assumptions on which the recoverable amount of the investments analysed is based to confirm whether this continues to exceed the amount to be recovered. In this respect, possible variations in the main assumptions used in the models were calculated and a sensitivity analysis carried out for the most significant variables, including the various business drivers and income statements of investees, to assess the resistance of the value of these investments to more adverse scenarios.

The following sensitivity analyses were carried out:

a) For banking investees: possible variations in the main assumptions used in the model were calculated, including the **discount rate: -1%, + 1%, growth rate: -1%, +1%, net interest income: -0.05% +0.05% and credit risk: -0.05% 0.05%**
b) For investments in the insurance business: possible variations in the main assumptions used in the model, **discount rate: -0.5%, + 0.5%, and growth rate: -0.5% +0.5%.**
c) For Repsol: possible variations in the main assumptions used in the model were calculated: **$/€ exchange rate: -10%, +10% and Brent price: -10$/bbl, +10$/bbl**

The analyses carried out at 31 December 2014 showed the need to recognise a provision of EUR 26 million.

The provisions for equity investments at 31 December 2014 amounted to EUR 674 million (EUR 645 million at 31 December). The movements were as follows:

(Thousands of euros)

	2014	2013
Balance at 1 January	**644,760**	**735,265**
Plus:		
Amounts taken to profit and loss **(Note 38)**	26,097	19,495
Transfers to reserves and other	13,397	
Less:		
Funds available from prior years **(Note 38)**	(536)	(110,000)
Amounts used	(9,277)	
Balance at 31 December	**674,441**	**644,760**

Financial information on companies accounted for using the equity method

Appendices 2 and 3 disclose the percentage of ownership, share capital, reserves, results, ordinary income, total comprehensive income, profit/(loss) from discontinued operations, net cost and dividends paid by each of the investments in jointly controlled entities and associates.

Summarised financial information on significant associates accounted for using the equity method, based on the latest information available at the date of preparation of these annual financial statements, is as follows:

Associate

(in millions of euros or local currency)	**The Bank of East Asia (*)**	**Banco BPI**	**GF Inbursa (*)**	**Erste Group Bank**	**Boursorama**	**Repsol**
Nature of the company's activities	Note (1)	Note (2)	Note (3)	Note (4)	Note (5)	Note (6)
Country of incorporation and countries of operation	Hong Kong, China	Portugal, Angola	Mexico	Austria, Czech Republic, Hungary, Croatia	France, Germany	Spain, USA, Brazil, Libya, T&T and Venezuela
Ownership interest (voting rights)	18.68%	44.1% (20%)	9.01%	9.92%	20,488%	11.89%
Restrictions on dividend payments		Note (7)				
Dividends received from investee	435		228	8		308
Reconciliation of financial information related to fair value adjustments at the time of acquisition and adjustments due to changes in accounting policy	Treatments of hybrid instruments as financial liabilities		Adjustments for standardisation with IFRS, mainly for measurement of credits			
Summarised financial information for the last available period	**30.06.2014**	**30.09.2014**	**30.09.2014**	**30.09.2014**		**30.09.2014**
Current assets						19,890
Non-current assets	805,349	41,621	470,526	196,974		34,275
Current liabilities						12,236
Non-current liabilities	734,139	38,998	368,020	183,321		13,632
Ordinary income	17,460	1,273	33,321	6,525		35,969
(Attributable) profit/(loss) from continuing operations	3,580	(114)	14,515	(1,484)		1,379
Profit/(loss) from discontinued operations (after tax)						267
Other comprehensive income	(15)	320		429		
Total comprehensive income	3,565	206	14,515	(1,055)		1,646
Summarised financial information at 31.12.2013						
Current assets						22,504
Non-current assets	753,954	42,694	440,155	200,118	5,680	42,582
Current liabilities						14,819
Non-current liabilities	685,720	40,388	349,412	185,333	4,935	22,347
Ordinary income	31,816	1,786	53,357	10,183	208	57,222
(Attributable) profit/(loss) from continuing operations	6,613	67	17,135	61	(36)	1,517
Profit/(loss) from discontinued operations (after tax)						(1,322)
Other comprehensive income	790	148		(387)	4	
Total comprehensive income	7,403	215	17,135	(326)	(32)	195

(1) Bank of East Asia (BEA) is a Hong-Kong based independent bank also positioned in China, where its presence dates back to 1920; through its subsidiary, BEA China, it has a burgeoning network of more than 125 branches. It offers retail, corporate and investment banking services. It also serves the Chinese community abroad through its branches in Southeast Asia, North America and the United Kingdom.

(2) BPI is a financial group focuses on retail and corporate banking and asset management and investment banking services. It has a strong competitive position in Portugal.

(3) GFI offers corporate and retail banking services, asset management, life and non-life insurance products, as well as brokerage and securities custodian services. At September 2014, it had 326 offices, 7,115 employees and over 15,800 financial advisors, with a customer portfolio of 8.1 million.

(4) Erste Group Bank AG has a strong deposits business and offers retail, corporate and investment banking services.

(5) Created in 1995, Boursorama has expanded in Europe thanks to the rise of electronic commerce and the growth of on-line product distribution. It operates in on-line banking, on-line brokerage and on-line financial information. Grupo Boursorama is 80% owned by Société Générale and 20% owned by CaixaBank

(6) Repsol is an integrated global energy company that develops upstream and downstream across the world. CaixaBank is Repsol's leading shareholder.

(7) No dividends payments to shareholders have been made since June 2012, when BPI was recapitalised through the subscription of EUR 1,500 million in COCOs. On 25 June 2014, the COCOs were fully repaid, so this restriction is no longer applicable.

(*) Financial information in local currency.

Summarised financial information on significant joint ventures accounted for using the equity method, based on the latest information available at the date of preparation of these annual financial statements, is as follows:

Joint venture

(Millions of euros)

	Comercia Global Payments	SegurCaixa Adeslas
Nature of the company's activities	Note (1)	Note (2)
Country of incorporation and countries of operation	Spain	Spain
% of voting rights (if different from the % stake)	49.00%	49.92%
Restrictions on dividend payments		Note (3)
Dividends received	5	95
Reconciliation of financial information related to fair value adjustments at the time of acquisition and adjustments due to changes in accounting policy		
Summarised financial information for the last available period	**30.11.2014 (6 months)**	**30.09.2014**
Current assets	355	
Non-current assets	190	3,191
Current liabilities	323	
Non-current liabilities	3	1,720
Ordinary income	60	1,949
Profit/(loss) from continuing operations	18	150
Other comprehensive income		16
Total comprehensive income	18	166
Cash and cash equivalents	53	172
Current financial liabilities	264	
Depreciation and amortisation	(5)	(42)
Interest income	0	24
Interest expenses	0	(4)
Income tax expense/revenue	(8)	(62)
Summarised financial information for:	**30.05.2014 (3 months)**	**31.12.2013**
Dividends received		60
Current assets	269	
Non-current assets	196	2,826
Current liabilities	249	
Non-current liabilities	3	1,485
Ordinary income	22	2,408
Profit/(loss) from continuing operations	4	132
Other comprehensive income (attributable)		4
Total comprehensive income (attributable)	4	136
Cash and cash equivalents	35	55
Current financial liabilities	128	
Depreciation and amortisation	(3)	(58)
Interest income		44
Interest expenses		(4)
Income tax expense/revenue	(2)	(55)

(1) Provision of the payment service (acquiring).

(2) Strategic alliance for the development, sale and distribution of non-life general insurance of SegurCaixa Adeslas. The company is 50%-owned by Mutua Madrileña Automovilista, S.A. Sociedad de Seguros a Prima Fija and 49.92% by VidaCaixa, SA de Seguros y Reaseguros Sociedad Unipersonal, with 0.08% held by non-controlling shareholders.

(3) According to the dividend policy included in the shareholders agreement, SegurCaixa Adeslas will retain earnings until solvency exceeds EUR 68 million, or 120% of the minimum solvency requirement under prevailing legislation at all times (deducting, as appropriate, goodwill and intangible assets, net of the tax effect at the general corporate income tax rate in force in each tax period).

18. Reinsurance assets

The breakdown of “Reinsurance assets” in the consolidated balance sheet at 31 December 2014 and 2013 is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Unearned premiums	711	730
Mathematical provisions	444,947	511,095
Claims	5,994	7,487
Total	**451,652**	**519,312**

This balance sheet heading includes mainly mathematical provisions relating to Berkshire Hathaway Life Insurance Company of Nebraska, assumed as a result of the reinsurance agreement signed in 2012 by VidaCaixa to mitigate longevity risk associated with its life annuities portfolio.

19. Tangible assets

Changes in items of "Tangible assets" and of the related accumulated depreciation in 2014 and 2013 are as follows:

(Thousands of euros)	2014			2013		
	Land and buildings	Furniture, facilities and other	Total	Land and buildings	Furniture, facilities and other	Total
Cost						
Balance at 1 January	2,878,982	3,570,525	6,449,507	3,027,963	3,543,556	6,571,519
Additions due to business combinations			0	128,601	150,273	278,874
Additions	47,184	181,687	228,871	37,823	178,530	216,353
Disposals	(6,738)	(21,517)	(28,255)	(52,505)	(140,308)	(192,813)
Transfers	(105,791)	(51,119)	(156,910)	(262,900)	(161,526)	(424,426)
Balance at 31 December	**2,813,637**	**3,679,576**	**6,493,213**	**2,878,982**	**3,570,525**	**6,449,507**
Accumulated depreciation						
Balance at 1 January	(477,009)	(2,749,372)	(3,226,381)	(481,217)	(2,710,627)	(3,191,844)
Additions due to business combinations			0	(23,138)	(110,801)	(133,939)
Additions	(20,069)	(171,531)	(191,600)	(33,308)	(188,249)	(221,557)
Disposals	630	14,002	14,632	459	119,085	119,544
Transfers	15,670	39,285	54,955	60,195	141,220	201,415
Balance at 31 December	**(480,778)**	**(2,867,616)**	**(3,348,394)**	**(477,009)**	**(2,749,372)**	**(3,226,381)**
Own use, net	**2,332,859**	**811,960**	**3,144,819**	**2,401,973**	**821,153**	**3,223,126**

(Thousands of euros)	2014			2013		
	Land and buildings	Furniture, facilities and other	Total	Land and buildings	Furniture, facilities and other	Total
Cost						
Balance at 1 January	2,828,281	165,296	2,993,577	1,358,926	89,868	1,448,794
Additions due to business combinations			0	7,994		7,994
Additions	590,917	15,654	606,571	19,051	2,535	21,586
Disposals	(261,988)	(156,812)	(418,800)	(199,945)	(53,508)	(253,453)
Transfers	828,245	46,803	875,048	1,642,255	126,401	1,768,656
Balance at 31 December	**3,985,455**	**70,941**	**4,056,396**	**2,828,281**	**165,296**	**2,993,577**
Accumulated depreciation						
Balance at 1 January	(129,605)	(120,285)	(249,890)	(77,605)	(54,669)	(132,274)
Additions due to business combinations			0	(1,957)		(1,957)
Additions	(38,338)	(2,005)	(40,343)	(24,031)	(5,980)	(30,011)
Disposals	1,391	110,852	112,243	13,791	8,205	21,996
Transfers	(6,088)	(20,960)	(27,048)	(39,803)	(67,841)	(107,644)
Balance at 31 December	**(172,640)**	**(32,398)**	**(205,038)**	**(129,605)**	**(120,285)**	**(249,890)**
Impairment allowances						
Balance at 1 January	(411,222)	(38,031)	(449,253)	(147,513)	0	(147,513)
Additions due to business combinations			0			0
Allowances **(Note 38)**	(257,793)		(257,793)	(146,629)	(38,031)	(184,660)
Recoveries **(Note 38)**	278,497	36,483	314,980	100,000		100,000
Transfers	(251,430)		(251,430)	(218,464)		(218,464)
Amounts used	51,735		51,735	1,384		1,384
Balance at 31 December	**(590,213)**	**(1,548)**	**(591,761)**	**(411,222)**	**(38,031)**	**(449,253)**
Investment property	**3,222,602**	**36,995**	**3,259,597**	**2,287,454**	**6,980**	**2,294,434**
Total tangible assets	**5,555,461**	**848,955**	**6,404,416**	**4,689,427**	**828,133**	**5,517,560**

Transfers to "Investment property" reflect mainly the value of the properties reclassified from "Own use" when an office in the banking network is closed or from "Inventories" when the asset is put up for rent (see Note 16).

At 31 December 2014 and 2013, there were no restrictions on the realisation of tangible assets and the collection of the proceeds.

Property and equipment for own use

Property and equipment for own use are allocated to the Banking Business CGU. At 31 December 2014 and 2013, impairment tests were performed on the net amount of the assets associated with the Banking Business CGU. The results of the tests carried out did not uncover any need to make allowances for the assets included under this heading (see Note 20).

However, the Entity carries out regular valuations of property for own use classified as "Land and buildings". The market value of these assets at 31 December 2014 did not differ significantly from their carrying amounts.

In 2014 and 2013, property and equipment for own use no longer in use were derecognised, leading to write-offs of EUR 8,392 thousand and EUR 14,304 thousand, respectively, recognised under "Impairment losses on other assets" (see Note 38).

At 31 December 2014, the Group had fully depreciated items of property and equipment for own use amounting to EUR 2,237 thousand.

The CaixaBank Group does not have significant commitments to acquire items of property and equipment. Sales made in previous years with sale and leaseback agreements include buy options that may be exercised by CaixaBank on termination of the lease agreement at the market value of the offices at that date, to be determined where appropriate by independent experts (see Note 36).

Investment property

Investment property is appraised annually using statistical methods, except for those over two years' old and special assets or assets not affected by repeat production. The appraisals led to the recognition of an impairment loss on investment property at 31 December 2014 of EUR 84,660 thousand and a reversal of impairment losses of EUR 57,187 thousand at 31 December 2013. Additionally, write-offs of EUR 33,354 thousand were also recognised in 2014 (see Note 38).

The net carrying amount of investment property generating rental income in 2014 was EUR 2,771 million.

The fair value of property assets classified as investment property, based on the fair value hierarchy, is classified as Level 2.

Rental income accrued on the operation of investment property is recognised under "Other operating income" in the income statement (see Note 34), totalling EUR 106 million in 2014, while the related expenses are recognised under "Other operating expenses" (see Note 34).

The % of appraisal value of assets classified as investment property by each appraiser or agency with which appraisals were made in 2014 was as follows:

2014

(thousands of euros)

	Appraisal value	**%**
Krata, SA	26,372	1%
Sociedad de Tasación, SA	1,039,191	26%
Tasaciones Inmobiliarias, SA	1,088,770	27%
Tecnitasa	68,169	2%
Valoració Hipotecària	63,742	2%
Valoraciones y Tasaciones Hipotecarias, SA	698,404	18%
Valtecnic, SA	934,800	23%
Other	20,558	1%
Total	**3,940,006**	**100%**

20. Intangible assets

Goodwill

The table below shows the composition of goodwill at 31 December 2014 and 2013:

Goodwill
(Thousands of euros)

	CGU	31.12.2014	31.12.2013
Acquisition of Banca Cívica	Banking	2,019,996	2,019,996
Acquisition of Banca Cívica Vida y Pensiones	Insurance	137,180	137,180
Acquisition of CajaSol Vida y Pensiones	Insurance	50,056	48,130
Acquisition of CajaCanarias Vida y Pensiones	Insurance	62,003	60,300
Acquisition of Banca Cívica Gestión de Activos	Banking	9,220	9,220
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance (1)	402,055	402,055
Acquisition of Bankpime, SA	Banking	39,406	39,406
Acquisition of VidaCaixa, SA de Seguros y Reaseguros (VidaCaixa Grupo, SA Group)	Insurance	330,929	330,929
Total		**3,050,845**	**3,047,216**

(1) Of which EUR 3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

The changes in goodwill in subsidiaries in 2014 and 2013 were as follows:

Changes in goodwill
(Thousands of euros)

	2014	2013
Balance at 1 January	**3,047,216**	**2,891,891**
Plus:		
Acquisition of Cajasol Vida y Pensiones, SA	1,926	48,130
Acquisition of CajaCanarias Vida y Pensiones, SA	1,703	60,300
Acquisition of Cajasol Seguros Generales, SA		71,850
Reclassification to goodwill of intangible assets of Banca Cívica Vida y Pensiones, SA		54,095
Less:		
Sale of Cajasol Seguros Generales		(71,850)
Reclassification to intangible assets of part of the goodwill from Banca Cívica Gestión de Activos, SA		(7,200)
Balance at 31 December	**3,050,845**	**3,047,216**

Other intangible assets

The breakdown of “Other intangible assets” at 31 December 2104 and 2013 is as follows:

(Thousands of euros)	CGU	Useful life	Remaining useful life	31.12.2014	31.12.2013
Intangible assets identified during the acquisition of Banca Cívica	Banking	4 to 9.5 years	2 to 6 years	125,708	158,006
Trademarks identified in the acquisition of Banco de Valencia	Banking	Indefinite		8,000	8,000
Customer relations (core deposits) of Banco de Valencia	Banking	6.2 years	4.2 years	22,232	23,890
Insurance portfolio of Banca Cívica Vida y Pensiones	Insurance	10 years	7.5 years	57,549	64,975
Insurance portfolio of CajaSol Vida y Pensiones	Insurance	10 years	7.5 years	11,477	13,760
Insurance portfolio of CajaCanarias Vida y Pensiones	Insurance	10 years	7.5 years	7,070	8,717
Customer funds of Banco de Valencia	Insurance	10 years	8 years	1,499	0
Software and others		4 years	1 to 4 years	251,854	182,235
Life insurance portfolios of VidaCaixa, SA (1)	Insurance	10 years	3 years	54,571	72,750
Contracts with Morgan Stanley customers (1)	Banking/Insurance	11 years	4 years	28,193	31,648
Contracts with Banca Cívica Gestión de Activos customers		10 years	7.5 years	5,806	6,510
Contracts with Bankpime customers and others (1)	Banking	10 years	7 years	9,762	11,593
Total				**583,721**	**582,084**

(1) The residual useful lives are four years for the insurance portfolio, five for contracts with Morgan Stanley customers, and eight years for contracts with Bankpime customers.

The changes to this item on the balance sheet in 2014 and 2013 are as follows:

(Thousands of euros)	2014	2013
Cost		
Balance at 1 January	**582,084**	**685,324**
Plus:		
Additions due to business combinations acquisition of Banco de Valencia		41,607
Additions due to additions of software and others	132,914	96,922
Addition due to business combination with Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones		48,586
Reclassification to intangible assets of goodwill from Banca Cívica Gestión de Activos		7,200
Other reclassifications	709	
Less:		
Amortisation recognised in profit or loss	(117,867)	(168,314)
Reclassification of intangible assets of Banca Cívica Vida y Pensiones		(88,057)
Write-downs **(Note 38)**	(14,119)	(41,184)
Total other intangible assets	**583,721**	**582,084**

In 2014, research and development expenditure by the CaixaBank Group amounted to EUR 72 million.

At 31 December 2014 and 2013, there were no intangible assets with restrictions on ownership or used as guarantee or collateral of debts.

Additionally, at 31 December 2014 and 2013, there were no significant commitments to acquire intangible assets.

At 31 December 2014, the CaixaBank Group had fully amortised intangible assets still in use amounting to EUR 266 million (gross).

Impairment test of the Banking CGU

The amount to be recovered from the Banking Business CGU was determined from the allocation of the CaixaBank Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The CaixaBank Group estimates recoverable amount based on value in use, which was determined by discounting the estimated dividends over the medium term according to the Group's budgets and extrapolated to 2020 (six annual financial periods), which on the whole should reflect the stabilisation of the banking business in Spain. The Group also updates the projected cash flows every six months to factor in any potential deviations to the recoverable amount estimation model. The test carried out at 31 December 2014 confirmed that the projections used in the previous impairment test were fairly accurate and that the deviations would not have affected the conclusions of that test.

The main assumptions used in the cash flow projections were based on estimates for the main macroeconomic variables affecting the Group's business activities, including net interest income of between 1.32% and 1.65% of average total assets (between 1.27% and 1.65% in the previous test), credit risk of between 0.98% and 0.5% of the gross lending portfolio (between 1.4% and 0.6% in the previous test, and a growth rate of 2% (the same as that used in the previous test), intended to include the effects of inflation. The discount rate applied for the projections was 8.7% (10.5% previously), calculated on the rate of interest of the German 10-year bond, plus a risk premium associated with the banking business and the Entity.

The CaixaBank Group performs a sensitivity analysis on the most significant variables. In this respect, in addition to the baseline scenario, possible variations in the main assumptions used in the model have been calculated, including the discount rate: -1%, +1%, growth rate: -0.5%, +0.5%, net interest income: -0.05% + 0.05% and credit risk: -0.1% +0.1%, to confirm that recoverable amount still exceeds the amount to be recovered. The results of the sensitivity analysis, including adverse assumptions, did not uncover the need to recognise any impairment of the goodwill assigned to the Banking Business CGU in 2014. The analysis also showed that the value of the CGU in an adverse scenario is still substantially higher than the value of its cash flows from operations.

In addition, there were no reasonably likely changes in the assumptions or projections that could result in the recognition of impairment allowances for goodwill and intangible assets assigned to this CGU at the end of 2014.

Impairment test of the Insurance CGU

The amount to be recovered from the Insurance Business CGU was determined from the allocation of the CaixaBank Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The recoverable amount of the Insurance Business CGU is based on value in use. A calculation was made of the cash flows expected over the next five years on the life business acquired, assuming a subsequent growth rate of 2% (intended to include the effects of inflation). These expected flows were discounted at a rate of 9.77% (10% in the previous test). The CaixaBank Group also updates the projected cash flows every six months to factor in any potential deviations to the recoverable amount estimation model. The test carried out at 31 December 2014 confirmed that the projections used in the previous impairment test were fairly accurate and that the deviations would not have affected the conclusions of that test.

The CaixaBank Group performs a sensitivity analysis on the most significant variables. In this respect, in addition to the baseline scenario, possible variations in the main assumptions used in the model have been calculated, including the discount rate: -0.5%, +0.5%, growth rate: -0.5%, +0.5%, to confirm that recoverable amount still exceeds the amount to be recovered. The results of the sensitivity analysis, including adverse assumptions, did not uncover the need to recognise any impairment of the goodwill assigned to the Insurance Business CGU in 2014. The analysis also showed that the value of the CGU in an adverse scenario is still substantially higher than the value of its cash flows from operations.

In addition, there were no reasonably likely changes in the assumptions or projections that could result in the recognition of impairment allowances for goodwill and other intangible assets assigned to this CGU at the end of 2014.

21. Other assets and liabilities

The breakdown of these items in the balance sheet is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Inventories	1,197,035	1,455,156
Dividends on equity securities accrued and receivable	78,121	79,190
Prepayments and accrued income	791,367	822,709
Of which: Expenses paid and not accrued	*315,233*	*261,200*
Other assets	368,546	343,863
Of which: Ongoing transactions	*264,275*	*182,646*
Total other assets	**2,435,069**	**2,700,918**
Accrued expenses and deferred income	626,424	543,958
Of which: Accrued general expenses payable	*161,187*	*182,506*
Of which: Unaccrued commercial margin on derivatives	*0*	*0*
Other liabilities	1,213,057	1,100,867
Of which: Ongoing transactions	*1,053,193*	*758,320*
Of which: Transitional accounts corresponding to property sales	*28,519*	*527,007*
Total other liabilities	**1,839,481**	**1,644,825**

At 31 December 2014 and 2013, "Other assets - Prepayments and accrued income" and "Other liabilities - Accrued expenses and deferred income" included EUR 224,577 thousand and EUR 252,151 thousand , respectively, in relation to a shortfall in the Deposit Guarantee Fund to be settled over the next seven years (see Note 1).

"Other assets" includes the fair value of insurance policies associated with defined-benefit obligations assured through policies arranged with entities not considered related parties and eligible to be considered plan assets after deducting the present value of the obligations. If the value of the obligations is higher, it is recognised in "Provisions – Provisions for pensions and similar obligations" (see Note 24).

"Inventories," which consists mainly of land and property under construction, are measured at the lower of cost, including financial charges, and realisable value, understood to be the estimated net selling price less the estimated production and marketing costs.

Changes in “Inventories” in 2014 and 2013 are as follows:

Change in inventories
(Thousands of euros)

	2014		2013	
	Foreclosed assets	**Other assets**	**Foreclosed assets**	**Other assets**
Balance at 1 January	**2,152,938**	**477,568**	**1,878,598**	**419,341**
Plus:				
Acquisitions	551,404	69,558	786,212	77,123
Transfers and other			45,951	
Less:				
Cost of sales (1)	(58,858)	(6,376)	(86,577)	(11,482)
Transfers and other	(367,935)	(232,573)	(471,246)	(7,414)
Subtotal	**2,277,549**	**308,177**	**2,152,938**	**477,568**
Impairment allowances	(1,231,360)	(157,331)	(978,215)	(197,135)
Balance at 31 December	**1,046,189**	**150,846**	**1,174,723**	**280,433**

(1) Includes the costs attributable to sales and income from the provision of non-financial services.

Changes in impairment allowance under “Inventories” in 2014 and 2013 were as follows:

Change in impairment allowance
(Thousands of euros)

	2014	2013
Balance at 1 January	**1,175,350**	**1,200,012**
Plus:		
Allowances **(Note 38)**	23,242	226,991
Transfers and other	204,655	(237,813)
Less:		
Amounts used	(14,556)	(13,840)
Balance at 31 December	**1,388,691**	**1,175,350**

Foreclosed assets are appraised on a regular basis in compliance with Ministerial Order ECO/805/003 and statistical appraisals (see Note 2.19). The CaixaBank Group applies an adjustment to these appraisals to factor in possible impairment according to the type of property, the length of time it has been on the Company's balance sheet and other applicable indicators of impairment. An independent expert is then asked to make a comparative assessment of the value of all the foreclosed real estate assets. These analyses suggest that the market value of the assets does not differ significantly from their carrying amount.

The table below shows the companies and agencies that carried out appraisals in 2014:

2014

(Thousands of euros)	Carrying amount	%
Ibertasa, Sociedad de Tasación, SA	49,433	5%
Krata, SA	89,505	9%
Sociedad de Tasación, SA	161,494	15%
Tasaciones Inmobiliarias, SA	216,056	21%
Tecnitasa	163,899	16%
Valoraciones Mediterraneo, SA	30,246	3%
Valoraciones y Tasaciones Hipotecarias, SA	127,868	12%
Valtecnic, SA	202,028	19%
Other	5,660	1%
Total	**1,046,189**	**100%**

22. Financial liabilities at amortised cost

The breakdown of this item in the balance sheet, by type of financial instrument, is as follows:

31.12.2014

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	12,152,618	4,254				12,156,872
Deposits from credit institutions	13,724,939	30,611	6,516		(7)	13,762,059
Customer deposits (1)	180,554,149	692,227		(28,633)	(1,017,293)	180,200,450
Marketable debt securities	32,376,605	689,352	2,491	(31,796)	(116,433)	32,920,219
Subordinated liabilities	4,469,173	5,964		(3,237)	(75,825)	4,396,075
Other financial liabilities	4,102,981					4,102,981
Total	**247,380,465**	**1,422,408**	**9,007**	**(63,666)**	**(1,209,558)**	**247,538,656**

(1) "Premiums and discounts" includes the fair-value adjustments made to customer deposits contributed by Banca Cívica at the date of integration, mainly single covered bonds.

31.12.2013

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	19,840,320	209,297				20,049,617
Deposits from credit institutions	21,118,116	51,181	13,305		(6)	21,182,596
Customer deposits (1)	175,492,359	945,938			(1,276,666)	175,161,631
Marketable debt securities (2)	37,331,122	880,608	28,521	(73,913)	(228,034)	37,938,304
Subordinated liabilities	4,893,293	6,667		(4,489)	(86,322)	4,809,149
Other financial liabilities	4,059,706					4,059,706
Total	**262,734,916**	**2,093,691**	**41,826**	**(78,402)**	**(1,591,028)**	**263,201,003**

(1) "Premiums and discounts" includes the fair-value adjustments made to customer deposits contributed by Banca Cívica at the date of integration, mainly single covered bonds.

(2) "Transaction costs" relates mainly to the cost of the government guarantees of Banca Cívica's bond issues.

22.1. Deposits from credit institutions

The breakdown, by type of deposit, of this item in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Demand	**2,520,596**	**3,693,039**
Reciprocal accounts	29	93
Other accounts	2,520,567	3,692,946
Time or at notice	**11,204,343**	**17,425,077**
Time deposits	6,232,348	8,267,127
Of which: registered mortgage covered bonds	*220,000*	*820,000*
Hybrid financial liabilities	2,800	2,255
Repurchase agreements **(Note 2.5)**	4,969,195	9,155,695
Total	**13,724,939**	**21,118,116**

22.2. Customer deposits

The breakdown, by sector and type of deposit, of this item in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
By type	**180,554,149**	**175,492,359**
Current accounts and other demand deposits	55,221,572	45,184,245
Savings accounts	38,361,499	35,297,920
Time deposits	72,395,778	87,309,403
Of which: registered covered bonds	*8,546,092*	*10,243,434*
Hybrid financial liabilities	8,918,217	4,303,330
Repurchase agreements (*) **(Note 2.5)**	5,657,083	3,397,461
By sector	**180,554,149**	**175,492,359**
Public sector	10,306,868	4,702,320
Private sector	170,247,281	170,790,039

(*) Includes repurchase agreements in money market transactions through counterparty entities of EUR 1,898 million and EUR 1,105 million at 31 December 2014 and 2013, respectively.

22.3. Marketable debt securities

The detail of this heading in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)	Outstanding amount at	
	31.12.2014	**31.12.2013**
Mortgage covered bonds	23,141,373	26,815,146
Public sector covered bonds	50,000	50,000
Plain vanilla bonds	6,606,218	7,461,539
Securitisation bonds **(Note 28.2)**	1,532,306	1,776,250
Hybrid instruments	819,750	939,750
Structured notes	*255,450*	*345,450*
Bonds exchangeable for shares	*564,300*	*594,300*
Promissory notes	226,958	288,437
Total	**32,376,605**	**37,331,122**

Mortgage covered bonds

Details of mortgage covered bond issues are as follows:

Mortgage covered bonds (1 / 2)

(Thousands of euros)

Date		Initial nominal amount in currency		Nominal interest rate	Redemption date		Outstanding amount 31.12.2014	Outstanding amount 31.12.2013
31.10.2003		750,000	EUR	4.75%	31.10.2018		750,000	750,000
04.02.2004		250,000	EUR	4.75%	31.10.2018		250,000	250,000
17.02.2005		2,500,000	EUR	3.88%	17.02.2025		2,500,000	2,500,000
30.09.2005		300,000	£	Lib 1Y+0.020%	30.09.2015		385,159	359,842
05.10.2005		2,500,000	EUR	3.25%	05.10.2015		2,500,000	2,500,000
09.01.2006		1,000,000	EUR	E3M+0.075%	09.01.2018		1,000,000	1,000,000
18.01.2006		2,500,000	EUR	3.38%	30.06.2014	(6)		2,500,000
18.01.2006		2,500,000	EUR	3.63%	18.01.2021		2,500,000	2,500,000
20.04.2006	(1)	1,000,000	EUR	E3M+0.100%	30.06.2016		10,646	10,646
16.06.2006		150,000	EUR	E3M+0.060%	16.06.2016		150,000	150,000
28.06.2006		2,000,000	EUR	4.25%	26.01.2017		2,000,000	2,000,000
28.06.2006		1,000,000	EUR	4.50%	26.01.2022		1,000,000	1,000,000
18.09.2006	(1)	1,000,000	EUR	E3M+0.100%	30.09.2016		7,982	7,982
01.11.2006		255,000	$	Lib 3M%	02.02.2037		210,032	184,903
28.11.2006		250,000	EUR	E3M+0.060%	28.11.2016		250,000	250,000
22.01.2007	(1)	1,000,000	EUR	E3M%	30.03.2017		6,380	6,380
30.03.2007		227,500	EUR	E3M+0.045%	20.03.2017		227,500	227,500
30.03.2007		68,000	EUR	E3M+0.010%	20.06.2014	(6)		68,000
09.05.2007	(1)	1,500,000	EUR	E3M+0.100%	30.09.2017		13,462	13,462
04.06.2007		2,500,000	EUR	4.63%	04.06.2019		2,500,000	2,500,000
13.07.2007		25,000	EUR	E3M+0.045%	20.03.2017		25,000	25,000
13.06.2008		100,000	EUR	5.43%	13.06.2038		100,000	100,000
14.05.2009		175,000	EUR	E3M+1.000%	14.05.2021		175,000	175,000
26.05.2009		1,250,000	EUR	3.75%	26.05.2014	(6)		1,250,000
07.08.2009		750,000	EUR	3.75%	26.05.2014	(6)		750,000
18.12.2009		125,000	EUR	E3M+0.650%	18.12.2018	(4)		125,000
31.03.2010		1,000,000	EUR	3.50%	31.03.2016		1,000,000	1,000,000
07.05.2010		100,000	EUR	E3M+0.950%	07.05.2019		100,000	100,000
02.07.2010		300,000	EUR	E3M+1.750%	02.07.2018		300,000	300,000
18.08.2010		42,000	EUR	3.50%	30.04.2015		42,000	42,000
15.10.2010		25,000	EUR	3.74%	15.10.2015		25,000	25,000
22.02.2011		2,200,000	EUR	5.00%	22.02.2016		2,200,000	2,200,000
18.03.2011		570,000	EUR	4.71%	31.01.2014	(6)		570,000
18.03.2011		74,000	EUR	4.98%	02.02.2015		74,000	74,000
18.03.2011		1,250,000	EUR	4.75%	18.03.2015		1,250,000	1,250,000
27.04.2011		1,250,000	EUR	5.13%	27.04.2016		1,250,000	1,250,000
13.05.2011		180,000	EUR	4.47%	30.07.2014	(6)		180,000
02.08.2011	(2)	150,000	EUR	E3M+3.850%	02.08.2027		150,000	150,000
14.11.2011		250,000	EUR	4.25%	26.01.2017		250,000	250,000
16.02.2012		1,000,000	EUR	4.00%	16.02.2017		1,000,000	1,000,000
07.06.2012		2,000,000	EUR	E6M+3.850%	07.06.2022		2,000,000	2,000,000
07.06.2012		4,000,000	EUR	E6M+3.800%	07.06.2023		1,000,000	1,000,000
07.06.2012		3,500,000	EUR	E6M+3.800%	07.06.2024		2,900,000	2,900,000
07.06.2012		1,000,000	EUR	E6M+3.750%	07.06.2025		1,000,000	1,000,000
19.06.2012		4,250,000	EUR	E6M+3.750%	19.06.2026		3,000,000	3,000,000
03.07.2012		1,000,000	EUR	E6M+4.000%	03.07.2027		1,000,000	1,000,000
17.07.2012		750,000	EUR	E6M+4.250%	17.07.2027		750,000	750,000
17.07.2012		3,000,000	EUR	E6M+4.250%	17.07.2028		2,800,000	2,800,000
26.07.2012		500,000	EUR	E6M+4.700%	26.07.2020	(5)	175,000	500,000
22.09.2009	(3)	150,000	EUR	E3M+1.500%	22.09.2017		150,000	150,000
09.07.2010	(3)	50,000	EUR	E3M+2.200%	09.07.2020	(4)		50,000
25.01.2012	(3)	1,000,000	EUR	6.75%	25.01.2018	(4)		1,000,000
25.01.2012	(3)	1,500,000	EUR	7.00%	25.01.2019	(4)		1,500,000

Mortgage covered bonds (1 / 2)

(Thousands of euros) Date		Initial nominal amount in currency		Nominal interest rate	Redemption date		Outstanding amount 31.12.2014	31.12.2013
27.01.2012	(3)	1,000,000	EUR	7.25%	27.01.2020	(4)		1,000,000
22.03.2013		2,000,000	EUR	3.00%	22.03.2018	(5)	1,000,000	2,000,000
21.03.2014		1,000,000	EUR	2.63%	21.03.2024		1,000,000	
30.07.2014		300,000	EUR	0.59%	30.07.2017		300,000	
Mortgage covered bonds							**41,277,161**	**50,244,715**
Own mortgage covered bonds acquired							**(18,135,788)**	**(23,429,569)**
Acquired by							(17,823,587)	(21,643,769)
Acquired by Group companies							(312,201)	(1,785,800)
Total							**23,141,373**	**26,815,146**

(1) Issues placed on the retail market. The remainder was placed on the institutional market.
(2) From merger with Banco de Valencia.
(3) From merger with Banca Cívica.
(4) Early redemptions on 28.02.2014.
(5) Partial early redemptions on 28.02.2014.
(6) Redeemed at maturity.

In accordance with current legislation, CaixaBank expressly assigns the mortgages registered in its name as collateral for the principal and interest of mortgage covered bond issues.

CaixaBank has registered mortgage-covered bonds (*cédulas hipotecarias nominativas*) issued and outstanding which, depending on the counterparty, are recognised under "Deposits from credit institutions" or "Customer deposits" in the accompanying consolidated balance sheet (see Notes 22.1 and 22.2).

The degree of collateralisation and overcollateralisation of the mortgage covered bonds issued at 31 December 2014 and 2013 is as follows:

(Thousands of euros)		31.12.2014	31.12.2013
Non-registered mortgage covered bonds **(Note 22.3)**		41,277,161	50,244,715
Registered mortgage covered bonds placed as customer deposits **(Note 22.2)**		8,546,092	10,243,434
Registered mortgage covered bonds issued by credit institutions**(Note 22.1)**		220,000	820,000
Mortgage covered bonds issued	**(A)**	**50,043,253**	**61,308,149**
Total outstanding mortgage loans and credits (*)		130,637,686	142,741,670
Mortgage participations issued		(484,701)	(577,625)
Mortgage transfer certificates issued		(4,220,761)	(5,011,470)
Removal of portfolio due to sales executed by public instrument in January		(160,301)	
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**125,771,923**	**137,152,575**
Collateralisation:	**(B)/(A)**	**251%**	**224%**
Overcollateralisation:	**[(B)/(A)]-1**	**151%**	**124%**

(*) Includes on and off balance sheet portfolio

Disclosures required by the Mortgage Market Law are contained in the 2014 annual accounts of CaixaBank, SA.

Public sector covered bonds

Details of public sector covered bond issues are as follows:

Public-sector covered bonds

(Thousands of euros)

Date		Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount 31.12.2014	Outstanding amount 31.12.2013
20.10.2011		2,500,000 EUR	4.250%	19.06.2015	2,500,000	2,500,000
20.10.2011		1,500,000 EUR	3.875%	20.03.2014		1,500,000
24.05.2012		500,000 EUR	4.900%	24.05.2018	500,000	500,000
24.05.2012		500,000 EUR	5.200%	24.05.2019	500,000	500,000
27.01.2012	(1)	250,000 EUR	6.000%	27.01.2016	250,000	250,000
01.02.2012	(1)	250,000 EUR	6.500%	01.02.2017	250,000	250,000
26.04.2012	(1)	200,000 EUR	4.750%	26.04.2015	200,000	200,000
07.06.2013		1,300,000 EUR	3.000%	07.06.2018	1,300,000	1,300,000
26.03.2014		1,500,000 EUR	1.136%	26.03.2020	1,500,000	
Public sector covered bonds					**7,000,000**	**7,000,000**
Own public sector covered bonds acquired					**(6,950,000)**	**(6,950,000)**
Acquired by CaixaBank					(6,912,200)	(6,650,000)
Acquired by Group companies					(37,800)	(300,000)
Total					**50,000**	**50,000**

(1) From merger with Banca Cívica.

The public sector covered bonds are issued using as collateral loans and advances to the central government, regional communities, local bodies, autonomous community organisations and dependent public business entities and other such institutions in the European Economic Area.

Plain vanilla bonds

Details of plain vanilla bond issues are as follows:

Plain vanilla bonds

(Thousands of euros)

Date		Initial nominal amount in currency		Nominal interest rate	Redemption date	Early redemption	Outstanding amount 31.12.2014	31.12.2013
18.08.2004	(1)	30,000	EUR	6.200%	18.08.2019			30,000
20.11.2009		1,000,000	EUR	4.125%	20.11.2014			1,000,000
20.01.2012		3,000,000	EUR	4.910%	20.01.2015		3,000,000	3,000,000
04.07.2007	(2)	25,000	EUR	1.630%	04.07.2014			25,000
15.06.2007	(2)	30,000	EUR	2.000%	17.06.2019		30,000	30,000
22.11.2007	(2)	100,000	EUR	E12M+0.25%	22.11.2027		100,000	100,000
31.03.2010	(2)	200,000	EUR	3.125%	31.03.2015		200,000	200,000
06.04.2010	(2)	135,000	EUR	2.750%	06.04.2014			135,000
12.02.2010	(2)	264,000	EUR	3.000%	12.02.2015		264,000	264,000
25.02.2010	(2)	350,000	EUR	3.250%	25.02.2015		350,000	350,000
30.03.2010	(2)	50,000	EUR	2.625%	07.02.2014			50,000
24.03.2010	(2)	350,000	EUR	3.260%	24.03.2015		350,000	350,000
30.03.2010	(2)	25,000	EUR	E6M+0.70%	30.03.2015		25,000	25,000
16.06.2010	(2)	400,000	EUR	3.624%	30.04.2015		400,000	400,000
31.03.2011	(2)	10,000	EUR	4.260%	31.03.2014			10,000
31.03.2011	(2)	10,000	EUR	5.362%	31.03.2016		10,000	10,000
11.05.2011	(2)	11,000	EUR	4.543%	31.03.2014			11,000
22.01.2013		1,000,000	EUR	3.250%	22.01.2016		1,000,000	1,000,000
30.01.2013		300,000	EUR	3.964%	30.01.2018		300,000	300,000
11.04.2013		250,000	EUR	4.358%	31.10.2019		250,000	250,000
14.05.2013		1,000,000	EUR	3.125%	14.05.2018		1,000,000	1,000,000
18.10.2013		1,000,000	EUR	2.500%	18.04.2017		1,000,000	1,000,000
10.03.2014	(3)	3,350	EUR	E6M+ 2.30%	10.03.2016		2,513	
10.04.2014	(3)	5,650	EUR	E6M+ 2.30%	10.04.2016		4,238	
10.04.2014	(3)	3,175	EUR	4.400%	10.04.2018		2,808	
10.04.2014	(3)	5,525	EUR	E6M + 3.50%	10.04.2018		4,834	
12.05.2014	(3)	7,975	EUR	E6M + 2.30%	10.05.2016		5,981	
12.05.2014	(3)	7,875	EUR	E6M + 3.50%	10.05.2018		6,891	
10.06.2014	(3)	4,200	EUR	2.310%	10.06.2016		3,168	
10.06.2014	(3)	9,575	EUR	E6M + 1.85%	10.06.2016		7,181	
10.06.2014	(3)	3,375	EUR	E6M + 2.10%	10.06.2016		2,531	
10.06.2014	(3)	3,325	EUR	3.630%	10.06.2018		2,935	
10.06.2014	(3)	4,400	EUR	E6M + 3.00%	10.06.2018		3,850	
10.06.2014	(3)	5,972	EUR	E6M + 2.75%	10.06.2018		5,972	
10.07.2014	(3)	3,875	EUR	2.470%	10.07.2016		3,875	
10.07.2014	(3)	11,175	EUR	E6M + 1.85%	10.07.2016		11,175	
10.07.2014	(3)	3,400	EUR	3.609%	10.07.2018		3,400	
10.07.2014	(3)	10,025	EUR	E6M + 2.75%	10.07.2018		10,025	
10.07.2014	(3)	4,525	EUR	E6M + 3.25%	10.07.2023		4,525	
10.08.2014	(3)	4,900	EUR	2.497%	10.08.2016		4,900	
10.08.2014	(3)	14,425	EUR	E6M + 1.85%	10.08.2016		14,425	
10.08.2014	(3)	3,450	EUR	3.644%	10.08.2018		3,450	
10.08.2014	(3)	7,725	EUR	E6M + 2.75%	10.08.2018		7,725	
10.08.2014	(3)	4,450	EUR	E6M + 2.75%	10.08.2020		4,450	
10.09.2014	(3)	3,275	EUR	2.531%	10.09.2016		3,275	
10.09.2014	(3)	12,075	EUR	E6M + 1.85%	10.09.2016		12,075	
10.09.2014	(3)	6,275	EUR	E6M + 2.75%	10.09.2018		6,275	
10.09.2014	(3)	5,000	EUR	E6M + 2.75%	10.09.2020		5,000	
10.10.2014	(3)	3,775	EUR	2.266%	10.10.2016		3,775	
10.10.2014	(3)	7,400	EUR	E6M + 1.55%	10.10.2016		7,400	
10.10.2014	(3)	5,375	EUR	E6M + 1.85%	10.10.2016		5,375	
10.10.2014	(3)	4,825	EUR	E6M + 2.75%	10.10.2018		4,825	
10.10.2014	(3)	11,850	EUR	E6M + 2.35%	10.10.2020		11,850	

Plain vanilla bonds

(Thousands of euros)

Date		Initial nominal amount in currency		Nominal interest rate	Redemption date	Early redemption	Outstanding amount 31.12.2014	31.12.2013
10.10.2014	(3)	5,675	EUR	E6M + 2.75%	10.10.2020		5,675	
10.11.2014	(3)	4,225	EUR	2.287%	10.11.2016		4,225	
10.11.2014	(3)	3,650	EUR	2.257%	10.11.2016		3,650	
10.11.2014	(3)	3,775	EUR	2.239%	10.11.2016		3,775	
10.11.2014	(3)	15,700	EUR	E6M + 1.55%	10.11.2016		15,700	
10.11.2014	(3)	7,950	EUR	E6M + 2.35%	10.11.2018		7,950	
10.12.2014	(3)	11,650	EUR	E6M + 1.55%	10.12.2016		11,650	
10.12.2014	(3)	4,875	EUR	2.127%	10.12.2016		4,875	
10.12.2014	(3)	7,550	EUR	E6M + 2.35%	10.12.2018		7,550	
10.12.2014	(3)	3,300	EUR	3.191%	10.12.2018		3,300	
24.01.2007	(2)	40,157	EUR	0.212%	24.01.2022		40,027	40,030
Total issued							**8,568,079**	**9,580,030**
Own plain vanilla bonds acquired							**(1,961,861)**	**(2,118,491)**
Acquired by CaixaBank							(1,889,161)	(421,130)
Acquired by Group companies							(72,700)	(1,697,361)
Total							**6,606,218**	**7,461,539**

(1) To April 2011, issue by CaixaFinance, BV. From that date on CaixaBank changes its status as guarantor by issuer.

(2) From merger with Banca Cívica.

(3) ICO issues for a total amount of EUR 249 million.

(4) Early redemption.

Securitisation bonds

The detail of outstanding bonds issued by the securitisation vehicles placed with third parties at 31 December 2014 and 2013, respectively, is as follows:

Securitisation bonds

(Thousands of euros)

	Outstanding amount at 31.12.2014	31.12.2013
FonCaixa FTGENCAT 3, FTA	76,664	98,604
FonCaixa FTGENCAT 4, FTA	129,494	152,227
FonCaixa FTGENCAT 5, FTA	344,299	405,339
FonCaixa FTGENCAT 6, FTA	251,665	291,200
From CaixaBank	**802,122**	**947,370**
Valencia Hipotecario 1, FTA	94,856	112,185
Valencia Hipotecario 2, FTA	275,290	313,710
Valencia Hipotecario 3, FTA	322,713	348,087
Pyme Valencia 1, FTA	37,325	54,898
From Banco de Valencia	**730,184**	**828,880**
Total	**1,532,306**	**1,776,250**

These are repaid periodically according to the amortisation of the underlying assets.

Structured notes

Details of structured note issues are as follows:

Structured notes

(Thousands of euros)

Issue date	Initial nominal amount in currency	Redemption date	Outstanding amount at 31.12.2014	Outstanding amount at 31.12.2013
15.02.2011	2,000EUR	17.02.2014		2,000
21.07.2011	43,650EUR	21.07.2014		43,650
16.11.2011	15,350EUR	17.11.2014		15,350
01.12.2011	115,650EUR	04.12.2014		115,650
17.02.2012	16,400EUR	17.02.2015		16,400
28.02.2012	75,000EUR	05.03.2014		75,000
19.04.2012	13,050EUR	20.04.2015	13,050	13,050
11.05.2012	1,950EUR	12.05.2014		1,950
20.06.2012	1,850EUR	20.06.2014		1,850
24.07.2012	600EUR	24.07.2014		600
31.01.2013	15,000EUR	31.07.2015		15,000
25.03.2013	7,600EUR	24.03.2016	7,600	7,600
23.04.2013	800EUR	22.04.2016	800	800
29.05.2013	4,600EUR	27.05.2016	4,600	4,600
22.10.2013	32,000EUR	24.10.2016	32,000	32,000
17.12.2013	21,600EUR	18.12.2017	21,600	21,600
11.02.2014	53,500EUR	13.08.2018	53,500	
13.06.2014	28,300EUR	13.06.2019	28,300	
13.06.2014	38,000EUR	13.06.2016	38,000	
07.08.2014	13,500EUR	07.08.2019	13,500	
07.08.2014	9,600EUR	08.08.2016	9,600	
07.08.2014	9,400EUR	07.08.2017	9,400	
15.10.2014	6,200EUR	15.10.2019	6,200	
15.10.2014	9,700EUR	17.10.2016	9,700	
05.12.2014	8,000EUR	05.12.2019	8,000	
05.12.2014	14,000EUR	05.12.2016	14,000	
Structured notes			**269,850**	**367,100**
Own structured notes acquired			**(14,400)**	**(21,650)**
Total			**255,450**	**345,450**

Bonds exchangeable for Repsol, SA shares

In November 2013, CaixaBank issued bonds exchangeable for Repsol shares among institutional and qualified investors representing up to 2.5% of its share capital for a total nominal amount of EUR 594.3 million.

The minimum exchange price was set at EUR 18.25 and the maximum price at EUR 22.8125. At maturity, the bondholders receive a number of shares calculated by dividing the nominal amount of the bonds by the exchange price, which will be between the maximum and minimum price depending on the market value of Repsol shares. CaixaBank can elect to repay the nominal amount in cash.

This issue includes a combination of embedded derivatives to ensure a maximum and minimum exchange price which, in accordance with that established in paragraph 11 of IAS 39, must be separated from the host contract. The issue is therefore treated as a hybrid financial instrument for accounting purposes, with the combination of embedded derivatives and the financial liability treated separately. The net amount recognised on issue for the combination of embedded derivatives amounted to EUR +44 million and the amount relating to the financial liability amounted to EUR 638 million. The costs directly attributable to the issue are recognised in the income statement using the effective interest rate method in accordance with applicable legislation. No gain or loss was initially recognised.

The combination of embedded derivatives in the issue was measured using valuation techniques that were appropriate given the characteristics thereof and maximising the use of relevant observable input data. Within the range of values obtained, the Entity considered the difference between the fair value of the hybrid instrument and the fair value of the host contract to be the most representative value.

This transaction falls within CaixaBank's policy of optimising its capital base within the new regulatory context. Therefore, the disposal of the 2.5% holding in Repsol's share capital through the delivery of shares in the exchange upon maturity of the issue (22 November 2016) is considered to be a cash flow hedge of a highly probable transaction, based on that set forth in point F.3.7 of IAS 39 (see Note 15).

The Entity designated the combination of embedded derivatives in the issue, which, as indicated, ensure a maximum and minimum exchange price, as a hedging instrument of the previous highly probable forecast transaction.

In 2014 and 2013, EUR 8 million and EUR 22 million were charged to "Equity - Valuation adjustments - Cash flow hedges" in relation to this hedge.

Promissory notes

The detail, by remaining term to maturity, of the outstanding amount of promissory notes issued in euros at 31 December 2014 and 2013, is as follows:

Promissory notes

(Thousands of euros)

	31.12.2014	31.12.2013
Up to 3 months	214,893	126,334
Between 3 and 6 months	999	174,071
Between 6 months and 1 year	11,066	167,952
Total issued	**226,958**	**468,357**
Own promissory notes acquired		**(179,920)**
Acquired by Group companies		*(179,920)*
Total	**226,958**	**288,437**

22.4. Subordinated liabilities

The detail of this heading in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

Breakdown of issues
(Thousands of euros)

	Outstanding amount at	
	31.12.2014	**31.12.2013**
Preference shares	32,246	45,058
Subordinated debt	4,436,927	4,848,235
Total	**4,469,173**	**4,893,293**

Details of outstanding preference share issues at 31 December 2014 are as follows:

Preference shares
(Thousands of euros)

				Prevailing		Outstanding amount	
Issue date	**Maturity**	**Initial amount**	**Nominal interest rate**	**interest rate**		**31.12.2014**	**31.12.2013**
June 2007(1)	Perpetual	20,000	E6M+1.750%	2.107%		20,000	20,000
December 2007 (1)	Perpetual	30,000	E6M+3.000%	3.173%		30,000	30,000
May 2009 (2)	Perpetual	1,897,586	E3M+3.500%	3,940 %	(5)		38,298
August 2009 (3)	Perpetual	938	E3M+5.85%	6,076 %	(7)		938
December 2009 (3)	Perpetual	2,876	Fixed	6,50 %		2,876	2,876
February 2011 (3)	Perpetual	2,099	Fixed	8,650 %		2,099	2,099
Issued by CaixaBank						**54,975**	**94,211**
June 1999(2)	Perpetual	1,000,000	E3M+0.060%	2,970 %	(6)		11,605
May 2000 (2)	Perpetual	2,000,000	E3M+0.060%	2,970 %	(6)		27,876
July 2001 (3)	Perpetual	4,368	E6M+0.250%	0,543 %	(6)		4,368
August 2000 (3)	Perpetual	3,902	E12M+0.400%	0,600 %	(6)		3,902
June 2006(3)	Perpetual	723	E12M+0.550%	0,750 %	(6)		723
October 2009 (3)	Perpetual	8,940	E3M+6.100% (min 7%)	7,000 %			8,940
December 2006 (3)	Perpetual	20,000	E3M+1.400%	1.478%		20,000	20,000
Issued by other companies(4)						**20,000**	**77,414**
Total issued						**74,975**	**171,625**
Own preference shares acquired by Group companies						**(42,729)**	**(126,567)**
Total						**32,246**	**45,058**

(1) Issues deriving from the merger with Caja de Ahorros de Girona.
(2) The issues were bought back and cancelled in February 2012; the outstanding balance relates to percentages of holders not accepting the repurchase offer. For the buyback, EUR 3,373,865 thousand worth of subordinated bonds were issued, with the remaining EUR 1,445,942 thousand covered by an issue of mandatory convertible and/or exchangeable subordinated bonds.

(3) Issues from merger with Banca Cívica.
(4) Subordinated liabilities taken by CaixaBank from Caixa Preference, SAU and Banca Cívica group companies as counterparty for issues of preference shares performed by these companies. In 2013, part of these issues was repurchased from non-controlling shareholders, recognised in assets under "Debt securities."

(5) Early redemption 30.12.2014.

(6) Early redemption 29.10.2014.

(7) Early redemption 7.11.2014.

Details of subordinated debt issues are as follows:

Subordinated debt

(Thousands of euros) Issue date		Maturity	Initial amount	Nominal interest rate	Prevailing interest rate		Outstanding amount 31.12.2014	31.12.2013
01.12.1990	(3)	PERPETUAL	18,030	--			18,030	18,030
29.06.1994	(3)	29.06.2093	15,025	--			15,025	15,025
04.06.2004	(3)	04.06.2019	30,000	E12M+0.200%	1,466%	(4)		30,000
04.11.2005	(3)	04.11.2015	53,700	E3M+0.340%	1,068%		53,700	53,700
28.11.2005	(3)	28.11.2015	3,500	E6M+0.300%	0.51%		3,500	3,500
01.12.2005	(3)	PERPETUAL	148,900	E3M+1.100%	1,333%		148,900	148,900
16.06.2006	(3)	16.06.2016	85,300	E3M+0.890%	1,167%		85,300	85,300
21.09.2006	(1)	21.09.2016	100,000	E3M+0.480%	1,273%		100,000	100,000
08.11.2006	(1)	08.11.2016	60,000	E3M+0.457%	1,083%		60,000	60,000
30.06.2009	(3)	30.06.2019	250,000	E3M+3.000% (min. 4%)	4,000%	(5)		250,000
30.12.2009	(3)	30.12.2019	8,500	E6M+5.000%	5,218%		8,500	8,500
09.02.2012	(2)	09.02.2022	2,072,363	Fixed	4,000%		2,072,363	2,072,363
09.02.2012	(2)	09.02.2022	1,301,502	Fixed	5,000%		1,301,502	1,301,502
14.11.2013		14.11.2023	750,000	Fixed	5,000%		750,000	750,000
Issued by CaixaBank							**4,616,821**	**4,896,820**
December 2004		Perpetual	146,000	3.46%	3.46%			146,000
Issued by VidaCaixa								**146,000**
Total issued							**4,616,821**	**5,042,820**
Own subordinated debt acquired							**(179,894)**	**(194,585)**
Total							**4,436,927**	**4,848,235**

(1) Issues deriving from the merger with Caja de Ahorros de Girona.

(2) Issues made to cover the repurchase and cancellation of preference shares.

(3) Issues from merger with Banca Cívica.

(4) Early redemption on 23.09.2014

(5) Early redemption on 30.09.2014

22.5. Other financial liabilities

The detail of the balance of this heading in the consolidated balance sheet is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Payment obligations	2,426,138	2,508,521
Guarantees received	584,232	10,281
Clearing houses	50,653	82,945
Tax collection accounts	469,255	460,915
Special accounts	395,778	828,942
Other	176,925	168,102
Total	**4,102,981**	**4,059,706**

Payment obligations at 31 December 2014 and 2013 include EUR 738,392 thousand and EUR 821,827 thousand corresponding to contributions and shortfalls pending payment to the Deposit Guarantee fund (see Note 1).

23. Liabilities under insurance contracts

The breakdown of the balance at 31 December 2014 and 2013 of “Liabilities under insurance contracts” in the consolidated balance sheet is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Unearned premiums and unexpired risks	118,450	79,425
Mathematical provisions	39,753,856	31,403,494
Claims	504,002	487,117
Bonuses and rebates	57,785	57,970
Total	**40,434,093**	**32,028,006**

The Group performs insurance and reinsurance transactions directly through VidaCaixa, SA de Seguros y Reaseguros.

The majority of liabilities under insurance contracts at 31 December 2014 and 2013 basically relate to life-savings products with guaranteed returns valued in accordance with prevailing insurance regulations and the technical specifications of each product.

Note 2.23 “Insurance transactions” describes the accounting policies applied to insurance contracts, indicating that these comply with the guidance of IFRS 4 *Insurance Contracts*.

In this regard, and as envisaged in IFRS 4, the Group determines the provisions for insurance contracts in accordance with Spanish accounting law for insurance companies and, in particular, with Regulations on the Organisation and Supervision of Private Insurance (ROSSP) and other implementing provisions, and other applicable legislation.

The Group carries out an annual liability adequacy test in order to identify any provision shortfall and to make the related provision. Otherwise, if the result of the liability adequacy test shows that the provisions recognised were adequate or that excess provisions were recognised, the Group adopts the principle of prudence as established in IFRS 4.

The liability adequacy test consists of assessing liabilities under insurance contracts based on the most up-to-date estimates of future cash flows from their contracts in relation to the assets covered. The future estimated cash flows arising from insurance contracts and the derivatives of the financial assets subject to a yield curve of assets with high credit quality are therefore discounted. In order to estimate future cash flows arising from insurance contracts, the surrender rates observed in the portfolio in accordance with the average over the last three months are taken into consideration.

In addition, a sensitivity analysis is carried out with regard to the discounted curve used. This sensitivity analysis consists of entering a drop in the interest rate of 100, 150 and 200 basis points of the discounted curve used, and an increase of 80, 100 and 200 basis points.

As a result of the liability adequacy test, capital gains/(losses) on assets covered by insurance contracts previously recognised in Group equity are reclassified to "Provisions for insurance contracts" (i.e. “shadow accounting). Reclassified capital gains/(losses) at 31 December 2014 and 2013 amounted to EUR 2,113 million, net.

At 31 December 2014 and 2013, “Other financial liabilities at fair value through profit or loss” only includes the mathematical provisions relating to insurance products where the investment risk is borne by the policyholder, known as unit-linked products. “Other financial assets at fair value through profit or loss” includes the investments related to these operations from the activity with VidaCaixa, SA de Seguros y Reaseguros, which are not eliminated on consolidation.

24. Provisions

The changes in 2014 and 2013 in this item and the nature of the provisions recognised in the accompanying consolidated balance sheet are as follows:

2014

(Thousands of euros)

	Balance at 31.12.2013	Provisions net of releases charged to income	Other charges (*)	Actuarial (gains)/ losses (**)	Amounts used	Transfers and other	Balance at 31.12.2014
Provisions for pensions and similar obligations	**2,788,010**	**200,591**	**67,225**	**318,319**	**(605,360)**	**195,672**	**2,964,457**
Defined benefit post-employment plans	1,621,862		58,193	318,319	(114,879)	159,917	2,043,412
Other long-term defined employee benefits	1,166,148	200,591	9,032		(490,481)	35,755	921,045
Provisions for taxes and other legal contingencies	**461,317**	**97,574**	**0**	**0**	**(156,458)**	**(5,844)**	**396,589**
Provisions for taxes **(Note 26)**	230,425	108,769			(39,959)	(5,469)	293,766
Other legal contingencies	230,892	(11,195)			(116,499)	(375)	102,823
Contingent liabilities and commitments	**528,990**	**34,265**	**0**	**0**	**0**	**342**	**563,597**
Country risk allowance	1,356	244				(239)	1,361
Allowance for identified losses	527,633	34,022	0	0	0	581	562,236
Contingent liabilities	*500,627*	*30,762*				*584*	531,973
Contingent commitments	*27,006*	*3,260*				*(3)*	30,263
Allowance for inherent losses	1	(1)					0
Other provisions	**542,944**	**52,444**	**0**	**0**	**(177,395)**	**27,871**	**445,864**
Losses from agreements not formalised and other risks	406,587	40,369			(140,503)	22,888	329,341
Ongoing legal proceedings	109,577	(25,057)			(14,135)	(197)	70,188
Other	26,780	37,132			(22,757)	5,180	46,335
Total provisions	**4,321,261**	**384,874**	**67,225**	**318,319**	**(939,213)**	**218,041**	**4,370,507**

(*) Interest cost of pension fund **(Note 30)**	63,870
Personnel expenses **(Note 35)**	3,355
Total "Other provisions"	67,225

(**) Actuarial gains/losses **(Note 25.2)**.

2013

(Thousands of euros)

	Balance at 31.12.2012	Additions due to integrations	Provisions net of releases charged to income	Other charges (*)	Actuarial (gains)/ losses (**)	Amounts used	Transfers and other	Balance at 31.12.2013
Provisions for pensions and similar obligations	**2,647,336**	**0**	**3,841**	**866,663**	**15,620**	**(835,251)**	**89,801**	**2,788,010**
Defined benefit post-employment plans	1,712,731		122	42,665	15,620	(115,978)	(33,298)	1,621,862
Other long-term defined employee benefits	934,605		3,719	823,998		(719,273)	123,099	1,166,148
Provisions for taxes and other legal contingencies	**142,722**	**285,047**	**53,922**	**0**	**0**	**(20,411)**	**37**	**461,317**
Provisions for taxes **(Note 26)**	98,438	13,045	122,590			(10,061)	6,413	230,425
Other legal contingencies	44,284	272,002	(68,668)			(10,350)	(6,376)	230,892
Contingent liabilities and commitments	**126,414**	**358,793**	**30,973**	**0**	**0**	**0**	**12,810**	**528,990**
Country risk allowance	415		941					1,356
Allowance for identified	125,992	358,793	30,038				12,810	527,633
Contingent liabilities	*108,834*	*358,793*	*20,380*				*12,620*	*500,627*
Contingent commitments	*17,158*		*9,658*				*190*	*27,006*
Allowance for inherent	7		(6)					1
Other provisions	**512,534**	**320,831**	**46,330**	**0**	**0**	**(238,799)**	**(97,952)**	**542,944**
Losses from agreements not formalised and other risks	356,427	320,831	7,928			(204,379)	(74,220)	406,587
Onerous contracts to finance specific assets	25,348						(25,348)	0
Ongoing legal proceedings	107,742		3,768			(2,346)	413	109,577
Other	23,017		34,634			(32,074)	1,203	26,780
Total provisions	**3,429,006**	**964,671**	**135,066**	**866,663**	**15,620**	**(1,094,461)**	**4,696**	**4,321,261**

(*)	Interest cost of pension fund **(Note 30)**	81,646
	Personnel expenses **(Note 35)**	785,017
	Total "Other provisions"	866,663

(**) Actuarial (gains)/losses **(Note 25)**

24.1. Provisions for pensions and similar obligations and their coverage

Provisions for pensions and similar obligations – Defined benefit post-employment plans

The CaixaBank Group has undertakings with certain employees or their right holders to supplement public social security benefits for retirement, permanent disability, death of spouse or death of parents. These obligations were basically assumed by the Group's parent company.

At 31 December 2014 and 2013, details of the present value of the undertakings assumed by the CaixaBank Group regarding post-employment benefits pursuant to the form in which the commitments are covered and the fair value of the plan assets earmarked to cover these undertakings are as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Present value of obligations	**2,141,392**	**1,837,259**
Vested obligations	2,128,852	1,825,839
Non-vested obligations	10,734	9,917
Obligations with Group companies	1,806	1,503
Less:		
Fair value of plan assets	103,283	227,695
Other assets	(5,303)	(12,298)
Provisions - Pension funds	**2,043,412**	**1,621,862**

A reconciliation of the opening and closing balances of the present value of the liability (asset) for defined benefit post-employment benefits are as follows:

2014

(Thousands of euros)	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations
Balance at 1 January	**1,837,259**	**227,695**	**(12,298)**	**1,621,862**
Included in profit and loss				0
Service cost for the current year	81			81
Past service cost	3,274			3,274
Settlements				0
Interest cost (income)	62,160	7,774	(452)	54,838
Components of cost of defined benefit recognised in profit and loss	**65,515**	**7,774**	**(452)**	**58,193**
Revaluations included in the statement of other comprehensive income				0
Actuarial (gains)/losses arising from changes in demographic assumptions	(20,440)			(20,440)
Actuarial (gains)/losses arising from changes in financial assumptions	350,552			350,552
Return on plan assets (excluding net interest expense)		3,623		(3,623)
Other			8,170	(8,170)
Components of cost of defined benefit recognised in equity	**330,112**	**3,623**	**8,170**	**318,319**
Other				0
Plan contributions		750	(750)	0
Plan payments	(122,800)	(7,921)		(114,879)
Settlements	(129,070)	(128,196)		(874)
Addition for integration (Banco de Valencia and Banca Cívica)				0
Transactions	160,376	(442)	27	160,791
Total others	**(91,494)**	**(135,809)**	**(723)**	**45,038**
Balance at 31 December	**2,141,392**	**103,283**	**(5,303)**	**2,043,412**

The fair value of insurance policies associated with defined-benefit obligations assured through policies arranged with entities not considered related parties and eligible to be considered plan assets after deducting the present value of the obligations amounted to EUR 5,303 thousand, recognised under "Other assets" in the balance sheet (see Note 21).

"Settlements" relates mainly to the shift of certain policies arranged with entities not considered related parties to policies arranged with related-party entities.

2013

(Thousands of euros)	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations
Balance at 1 January	**1,928,758**	**216,027**		**1,712,731**
Included in profit and loss				0
Service cost for the current year	74			74
Past service cost				0
Settlements				0
Interest cost (income)	49,429	6,797		42,632
Components of cost of defined benefit recognised in profit and loss	**49,503**	**6,797**	**0**	**42,706**
Revaluations included in the statement of other comprehensive income				0
Actuarial (gains)/losses arising from changes in demographic assumptions	(5,040)			(5,040)
Actuarial (gains)/losses arising from changes in financial assumptions	51,779			51,779
Return on plan assets (excluding net interest expense)		31,119		(31,119)
Other			(12,298)	12,298
Components of cost of defined benefit recognised in equity	**46,739**	**31,119**	**(12,298)**	**27,918**
Other				0
Plan contributions				0
Plan payments	(130,984)	(15,006)		(115,978)
Settlements	(102,098)	(3,996)		(98,102)
Addition for integration (Banco de Valencia and Banca Cívica)	56,993	46,845		10,148
Transactions	(11,652)	(54,091)		42,439
Total others	**(187,741)**	**(26,248)**	**0**	**(161,493)**
Balance at 31 December	**1,837,259**	**227,695**	**(12,298)**	**1,621,862**

4% of the Company's defined-benefit post-employment benefit obligations with serving and former employees is covered with insurance contracts covering the obligations. These obligations are covered with insurance policies. Therefore, the Entity is not exposed to unusual market risks, nor does it need to apply asset-liability matching strategies or longevity swaps. The fair value of plan assets at the year-end corresponds to the insurance policies of companies not belonging to the Group. Asset-liability matching techniques are not applied to the rest of the Entity's defined-benefit post-employment benefit obligations as there are no qualifying plan assets for them.

Most of the obligations arise from the "Pensions Caixa 30" Pension Fund, the CaixaBank employee pension plan, which mostly covers its risks in Group entities. The Entity has a duty to oversee the plan, which it exercises through its membership of the plan's Control Committee. For insurance contracts not taken out by the pension plan, but with third parties outside the Group, CaixaBank is the policyholder, and the contracts are managed by each insurance company, which also assumes the risks.

At the end of the year, no transferrable own financial instrument, building occupied by the Entity or other assets used by it are held as plan assets.

The value of defined benefit obligations was calculated using the following criteria:

a) The "projected unit credit" method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.

b) The actuarial assumptions used are unbiased and mutually compatible. The main assumptions used in the calculations were as follows:

Actuarial assumptions

	2014	2013
Discount rate	1.72%	3.47%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (1)	0% - 2%	0% - 2%
Annual cumulative CPI	0.3% 2015; □ 1.5% 2016 and onwards	1.5%
Annual salary increase rate	CPI+ 0.5%	2%

(1) Depending on each obligation.

c) The estimated retirement age of each employee is the first at which the employee has the right to retire or the agreed age, as applicable.

d) This rate reported for 2014 corresponds to the rate obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

Reasonably possible changes at the year-end in one of the key assumptions, holding all other assumptions constant, would have the following impact on the value of the obligations at the year-end:

2014

	Defined benefit obligations	
	Increase	**Decrease**
Discount rate (0.5%)	(123,633,782)	137,157,608
Annual pension review rate (0.5%)	18,133,892	(16,275,085)

Changes in the value of the obligations presented in the sensitivity analyses for 2014 and 2013 have been calculated using the 'projected unit credit method', the same method used to calculate the value of defined benefit obligations. For the sensitivity analysis the calculation of the value of the obligations is replicated, changing the specific variable and maintaining the remaining actuarial assumptions unchanged. One drawback of this method is that it is unlikely that a change will occur in one variable alone as some of the variables may be correlated.

No changes in the methods and assumptions used to prepare the sensitivity analysis were made in 2014 compared to the previous year.

The fair value of the insurance contracts linked to pensions and the fair value of the plan assets were calculated taking into account the value of the future payments guaranteed discounted at the discount rate, given that the expected flows of payments guaranteed by the insurance company with which the contracts are held are matched to the future estimated flows of the obligations. Therefore, reasonably possible changes at the year-end in the discount rate assumed would have the same impact on the fair value of the insurance contracts linked to pensions and the fair value of the plan assets.

The Group estimates that the contributions to defined benefit post-employment plans for 2015 will be similar to the amount in 2014.

The average weighted duration of defined-benefit obligations at the end of the year was 15 years. Estimated payments of post-employment benefits for the various defined-benefit plans for the next 10 years are as follows:

Estimated payments of post-employment benefits

(Thousands of euros)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020-2024**
Estimated payments of post-employment benefits	127,994	124,624	122,047	119,639	116,993	541,795

Pension funds and similar obligations – Other long-term defined employee benefits

The CaixaBank Group has pension funds covering the obligations assumed under its early retirement schemes. The funds cover the obligations with personnel who retire early – with regard to salaries and other welfare charges – from the date of early retirement to their actual retirement date. Funds are also in place covering obligations with personnel who are partially retired, and obligations assumed in relation to long-service premiums and other obligations with existing personnel.

On 18 June 2012, CaixaBank, ”la Caixa” and workers' representatives signed an agreement to establish an extraordinary pre-retirement programme valid until 31 December 2012 for CaixaBank and ”la Caixa” staff. According to this agreement, staff at each entity complying with a series of requirements could choose to adhere to the early retirement programme. There were no early retirements in 2013. As a result, the Group did not recognise any allocation to the early retirement fund.

On 27 March 2013, CaixaBank reached a labour agreement with trade union representatives, which involved reducing staff by 2,600 employees exclusively through voluntary redundancies, paid leave and geographical mobility initiatives with economic compensation. Under the terms of the agreement, which has been fully covered, employees accepting these measures may, *inter alia*, benefit from a reinsertion plan overseen by an external outplacement company, and receive training, advice on finding new employment and becoming self-employed professionals, and geographic mobility support.

This labour agreement was part of the restructuring carried out to improve the efficiency of the Company's resources by rationalising the mergers with Banca Cívica and Banco de Valencia. The associated extraordinary restructuring cost amounted to EUR 785 million and was recognised in 2013 under “Personnel expenses”.

On 17 July 2014 a new Labour Agreement was signed under which CaixaBank could allocate specific amounts to the incentive-based early retirement scheme in 2014. In December 2014, CaixaBank allocated an amount of EUR 195.4 million to this Programme, aimed a personnel born before 1 January 1958.

At 31 December 2014 and 2013, the present value of these obligations is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Present value of obligations	**921,045**	**1,166,148**
With pre-retired personnel	578,226	555,423
Termination benefits	141,069	394,033
Supplementary guarantees for partial retirement programme and special agreements	125,049	124,645
Length of service bonuses and other	51,490	54,130
Other commitments from Banca Cívica and Banco de Valencia	25,211	37,891
Other obligations of Group companies		26
Provisions for pensions and similar obligations	**921,045**	**1,166,148**

A reconciliation of the opening and closing balances of the present value of the long-term defined benefit obligations are as follows:

(Thousands of euros)

	Net (asset)/liability for defined benefit obligations	
	2014	2013
Balance at 1 January	**1,166,148**	**934,605**
Included in profit and loss		
Service cost for the current year	3,978	2,398
Past service cost	196,933	785,000
Settlements		
Interest cost (income)	9,032	38,998
Revaluations (gains)/losses	(320)	6,819
Components of cost of defined benefit recognised in profit and loss	**209,623**	**833,215**
Other		
Plan contributions		
Plan payments	(490,481)	(719,273)
Additions due to integration (Banco de Valencia)		13,186
Transactions	35,755	104,415
Total others	**(454,726)**	**(601,672)**
Balance at 31 December	**921,045**	**1,166,148**

24.2. Provisions for taxes and other legal contingencies

Provisions for taxes

The detail of "Provisions – Provisions for taxes" in the consolidated balance sheet at 31 December 2014 and 2013 is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Income tax assessments for years 2004 to 2006 **(Note 26)**	33,171	33,839
Income tax assessments for years 2007 to 2009 **(Note 26)**	10,963	10,725
Tax on deposits	141,985	86,004
Other	107,647	99,857
Total	**293,766**	**230,425**

The Group recognised a provision for EUR 56,000 thousand and EUR 83,300 thousand in 2014 and 2013 related to the estimate of the tax on customer deposits at credit institutions applicable in certain regions of Spain.

Other legal contingencies

At 31 December 2014 and 2013, there were no individual legal or labour contingencies for significant amounts.

The Bank and the other Group companies are subject to claims. Therefore, they are party to certain legal proceedings arising from the normal course of their business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters.

Accordingly, the outcome of court proceedings must be considered uncertain.

Based on available information, the Group considers that at 31 December 2014 and 2013, it had reliably estimated the obligations arising from each proceeding and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from these procedures will not, as a whole, have a material adverse effect on the Group's businesses, financial position or results of operations.

24.3. Contingent liabilities and commitments

This heading includes the provisions for credit risk of the contingent liabilities and commitments detailed in Note 27.

The breakdown of provisions to cover credit risk related to contingent liabilities and commitments, according to how they are determined, is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Allowance identified individually	286,072	248,971
Allowance identified collectively	277,525	280,019
Total	**563,597**	**528,990**

24.4. Other provisions

The main provisions recognised under “Provisions – Other provisions” are as follows:

Losses from agreements not formalised and other risks

At the date of the business combination in 2013, the integration of Banco de Valencia resulted in the inclusion of provisions for a total of EUR 320,831 thousand under “Losses from agreements not formalised and other risks”. At 31 December 2014, the unused provision stood at EUR 48,590 thousand.

Provisions of EUR 731 million were recognised due to the integration of Banca Cívica in 2012 and the purchase price allocation process. A significant amount of these provisions was used in 2012 and 2013. At 31 December 2014, provisions proceeding from the merger with Banca Cívica totalled EUR 5,678 thousand.

Other provisions also cover estimated present obligations that could give rise to a loss which is considered likely to occur although no individual amounts are significant. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits is uncertain.

Ongoing legal proceedings

The provision covering obligations that may arise from various ongoing legal proceedings amount to EUR 70 million, of which EUR 55 million correspond to legal proceedings deriving from Banca Cívica and the remainder to other legal proceedings, whose individual amounts are not material. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits, should they arise, is unknown.

25. Equity

The movement in equity in 2014 and 2013 is shown in the consolidated statement of total changes in equity. The following sections provide key data on certain equity items during the year.

25.1. Shareholders' equity

Share capital

CaixaBank's share capital at 31 December 2014 consisted of 5,714,955,900 fully subscribed and paid shares. All the shares are in book-entry form, with a par value of EUR 1 each.

Changes in share capital in 2014 were the result of the following:

Share capital increases - 2014

Date	Purpose	No. of shares	Date of first listing	Par value (thousands of euros)
Balance at 31.12.2013		**5,027,610,282**		**5,027,610**
25.03.2014	Scrip dividend programme	50,726,824	31.03.2014	50,727
30.03.2014	Early redemption of Series I/2012 mandatory convertible and/or exchangeable subordinated bonds	323,146,336	14.04.2014	323,146
25.06.2014	Scrip dividend programme	46,532,670	02.07.2014	46,533
30.06.2014	Early redemption of Series I/2011 mandatory convertible subordinated bonds	149,484,999	14.07.2014	149,485
30.09.2014	Scrip dividend programme	53,422,606	03.10.2014	53,423
16.12.2014	Scrip dividend programme	64,032,183	19.12.2014	64,032
Total		**5,714,955,900**		**5,714,956**

CaixaBank's shares are traded on the four official stock exchanges in Spain and on the electronic trading system, forming part of the Ibex-35. The share price at 31 December 2014 was EUR 4.361 (EUR 3.778 at 31 December 2013).

Share premium

The balance of the share premium was the result of the capital increase carried out on 31 July 2000, for EUR 7,288 million.

The Spanish Corporate Enterprises Act expressly permits use of the share premium account balance to increase capital and does not establish any restriction as to its use. Therefore, in subsequent years, approval was given at successive Annual General Meetings to pay dividends with a charge to the share premium following the total or partial disposal of the investments contributed during the incorporation of CaixaBank.

The change in the share premium in 2014 was as follows:

Share premium - 2014
(Thousands of euros)

Balance at 31.12.2013		**10,583,008**
30.03.2014	Capital increase resulting from the mandatory conversion and exchange of Series I/2012 mandatory convertible and/or exchangeable subordinated bonds	856,338
30.06.2014	Capital increase resulting from the mandatory conversion and exchange of Series I/2011 mandatory convertible subordinated bonds	593,456
Balance at 31.12.2014		**12,032,802**

Reserves

The detail of "Reserves" at 31 December 2014 and 2013 is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Reserves attributable to the parent company of the CaixaBank Group	6,632,833	4,284,234
Legal reserve	*1,005,522*	*783,671*
Restricted reserves related to the scrip dividend programme	*71,134*	*100,747*
Restricted reserves for financing the acquisition of treasury shares	*18,684*	*38,787*
Other restricted reserves	*267,832*	*149,921*
Unrestricted reserves	*2,391,884*	*2,431,628*
Other consolidation reserves assigned to the Parent	*2,877,777*	*779,480*
Reserves of fully-consolidated subsidiaries *(*)*	(2,650,231)	(153,217)
Reserves of companies accounted for using the equity method (**)	1,087,231	1,317,931
Total	**5,069,833**	**5,448,948**

(*) Most of the negative reserves related to losses at BuildingCenter, SAU

(**) Reserves relating to equity-accounted subsidiaries correspond mainly to Repsol, SA, The Bank of East Asia and Banco BPI, SA.

Legal reserve

According to the consolidated text of the Corporate Enterprises Act, companies must earmark an amount equal to 10% of profit for the year for the legal reserve until such reserve represents at least 20% of capital. The legal reserve may not be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the balance of share capital after the increase.

In 2014, this reserve increased by EUR 221,851 thousand following the appropriation of 2013 profit.

Restricted reserves

Restricted reserves at 31 December 2014 and 2013 included EUR 71,134 thousand and EUR 100,747 thousand, respectively, earmarked for voluntary reserves to cover the scrip issues carried out for the CaixaBank scrip dividend programme allowing shareholders to choose whether to be compensated in shares or cash. Restricted reserves at 31 December 2014 also included EUR 18,684 thousand related to finance provided to customers to acquire CaixaBank shares, EUR 267,832 thousand is for transactions with a tax effect, of which EUR 267,762 thousand relate to goodwill generated in the acquisitions of Morgan Stanley, Bankpime and Banca Cívica. Under prevailing tax regulations, in 2014 EUR 2,573 thousand of unrestricted reserves were drawn down for investments in the Canary Islands five years after it was established.

Other equity instruments

This includes the amount of compound financial instruments having the nature of equity and other items not included in other equity items.

Mandatory Convertible Subordinated Bonds

(Thousands of euros) Date		Initial nominal amount of the issue		Nominal interest rate	Exchange price	Redemption date	Outstanding amount 31.12.2014	31.12.2013
10.06.2011	Series I/2012)	1,500,000	EU	7.00%	4.970	30.03.2014	0	743,634
09.02.2012	Series I/2011)	1,445,942	EU	7.00%	3.650	30.06.2014	0	1,179,588
15.02.2013	BdV	15,000	EU	2.50%	4.670	15.12.2014	0	15,000
Total		**2,960,942**					**0**	**1,938,222**

(1) Early redemptions on 30.03.2014

(2) Early redemptions on 30.06.2014

The total expense recognised in 2014 and 2013 for coupons paid in relation to the aforementioned equity instruments totalled EUR 33,224 thousand and EUR 107,203 thousand, net, respectively, taken to unrestricted reserves.

On 15 December 2014, the Banco de Valencia bond issue matured. In accordance with the terms of the issue, 49,756 CaixaBank treasury shares were delivered to carry out the conversion/exchange of the 517 bonds not held by CaixaBank.

The conversion value was established originally as the nominal value of Banco de Valencia shares at the time of the issue, i.e. EUR 0.01 per share (equivalent to a conversion value into CaixaBank shares of EUR 4.79). On 21 November 2013 and 20 November 2014, pursuant to Article 82 of the Spanish Securities Market Law and in light of the scrip issue carried out and disclosed on the same day through the CaixaBank scrip dividend programme for the fourth quarters of 2013 and 2014, respectively, agreements were reached to adjust the conversion and/or exchange price to EUR 4.72 and EUR 4.67, respectively, applying the supplementary anti-dilution mechanism envisaged in the respective bond issue prospectuses.

During the purchase price allocation process for the business combination with Banco de Valencia, CaixaBank identified a contingent liability for this concept, considering that the real market value of the issue made by Banco de Valencia was its nominal value, and that this was the amount that should be repaid to retail investors. Therefore, a provision of EUR 85 million was recognised to cover these repurchases and set up the deposits (see Note 24.4).

The payments made on 13 May, 13 November and 15 December of 10%, 10% and 20% of the nominal amount, respectively, totalled EUR 9,680 thousand, EUR 9,621 thousand and EUR 15,657 thousand, respectively. The payments made on 13 May 2013 and 31 November 2013 of 35% and 10% of the nominal amount, totalled EUR 34,194 thousand and EUR 9,742 thousand, respectively.

Treasury shares

At the Annual General Meeting held on 19 April 2012, the shareholders authorised the company's Board of Directors to buy treasury shares by virtue of the provisions in Article 146 of the Corporate Enterprises Act. The unused portion of the authorisation granted at the Annual General Meeting held on 12 May 2011 was thereby revoked. The authorisation is valid for five years.

Changes in treasury shares in 2014 and 2013 are as follows:

(Thousands of euros)	2013	Acquisitions and other	Disposals and other	2014
Number of treasury shares	2,190,809	13,888,036	(13,422,194)	2,656,651
% of share capital (*)	0.044%	0.243%	(0.235%)	0.046%
Cost / Sale	7,452	60,772	(57,211)	11,013

(*) percentage calculated on the basis of the total number of CaixaBank shares at 31 December 2014

(Thousands of euros)	2012	Acquisitions and other	Disposals and other	2013
Number of treasury shares	39,043,101	99,515,840	(136,368,132)	2,190,809
% of share capital (*)	0.776%	1.979%	(2.712%)	0.044%
Cost / Sale	120,572	268,769	(381,889)	7,452

(*) percentage calculated on the basis of the total number of CaixaBank shares at 31 December 2013

Net gains/(losses) on transactions involving treasury shares in 2014 and 2013 amounted to gains of EUR 2,528 thousand and EUR 1,044 thousand, respectively, which were taken to "Unrestricted reserves". In 2014, this heading also included EUR 677 thousand in remuneration from mandatory convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

25.2 Valuation adjustments

Available-for-sale financial assets

This item in the balance sheet includes the amount, net of the related tax effect, of the differences between the market value and acquisition cost (net gains/losses) of assets classified as available for sale. These differences are recognised in the income statement when the assets that give rise to them are sold or when there is objective evidence of impairment.

The changes in this heading in 2014 and 2013 are as follows:

2014

(Thousands of euros)

	Balance at 31.12.2013	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Valuation gains and losses (before tax)	Deferred tax assets/ liabilities (**)	Balance at 31.12.2014
Attributable to the Group						
Available-for-sale financial assets	994,706	(229,094)		1,019,240	(183,710)	1,601,142
Debt securities	663,147	(208,389)		986,758	(292,805)	1,148,711
Equity instruments	331,559	(20,705)		32,482	109,095	452,431
Cash flow hedges	(4,724)	(2,793)		(19,078)	5,723	(20,872)
Exchange differences	(66,421)			240,692	644	174,915
Entities accounted for using the equity method	(219,548)				286,019	66,471
Actuarial gains/(losses) on pension plans (*)	0		228,550	(228,550)		0
Total	**704,013**	**(231,887)**	**228,550**	**1,012,304**	**108,676**	**1,821,656**

(*) Actuarial (gains)/losses **(Note 24.1)**	318,319
Other actuarial gains/losses	8,181
Tax effect	(97,950)
	228,550

(*) Equity instruments includes the impact of the amendments introduced by income tax Law 27/2014, of 27 November (see Note 26).

2013

(Thousands of euros)

	Balance at 31.12.2012	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Valuation gains and losses (before tax)	Deferred tax assets/ liabilities	Balance at 31.12.2013
Attributable to the Group						
Available-for-sale financial assets	163,440	(51,367)		1,232,110	(349,477)	994,706
Debt securities	171,902	(130,379)		888,034	(266,410)	663,147
Equity instruments	(8,462)	79,012		344,076	(83,067)	331,559
Cash flow hedges	(29,232)	(3,393)		39,858	(11,957)	(4,724)
Exchange differences	(4,204)	30,007		(93,693)	1,469	(66,421)
Entities accounted for using the equity method	(246,507)			26,959		(219,548)
Actuarial gains/(losses) on pension plans **(Note 24.1)**			15,620	(15,620)		0
Total	**(116,503)**	**(24,753)**	**15,620**	**1,189,614**	**(359,965)**	**704,013**

25.3 Non-controlling interests

"Non-controlling interests" represents the portion of equity of subsidiaries attributable to equity instruments not owned, directly or indirectly, by CaixaBank, including the share of profit for the period.

The breakdown of "Non-controlling interests" in the consolidated balance sheet at 31 December 2014 and 2013 is as follows:

(Thousands of euros)

	31.12.2014	31.12.2013
Reserves of non-controlling interests	37,464	(9,367)
Profit (loss) attributable to non-controlling interests	(95)	(7,267)
Interim dividends paid		0
Valuation adjustments attributable to non-controlling interests	560	708
Total	**37,929**	**(15,926)**

The following table shows the CaixaBank Group subsidiaries in which certain non-controlling interests held a stake of 10% or more at 31 December 2014 and 2013.

		Non-controlling interest	
Subsidiary	**Non-controlling shareholder**	**31.12.2014**	**31.12.2013**
Tenedora de Vehículos, SA	BBVA Autorenting, SA	35%	35%
Inversiones Inmobiliarias Oasis Resort, SL	Metrópolis Inmobiliarias y Restauraciones, SL	40%	40%
Inversiones Inmobiliarias Teguise Resort, SL	Metrópolis Inmobiliarias y Restauraciones, SL	40%	40%
Caixa Innvierte Industria, SCR Reg. Simp. SA	Innvierte Economía Sostenible SCR Reg. Simp SA	39%	39%
Saldañuela Residencial, SA	EDUSA	21%	22%
	Cerro Murillo, SA	11%	11%
Caixabank Electronic Money, SA	Erste Group Bank AG	10%	--
	Banco BPI, SA	10%	--
Telefonica Consumer Finance, EFC, SA	TELEFONICA, SA	50%	--

26. Tax position

Tax consolidation

Following the entry into force of Law 26/2013, of 27 December, governing savings banks and banking foundations, and given that in 2013 the stake held by ”la Caixa” in Caixabank was reduced to below 70%, CaixaBank assumed the position of Parent of the tax group and ”la Caixa” (currently ”la Caixa” Banking Foundation) became a subsidiary, with effect from 1 January 1, 2013.

Furthermore, CaixaBank and some of these companies also belong to a consolidated tax group for value added tax (VAT) whose parent company has been ”la Caixa” since 2008.

Years open for review

CaixaBank, the entity resulting from the reorganisation of the ”la Caixa” Group in 2011, as described in the separate financial statements of CaixaBank for that year, in addition to all other Group companies, has the last four years open for review for the main taxes applicable.

The main tax proceedings ongoing at the close of the year are as follows:

- In 2011, the tax authorities began an inspection of ”la Caixa” for the main taxes applicable between 2007 and 2009. This inspection was completed in 2013 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. Assessments signed in agreement were paid, while those signed under protest are still awaiting a ruling by the Central-Economic Administrative Tribunal. For the latter, CaixaBank has recognised provisions amounting to EUR 10,963 thousand.
- In 2008, the tax authorities began an inspection of ”la Caixa” for the main taxes applicable between 2004 and 2006. This inspection was completed in 2010 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. The Entity has allocated provisions for EUR 33,171 thousand to cover the maximum contingencies that may arise in relation to assessments assigned under protest as yet unresolved by the National High Court (Audiencia Nacional).

Furthermore, as the successor of Banca Cívica and the Savings Banks that formerly contributed their gains from financial activities to Banca Cívica, information is shown below on the reviews and inspections carried out for the main taxes and obligations, which generally cover the following tax years:

a) Caja Burgos, to 2007; Cajasol, to 2006; Caja Canarias, to 2008 and Caja Navarra, to 2009.

b) On 18 July 2012, the tax authorities notified Cajasol of the beginning of an inspection for the main taxes applicable to it for the years 2007 to 2010, inclusive. The inspections were completed this year and the assessments issued and signed in agreement. The tax payable was paid.

c) Subsequently, on 20 March 2013, the tax authorities notified Caja Canarias of the beginning of an inspection for the main taxes applicable to it for the years 2009 and 2010. The inspections were completed this year and the assessments issued and signed in agreement. The tax payable was paid.

d) In addition, on 11 July 2013, the tax authorities notified Caja de Burgos of the beginning of an inspection for the main taxes applicable to it for the years 2008 to 2010, inclusive. At year end the inspections had not been completed although no significant adjustment of the tax expense is expected.

Finally, in 2013, the tax authorities completed the inspection of Banco de Valencia for the main taxes applicable to it from 2006 to 2009 and the assessments issued and signed in agreement.

The various interpretations which can be made of the tax regulations applicable to transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Entity's management considers that the provision under "Provisions for taxes and other legal contingencies" in the balance sheet is sufficient to cover these contingent liabilities.

Accounting revaluations

In accordance with Transitional Provision One of Bank of Spain Circular 4/2004, whereby the cost of unrestricted tangible assets may be their fair value at 1 January 2004, "la Caixa" and the other credit entities absorbed by CaixaBank elected this option and restated the value of their property and equipment for own use on the basis of the appraisals performed by appraisers approved by the Bank of Spain.

Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognised in the consolidated income statements for 2014 and 2013 to the corresponding pre-tax profit for these years applying the prevailing tax rate in Spain is as follows:

(Thousands of euros)

	2014	2013
Profit/(loss) before tax (A)	**202,173**	**(979,753)**
Adjustments to profit (loss)		
Return on equity instruments	(185,374)	(106,882)
Result of companies accounted for using the equity method	(305,705)	(338,838)
Negative goodwill in business combinations	-	(2,289,074)
Taxable income/(tax loss)	**(288,906)**	**(3,714,547)**
Tax payable (taxable income * 30%)	**86,672**	**1,114,364**
Adjustments:	**(16,678)**	**173,994**
Changes in taxation of sales of portfolio assets	23,088	50,222
Changes in portfolio provisions excluding tax effect and other non-deductible expenses	(20,890)	33,000
Change in deferred tax assets and liabilities	(2,026)	72,926
Recognition of deferred tax assets and liabilities		21,361
Withholdings from foreign dividends and other	(16,850)	(3,515)
Income tax (B)	**417,752**	**1,288,358**
Income tax for the year (revenue/(expense)) (D)	69,994	1,283,247
Tax rate (*)	24.2%	34.5%
Corporate Income Tax (CIT) reform Law 27/2014	309,227	
Income tax adjustments (2013 / 2012)	38,531	5,111
Profit after tax (A) + (B)	**619,925**	**308,605**

(*) The effective tax rate is calculated by dividing income tax for the year by taxable income

Practically all of the CaixaBank Group's income and expense is taxed at the general rate of 30%. However, some significant income is exempt from tax because it has already been taxed at source. This includes dividends from investees and the share of profits of entities accounted for using the equity method, which are shown in the income statement net of tax. Income accrued in both these cases significantly reduces the CaixaBank Group's taxable income. In addition, the income from the business combination is not included in taxable income/(tax loss) for the previous year.

Tax recognised in equity

In addition to the income tax recognised in the income statement, in 2014 and 2013 CaixaBank recognised certain valuation adjustments in its equity net of tax, recognised as a deferred tax asset or liability (see Note 25.2).

Deferred tax assets/liabilities

Pursuant to current tax legislation, in 2014 and 2013 there were certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The sources and movements in deferred tax assets/liabilities recognised in the balance sheet at 31 December 2014 and 2013 are as follows:

Deferred tax assets

(Thousands of euros)	31.12.2013	Increases due to movements in the year	Decreases due to movements in the year	31.12.2014
Pension plan contributions **(Note 24)**	112,457	195,670	(1,310)	306,817
Credit loss provisions (1)	1,243,802	2,732,448	(1,299,848)	2,676,402
Early retirement obligations **(Note 24)**	172,812	3,033	(55,061)	120,784
Provision for foreclosed property	560,210	660,226	(395,091)	825,345
Origination fees for loans and receivables	15,104			15,104
Unused tax credits	1,504,911	208,951		1,713,862
Tax loss carryforwards	4,304,708		(1,684,151)	2,620,557
Tax assets for adjustments to equity	16,018	19,072		35,090
Other deferred tax assets arising on business combinations (2)	597,915	12,418	(101,621)	508,712
Other (3)	1,055,968	169,140	(657,535)	567,573
Total	**9,583,905**	**4,000,958**	**(4,194,617)**	**9,390,246**

(1) Includes general, substandard and specific provisions.

(2) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banco Cívica and Banco de Valencia, except those from adjustments to loans and receivables.

(3) Includes, *inter alia*, deferred tax assets deriving from impairment losses on investments, eliminations from intra-group operations and those corresponding to different provisions.

The Group does not have any significant unrecognised deferred tax assets.

Estimated monetisable deferred tax assets in accordance with Royal Decree-Law 14/2013, of 29 November, amount to EUR 4,721,208 thousand.

The Group assesses the recoverable amount of its recognised tax assets, whether monetisable or not, every six months.

To do so, it has developed a dynamic model that analyses the recoverability of the tax assets recognised for accounting purposes and those generated in subsequent periods up to the date covered by the model. The purpose of the model is to verify that the Group is able to offset all tax losses and other tax assets recognised in the balance sheet with future taxable profits; and the best estimate of the new tax assets that can be generated in the future.

The model uses the following as the most relevant estimates:

a) The forecast profit or loss for each year covered by the model. The estimates are consistent with the various reports used by the Group for internal management and for supervisory information, including certain details regarding the composition thereof, and,
b) The reversible nature of the main deferred tax assets recognised in the balance sheet.

The Group considers the information used in the model to be relevant and strategic.

The model is updated every six months with information provided by the Entity's various areas and an independent tax expert contracted by the Group subsequently revises and validates the reasonableness of the working tax assumptions used therein.

At 31 December 2014 and 2013, the model concludes that the Group has sufficient capacity to recover, in a reasonable period of time, the tax assets recognised at the revision date, as well as the estimated future tax assets that will be generated by the CaixaBank Group.

Details of deferred tax liabilities are as follows:

Deferred tax liabilities

(Thousands of euros)	**31.12.2013**	**Increases due to movements in the year**	**Decreases due to movements in the year**	**31.12.2014**
Revaluation of property on first time application of IFRS	261,636		(3,983)	257,653
Tax liabilities on measurement of available-for-sale financial assets	408,569	101,403		509,972
Tax liabilities relating to intangible assets generated in business combinations	107,116		(19,469)	87,647
Tax liabilities relating to an extraordinary allowance to the mathematical provision	271,329	765		272,094
Tax liabilities corresponding to gains from the sale of a stake to the "la Caixa" Group	415,112		(415,112)	0
Other tax liabilities arising on business combinations in the period (1)	434,316	29,390	(98,616)	365,090
Other	426,844	2,786	(250,519)	179,111
Total	**2,324,922**	**134,344**	**(787,699)**	**1,671,567**

(1) Includes deferred tax liabilities from positive fair value adjustments to assets and liabilities in business combinations.

The tax liabilities included in business combinations are classified, mostly, by nature.

Impact of the tax reform

Pursuant to the amendments introduced by Law 27/2014, of 27 November, on income tax, certain deferred tax assets and liabilities arising mainly from eliminations of the results obtained from transactions between companies of the tax group that do not form part of the CaixaBank Group in relation to portfolio operations have been cancelled. This results in the recognition of a higher income tax rebate for the Group due to the cancellation of deferred tax assets and liabilities of EUR 309,227 thousand. Further, as a result of this regulatory amendment, the deferred tax liabilities associated with valuation adjustments of available-for-sale financial assets for the amount of EUR 123,987 thousand were no longer recognised in equity (see Note 25.2).

27. Contingent liabilities and commitments

The detail of "Contingent liabilities" included as memorandum items in the balance sheet at 31 December 2014 and 2013 is as follows:

Contingent liabilities

(Thousands of euros)

	31.12.2014	31.12.2013
Bank guarantees and other collateral deposited	8,568,078	8,629,684
Documentary credits	1,666,890	1,658,876
Assets assigned to third-party obligations	6,868	10,034
Total	**10,241,836**	**10,298,594**

The detail of "Contingent commitments" included as memorandum items in the balance sheet at 31 December 2014 and 2013 is as follows:

Contingent commitments

(Thousands of euros)

	31.12.2014		31.12.2013	
	Limits	Drawable	Limits	Drawable
Drawable by third parties	**109,449,605**	**49,372,792**	**112,131,894**	**49,118,139**
Credit institutions	90,522	20,522	1,763,344	69,620
Public sector	6,089,104	2,709,003	3,706,065	2,576,180
Other sectors	103,269,979	46,643,267	106,662,485	46,472,339
Of which: conditionally drawable		*2,332,176*		*3,009,398*
Other contingent commitments		1,333,434		4,695,040
Total	**109,449,605**	**50,706,226**	**112,131,894**	**53,813,179**

The doubtful balances of contingent liabilities were EUR 425,755 thousand and EUR 392,261 thousand at 31 December 2014 and 2013, respectively.

The specific and general provisions relating to contingent liabilities and commitments are recognised under "Provisions" in the balance sheet (see Note 24).

The table below details, by contractual maturities, the balances of financial guarantee contracts extended and loan commitments outstanding at 31 December 2014 and 2013, by their nominal amount:

(Thousands of euros)

	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Contingent liabilities	627,572	844,199	1,067,882	1,649,782	6,052,401	10,241,836
Drawable by third parties	2,349,429	1,192,775	10,326,565	11,217,814	24,286,209	49,372,792

The Group is only obliged to pay the sum of contingent liabilities if the counterparty guaranteed fails to comply with its obligations at the time of non-compliance. CaixaBank believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, the Group has an undertaking to facilitate funds to customers through drawables on lines of credit and other commitments, whenever it receives a request and subject to compliance with certain conditions by the counterparties. It believes that not all the drawables will be used by customers, and that a large portion of them will fall due prior to drawdown, either because they will not be requested by customers or because the drawdown conditions will not be met.

28. Other significant disclosures

28.1. Transactions for the account of third parties

The detail of off-balance sheet funds managed by the Group and jointly controlled entities is as follows:

(Thousands of euros)	31.12.2014	31.12.2013
Mutual funds	37,482,170	27,951,931
Pension funds	19,941,146	16,796,990
Assets managed	7,025,670	11,220,264
Total	**64,448,986**	**55,969,185**

28.2. Transferred financial assets

CaixaBank converted a portion of its homogeneous loan and credits into fixed-income securities by transferring the assets to various securitisation special purpose vehicles set up for this purpose, whose operators assume the risks inherent in the securitised assets. In accordance with current regulations, securitised assets for which substantially all the risk is retained may not be derecognised.

For securitisations carried out after 1 January 2004, which have not been derecognised from the balance sheet and were originated at CaixaBank, a securitisation special purpose vehicle must be consolidated. For securitisations originated at Banca Cívica, most of which are multi-seller securitisation funds, the securitisation funds are not consolidated.

Consolidating the securitisation special purpose vehicles entails eliminating crossed transactions between Group companies, namely loans through the securitisation special purpose vehicles, liabilities associated with assets not derecognised at CaixaBank, credit enhancements provided to securitisation special purpose vehicles and bonds purchased by Group companies.

The carrying amounts of transferred financial assets, mainly securitisation funds, not derecognised, and the financial liabilities recognised at 31 December 2014 and 2013 are as follows:

31.12.2014

(Thousands of euros)	Carrying amount of transferred assets (1)	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities
Securitisation funds				
Valencia Hipotecario 1, FTA (**)	93,219	93,378	103,809	103,809
Ayt Hipotecario Mixto II, FTA (*)	32,630	32,761	36,498	36,498
TDA 22 Mixto, FTH (*)	44,397	44,721	49,964	49,964
AyT FTPYME II, FTA (*)	14,136	15,188	17,936	17,936
AyT Hipotecario Mixto IV, FTA (*)	61,400	61,432	68,215	68,215
FonCaixa FTGENCAT 3, FTA	111,555	112,560	125,970	125,970
Valencia Hipotecario 2, FTH (**)	304,279	305,842	341,067	341,067
FonCaixa FTGENCAT 4, FTA	146,861	148,610	166,733	166,733
AyT Hipotecario Mixto V, FTA (*)	116,443	116,746	129,885	129,885
Valencia Hipotecario 3, FTA (**)	380,437	383,843	429,495	429,495
PYME Valencia 1, FTA (**)	103,654	114,040	137,153	137,153
FonCaixa FTGENCAT 5, FTA	379,793	388,510	440,137	440,137
FonCaixa FTGENCAT 6, FTA	275,903	281,828	318,840	318,840
Bancaja BVA-VPO 1, FTA (**)	32,751	32,758	36,367	36,367
AyT ICO-FTVPO I, FTA (*)	54,717	54,722	60,741	60,741
Foncaixa Autonomos 1,FTA	636,675	644,982	724,377	724,377
Foncaixa Consumo 1,FTA	1,656,622	1,675,120	1,878,117	1,878,117
FonCaixa PYMES 3, FTA	904,504	929,788	1,057,710	1,057,710
FonCaixa Leasings 2, FTA	789,097	804,466	908,627	908,627
FonCaixa PYMES 4, FTA	406,512	408,521	455,501	455,501
FonCaixa PYMES 5, FTA	1,733,101	1,733,431	1,924,333	1,924,333
AyT Hipotecario Mixto, FTA (***)	25,020	25,020	25,020	25,020
Total	**8,303,706**	**8,408,267**	**9,436,495**	**9,436,495**

(*) Funds from merger with Banca Cívica.

(**) Funds from merger with Banco de Valencia.

(***) Funds from Credifimo.

(1) Includes capital, interest accrued and asset provisions.

31.12.2013

(Thousands of euros)

	Carrying amount of transferred assets (1)	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities
Securitisation funds				
AyT Promociones Inmobiliarias II, FTA (*)	44,498	45,693	51,348	51,348
Valencia Hipotecario 1, FTA (**)	110,469	110,598	121,588	121,588
Ayt Hipotecario Mixto II, FTA (*)	36,864	36,978	40,687	40,687
AyT Préstamos Consumo III, FTA (*)	4,410	4,580	5,187	5,187
TDA 22 Mixto, FTH (*)	48,154	48,536	53,689	53,689
AyT FTPYME II, FTA (*)	19,282	20,710	24,164	24,164
AyT Promociones Inmobiliarias IV, FTA (*)	42,691	45,118	51,944	51,944
AyT Hipotecario Mixto IV, FTA (*)	70,704	70,765	77,797	77,797
FonCaixa FTGENCAT 3, FTA	134,903	136,505	151,373	151,373
Valencia Hipotecario 2, FTH (**)	344,338	346,181	382,010	382,010
FonCaixa FTGENCAT 4, FTA	170,161	171,980	190,510	190,510
AyT Hipotecario Mixto V, FTA (*)	128,943	129,237	142,254	142,254
Valencia Hipotecario 3, FTA (**)	424,022	427,358	472,597	472,597
PYME Valencia 1, FTA (**)	130,475	146,933	177,741	177,741
FonCaixa FTGENCAT 5, FTA	437,291	446,024	498,099	498,099
FonCaixa FTGENCAT 6, FTA	319,683	324,686	361,221	361,221
Valencia Hipotecario 5, FTA (**)	328,572	335,675	375,698	375,698
Bancaja BVA-VPO 1, FTA (**)	36,998	37,000	40,619	40,619
AyT ICO-FTVPO I, FTA (*)	63,538	63,613	69,945	69,945
Foncaixa Autonomos 1,FTA	752,810	761,597	843,714	843,714
Foncaixa Consumo 1,FTA	1,991,132	2,006,948	2,215,693	2,215,693
FonCaixa PYMES 3, FTA	1,461,059	1,487,032	1,655,281	1,655,281
FonCaixa Leasings 2, FTA	1,027,806	1,042,506	1,160,629	1,160,629
FonCaixa PYMES 4, FTA	605,743	605,826	661,846	661,846
AyT Hipotecario Mixto, FTA (***)	26,756	26,756	26,756	26,756
Total	**8,761,302**	**8,878,835**	**9,852,390**	**9,852,390**

(*) Funds from merger with Banca Cívica.

(**) Funds from merger with Banco de Valencia.

(***) Funds from Credifimo.

(1) Includes capital, interest accrued and asset provisions.

“Loans and advances to customers” at 31 December 2014 and 2013 includes the following amounts, corresponding to the outstanding amounts of loans securitised:

(Thousands of euros)	31.12.2014	31.12.2013
Securitised mortgage loans	4,646,071	5,612,223
Other securitised loans	3,741,143	3,243,421
Loans to companies	2,665,281	1,728,086
Leasing arrangements	804,181	1,040,943
Consumer financing	157,370	300,334
Other	114,311	174,058
Total	**8,387,214**	**8,855,644**

Details of the securitised assets with the initial amounts of each and the amounts outstanding at 31 December 2014 and 2013 are provided below.

Asset securitisations

(Thousands of euros)

				Outstanding balance	
Issue date		**Acquired by:**	**Initial amount**	**31.12.2014**	**31.12.2013**
January	2000	AyT 2, FTH (*)	119,795	5,808	7,082
June	2000	TDA 12, FTH (*)	192,324		9,801
December	2000	TDA 13 Mixto, FTA (*)	40,268	3,241	4,000
June	2001	TDA 14 Mixto, FTA (*)	122,005	9,207	11,481
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA (*)	269,133	6,323	7,482
May	2003	TDA 16 Mixto, FTA (*)	100,000	13,099	15,873
June	2003	AyT Hipotecario III, FTH (*)	130,000	19,430	23,242
October	2002	AyT 11, FTH (****)	120,055	16,325	17,354
March	2003	TDA 16 Mixto, FTA (****)	152,000	23,851	25,588
November	2004	TDA 22 Mixto, FTH (****)	150,000	35,234	38,576
April	2005	AyT Hipotecario Mixto III, FTH (****)	170,000	50,103	52,969
November	2005	TDA 24, FTA (****)	144,117	52,200	56,372
July	2006	TDA 25, FTA (****)	205,000	100,337	109,539
December	2006	TDA 27, FTA (****)	186,993	95,098	104,943
July	2007	TDA 28, FTA (****)	200,000	132,095	141,382
Transactions derecognised from the balance sheet			**2,301,690**	**562,351**	**625,684**
February	2004	AyT Hipotecario Mixto, FTA (****)	140,000	25,020	26,756
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	475,422		45,560
April	2004	Valencia Hipotecario 1, FTA (**)	472,015	93,297	110,500
June	2004	Ayt Hipotecario Mixto II, FTA (*)	160,000	32,703	36,909
July	2004	AyT Préstamos Consumo III, FTA (*)	175,300		4,561
November	2004	TDA 22 Mixto, FTH (*)	120,000	44,685	48,495
December	2004	AyT FTPYME II, FTA (*)	132,000	15,147	20,648
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)	429,759		44,972
June	2005	AyT Hipotecario Mixto IV, FTA (*)	200,000	61,401	70,728
November	2005	FonCaixa FTGENCAT 3, FTA	649,998	112,331	136,219
December	2005	Valencia Hipotecario 2, FTH (**)	940,243	305,551	345,825
July	2006	FonCaixa FTGENCAT 4, FTA	599,999	148,314	171,626
July	2006	AyT Hipotecario Mixto V, FTA (*)	317,733	116,676	129,157
November	2006	Valencia Hipotecario 3, FTA (**)	900,711	383,440	426,889
July	2007	PYME Valencia 1, FTA (**)	850,023	113,711	146,502
November	2007	FonCaixa FTGENCAT 5, FTA	1,000,000	387,667	445,061
July	2008	FonCaixa FTGENCAT 6, FTA	750,015	281,236	323,963
December	2008	Valencia Hipotecario 5, FTA (**)	500,102		335,248
April	2009	Bancaja BVA-VPO 1, FTA (**)	55,000	32,715	36,953
March	2009	AyT ICO-FTVPO I, FTA (*)	129,131	54,687	63,570
July	2011	Foncaixa Autonomos 1,FTA	1,130,000	643,284	759,425
December	2011	Foncaixa Consumo 1,FTA	3,080,000	1,670,592	2,001,174
October	2012	FonCaixa PYMES 3, FTA	2,400,000	926,698	1,481,860
March	2013	FonCaixa Leasings 2, FTA (***)	1,216,494	804,181	1,040,943
November	2013	FonCaixa PYMES 4, FTA	645,000	406,182	602,100
November	2014	FonCaixa PYMES 5, FTA	1,830,000	1,727,696	
Transactions kept on the balance sheet (Note 22.2)			**19,298,945**	**8,387,214**	**8,855,644**
Total			**21,600,635**	**8,949,565**	**9,481,328**

(*) Funds from merger with Banca Cívica.

(**) Funds from merger with Banco de Valencia.

(***) Fund based on finance lease transactions which include EUR 1,911 thousand with mortgage collateral.

(****) Funds from Credifimo.

The assets securitised through securitisation funds prior to 2004, in accordance with the prospective application mentioned in paragraph 106 of IAS 39, which entered into force with the application of the International Accounting Standards, and in accordance with Transitional Provision One of Circular 4/2004, were not recognised on the balance sheet.

Securitisation funds set up before 1 January 20014 relate to the securitisation funds of investee Unión de Crédito para la Financiación Inmobiliaria (Credifimo), acquired in the business combination with Banca Cívica. These funds were derecognised when they were opened, all prior to the business combination with Banca Cívica, and this did not have any impact on profit or loss. In accordance with regulations, the securitised loans were derecognised when the bonds were issued, given that circumstances arose that substantially allowed all risks and rewards relating to the underlying securitised financial asset to be transferred. All bonds issued by these securitisation funds were transferred to third parties, and the bondholder bore the majority of the losses arising from the securitised loans that were derecognised.

The Group does not have any continued involvement in the derecognised assets, and only as an agreement with the securitisation fund to manage the loans in market conditions.

The amounts of credit enhancements at 31 December 2014 and 2013 for securitisation funds are as follows:

Credit enhancements for securitisation funds

(Thousands of euros)			31.12.2014		31.12.2013	
Issue date		**Holder**	**Loans and credits (*)**	**Reserve fund bonds**	**Loans and credits (*)**	**Reserve fund bonds**
January	2000	AyT 2, FTH (*)	1,167		1,167	
June	2000	TDA 12, FTH (*)			1,923	
December	2000	TDA 13 Mixto, FTA (*)	403		403	
June	2001	TDA 14 Mixto, FTA (*)	1,382		1,382	
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA (*)	3,792		3,792	
October	2002	AyT 11, FTH (****)	863		863	
March	2003	TDA 16 Mixto, FTA (****)	2,668		2,668	
May	2003	TDA 16 Mixto, FTA (*)	1,294		1,294	
June	2003	AyT Hipotecario III, FTH (*)	1,460		1,460	
April	2004	AyT Promociones Inmobiliarias II, FTA (*)			30,800	
February	2004	AyT Hipotecario Mixto, FTA (****)	8,317		8,317	
April	2004	Valencia Hipotecario 1, FTA (***)	4,720		4,720	
June	2004	Ayt Hipotecario Mixto II, FTA (*)	1,911		1,911	
July	2004	AyT Préstamos Consumo III, FTA (*)			6,652	
November	2004	TDA 22 Mixto, FTA (*)	2,292		2,292	
November	2004	TDA 22 Mixto, FTH (****)	749		749	
December	2004	AyT FTPYME II, FTA (*)	3,719		3,719	
April	2005	AyT Hipotecario Mixto III, FTH (****)	297		297	
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)			53,653	
June	2005	AyT Hipotecario Mixto IV, FTA (*)	2,808		2,808	
November	2005	FonCaixa FTGENCAT 3, FTA	2,012	6,500	2,700	6,500
November	2005	TDA 24, FTA (****)	520		520	
December	2005	Valencia Hipotecario 2, FTH (***)		9,900		9,900
July	2006	FonCaixa FTGENCAT 4, FTA		5,043	3,231	5,043
July	2006	AyT Hipotecario Mixto V, FTA (*)	1,937		1,937	
July	2006	TDA 25, FTA (****)	752		752	
November	2006	Valencia Hipotecario 3, FTA (***)	504	10,400	504	10,400
December	2006	TDA 27, FTA (****)	1,782		1,782	
July	2007	PYME Valencia 1, FTA (***)	671	15,300	671	15,300
July	2007	TDA 28, FTA (****)	2,324		2,324	
November	2007	FonCaixa FTGENCAT 5, FTA		26,500		26,500
July	2008	FonCaixa FTGENCAT 6, FTA		18,800		18,800
December	2008	Valencia Hipotecario 5, FTA (***)			36,521	
March	2009	AyT ICO-FTVPO I, FTA (*)	4,695		4,695	
April	2009	Bancaja BVA-VPO 1, FTA (***)	3,218		3,242	
July	2011	Foncaixa Autonomos 1,FTA	161,957		161,957	
December	2011	Foncaixa Consumo 1,FTA	154,338		154,338	
October	2012	FonCaixa PYME 3, FTA	240,292		240,525	
March	2013	FonCaixa Leasings 2, FTA	184,308		184,461	
November	2013	FonCaixa PYMES 4, FTA	65,100		65,300	
November	2014	FonCaixa PYMES 5, FTA	128,900			
Total (Note 13.3)			**991,152**	**92,443**	**996,330**	**92,443**

(*) Funds from merger with Banca Cívica.

(**) All the loans and credits are subordinated.

(***) Funds from merger with Banco de Valencia.

(****) Funds from Credifimo.

Details of the securitisation bonds initially acquired by CaixaBank and of the balances outstanding at 31 December 2014 and 2013 are as follows:

(Thousands of euros)				Outstanding amount at	
Date		**Issue**	**Amount**	**31.12.2014**	**31.12.2013**
January	2000	AyT 2 - FTH (*)	5,975	3,326	4,129
June	2000	TDA 12 - FTH (*)	4,255		952
June	2001	TDA 14 Mixto - FTA (*)	5,199	1,416	1,826
May	2003	TDA 16 Mixto - FTA (*)	1,002	534	636
December	2002	AyT Hipotecario III - FTH (*)	15,749	9,488	11,594
Issued before 01.01.2004			**32,180**	**14,764**	**19,137**

(Thousands of euros)				Outstanding amount at	
Dale		**Issue**	**Amount**	**31.12.2014**	**31.12.2013**
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	18,728		15,039
June	2004	AyT Hipotecario Mixto II, FTA (*)	10,248	4,978	5,914
November	2004	TDA 22 Mixto - FTA (*)	31,431	25,950	28,422
December	2004	AyT FTPYME II, FTA (*)	8,615	6,200	7,340
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)	24,540		19,031
June	2005	AyT Hipotecario Mixto IV, FTA (*)	36,548	28,686	31,932
November	2005	FonCaixa FTGENCAT 3, FTA	35,337	30,700	32,331
December	2005	Valencia Hipotecario 2, FTH (**)	939,700	33,393	36,257
July	2006	FonCaixa FTGENCAT 4, FTA	26,813	21,067	21,530
July	2006	AyT Hipotecario Mixto V, FTA (*)	123,457	96,138	107,575
November	2006	Valencia Hipotecario 3, FTA (**)	810,600	*66,866*	*74,239*
July	2007	PYME Valencia 1, FTA (**)	670,000	90,384	93,681
November	2007	FonCaixa FTGENCAT 5, FTA	550,600	37,500	37,500
July	2008	FonCaixa FTGENCAT 6, FTA	458,800	22,500	28,333
December	2008	Valencia Hipotecario 5, FTA (**)	500,000		330,907
March	2009	AyT ICO-FTVPO I, FTA (*)	82,294	65,030	73,247
April	2009	Bancaja-BVA VPO 1, FTA (**)	55,000	34,890	38,751
July	2011	Foncaixa Autonomos 1, FTA	1,130,000	653,709	785,030
December	2011	FonCaixa Consumo 1,FTA	3,080,000	1,671,733	2,026,264
October	2012	Foncaixa Pymes 3, FTA	2,400,000	1,030,876	1,679,944
March	2013	FonCaixa Leasings 2, FTA	1,150,000	708,515	945,283
March	2013	FonCaixa PYMES 4, FTA	645,000	418,190	645,000
November	2014	FonCaixa PYMES 5, FTA	1,830,000	1,830,000	
Issued after 01.01.2004			**14,617,711**	**6,877,305**	**7,063,550**
Total			**14,649,891**	**6,892,069**	**7,082,687**

(*) Funds from merger with Banca Cívica.

(**) Funds from merger with Banco de Valencia.

Single-seller bonds placed on the securitisation market are recognised under "Marketable debt securities" in the accompanying balance sheet (see Note 22.3). The bonds placed on the market related to single-seller securitisations are recognised under "Customer deposits - Time deposits" in the accompanying balance sheet (see Note 22.2).

28.3. Securities deposits and investment services

The detail, by type, of the securities deposited by customers with CaixaBank and third parties is as follows.

(Thousands of euros)	31.12.2014	31.12.2013
Book entries	**97,792,236**	**106,156,037**
Securities recorded in the market's central book-entry office	74,972,098	82,278,120
Equity instruments Quoted	*52,106,164*	*46,179,252*
Equity instruments. Unquoted	*34,683*	*32,357*
Debt securities. Quoted	*22,831,251*	*36,066,511*
Securities registered at the Entity	0	0
Debt securities Quoted		
Securities entrusted to other depositories	22,820,138	23,877,917
Equity instruments Quoted	*13,005,772*	*13,838,149*
Equity instruments. Unquoted	*2,838*	*2,660*
Debt securities. Quoted	*8,876,005*	*8,935,583*
Debt securities Unquoted	*935,523*	*1,101,525*
Securities	**6,559**	**10,730**
Held by the Entity	6,423	10,373
Equity instruments	*6,267*	*6,267*
Debt securities	*156*	*4,106*
Entrusted to other entities	136	357
Equity instruments	*136*	*357*
Other financial instruments	**97,565**	**1,047,948**
Total	**97,896,360**	**107,214,715**

28.4. Financial assets derecognised due to impairment

The changes in 2014 and 2013 to items derecognised from the consolidated balance sheet because recovery was deemed to be remote are summarised below. These financial assets are recognised under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

(Thousands of euros)	2014	2013
Balance at 1 January	**10,453,405**	**5,896,422**
Additions:	**5,552,166**	**6,979,916**
With a charge to impairment losses **(Note 13.4)**	3,665,157	3,865,197
With a direct charge to the income statement **(Note 37)**	1,104,994	603,466
Other reasons (1)	782,015	999,709
Business combinations (2)		683,594
Acquisition of written-off portfolio (3)		827,950
Disposals:	**(4,403,519)**	**(2,422,933)**
Cash recovery of principal **(Note 37)**	(390,143)	(314,299)
Cash recovery of past-due receivables	(30,483)	(73,720)
Disposal of written-off assets (4)	(1,836,443)	
Due to expiry of the statute-of-limitations period, forgiveness or any other cause (5)	(2,146,450)	(2,034,914)
Balance at 31 December	**11,602,052**	**10,453,405**

(1) Primarily includes interest on financial assets at the time of derecognition from the balance sheet.
(2) Corresponds to the acquisition of Banco de Valencia
(3) Includes the repurchase of a written-off portfolio for a price of EUR 27 million due to cancellation of an agreement for the sale of written-off assets signed previously by Banca Cívica, with no significant impact on the income statement in 2013
(4) Corresponds to the sale of doubtful and non-performing assets and includes interest related to these portfolios (see Note 13.2).
(5) In 2014, this includes additions of properties arising from developer debts for the amount of EUR 1,447 million.

The balance of items derecognised from the balance sheet because recovery was deemed to be remote includes EUR 3,118,074 thousand and EUR 2,584,460 thousand at 31 December 2014 and 2013, respectively, as interest accrued on non-performing loans.

29. Interest and similar income

This item in the consolidated income statement includes the interest earned during the year on financial assets with implicit or explicit returns obtained by applying the effective interest method, along with the adjustments to income arising from hedging transactions.

The breakdown of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)	2014	2013
Central banks	**2,639**	**8,523**
Credit institutions	**16,538**	**26,075**
Loans and advances to customers and other finance income	**5,505,288**	**6,214,718**
Public sector	346,059	393,528
Trade credits and bills	168,508	196,648
Mortgage loans	3,072,160	3,480,947
Personal loans	1,125,426	1,204,742
Credit accounts	450,481	516,639
Other	342,654	422,214
Debt securities	**3,275,961**	**3,111,414**
Financial assets held for trading	79,993	86,755
Available-for-sale financial assets	2,543,989	2,418,800
Held-to-maturity investments	484,696	378,230
Loans and receivables	167,283	227,629
Adjustments to income due to hedging transactions (Note 15)	**(9,099)**	**(59,921)**
Total	**8,791,327**	**9,300,809**

The average effective interest rate of the various financial liabilities categories in 2014 and 2013, respectively, calculated on average gross balances, is as shown below. This rate is the result of interest accrued in the year and does not include adjustments to income arising from hedging transactions:

Average effective interest rate

	2014	2013
Deposits at central banks	0.14%	0.24%
Financial assets held for trading - debt securities	3.50%	3.88%
Available-for-sale financial assets – debt securities	4.33%	4.65%
Loans and receivables		
Loans and advances to credit institutions	0.33%	0.42%
Loans and advances to customers (*)	2.84%	2.84%
Debt securities	6.45%	5.78%
Held-to-maturity - debt securities	3.13%	2.46%

(*) Does not include reverse repos

30. Interest expense and similar charges

This item in the accompanying consolidated income statement includes interest accruing in the year on financial liabilities with implicit or explicit returns, including the interest arising from payments in kind, calculated by applying the effective interest method, along with the cost adjustments arising from hedging transactions and the cost due to interest attributable to existing pension funds.

The breakdowns of this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013, by types of financial transaction, are as follows:

(Thousands of euros)	2014	2013
Central banks	(31,397)	(155,637)
Credit institutions	(241,372)	(311,198)
Money market transactions through counterparties	(1,584)	(2,102)
Customer deposits and other finance costs	(2,162,513)	(2,797,345)
Marketable debt securities	(1,306,515)	(1,646,723)
Subordinated liabilities	(213,344)	(232,426)
Adjustments to expenses due to hedging transactions **(Note 15)**	936,543	1,090,716
Interest cost attributable to pension funds **(Note 24)**	(63,870)	(81,646)
Finance cost of insurance products	(1,552,709)	(1,209,691)
Total	**(4,636,761)**	**(5,346,052)**

The average effective interest rate of the various financial liabilities categories in 2014 and 2013, respectively, is shown below. This rate is the result of interest accrued in the year and does not include adjustments to income arising from hedging transactions:

Average effective interest rate

	2014	2013
Deposits from central banks	0.24%	0.58%
Deposits from credit institutions	1.10%	1.32%
Customer deposits	1.23%	1.66%
Marketable debt securities	3.73%	3.86%
Subordinated liabilities	4.43%	4.76%

31. Return on equity instruments

The breakdown of this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013 is as follows:

(Thousands of euros)	2014	2013
Telefónica, SA	177,672	89,109
Bolsas y Mercados Españoles SHMSF, SA		8,261
Other	7,702	9,512
Total	**185,374**	**106,882**

32. Fees and commissions

The main fee and commission income and expenses recognised in the accompanying consolidated income statement for 2014 and 2013, by type of non-financial services, are as follows:

Fee and commission income

(Thousands of euros)

	2014	**2013**
Contingent liabilities	115,260	124,090
Credit facility drawdowns	72,794	72,405
Exchange of foreign currencies and banknotes	3,108	3,329
Collection and payment services	815,273	867,342
Of which, credit and debit cards	*369,786*	*394,834*
Securities services	106,711	91,858
Marketing of non-banking financial products	528,451	446,138
Other fees and commissions	331,891	307,171
Total	**1,973,488**	**1,912,333**

Fee and commission expense

(Thousands of euros)

	2014	**2013**
Assigned to other entities and correspondents	(40,608)	(54,569)
Of which: transactions with cards and ATMs	*(31,974)*	*(38,163)*
Securities transactions	(17,832)	(16,021)
Other fees and commissions	(89,888)	(81,778)
Total	**(148,328)**	**(152,368)**

33. Gains/(losses) on financial assets and liabilities(net)

The breakdown, by source, of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)

	2014	2013
Financial assets held for trading	**(41,767)**	**195,414**
Debt securities	(11,522)	(75,292)
Equity instruments	9,996	14,748
Financial derivatives	(40,241)	255,958
of which: interest rate risk	*31,405*	*292,776*
of which: securities risk	*(64,478)*	*(40,203)*
of which: commodities risk and other	*964*	*2,188*
of which: credit derivatives risk	*(108,512)*	*(96,072)*
of which: currency risk	*35,693*	*96,903*
of which: inflation derivatives risk	*64,687*	*366*
Available-for-sale financial assets	**444,314**	**272,811**
Debt securities	345,323	244,122
Equity instruments **(Note 12)**	98,991	28,689
Loans and receivables	**539**	**784**
Financial liabilities at amortised cost	**7,934**	
Ineffective portions of hedging derivatives	**162,576**	**205,302**
Cash flow hedges	(15,335)	(1,265)
Fair value hedges	177,911	206,567
Valuation of hedging derivatives	*889,001*	*(1,352,384)*
Valuation of hedged items	*(711,090)*	*1,558,951*
Total	**573,596**	**674,311**

34. Other operating income and expense

The breakdown of this item in the accompanying consolidated income statement is as follows:

Breakdown of insurance and reinsurance income and expense
(Thousands of euros)

	2014	2013
Income		
Insurance and reinsurance premium income (*)	578,716	517,938
Reinsurance income	58,521	56,713
Total	**637,237**	**574,651**
Expenses		
Claims paid (*)	(208,374)	(198,891)
Net technical provisions (*)	(43,271)	(18,721)
Insurance and reinsurance premiums paid	(236,856)	(257,619)
Total	**(488,501)**	**(475,231)**

(*) Net of the portion relating to finance costs.

Business line
(Thousands of euros)

	2014	2013
Sales and income from provision of non-financial services		
Real estate	21,228	19,093
Other	108,288	126,946
Total	**129,516**	**146,039**
Changes to inventories and other expenses of non-financial activities		
Real estate	(8,806)	(7,654)
Other	(115,713)	(116,975)
Total	**(124,519)**	**(124,629)**

Other operating income
(Thousands of euros)

	2014	2013
Financial fees and commissions offsetting direct costs **(Note 2.5)**	32,234	28,654
Income from investment property **(Note 19)**	105,503	54,917
income from residual debts and other	152,798	168,644
Total	**290,535**	**252,215**

Other operating expenses

(Thousands of euros)

	2014	2013
Operating expenses on investment property and other real estate assets (1)	(228,416)	(185,020)
Contribution to deposit guarantee fund **(Note 1)**	(293,119)	(569,884)
Other	(93,519)	(92,706)
Total	**(615,054)**	**(847,610)**

(1) Includes expenses related to leased investment property

35. Personnel expenses

The breakdown of this item in the accompanying consolidated income statement for 2014 and 2013 is as follows:

Breakdown by type of remuneration
(Thousands of euros)

	2014	2013
Wages and salaries	(1,833,781)	(1,908,746)
Social security contributions	(413,694)	(412,691)
Transfers to defined contribution plans	(131,210)	(139,539)
Transfers to defined benefit plans **(Note 24)**	(3,355)	(18)
Other personnel expenses	(195,853)	(960,555)
Total	**(2,577,893)**	**(3,421,549)**

The expense recognised in "Transfers to defined contribution plans" includes mainly mandatory contributions stipulated in the labour agreement on the pension scheme entered into on 31 July 2000 at "la Caixa". Contributions are made to the pension plan to cover retirement, disability and death obligations of serving employees. To cover retirement, CaixaBank makes a monthly contribution equal to a percentage of pensionable wage items ranging from 0% to 8.5% depending on the length of service at the Entity and other agreed terms and conditions. Specifically, a period has been established for Banco de Valencia and Banca Cívica personnel in which to standardise conditions. The contribution for disability and death is annual and equals the cost of the premium required to ensure against these risks.

In 2013, "Other personnel expenses" included an extraordinary expense, of EUR 785 million, related to the labour agreement signed by CaixaBank on 27 March 2013, as part of the restructuring carried out to improve the efficiency of CaixaBank's resources through its rationalisation following the mergers with Banca Cívica and Banco de Valencia.

It also included EUR 18,810 thousand and EUR 19,176 thousand in 2014 and 2013, respectively, in non-monetary remuneration paid to CaixaBank employees through credit facilities, estimated as the difference between market rates and the rates agreed with employees. The applicable rates are set each year as the 1-year Euribor rate prevailing for October, applicable as of 1 January the following year.

The market rates applied from 30 September 2011 are Euribor +0.30 points for loans to homebuyers and the Euribor +1.25 points for other loans.

The interest rate agreed for mortgage loans is Euribor -2.50 points, with a clause stipulating a minimum rate of 0.10%, whereas the interest rate agreed for personal loans is equal to the Euribor rate.

"Other personnel expenses" also includes, *inter alia,* training expenses, education grants and indemnities.

The average number of employees, by professional category, in 2014 and 2013 is as follows:

Average number of employees

(Number of employees)	2014		2013	
	CaixaBank Group		CaixaBank Group	
	Male	Female	Male	Female
Executives	213	56	205	55
Managers	8,983	5,951	9,570	5,885
Clerical staff	6,032	9,981	6,261	10,207
Assistants	137	94	105	69
Temporary employees	119	110	106	105
Total	**15,484**	**16,192**	**16,247**	**16,321**

The distribution by professional category and gender at 31 December 2014 is not significantly different from that shown in the preceding table. At 31 December 2014 and 2013, the CaixaBank Group had 31,210 and 31,948 employees, respectively.

36. Other general administrative expenses

The breakdown of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)

	2014	2013
IT and systems	(178,416)	(209,948)
Advertising and publicity (1)	(106,123)	(109,894)
Property and fixtures	(97,853)	(111,926)
Rentals	(127,471)	(135,816)
Communications	(54,365)	(49,694)
Outsourced administrative services	(93,793)	(85,364)
Technical reports	(22,689)	(23,197)
Representation and travel expenses	(38,355)	(41,494)
Taxes other than income tax	(34,379)	(46,235)
Surveillance and security carriage services	(30,398)	(30,357)
Printing and office materials	(13,664)	(22,970)
Legal and judicial	(11,174)	(14,292)
Governing and control bodies	(7,176)	(7,045)
Other expenses	(29,693)	(55,874)
Total	**(845,549)**	**(944,106)**

(1) Includes advertising in media, sponsorships, promotions and other commercial expenses

On 18 December 2012, CaixaBank sold 439 branch offices to Soinmob Inmobiliaria, SAU, subsidiary of the Mexican company Inmobiliaria Carso, SA de CV, for EUR 428.2 million. At the same time, an operating lease contract was signed with this company, with the lessee responsible for maintenance, insurance and taxes other than income tax, for a mandatory period of 25 years. During this time, lease income will be increased on a yearly basis in accordance with year-on-year change in the eurozone harmonised consumer price index times 1.4. In no circumstance, taking into consideration the insignificance of the value of adjustment factors and the associated economic characteristics and risks, it was not considered necessary to separate any embedded derivative under the terms envisaged in paragraph AG33(f) of IAS 39.

The Company confirmed, through the necessary tests, that the rents paid remain at market prices.

The agreement includes a purchase option that may be exercised by CaixaBank at the termination of the lease contract at the market value of the offices at that date (determined, where appropriate, by independent experts) and the right of first refusal in the event the lessor wishes to sell any of the offices subject to the lease. Additionally, as is commonplace in the operating lease market, the transfer of ownership of the properties to CaixaBank is not being considered at the termination of the agreement, with CaixaBank holding the right to not extend rentals beyond the minimum mandatory period. The lease expense recognised by CaixaBank in 2014 and 2013 in relation to these agreements totalled EUR 34.8 million each year. The value of the future minimum lease payments receivable by CaixaBank during the mandatory period of the lease, excluding future rental increases are as follows:

(Thousands of euros)

	2015	2016 to 2019	2020 and beyond
Sales and leaseback agreement with Soinmob Inmobiliaria, SAU	34,800	139,200	626,400

Note: amounts excluding VAT.

"Technical reports" relates to fees and expenses, excluding the related VAT, paid to the auditor, Deloitte, SL, broken down as follows:

(Thousands of euros)	2014	2013
Deloitte	**8,667**	**5,752**
Audit (1)	2,397	2,616
Audit-related services	2,862	2,175
Other services (2)	3,408	961
Other auditors	**6,424**	**3,289**
Audit	219	349
Other services	6,205	2,940
Total	**15,091**	**9,041**

(1) Includes fees for limited reviews of the condensed consolidated financial statements for the six months ended 30 June 2014 and 2013 and CaixaBank's individual balance sheet at 30 June 2014 and 2013.

(2) Includes EUR 56 thousand for tax advisory.

Information on payments to suppliers: Disclosure requirements of Law 15/2010 of 5 July

The entry into force of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements. Pursuant to this disclosure obligation, on 31 December 2010, the corresponding resolution was issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Official State Gazette (BOE).

In accordance with Transitional Provision Two of this ruling, following is a breakdown of the information required relating to payments made and pending at the balance sheet date:

Payments made and outstanding at the reporting date

(Thousands of euros)	2014	
Payments made within statutory period	1,339,261	93.2%
Other	98,163	6.8%
Total payments in the year	**1,437,424**	**100%**
Weighted average days late	43	
Payment deferrals surpassing statutory period at the reporting date (thousands of euros)	5,677	

In 2014 and 2013, in accordance with Transitional Provision Two of Law 15/2010, the maximum statutory period was 60 days.

CaixaBank's average payment period in 2014 was 25.7 days.

37. Impairment losses on financial assets (net)

The breakdown of this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013 is as follows:

Breakd (Thousands of euros)	**2014**	**2013**
Loans and receivables	**(2,053,803)**	**(3,973,549)**
Specific allowance	(2,030,435)	(3,960,274)
Net allowances **(Note 13.4)**	*(1,315,584)*	*(3,768,268)*
Write-downs ***(Note 28.4)***	*(1,104,994)*	*(555,630)*
Recovery of loans written off **(Note 28.4)**	*390,143*	*314,299*
Debt securities ***(Note 13.4)***	*0*	*49,325*
Other coverage **(Note 13.4)**	(23,368)	(13,275)
Other financial instruments not measured at fair value through profit or loss	**(139,567)**	**(220,052)**
Write-downs	(139,567)	(220,052)
Equity instruments **(Note 12)**	*(91,943)*	*(162,222)*
Debt securities	*(47,624)*	*(57,830)*
Total	**(2,193,370)**	**(4,193,601)**

38. Impairment losses on other assets (net)

The detail and changes in this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013 are as follows:

(Thousands of euros)	2014	2013
Write-downs	**(56,065)**	**(55,488)**
Property and equipment for own use **(Note 19)**	(8,392)	(14,304)
Investment property **(Note 19)**	(33,554)	
Intangible assets **(Note 20)**	(14,119)	(41,184)
Net allowances	**7,256**	**(221,063)**
Investment property **(Note 19)**	57,187	(84,660)
Inventories **(Note 21)**	(23,242)	(226,991)
Investment in associates and joint ventures **(Note 17)**	(25,561)	90,508
Other assets	(1,128)	80
Total	**(48,809)**	**(276,551)**

39. Gains/(losses) on disposal of assets not classified as non-current held for sale

The detail and changes in this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013 are as follows:

(Thousands of euros)	2014			2013		
	Gains	Losses	Net gain/(loss)	Gains	Losses	Net gain/(loss)
On disposals of tangible assets	15,685	(48,977)	(33,292)	9,421	(27,103)	(17,682)
On disposals of investments	10,521	(3,783)	6,738	154,686	(6,500)	148,186
On disposals of other assets	7,786	(9,381)	(1,595)	253,209	(20,336)	232,873
Total	**33,992**	**(62,141)**	**(28,149)**	**417,316**	**(53,939)**	**363,377**

In 2014, the proceeds from the sale of various investments were recognised under "On disposals of investments" or "On disposal of other assets", although no individual amounts are significant.

40. Gains/(losses) on non-current assets held for sale not classified as discontinued operations

The detail and changes in this item in the accompanying consolidated income statement for the years ended 31 December 2014 and 2013 are as follows:

(Thousands of euros)	2014	2013
Impairment losses on non-current assets held for sale (**Note 16**)	(159,006)	(480,131)
Net loss on disposal of non-current assets held for sale	(167,841)	(142,821)
Net gain on disposal of non-current tangible and intangible assets held for sale	*(167,841)*	*(142,821)*
Gains/(losses) on disposal of strategic equity instruments **(Note 12)**	17,870	16,649
Total	**(308,977)**	**(606,303)**

41. Related-party transactions

Key management personnel and executives at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any member of the Board of Directors and Senior Management. By virtue of their positions, this group of persons is considered to be a "related party", and as such subject to the disclosure requirements described in this Note.

Persons who have certain kinship or personal relationships with key management personnel and executives are also considered related parties, along with companies in which control, significant influence or significant voting power is exercised by key employees or any of the aforementioned persons in their family environment.

According to the Regulations of the Board of Directors, the Board may issue a generic authorisation for transactions by directors and related persons provided that they fall within the ordinary course of corporate business and are habitual or recurring in nature. Otherwise, they must be authorised by the Board of Directors except where they simultaneously meet the following three conditions: (i) they are carried out by virtue of adhesion contracts whose conditions are standardised 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 of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the Parent.

Notwithstanding the above, according to prevailing legislation, express authorisation by the Bank of Spain is required for the grant of loans, credits or guarantees to the Chairman, Vice-Chairman, Directors, Vice Presidents and similar.

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and Senior Management is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement.

All other loan and deposit transactions or financial services arranged by CaixaBank with key management personnel and executives (Board of Directors and Senior Management), which are not subject to employment regulations, were approved under normal market conditions. None of these transactions involves any material amounts affecting the correct interpretation of the annual financial statements.

CaixaBank also has service level agreements with related parties. These agreements form part of its ordinary course of business and are carried out under normal market conditions. None of them individually is for a significant amount.

The most significant balances at 31 December 2014 and 2013 between CaixaBank and subsidiaries, jointly controlled entities and associates, and with Directors, Senior Managers and other related parties (relatives and companies with links to members of the Board of Directors and Senior Management, to the best of the Entity's knowledge), of CaixaBank and "la Caixa" and Criteria CaixaHolding, and those with other related parties such as the employee pension plan, etc., are shown in the table below. Details are also provided of the amounts recognised in the income statement from transactions carried out. All transactions between related parties form part of the ordinary course of business and are carried out under normal market conditions.

2014

(Thousands of euros)

	With the majority shareholder the "la Caixa" Banking Foundation and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3)
ASSETS				
Loans and advances to credit institutions		72,555		
Loans and receivables	4,399,571	787,726	11,460	70,453
Reverse repurchase agreement (repos)				
Mortgage loans	*465,603*	*16,862*	*10,543*	*44,438*
Other (4)	*3,933,968*	*770,864*	*917*	*26,015*
Of which: credit loss provisions		*(92,777)*		
Total	**4,399,571**	**860,281**	**11,460**	**70,453**
LIABILITIES				
Deposits from credit institutions	69,998	49,846	54,052	
Customer deposits (5)	2,565,977	794,295	47,534	171,634
Off-balance sheet liabilities (6)			11,387	35,623
Total	**2,635,975**	**844,141**	**112,973**	**207,257**
PROFIT AND LOSS				
Interest expense and similar charges (7)	(24,508)	(13,826)	(1,658)	(2,767)
Interest and similar income	35,605	16,788	140	1,473
Total	**11,097**	**2,962**	**(1,518)**	**(1,294)**
OTHER				
Contingent liabilities - Guarantees and other	380,947	116,881	3,565	1,807
Contingent commitments – Drawable by third parties and others (8)	1,805,888	392,385	10,018	14,370
Accrued defined benefit post-employment obligations			35,315	
Total	**2,186,835**	**509,266**	**48,898**	**16,177**

(1) Includes transactions with the "la Caixa" Banking Foundation and its Group companies, jointly controlled entities and associates.

(2) Directors and Senior Management of the "la Caixa" Banking Foundation, CaixaBank and Criteria CaixaHolding.

(3) Family members and entities related to members of the Boards of Directors and Senior Management of "la Caixa", CaixaBank and Criteria CaixaHolding and other related parties such as the employee pension plan .

(4) Includes other loans, credits and debt securities.

(5) Includes deposits, marketable debt securities and subordinated debt.

(6) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.

(7) Does not include the finance cost relating to off-balance sheet liabilities.

(8) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

2013

(Thousands of euros)

	With the majority shareholder "la Caixa" and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3)
ASSETS				
Loans and advances to credit institutions	130,982	123,373		
Loans and receivables	3,497,621	675,072	10,748	75,322
Reverse repurchase agreement (repos)				
Mortgage loans	*262,488*	*66,547*	*10,250*	*53,732*
Other (4)	*3,235,133*	*608,525*	*498*	*21,590*
Total	**3,628,603**	**798,445**	**10,748**	**75,322**
LIABILITIES				
Deposits from credit institutions	878,206	75,576		
Customer deposits (5)	2,604,599	1,060,071	165,155	211,524
Off-balance sheet liabilities (6)			30,321	48,444
Total	**3,482,805**	**1,135,647**	**195,476**	**259,968**
PROFIT AND LOSS				
Interest expense and similar charges (7)	(36,023)	(21,243)	(2,929)	(2,739)
Interest and similar income	83,830	26,477	171	9,959
Total	**47,807**	**5,234**	**(2,758)**	**7,220**
OTHER				
Contingent liabilities - Guarantees and other	363,222	116,438	487	32,316
Contingent commitments – Drawable by third parties and others (8)	1,964,970	359,637	6,439	74,863
Accrued defined benefit post-employment obligations			47,301	
Total	**2,328,192**	**476,075**	**54,227**	**107,179**

(1) Includes transactions with "la Caixa", and its Group entities, jointly controlled entities and associates.

(2) Directors and Senior Management of "la Caixa", CaixaBank and Criteria CaixaHolding.

(3) Family members and entities related to members of the Board of Directors and Senior Management of "la Caixa", CaixaBank and Criteria CaixaHolding, the Control Committee of "la Caixa" and other related parties, such as the employee pension plan.

(4) Includes other loans, credits and debt securities.

(5) Includes deposits, marketable debt securities and subordinated debt.

(6) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.

(7) Does not include the finance cost relating to off-balance sheet liabilities.

(8) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

The most significant balances and transactions included in the aforementioned amounts, in addition to those described in the different notes, corresponding to 2014 are as follows:

- The balance at 31 December 2014 of financing provided by CaixaBank to "la Caixa" stood at EUR 100 million (EUR 70 million at 31 December 2013). This loan corresponds to financing provided by the Council of Europe Bank to the Banking Foundation channelled through CaixaBank.
- In the first half of 2014, CaixaBank provided financing to "la Caixa" in the form of a loan for EUR 650 million. In addition, the securities loan, on which there was collateral of EUR 61 million at 31 December 2013, was cancelled. Both transactions were subscribed with "la Caixa", and form part of the assets and liabilities spun off to Criteria during the restructuring process (see Note 1).
- Criteria holds EUR 275 million in time deposits and EUR 72 million in demand deposits at CaixaBank (EUR 205 million at 31 December 2013) arranged in 2014.

- The ”la Caixa” Banking Foundation holds demand and time deposits at CaixaBank, amounting to EUR 70 thousand (EUR 878 thousand at 31 December 2013).
- ”la Caixa” had arranged derivatives arranged with CaixaBank to hedge its bond and subordinated debt issues, with a net balance of EUR 450 million at 31 December 2013 in favour of "la Caixa". These derivatives had been cancelled at 31 December 2014.
- Criteria arranged derivatives with CaixaBank to hedge the interest rates on bilateral loans for a nominal amount of EUR 800 million. The fair value of the outstanding derivatives at 31 December 2014 was EUR 3 million.
- In December 2013, CaixaBank granted Criteria CaixaHolding, SAU a credit facility of EUR 750 million, on which no amount had been drawn down at 31 December 2014. Additionally, in 2012, CaixaBank acquired plain vanilla bonds issued by Servihabitat XXI, SAU, now Criteria CaixaHolding, SAU, for EUR 1,350 million for the partial repayment of a loan (see Note 13.3). In 2014, these bonds were partly redeemed and the outstanding balance is EUR 999 million.
- Financing granted to Criteria CaixaHolding's real estate subsidiaries totalled EUR 1,662 million and EUR 2,008 million at 31 December 2014 and 2013 (including the plain vanilla bonds of EUR 999 million and EUR 1,350 million respectively, mentioned in the preceding section).
- Gas Natural, a jointly controlled entity of the Criteria Group, holds time deposits and current accounts at CaixaBank for the amount of EUR 1,651 million (EUR 1,533 million at 31 December 2014).

In addition, the ”la Caixa” Banking Foundation has a receivable for income tax, of EUR 161,950 thousand, from the head of the tax group, CaixaBank.

Transactions between Group companies form part of the ordinary course of business and are carried out normal market conditions. The most significant transactions between Group companies are as follows:

- In July 2014 CaixaBank repurchased from VidaCaixa a nominal amount of EUR 3,250 million of CaixaBank issues on VidaCaixa's portfolio. The price of the transaction was EUR 3,559 million.
- In December 2014 SAREB subordinated bonds held by VidaCaixa were purchased for EUR 389 million, equivalent to their market value at the transaction date (see Note 14).
- In December 2014 CaixaBank sold a loan for EUR 401 million against Cajasol Inversiones Inmobiliarias to its subsidiary Arquitrabe Activos for a price of EUR 111 million.
- In 2014, CaixaBank sold its stake in Caixa Capital Semilla to its subsidiary Caixa Capital Fondos for EUR 13 million, with no significant impact on the income statement.

In addition, in September 2014, the ”la Caixa” Banking Foundation and CaixaBank signed two agreements: a brand assignment agreement and a brand licensing agreement.

Under the brand assignment agreement, the ”la Caixa” Banking Foundation assigns freely to CaixaBank and the bank becomes owner of all brands and domain names that contain the name of CaixaBank and its subsidiaries. Expressly excluded from the assignment are the ”la Caixa” brand, the distinctive 'star of Miró' sign and, inter alia, the lacaixa.es and lacaixa.com domain names.

Under the brand licensing agreement, the ”la Caixa” Banking Foundation grants CaixaBank a license to use the ”la Caixa” brand, the distinctive 'star of Miró' sign and, inter alia, the lacaixa.com domain name. Among the main terms of this agreement, the license is not exclusive, although the ”la Caixa” Banking Foundation may not grant licenses for the brand to competitors of CaixaBank nor use it to constitute other banks. The license is granted for an indefinite period, although CaixaBank may terminate the agreement from the first year and the ”la Caixa” Banking Foundation from the fifth year. Moreover, the license is granted as long as the ”la Caixa” Banking Foundation owns over 30% of CaixaBank's shares or voting rights and remains its largest shareholder. The license is subject to payment of an annual fee of EUR 1.6 million, as per a valuation report by an independent expert.

At 31 December 2014 and 2013, there was no evidence of impairment to the value of the financial assets or the guarantees or contingent commitments held with key management personnel and executives.

The balances of loans at 31 December 2014 and 2013 arranged with serving Directors and Senior Management at these two dates have an average maturity of 23.84 and 25.24 years and bear interest at an average rate of 1.07% and 1.83%, respectively.

Financing provided in 2014 to serving Directors and Senior Management at 31 December 2014 and 2013 amounted to EUR 4,625 thousand and EUR 2,545 thousand, with an average maturity period of 7.05 and 3.84 years, earning interest at an average rate of 1.68% and 2.17%, respectively.

Description of the relationship between ”la Caixa” and CaixaBank

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, ”la Caixa” and CaixaBank signed an internal relations protocol on 1 July 2011. According to the Protocol, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

As a result of its transformation into a banking foundation and the conclusion of the indirect exercise of banking activity through CaixaBank, and in accordance with the provisions of Law 26/2013, of 27 December, governing savings banks and banking foundations, on 24 July 2014, the foundation’s Board of Trustees approved a protocol for managing its ownership interest in the financial institution which primarily regulates the following aspects:

- The basic strategic lines governing the ”la Caixa” Foundation’s management of its stake in CaixaBank.
- Relations between the Board of Trustees and CaixaBank’s governing bodies.
- The general criteria governing transactions between the ”la Caixa” Foundation and CaixaBank, and the mechanisms to be introduced to prevent potential conflicts of interest.
- The mechanisms to avoid the emergence of conflicts of interest
- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by the ”la Caixa” Banking Foundation by CaixaBank and the companies in its Group
- The provision for the ”la Caixa” Banking Foundation to have a right of pre-emptive acquisition in the event of transfer by CaixaBank of Monte de Piedad, which it owns
- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through the ”la Caixa” Banking Foundation, and, at the same time (b) the ”la Caixa” Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means
- The flow of adequate information to allow the ”la Caixa” Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies

Under the scope of this new protocol, a new protocol shall be signed that replaces the internal relations protocol signed between ”la Caixa” and CaixaBank on 1 July 2011. ”la Caixa” and CaixaBank agreed to renew the Internal Relations Protocol between the two under all the terms and conditions that were not affected by the end of the indirect exercise by ”la Caixa” as a credit institution through CaixaBank until the new relations protocol is adopted.

Criteria CaixaHolding's Board of Directors took note of the aforementioned management protocol at its meeting on 19 December 2014.

Appendix 1 - CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Acuigroup Mare Mar, SL Aquiculture	Port area. Zona de relleno, 3 46520 Sagunto Valencia		99.98	58	(26,635)	(1,355)	-
AgenCaixa, SA Agencia de Seguros Insurance agency	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona		100.00	601	742	(588)	-
Aris Rosen, SAU Services	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	15	1,142	2,000	3,999
Arquitrabe activos, SL Holder of property assets	Plaza Villasís, 2 41003 Seville	100.00	100.00	98,431	38,485	(7,110)	120,000
Bavacun, SL Investment holding and business consultancy	Pintor Sorolla, 2-4 46002 Valencia		100.00	3,172	(17,478)	(520)	-
Biodiesel Processing, SL Research, creation, development and sale of biofuel manufacturing projects	Av. Diagonal, 621-629 08028 Barcelona		100.00	100	(4,606)	(8)	-
Bodega Sarría, SA Production and sale of wine	Finca Señorío de Sarría, s/n 31100 Puente la Reina Navarre		100.00	5,745	16,200	344	-
BuildingCenter, SAU Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	100.00	2,000,060	1,801,636	(1,280,649)	2,521,602

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Caixa Capital Biomed, SCR de Régimen Simplificado Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	90.91	90.91	17,000	(5,374)	339	10,505
Caixa Capital Fondos, SCR de Régimen Simplificado, SAU Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	100.00	100,000	(14,119)	4,860	98,749
Caixa Capital Micro, SCR de Régimen Simplificado, SAU Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	100.00	8,000	(469)	28	7,532
Caixa Capital TIC SCR de Régimen Simplificado, SA Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	80.65	80.65	20,001	(9,025)	1,145	11,300
Caixa Card 1 EFC, SA Finance	Gran Via Carles III, 94 entresol - Edifici Trade Oest 08028 Barcelona	100.00	100.00	261,803	24,154	217,743	261,980
Caixa Corp, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	361	208	152	585
Caixa Emprendedor XXI, SA Development of business and entrepreneurial initiatives	Av. Diagonal, 613 3er B 08028 Barcelona	99.26	100.00	20,149	6,715	(1,899)	26,340
Caixa Innvierte Industria SCR de Regimen Simplificado, SA Venture capital company	Av. Diagonal, 613 3r A 08028 Barcelona	37.34	37.34	12,853	(868)	(530)	4,307
Caixa Preference, SAU Finance	Av. Diagonal 621-629 08028 Barcelona	100.00	100.00	60	2,093	(16)	2,154

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest		Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
		Direct	Total				
CaixaBank Electronic Money, EDE, SL Payment entity	Gran Via Carles III, 84-98 Torre Est, pl. 1ª 08028 Barcelona		80.00	350	570	563	-
CaixaRenting, SAU Vehicle and machinery rentals	Gran Via de Carles III, 87 08028 Barcelona	100.00	100.00	10,518	31,869	2,828	31,680
Caja Guadalajara participaciones preferentes, SA Finance	Av. Diagonal 621-629 08028 Barcelona	100.00	100.00	61	247	(1)	309
Caja San Fernando Finance, SA Finance	Plaza San Francisco, 1 41004 Seville	100.00	100.00	60	28,126	(3,352)	25,113
Cajasol inversiones inmobiliarias, SA Ownership, sales and purchases of property and moveable assets	Plaza de Villasís, 2 41003 Seville		100.00	53,515	(376,680)	(20,473)	-
Cajasol participaciones preferentes, SAU Finance	Plaza de Villasís, 2 41003 Seville	100.00	100.00	60	319	(1)	159
Cestainmob, SL Property management	Av. República Argentina, 21 3ª planta módulo B 41011 Seville		100.00	120	972	(223)	-
Corporación Hipotecaria Mutual, EFC, SA Mortgage lending	Av. Diagonal, 611 2on A 08028 Barcelona	100.00	100.00	3,005	79,220	164	81,814
Corporación urbanística y de bienes inmuebles de CAN Real estate development	Padre Calatayud 1, 2º Dcha. 31003 Pamplona Navarre		100.00	29,366	(30,050)	(10,663)	-

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Credifimo - Unión de crédito para la financiación mobiliaria e inmobiliaria, EFC, SA Mortgage lending	Riera de Sant Miquel, 3 1er 08006 Barcelona	100.00	100.00	70,415	(78,991)	(3,047)	11,722
El monte capital, SA Finance	Av. Diagonal 621-629 08028 Barcelona	100.00	100.00	60	212	(1)	107
El monte participaciones preferentes, SA Finance	Plaza de Villasis, 2 41003 Seville	100.00	100.00	60	-	-	-
e-la Caixa, SA Electronic channel management	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	100.00	13,670	16,993	(189)	21,144
Estugest, SA Administrative activities and services	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	661	1,624	74	2,212
Finconsum, EFC, SA Consumer finance	Gran Via Carles III, 87, baixos 1er. B 08028 Barcelona	100.00	100.00	126,066	15,696	29,472	96,803
GDS-CUSA, SA Services	Provençals, 39 planta 2 08019 Barcelona	100.00	100.00	1,803	13,233	1,429	9,579
GestiCaixa, SGFT, SA Securitisation fund management	Pere i Pons, 9-11 9è 3ª Edifici Màsters 08034 Barcelona	91.00	100.00	1,502	300	884	2,630
Grupo Aluminios de Precisión SL Smelting	Merindad de Cuesta Urria, 26 09001 Burgos	65.00	65.00	3,000	-	-	3,300

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Guadalcorchos, SA (L) Wood and cork industry	Plaza de Villasis, 2 41003 Seville	0.00	100.00	60	-	-	137
Habitat 2018, SL Real-estate agency	Pintor Sorolla, 2-4 46010 Valencia		55.56	172,705	(249,760)	17,593	-
HipoteCaixa 2, SL Mortgage loan management company	Av. Diagonal 621-629 08028 Barcelona	100.00	100.00	3	199,580	312	173,843
Hiscan Patrimonio, SAU Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	46,867	480,197	56,737	592,497
Hodefi, SAS Holding company	176, Avenue Charles de Gaulle 92200 Neuilly-sur-Seine Paris France		100.00	136,110	4,358	(207)	-
Holret, SAU Real estate services	Av. Diagonal, 621-629 Torre II Pl. 8 08028 Barcelona	100.00	100.00	156,433	32,551	6,884	202,396
InverCaixa Gestión, SGIIC, SAU Management of collective investment institutions	Av. Diagonal, 621-629 Torre II Pl. 7 08028 Barcelona	100.00	100.00	81,910	29,823	38,600	89,350
Inverjico 2005, SL Holding company	Pintor Sorolla, 2-4 46002 Valencia		100.00	344	284	(327)	-
Inversiones corporativas digitales, SL Holding company	Av. Diagonal, 621-629 08028 Barcelona		100.00	3	(4,693)	1,506	-

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Inversiones Inmobiliarias Oasis Resort, SL Services	Av. Del Mar, s/n (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	60.00	8,356	7,805	782	10,655
Inversiones Inmobiliarias Teguise Resort, SL Services	Av. Del Jablillo, 1 (Hotel Teguise Playa) (Urbanización Costa 35009 Teguise-Lanzarote	60.00	60.00	7,898	10,917	1,735	11,218
Inversiones Valencia Capital, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	10,557	365	(2,592)	2,105
Inversiones vitivinícolas, SL Production and sale of wine	Av. Carlos III, 8 31002 Pamplona Navarre		100.00	3	(293)	(72)	-
Mediburgos XXI, SAU (L) Property development and services	Plaza Santo Domingo de Guzmán, 1 09004 Burgos	100.00	100.00	-	-	-	165
MediCaixa, SA Financial services	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	120	-	-	144
Negocio de Finanzas e Inversiones II, SL Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	6	38,437	784	38,367
Nuevo MicroBank , SAU Financing of micro-credits	Alcalá, 27 28014 Madrid	100.00	100.00	90,186	66,714	43,461	90,186
PromoCaixa, SA Product marketing	Av. Carles III 105 1ª pl. 08028 Barcelona	99.99	100.00	60	1,332	2,477	1,644

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Puerto Triana, SA Real estate developer specialised in shopping centres	Plaza Villasís, 2 41003 Seville	100.00	100.00	64,290	113,974	(18,895)	160,000
Recouvrements Dulud, SA Finance	176, Avenue Charles de Gaulle 92200 Neuilly-sur-Seine Paris France		100.00	5,928	1,195	10	-
Río Sevilla 98 promociones inmobiliarias, SL Real estate development	Virgen de Luján, 51 7º D 41011 Seville		51.01	434	-	-	-
Saldañuela residencial, SL Real estate	Ctra. de Soria s/n, Palacio de Saldañuela 09620 Burgos	68.60	68.60	26,159	(23,544)	1,436	1,289
SegurCajasol Operador de banca-seguros vinculado, SLU Insurance agency	Plaza de Villasis, 2 41003 Seville		100.00	63	-	-	-
Sercapgu, SL Holding company	Av. Eduardo Guitián, 11 19002 Guadalajara	100.00	100.00	4,230	(823)	906	632
Servicaican, SA (L) Property development and services	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	100.00	90	-	-	231
Servicio de Prevención Mancomunado del Grupo la Caixa, CB Consultancy and labour risk prevention	Gran Via Carles III, 103 08028 Barcelona	70.00	83.33	30	-	-	21
Silc Immobles, SA Real estate management and administration	Av. Diagonal, 615 08028 Barcelona	0.00	100.00	40,070	106,269	301	-

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest					Cost of direct ownership interest
		Direct	Total	Share capital	Reserves	Profit/(loss)	(net)
Silk Aplicaciones, SL Provision of IT services	Av. Diagonal, 615 08028 Barcelona	100.00	100.00	15,003	98,734	1,493	176,211
Sociedad de gestión hotelera de Barcelona (formerly Sihabe Inversiones 2013) Property management	Av. Diagonal, 621-629 08028 Barcelona		100.00	8,144	8,645	(1,273)	-
Suministros Urbanos y Mantenimientos, SA Project management, maintenance, logistics and procurement	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	100.00	1,803	1,881	4,878	2,053
Telefónica Consumer Finance, EFC, SA Consumer financing and financing for commercial transactions	Caleruega,102 28033 Madrid		50.00	5,000	24,994	(3,003)	-
Tenedora de Vehículos, SA Operating leases	Local 3, pl. baixa drta. Edif. Estació de Renfe 08256 Rajadell Barcelona		65.00	600	1,174	(18)	-
Tenerife desarrollo exterior, SA (L) Promotion of economic activities on the island	Plaza Patriotismo s/n 38002 Santa Cruz de Tenerife Tenerife	100.00	100.00	60	34	-	94
Valenciana de Inversiones Participadas, SLU Holding company	Pintor Sorolla, 2-4 46002 Valencia	100.00	100.00	106,743	37,233	(14,540)	9,658
VidaCaixa Mediació, Sociedad de Agencia de Seguros Vinculada, SAU Insurance agency	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona		100.00	60	2,130	111	-
VidaCaixa, SA de Seguros y Reaseguros Sociedad Unipersonal Direct life insurance, reinsurance and pension fund management	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona	100.00	100.00	1,347,462	891,420	871,616	2,269,902

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
VIP Desarrollos, SLU Real estate development	Pintor Sorolla, 2-4 46002 Valencia	100.00	100.00	-	-	-	-
Vipcartera,SL Property management	Pintor Sorolla, 2-4 46002 Valencia		84.22	5,003	(19,452)	(1,008)	-

(L) Companies in liquidation.

Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Data relating to capital, reserves and profit/(loss) have been standardised in the consolidated CaixaBank statements in accordance with IFRS.

Appendix 2 - CaixaBank joint ventures (jointly controlled entities)

(1 / 2)

(Thousands of euros)

Company name and line of business	Registered office	% interest										Dividends accrued in the year on total ownership interest
		Direct	Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	
Banco europeo de finanzas, SA Activities of a wholesale or investment bank	Severo Ochoa, 5 29590 Malaga	39.52	39.52	96,490	622	1,601	60,702	22,085	(1,279)	(1,279)	32,057	-
Cartera Perseidas, SL Holding company	Paseo de recoletos, 29 28004 Madrid	40.54	40.54	171,776	171,776	42	59,900	24,238	18	18	36,278	-
Comercia Global Payments, Entidad de Pago, SL Payment entity	Gran via Carles III, 98 entresol 08028 Barcelona	49.00	49.00	381,358	164,574	23,696	4,425	190,677	27,938	27,938	93,133	5,390
Compañía andaluza de rentas e inversiones, SA (L) Investment administration and ownership	Plaza San Francisco, 1 41001 Seville	46.61	66.61	62,323	2,371	-	-	-	-	-	-	6,702
Cubican Infema, SL Real estate development	Conxita Supervia, 5 local altillo 08028 Barcelona		50.00	21	76	-	1,812	(1,812)	-	-	-	-
Cubican XXI, SL Real estate development	Sagasta, 4 bajo 26001 Logroño Rioja		50.00	4,756	3,431	-	1,000	(970)	(30)	(30)	-	-
Desarrollos Albero, SA Real-estate agency	Av. Menéndez y Pelayo, 16 2ª planta 41004 Seville		50.00	105,364	168,926	-	10,000	(10,000)	-	-	-	-
Global Payments South America, Brasil – Serviços de Pagamentos, SA (1) Payment methods	Rua dos Pinheiros, 610 - Cj. 83 05422- Sao Paulo SP Brazil	50.00	50.00	21,460	20,898	2,040	55,288	(23,859)	(31,430)	(31,430)	6,927	-

CaixaBank joint ventures (jointly controlled entities)

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Inversiones Alaris, SA Holding company	Av. Carlos III, 8 31002 Pamplona Navarre	33.33	66.67	205,062	206,900	88,916	11,879	-	-	-	-	-
Montealcobendas, SL Real-estate agency	Orense, 23 Local 28004 Madrid		50.00	454	8,548	-	10,400	(10,400)	-	-	-	-
Numzaan, SL (L) Real-estate agency	Doctor Casas, 20 50008 Zaragoza		21.47	38,761	66,134	-	13,000	(13,000)	-	-	-	-
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros Insurance	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona		49.92	3,102,168	1,758,263	2,404,465	469,670	842,205	163,702	171,722	-	95,126
Vitalia Sur, SL Equity investment in resident and non-resident companies	Joaquín Costa, 2 Plt. 4 Dr. 50001 Zaragoza		50.00	17,696	13,812	6,559	8,200	3,884	1,550	1,550	-	-
Vivienda protegida y suelo de Andalucía, SA Real estate development	Exposición, 14 - 2 Polígono PISA 41927 Mairena del Aljarafe Seville		50.00	23,219	24,224	-	2,290	(2,217)	-	-	-	-

(1) All data except the cost of the stake are in local currency; Brazilian real.
(L) Companies in liquidation.
Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and profit/(loss) have been standardised in the consolidated CaixaBank statements in accordance with IFRS.

Appendix 3 - CaixaBank investments in associates of the CaixaBank Group

(1 / 12)

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Abaco iniciativas inmobiliarias, SL Real estate acquisition, construction and	Lope de Vega, 67 41700 Dos Hermanas Seville		40.00	91,087	77,055	1	13,222	(13,222)	-	-	-	-
Acciona Solar, SA Energy production, distribution, supply and	Av. Ciudad de la Innovación, 3 31621 Sarriguren Navarre		25.00	24,364	5,757	2,580	601	(1,470)	465	465	-	-
Aceitunas de mesa, SL Production and sale of table olives	Antiguo camino Sevilla, s/n 41840 Pilas Seville		30.00	2,703	1,608	4,254	902	259	38	38	-	-
Ag Inmuebles Real estate development	Ramón y Cajal, 23 Polígono Industrial 28194 Leganés Madrid		28.85	14,906	4,428	-	12,896	(2,193)	(32)	(32)	-	-
Agua y gestión de servicios ambientales, SA End-to-end water management	Av. Diego Martínez Barrio, 4 Ed. Viapol 41013 Seville		24.26	92,155	78,017	25,002	13,500	(16,767)	-	-	-	-
Ape Software Components, SL Business Intelligence	Av. Parc Tecnològic del Vallès, 3 08290 Cerdanyola del Vallès Barcelona		21.99	2,277	785	917	9	1,111	372	372	-	-
Apia Real Estate ,SARL Real estate development	5, rue Guillaume Kroll L-1882 Luxembo		25.00	3,539	19,453	-	3,168	(3,168)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Arena Comunicación audiovisual, SL Performing arts. Film and video production activities	San Blas, 2 31014 Pamplona Navarre		50.00	1,338	310	168	6	1,000	-	-	-	-
Asoma TV Multimedia, SL Management and operation of any media for	Pl. Descubridor Diego de Ordás, 15 28036 Madrid		25.12	392	441	70	80	(115)	35	35	-	-
AT4 Wireless, SA Wireless telecommunications services	Severo Ochoa s/n Parque tecnológico 29590 Campanillas Malaga		24.52	43,904	20,297	26,357	4,938	13,323	3,059	3,059	-	553
Banco BPI, SA (C) Banking	Rua Tenente Valadim, 284 4100- Oporto Portugal	44.10	44.10	41,621,029	38,998,303	1,273,018	1,293,063	1,064,700	(114,347)	313,773	613,516	-
Best TV Labs Technical project for granting licenses	Casablanca Morocco		32.30	-	-	-	100	-	-	-	-	-
Boursorama, SA Direct Banking	18, Quai du Point du Jour 92659 Boulogne-Billancourt France	1.31	20.49	5,680,582	4,935,267	207,750	35,223	696,603	(35,988)	(31,801)	11,092	-
Celeris, servicios financieros, SA Financial services	Juan Esplandiu, 13 Planta C-1 28007 Madrid	26.99	26.99	123,109	147,948	-	10,710	-	-	-	-	-
Cementiri de Girona, SA Funeral services	Plaça del Ví, 1 17004 Gerona	30.00	30.00	1,770	735	14	613	437	(16)	(16)	-	-

CaixaBank investments in associates of the CaixaBank Group

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(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Centro de transportes aduana de Burgos, SA Merchandise storage and handling	Ctra. N-1, Km 246 09007 Villafría Burgos	22.96	22.96	13,399	5,675	2,286	4,461	(3,645)	-	-	140	-
Chival promociones inmobiliarias, SL Real estate development	Dulce Chacón, 1 41013 Seville		40.00	25,595	21,379	-	1,142	(1,142)	-	-	-	-
Creación de suelo e infraestructuras, SL (L) Real estate development	Ibiza, 35 5º A 28015 Madrid		25.00	11,297	12,934	-	12,000	(12,000)	-	-	-	-
Delta R-Tecnologías de decisión, SL Construction and development of predictive risk models	Polígono Industrial Salineta, Calle Arenal, 03610 Petrer Alicante		30.37	-	-	-	-	-	-	-	-	-
Desarrollos industriales Prado Marina, SL Real-estate agency	Ctra. De Palencia, Km 2.8 Aranda de Duero Burgos		30.00	21,826	20,909	-	1,459	(645)	-	-	-	-
Desarrollos urbanísticos Veneciola, SA (L) Real estate development	Alfonso XI, 7 - 2º Derecha 28014 Madrid		20.00	-	84,761	-	60,000	(60,000)	-	-	-	-
Drembul, SL Real estate development	Ctra. De Logroño,30 01320 Oyon/Oion Álava		25.00	69,147	45,826	-	30	16,822	(450)	(450)	-	-
EITWO International Investment, SL Real estate development	En medio, 74 12001 Castelló de la Plana		33.33	1,003	2,321	-	3,300	(3,300)	-	-	-	-
Ensanche Urbano, SA Real estate development	Santo Domingo, 5 12003 Castelló de la Plana		49.30	79,741	101,554	-	9,225	(9,225)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

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(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Erste Group Bank AG (C) Banking	Graben, 21 01010 Vienna Austria	9.92	9.92	196,973,23	183,321,31	6,524,731	859,600	11,161,832	(1,483,961)	429,426	1,048,405	7,839
Eurocel, Centro europeo de empresas e innovación, SA (L) Creation, attraction and development of business projects	Autovía Sevilla-Coria del Río, Km.3,5 41920 Seville		45.95	553	1,395	-	450	(450)	-	-	-	-
Europea de desarrollos urbanos, SA Real estate development	Arturo Soria, 65 28027Madrid		20.00	188,615	286,989	-	60,000	(60,000)	-	-	-	-
Extraice, SL Design and manufacture of synthetic ice rinks	Parque empresarial Los llanos, c/ 41909 Salteras Seville		7.47	2,692	1,123	3,668	75	1,214	226	226	-	-
Forest Chemical Group, SL Chemicals	Polígono industrial Pla Vallonga, calle 8 03006 Alicante		13.33	3,483	2,548	1,388	421	454	60	60	-	-
GDS-Risk Solutions, Correduría de Seguros, SL Insurance brokerage	Via Augusta, 252-260 6è 08017 Barcelona	20.00	20.00	-	-	-	30	1,538	929	929	3,756	189
Genmedica Therapeutics, SL Pharmaceutical development	Trafalgar, 19 Principal 1b 08010 Barcelona	0.00	12.89	-	-	-	1,306	91	-	-	-	-
Geotexan, SA Production, sale, transport, storage, distribution,	Avenida Reino Unido, 1 Planta 1 41012 Seville		20.00	15,001	5,854	11,308	7,000	2,108	168	168	-	-
Gescap Urbana, SA Real estate development	Botánico Cabanilles, 26 46010 Valencia		30.00	9,997	9,534	-	1,200	(1,200)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Gestión de aguas de Alcolea, SA (L) Engineering and concessions	Av. Martín Alonso Pinzón, 11 21003 Huelva	49.00	49.00	37	-	-	-	-	-	-	20	-
Girona, SA Integrated water distribution	Travesia del Carril, 2 6è 2ona 17001 Gerona	34.22	34.22	6,083	727	915	1,200	4,156	360	360	1,642	62
Groupalia Venta Online, SL Sale of leisure products	Llull, 95-97 planta 2ª 08005 Barcelona	0.00	30.77	-	-	-	59	10,665	-	-	-	-
Grupo Financiero Inbursa, SAB de CV (C) (1) Banking	Paseo de las Palmas, 736 11000 Lomas de Chapultepec Mexico D.F. Mexico	9.01	9.01	366,998,63	274,518,07	33,091,000	27,408,000	52,787,953	13,167,647	13,167,647	724,560	12,576
Grupo Luxiona, SL Manufacture, assembly, processing, purchase, sale distribution of lighting equipment	Passeig de la Ribera, 109 08420 Canovelles Barcelona		20.00	63,849	50,553	42,388	2,561	5,612	-	-	-	-
Guadapelayo, SL Real estate development	Ramírez de Arellano, 17 1º 23043 Madrid		40.00	7,397	4,303	-	1,980	(1,800)	-	-	-	-
Hispanergy del Cerrato (L) Production of vegetable oil and biodiesel	Av. Casado del Alisal, 26 34001 Palencia		33.12	17,383	15,877	2	4,611	(5,697)	-	-	-	-
I-Neumáticos on line franquicias, SL On-line tyre sales	C/ Duquesa Villahermosa, 131 50009 Zaragoza		20.88	793	1,594	2,418	6	48	(55)	(55)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Inmojasan, SA Real estate development	Vía de servicio nacional 6, Km. 26 28290 Las Matas Madrid		35.00	-	-	-	350	(350)	-	-	-	-
Inpsa, SGPS, SA Holding company	Rúa Antonio Libramento, 19 Lisbon Portugal		40.00	6,928	10,687	-	94	1,320	-	-	-	-
Integrated Microsystems for Quality of Life Development, manufacture and sale of pathogen and toxin detection kits	Polígon Industrial Riu Clar. C/ Ferro 6 43006 Tarragona		21.03	1,886	1,293	32	52	1,076	(534)	(534)	-	-
Inversiones Patrimoniales La Marina, SL Real estate development	Cirilo Amorós, 36 46004 Valencia		25.00	8,327	9,971	-	239	(239)	-	-	-	-
Inversiones Resorts Mediterráneos, SL Real estate development	Ceiba S/N, 1 Mar Menor Golf 30700 Torre Pacheco Murcia		23.05	576,736	1,267,303	-	10,000	(10,000)	-	-	-	-
Investbya Holding, SL Food industry	Crta. Nacional 134, Km 16 31513 Arguedas Navarre		24.99	135,818	89,114	83,658	28,276	14,642	1,317	1,317	-	-
Ircio inversiones, SL Development of industrial buildings	Vitoria, 2 09200 Miranda de Ebro Burgos	35.00	35.00	6,662	7,482	-	675	(675)	-	-	-	-
IT Now, SA IT Services	Numància, 164 7ª planta 08029 Barcelona	49.00	49.00	54,928	50,982	151,621	3,382	1,565	(1,582)	(1,582)	1,663	-
J Apia Polska Sp Zoo Real estate development	UL. Mariensztat, 8 00-302 Warsaw Poland		25.00	20	983	-	15	(15)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Justinmid, SL Development of IT systems	Marie Curie, 8 08042 Barcelona		16.98	799	456	502	5	602	-	-	-	-
Kalite Desarrollo, SA Real estate development	Plaça Ajuntament, 27 46004 Valencia		40.00	152	-	-	211	(211)	-	-	-	-
Kider, SA (L) Production, design, supply and assembly of products to cover functional needs of all types of stores	Polígon industrial d'Ayala s/n 01479 Murga Álava		48.45	-	-	-	918	2,571	-	-	-	-
Laboratoris Sanifit, SL Discovery and development of new compounds to regulate the calcification of the organism	Parc Bit - Edifici Disset D 3 Crta 07121 Palma de Mallorca Balearic Islands		26.49	5,392	3,028	-	114	3,344	(1,245)	(1,245)	-	-
Lexdir Global, SL Consultants	Bailén, 20 4art 1ª 08010 Barcelona		24.66	572	514	124	7	342	(291)	(291)	-	-
Medlumics, SL Manufacture of tomography systems	La Hoya, 2 39400 Los corrales de Buelna Cantabria		31.82	5,065	2,655	-	133	2,932	(832)	(832)	-	-
Mimoryx Therapeutics, SL Development of treatment for diseases	Av. Ernest Lluch, 32 08302 Mataró Barcelona	0.00	7.45	-	-	-	53	428	-	-	-	-
Mondragón Navarra, SPE, SA Holding company	Av. Carlos III, 36 31033 Pamplona Navarre		25.00	3,019	113	-	3,210	(942)	-	-	-	-
Monty & Cogroup, SL Transfer reception	Cuesta de San Vicente, 4 7ª planta 28008 Madrid	20.47	20.47	2,060	174	-	27	1,655	-	-	252	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Motive Television, SL Import, export and marketing of electronic and computer products	Av. Diagonal, 177 5ª planta 08018 Barcelona		32.33	-	-	-	-	-	-	-	-	-
Muchavista Sur Inversiones,SL Real estate development	Felipe Berge, 4 03001 Alicante		33.33	10,869	16,372	-	3,600	(3,600)	-	-	-	-
Nlife Therapeutics, SL Development of therapeutic agents	BIC Granada. Parque Tecnológico de 18100 Armilla Granada		37.18	6,506	3,185	-	6,930	(2,428)	(1,626)	(1,626)	-	-
Nou Biourbanisme, SA (L) Real estate development	Plaça Ajuntament, 27 46002 Valencia Valencia		20.00	5,320	8,727	-	8,570	(8,570)	-	-	-	-
Nucli, SA Real-estate agency	Pg. Federica Montseny, 9 baix 08130 Santa Perpètua de la Mogoda Barcelona		49.51	8,342	14,590	-	2,635	(2,635)	-	-	-	-
Obenque, SA Real estate development	Zurbano, 76 21018 Madrid		21.25	38,173	21,987	-	14,361	6,047	91	91	-	-
Oesia Networks, SL IT and defence electronics consulting	C/ Santa Leonor, 65 ED. B - Parque 28037 Madrid	6.29	47.16	151,497	178,698	97,002	1,269	-	-	-	-	-
Omnia molecular Discovery and development of new compounds	Baldiri Reixach, 15-21 08028 Barcelona		30.42	2,494	2,390	-	29	273	(198)	(198)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Palacio de la Merced, SA Industrial hotel/restaurant operation	Plaza España, 1 1º 09005 Burgos		47.00	-	-	-	6,131	2,027	(118)	(118)	-	-
Parque científico tecnológico de Córdoba, SL Science park operation and management	Astrónoma Cecilia Payne, 8 1 - Edificio 14014 Córdoba	15.49	35.49	39,553	24,558	-	20,558	(7,879)	-	-	-	-
Parque Industrial el Pla, SL Real estate development	De los deportes, 13 46600 Alriza Valencia		25.00	43	(14)	-	60	(2)	-	-	-	-
Peñíscola Green, SA Real estate development	Cardona Vives, 4 12001 Castelló de la Plana		33.33	13,946	2,796	-	12,000	4,531	(305)	(305)	-	-
Pevesa Biotech, SA Obtaining of isolates, hydrolysates, peptides and aminoacids	Av. De la industria S/N. Polígono Poviso 41520 El viso de Alcor Seville		8.30	5,306	3,500	2,829	1,933	(228)	90	90	-	-
Picanya Sud, SL Real estate development	De los deportes, 13 46600 Alzira Valencia		20.00	1,464	15	-	378	(378)	-	-	-	-
Porta de les Germanies, SA Real estate development	Blasco Ibáñez, 18 46024 Valencia		33.33	355	-	-	274	82	-	-	-	-
Promociones al desarrollo Bumari, SL Investment vehicle	General Vara de Rey, 41 bis 8ª 26002 Logroño La Rioja	48.00	48.00	3,694	-	-	6,386	(6,299)	-	-	-	-
Promociones Guadavila, SL Real estate development	San Bernardo, 107 28015 Madrid		30.00	1,245	16,144	-	4,000	(4,000)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Promociones Navarra Madrid, SA Real estate development	Leyre, 11 Bis 2º 31002 Pamplona Navarre		47.50	9,694	3,440	-	18,030	(11,776)	-	-	-	-
Promotora Damas Ocho (L) Real estate development	Ctra. Alovera, 11 19200 Azuqueca de Henares Guadalajara		40.00	9,812	18,128	-	870	(870)	-	-	-	-
Proretina Therapeutics, SL Pharmaceutical development	Plaza CEIN, 5 - Despacho T5 31110 Noain Navarre		21.05	-	-	-	1,111	324	(146)	(146)	-	-
Repsol, SA (C) (*) Oil and gas market operation	Méndez Álvaro, 44 28045 Madrid	11.89	11.89	53,310,000	26,356,000	35,969,000	1,350,000	26,234,000	1,327,000	947,000	3,413,299	308,183
Residencial Alameda Real estate development	Castelló, 128 2º 28006 Madrid		41.00	-	-	-	4,000	(4,000)	-	-	-	-
Residencial Golf Mar, SL Real estate development	Plaça Ajuntament, 27 46002 Valencia		21.53	85,426	86,544	-	17,101	(17,101)	-	-	-	-
Sagetis Biotech, SL Pharmaceutical development	Via Augusta, 390 08017 Barcelona		28.51	2,170	1,292	1	60	868	(49)	(49)	-	-
Sanifit Merdtech, SL Development of implants and other healthcare products	Parc Bit, Ed. Naorte PB-4 07121 Palma de Mallorca Balearic Islands		35.40	50	43	-	3	66	(12)	(12)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Self Trade Bank, SA Banking	Gran Vía, 30 3ª planta 28013 Madrid	49.00	49.00	299,793	215,851	15,414	86,658	(8,734)	1,396	1,396	38,175	-
Servihabitat Servicios Inmobiliarios, SL Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	49.00	49.00	-	-	-	499	2,165	17,572	17,572	3,438	1,937
Smart Solutions Technologies Production and marketing of biometric solutions	Sierra de Cazorla, 1 planta 2 28290 Las Matas Madrid		10.51	4,592	2,691	170	78	3,203	(1,736)	(1,736)	-	-
Societat Catalana per a la Mobilitat, SA Implementation of new transport technologies	Roc Boronat, 133 08018 Barcelona	25.00	25.00	-	-	-	9,991	-	-	-	624	-
Sofiland, SA Real estate development	Av. Al-Nasir, 3 - 4 1 y 2 14008 Córdoba		35.00	14,873	3,620	-	1,503	4,182	-	-	-	-
Suministros Integrales del acero, SL Integrated steel supply	Polígono industrial Ircio 11 -15 09200 Miranda de Ebro Burgos		12.21	17,203	15,648	8,390	2,194	(655)	17	17	-	-
Tecalum, SL Supply of parts and products	Crta. De Sales 17853 Tortellà Gerona	0.00	9.65	-	-	-	3,870	903	-	-	-	-
Telefónica Factoring do Brasil, LTDA (2) Factoring	Rua Desembragador Eliseu Guilherme, 69 04004- Paraíso - Sao Paulo Brazil	20.00	20.00	350,110	317,009	61,455	5,000	1,000	27,101	27,101	2,029	1,787
Telefónica Factoring España, SA Factoring	Zurbano, 76 pl. 8 28010 Madrid	20.00	20.00	49,814	32,748	32,220	5,109	1,740	11,204	11,204	2,525	1,785

CaixaBank investments in associates of the CaixaBank Group

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(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Tenedora de Acciones de ITV de Levante, SL Investment vehicle	Pintor Sorolla, 2-4 46002 Valencia	12.00	40.00	8,409	-	1,196	13,140	(1,910)	1,004	1,004	127	-
Terminal polivalente portuaria Sagunto, SA Operation of two concessions	Anadarella 1,3,5 Ciudad Dos Casares 46950 Xirivella Valencia		25.00	7	2,607	-	422	(3,021)	-	-	-	-
The Bank of East Asia, LTD (C) (3) Banking	10, des Voeux rd. Hong Kong China	18.68	18.68	805,349,00	734,139,00	17,460,000	24,622,000	34,513,000	3,580,000	3,565,000	1,419,815	41,129
Uncro, SL Real estate development	Ibiza, 35 5º A 28015 Madrid		25.00	6,118	10,293	-	540	(540)	-	-	-	-
Urbanizadora Experiencia Inmobiliaria, SL Real estate development	Alameda, 3 46010 Valencia		50.00	44,459	72,529	-	32,854	(32,854)	-	-	-	-
Valenciana de Viviendas 2010, SL Real estate development	General Tovar, 2 46003 Valencia		45.44	132,153	221,361	-	13,248	(13,248)	-	-	-	-
Vanios Consulting, SL Information and communication technology	Cava Baja, 36 28005 Madrid		29.92	-	-	-	-	-	-	-	-	-
Vía 10, Sociedad mixta de viviendas de alquiler, SL Real-estate agency	Plaza de España, 8 09005 Burgos		49.00	2,326	1	-	2,360	(38)	-	-	-	-
Yaap Digital Services, SL (formerly Ecosistema Finance	c/ Don Ramón de la Cruz, 82-84 28006 Madrid		33.33	19,166	5,464	18	900	16,881	(7,630)	(7,630)	-	-

(C) Quoted companies. Latest publicly-available data at the date of preparation of the notes to these financial statements.
(1), (2), (3) All data except the cost of the stake and dividends accrued are in local currency. (1) Mexican Peso, (2) Brazilian Real, (3) Hong Kong Dollar.
(*) Profit/(loss) from discontinued operations. Repsol: EUR 267,000 thousand.
(L) Companies in liquidation.

Appendix 4 - Tax credit for reinvestment of extraordinary profit

Profit qualifying for the tax credits set forth in Article 42 of Royal Decree-Law 4/2004, of 5 March, approving the consolidated text of the Corporation Tax Law.

(Thousands of euros)	CaixaBank				CaixaBank Group				Banca Cívica		
Year	Profit qualifying	Amount used	Tax credit (1)	Year of reinvestment	Profit qualifying	Amount used	Tax credit (1)	Year of reinvestment	Profit qualifying	Tax credit	Year of reinvestment
2008	1,797	544,763	108,806	2008	4,918	927,367	109,175	2008	13,204	435	2007 and 2008
2009	12,458	12,458	1,495	2009	14,129	14,129	1,696	2009	73,665	12,019	2008 and 2009
2010	368,883	368,883	44,266	2010	401,313	401,313	48,158	2010	66,321	4,763	2010
2011	9,875	9,875	1,185	2011	493,819	265,124	31,815	2011 and 2012	41,292	4,955	2011
2012	30,840	30,840	3,700	2012	51,055	279,507	33,540	2012			
2013	53,581	53,581	6,430	2013	67,518	67,518	8,102	2013			

Note: Includes amounts of "la Caixa" for years prior to 2011.

(1) There are unused tax credits due to a shortage of taxable income in the consolidated income tax return.

(2) Banco de Valencia obtained income subject to tax credits in 2008 and 2012 of EUR 87 thousand and EUR 5,468 thousand, respectively, reinvesting the full amounts obtained on transfer in those years.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on tangible assets, intangible assets and investment property relating to the business activity.

Appendix 5 - Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2014

(Article 155 of the Corporate Enterprises Act and Article 53 of Spanish Securities Market Law 24/1998).

On 23 January 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting that, following the capital increase at Amper, SA, the direct and indirect stake held by ”la Caixa” Group in Amper, SA had fallen below the 5% threshold to 4.316%.

On March 5, 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the acquisition of 454,992,242,050 of Banco de Valencia shares, thereby passing the threshold of 90%.

As a result of this transaction, on 12 March 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting that the ”la Caixa” Group’s stake in Bodegas Riojanas, SA stood at 12.725%, surpassing the threshold of 10%.

On 24 April 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the “la Caixa” Group’s entire stake in Tubacex, SA.

On 29 May 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the ”la Caixa” Group’s entire stake in Dinamia Capital Privado, SCR, SA.

On 24 July 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the ”la Caixa” Group’s entire stake in CIE Automotive, SA.

On 3 October 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the ”la Caixa” Group’s entire stake in Fluidra, SA.

On 29 October 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting that, following the capital increases at Deoleo, SA, the stake held by Corporación Empresarial Cajasol, SA (controlled by ”la Caixa”) was reduced from 5.294% to 4.692%, which was the motive for these notices (even thought the ”la Caixa” Group’s total stake had not crossed any threshold beyond which disclosure would be required).

On 18 November 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the ”la Caixa” Group’s entire stake in Campofrio Food Group, SA.

On 18 November 2013, notices issued by both ”la Caixa” and CaixaBank were filed with the CNMV reporting the transfer of the ”la Caixa” Group’s entire direct and indirect stake in Adveo Group International, SA.

Appendix 6 – Annual banking report

In accordance with Article 87 of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, as from 1 July 2014, credit institutions will be required for the first time to publish the following information on a consolidated basis for the last financial year ended, broken down by country where the credit institutions are established:

Pursuant to the above, the information required is provided hereon:

a) Name, nature and geographical location of activity

CaixaBank, SA, with tax identification number (NIF) A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 2011 with the entry of CaixaBank in the Bank of Spain's Registry of Banks and Bankers ("Registro Especial de Bancos y Banqueros") and its listing on the Spanish stock markets – as a credit institution – on 1 July 2011.

It is the bank through which Caixa d'Estalvis i Pensions de Barcelona (”la Caixa”) carried on its business indirectly as a credit institution in accordance with its Bylaws. As a result of the entry into force of Law 26/2013, of 27 December, on savings banks and banking foundations, the ”la Caixa” General Assembly held on 22 May 2014 approved a motion to transform ”la Caixa” into a banking foundation (the ”la Caixa” Banking Foundation), which became effective on 16 June 2014 following its registration in the Foundations Registry. As a result, ”la Caixa” has curtailed its indirect exercise of financial activity and lost its status as a credit institution. The General Assembly also approved the Group's restructuring with:

- The dissolution and liquidation of the former the ”la Caixa” Foundation (and passing its assets and wealth to the ”la Caixa” Banking Foundation); and
- The transfer, which took place in October 2014, to Criteria CaixaHolding, SAU – wholly owned by the ”la Caixa” Banking Foundation ("Criteria") – of the assets and liabilities not assigned to welfare projects (essentially the ”la Caixa” Banking Foundation's holding in CaixaBank, and the debt instruments of which it was the issuer). As a result, the ”la Caixa” Banking Foundation now holds its stake in CaixaBank indirectly through Criteria CaixaHolding.

Criteria is CaixaBank's majority shareholder, with a stake of 58.96% at 31 December 2014. At 31 December 2013, "la Caixa" held a 64.37% stake in CaixaBank.

A resolution was therefore passed at CaixaBank's Annual General Meeting held on 24 April 2014 - subject to subsequent approval by the ordinary General Assembly of ”la Caixa” - to amend the bylaws, eliminating any reference to the indirect exercise of the banking activity. Accordingly, CaixaBank ceased to be the bank through which ”la Caixa” carried on its business indirectly as a credit institution.

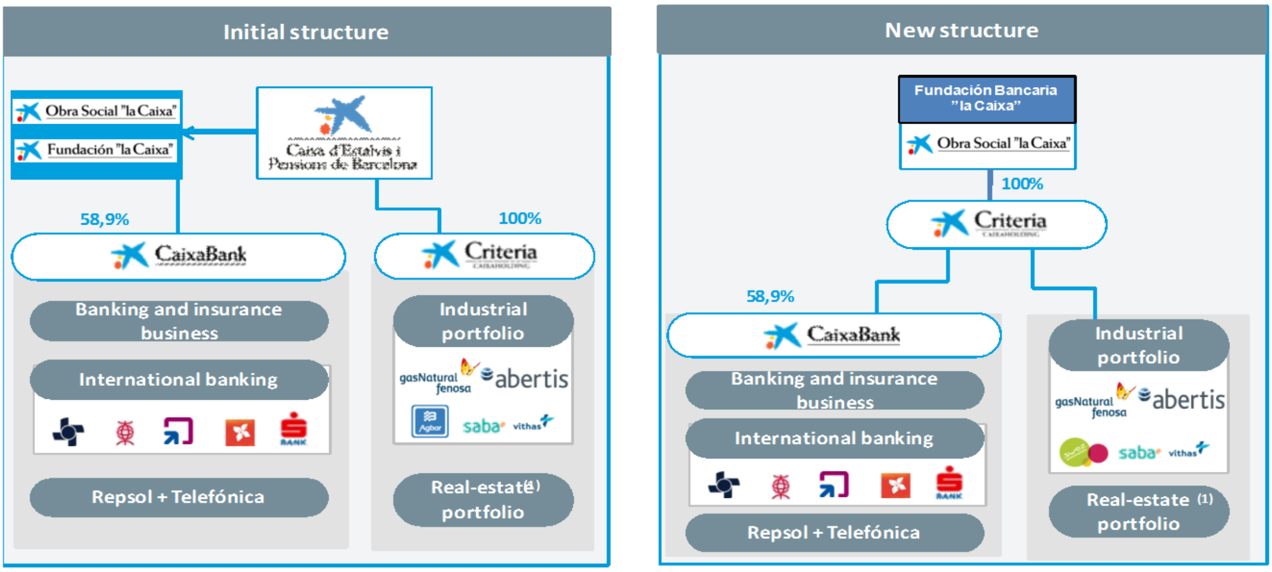
The corporate object of CaixaBank mainly entails:

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

As a bank, it is subject to the oversight of the European Central Bank and the Bank of Spain.

CaixaBank is also a public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market, forming part of the IBEX 35 since 4 February 2008. Accordingly, it is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV). CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a prestigious FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, inter alia, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also a constituent of the Advanced Sustainable Performance Index (ASPI), which features the top 120 DD Euro Stoxx companies in terms of sustainable development performance.

CaixaBank and its subsidiaries compose the CaixaBank Group. At 31 December 2014, the Group's corporate structure was as follows:



(1) Real-estate assets from the portfolio at the time of the 2011 Group reorganisation.

Appendices 1, 2 and 3 of the CaixaBank Group's consolidated financial statements detail the subsidiaries, jointly controlled entities and associates that make up the CaixaBank Group.

Appendix 5 discloses notices on the acquisition and disposal of ownership interests in 2014, in accordance with Article 155 of the Corporate Enterprises Act and Article 53 of Act 24/1998 on the Securities Market.

b) Business volume

CaixaBank, SA is established in Spain, and has two branches in Poland and Morocco. Business volume by country on a consolidated basis is as follows:

Geographical information: distribution of ordinary income (*) - 2014
(Thousands of euros)

	Banking and insurance	Investments	TOTAL CaixaBank GROUP
Spain	12,511	376	12,887
Poland	11		11
Morocco	4		4
Share of profit/(loss) of international associates accounted for using the equity method (**)		(15)	(15)
Total ordinary income	**12,526**	**361**	**12,887**

(*) Corresponds to the following items on the CaixaBank Group consolidated income statement: 1. Interest and similar income, 4. Return on equity instruments, 5. Share of profit/(loss) of entities accounted for using the equity method, 6. Fee and commission income, 8. Gains/(losses) on financial assets and liabilities (net),10. Other operating income

(**) Corresponds to the share of profit/(loss) of international associates accounted for using the equity method, primarily: GF Inbursa (Mexico), Banco BPI (Portugal), The Bank of East Asia (Hong Kong) and Erste Group Bank (Austria).

c) Full-time workforce by country

At 31 December 2014, the full-time workforce by country is as follows:

Full-time workforce by country
(Thousands of euros)

	31.12.2014
Spain	28,890
Poland	12
Morocco	15
Other countries - Representative offices	30
Total ordinary income	**28,947**

d) Gross profit before tax

Gross profit before tax on a consolidated basis in 2014 amounted to EUR 202 million, and includes ordinary income from the branches detailed in b) above.

e) Income tax

Tax expense on consolidated profit in 2014 amounted to EUR 417,752 thousand. Payments of income tax in 2014 amounted to EUR 368,582 thousand and were paid in Spain.

f) Grants and public aid received

In 2014 the Group received the following grants and public aid:

- Grant received from the Ministry of Industry, Energy and Tourism, through the department of shipbuilding, in virtue of Royal Decree 442/1994 and subsequent amendments, for aid for shipbuilding. The amount received during the year was EUR 4,752 thousand.
- Nuevo MicroBank has signed two agreements with the European Investment Bank (EIB) as apart of the Competitiveness and Innovation Framework Programme, and the MAP programme that cover losses relating to exposure to write-offs on social and financial microcredit portfolios eligible for this programme up to a specified maximum amount. In 2014, grants received for this concept totalled EUR 3,411 thousand.
- Grants received from the Tripartite Foundation for employee training, for an amount of EUR 3,745 thousand.

Information on the Asset Protection Scheme signed in the protocol of support measures in the award of Banco de Valencia to CaixaBank is stated in Note 13.2. In 2014, no settlement in regard to this concept was made by the FROB (Fund for Orderly Bank Restructuring).

The relevant indicators and ratios are shown in section 2 of the accompanying 2014 Management Report. The return on assets in 2014, calculated as net profit divided by total assets, was 0.2%.