CaixaBank, SA

2011 Management report and annual financial statements

CaixaBank

2011

CaixaBank, SA

2011 Management report and annual financial statements

CaixaBank

Contents

Translation of non-consolidated financial statements originally issued in Spanish. In the event of a discrepancy, the 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.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of CaixaBank, S.A.
(formerly Criteria CaixaCorp, S.A.):

We have audited the financial statements of CaixaBank, S.A. (the Company), which comprise the balance sheet at 31 December 2011 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors of CaixaBank, S.A. are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position CaixaBank, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

The accompanying directors' report for 2011 contains the explanations which the directors of CaixaBank, S.A. consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

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Membre exercent:
DELOITTE, S.L.

Any 2012 Núm. 20/12/00081
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.

Francisco García-Valdecasas

29 February 2012

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.

CaixaBank Financial Statements for 2011

Balance sheet at December 31, 2011 and 2010, before distribution of profit

Income statement for the years ended December 31, 2011 and 2010

Statement of changes in equity for the years ended December 31, 2011 and 2010

- **A) Statement of recognized income and expense**
- **B) Statement of total changes in equity**

Consolidated statements of cash flows for the years ended December 31, 2011 and 2010

Notes to the financial statements for the year ended December 31, 2011

BALANCE SHEET

At December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

Assets

	31/12/2011	31/12/2010 (*)
Cash and balances with central banks (Note 9)	**2,711,835**	**4**
Held-for-trading portfolio (Note 10)	**4,183,792**	**–**
Debt instruments	1,841,771	–
Equity instruments	57,689	–
Trading derivatives	2,284,332	–
Memorandum items: Loaned or advanced as collateral	*92,639*	–
Other financial assets at fair value through profit or loss	**–**	**–**
Available-for-sale financial assets (Note 11)	**11,583,631**	**6,331,234**
Debt instruments	8,011,448	–
Equity instruments	3,572,183	6,331,234
Memorandum items: Loaned or advanced as collateral	*584,198*	–
Loans and receivables (Note 12)	**202,892,698**	**55,492**
Loans and advances to credit institutions	5,619,355	12,365
Loans and advances to customers	193,897,882	43,127
Debt instruments	3,375,461	–
Memorandum items: Loaned or advanced as collateral	*58,225,039*	–
Held-to-maturity investments (Note 13)	**7,362,312**	**–**
Memorandum items: Loaned or advanced as collateral	*4,426,147*	–
Adjustments to financial assets through macro-hedges	**122,947**	**–**
Hedging derivatives (Note 14)	**15,037,599**	**–**
Non-current assets held for sale (Note 15)	**411,506**	**–**
Investments (Note 16)	**11,530,200**	**14,947,485**
Associates	7,595,231	6,360,059
Jointly controlled entities	104,403	4,041,071
Group entities	3,830,566	4,546,355
Insurance contracts related to pensions (Note 21)	**1,836,705**	**–**
Property and equipment (Note 17)	**2,942,324**	**2,443**
Property and equipment	2,785,624	2,443
For own use	*2,785,624*	*2,443*
Investment property	156,700	–
Intangible assets (Note 18)	**553,959**	**1,149**
Goodwill	389,743	–
Other intangible assets	164,216	1,149
Tax assets	**2,503,584**	**606,716**
Current	325,399	–
Deferred (Note 22)	2,178,185	606,716
Other assets (Note 19)	**642,044**	**263,553**
Total Assets	**264,315,136**	**22,208,076**
Memorandum items		
Contingent liabilities (Note 24)	**9,552,302**	**–**
Contingent commitments (Note 24)	**50,413,518**	**–**

(*) See Note 1, "Comparison of information."

The accompanying Notes 1 to 40 and appendices 1 to 3 are an integral part of the Balance Sheet at 31/12/2011.

BALANCE SHEET

At December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

Liabilities and Equity

	31/12/2011	31/12/2010 (*)
Liabilities		
Held-for-trading portfolio (Note 10)	**4,117,233**	**1,635**
Trading derivatives	2,299,671	1,635
Short positions	1,817,562	–
Other financial liabilities at fair value through profit or loss	**–**	**–**
Financial liabilities at amortized cost (Note 20)	**221,803,651**	**7,593,899**
Deposits from central banks	13,579,787	–
Deposits from credit institutions	9,807,384	6,023,035
Customer deposits	146,107,745	15
Marketable debt securities	44,545,324	998,297
Subordinated liabilities	5,088,470	–
Other financial liabilities	2,674,941	572,552
Adjustments to financial liabilities – macro-hedges	**2,643,932**	**–**
Hedging derivatives (Note 14)	**11,633,757**	**–**
Liabilities associated with non-current assets held for sale	**–**	**–**
Provisions (Note 21)	**2,777,191**	**33,521**
Provisions for pensions and similar obligations	2,259,441	–
Provisions for taxes and other legal contingencies	86,375	–
Provisions for contingent exposures and commitments	119,799	–
Other provisions	311,576	33,521
Tax liabilities	**724,087**	**770,371**
Current	–	–
Deferred (Note 22)	724,087	770,371
Other liabilities (Note 19)	**1,304,565**	**31,846**
Total Liabilities	**245,004,416**	**8,431,272**
Equity		
Own funds	**18,618,148**	**12,463,645**
Capital or endowment fund (Note 23)	3,840,103	3,362,890
Issued	*3,840,103*	*3,362,890*
Share premium	9,381,085	7,711,244
Reserves (Note 23)	3,785,868	969,940
Other equity instruments (Note 23)	1,500,000	–
Less: Treasury shares	(270,008)	(43,471)
Profit for the year	838,332	1,133,903
Less: Dividends and remuneration	(457,232)	(670,861)
Valuation adjustments (Note 23)	**692,572**	**1,313,159**
Available-for-sale financial assets	683,462	1,313,159
Cash flow hedges	8,874	–
Exchange differences	236	–
Total Equity	**19,310,720**	**13,776,804**
Total Equity and Liabilities	**264,315,136**	**22,208,076**

(*) See Note 1, "Comparison of information."

The accompanying Notes 1 to 40 and appendices 1 to 3 are an integral part of the Balance Sheet at 31/12/2011.

INCOME STATEMENT

For the years ended December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

	2011	2010 (*)
Interest expense and similar charges (Note 26)	**6,736,458**	**590**
Interest expense and similar charges (Note 27)	**(3,917,726)**	**(183,167)**
NET INTEREST INCOME	**2,818,732**	**(182,577)**
Return on equity instruments (Note 28)	**1,750,903**	**1,094,880**
Fee and commission income (Note 29)	**1,645,105**	**–**
Fee and commission expense (Note 29)	**(100,316)**	**–**
Exchange differences (net) (Note 30)	**110,884**	**5,743**
Held-for-trading portfolio	20,617	5,743
Other financial instruments not measured at fair value through profit or loss	58,810	–
Other	31,457	–
Exchange differences (net)	**86,541**	**923**
Other operating income (Note 31)	**84,995**	**50**
Other operating expenses (Note 32)	**(168,284)**	**–**
GROSS INCOME	**6,228,560**	**919,019**
Administrative expenses	**(2,718,226)**	**(34,749)**
Personnel expenses **(Note 33)**	(2,090,318)	(11,083)
Other general administrative expenses **(Note 34)**	(627,908)	(23,666)
Depreciation and amortization	**(245,111)**	**(1,542)**
Provisions (net) (Note 21)	**(66,358)**	**–**
Impairment losses on financial assets (net) (Note 35)	**(2,228,349)**	**–**
Loans and receivables	(2,221,977)	–
Other financial instruments not measured at fair value through profit or loss	(6,372)	–
PROFIT FROM OPERATIONS	**970,516**	**882,728**
Impairment losses on other financial assets (net) (Note 36)	**(607,205)**	**(50,000)**
Goodwill and other intangible assets	(7,772)	–
Other assets	(599,433)	(50,000)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 37)	**28,788**	**60,422**
Negative goodwill in business combinations	**–**	**–**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations (Note 38)	**119,625**	**149,473**
PROFIT BEFORE TAX	**511,724**	**1,042,623**
Income tax (Note 22)	**326,608**	**91,280**
Mandatory transfer to welfare funds	**–**	**–**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**838,332**	**1,133,903**
Profit from discontinued operations (net)	**–**	**–**
PROFIT FOR THE PERIOD	**838,332**	**1,133,903**

(*) See Note 1, "Comparison of information."

The accompanying Notes 1 to 40 and appendices 1 and 3 are an integral part of the Income Statement for the year ended December 31, 2011.

STATEMENT OF CHANGES IN EQUITY

A) Statement of comprehensive income

For the years ended December 31, 2011 and 2010, in thousands of euros

CAIXABANK, SA

	2011	2010 (*)
A. PROFIT FOR THE YEAR	**838,332**	**1,133,903**
B. OTHER RECOGNIZED INCOME AND EXPENSE	**(527,538)**	**(146,669)**
Available-for-sale financial assets	**(753,601)**	**(222,872)**
Revaluation gains/(losses)	(712,434)	(72,227)
Amounts transferred to income statement	(41,167)	(150,645)
Cash flow hedges	**14,780**	**121**
Revaluation gains/(losses)	9,372	121
Amounts transferred to income statement	5,408	–
Hedges of net investment in foreign operations	**–**	**–**
Exchange differences	**522**	**–**
Revaluation gains/(losses)	522	–
Non-current assets held for sale	**–**	**–**
Actuarial gains (losses) on pension plans	**–**	**–**
Other recognized income and expense	**–**	**–**
Income tax	**210,761**	**76,082**
C. TOTAL COMPREHENSIVE INCOME (A+B)	**310,794**	**987,234**

(*) See Note 1, "Comparison of information."

The accompanying Notes 1 to 40 and appendices 1 and 3 are an integral part of the statement of recognized income and expense for the year ended December 31, 2011.

STATEMENT OF CHANGES IN EQUITY

B) Statements of changes in equity

For the years ended December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

	Own funds			
2011	Share	Share premium	Accumulated reserves (losses)	Other equity instruments
Opening balance at 01/01/2011 (*)	**3,737,294**	**9,381,085**	**3,483,926**	**–**
Adjustments due to changes in accounting policy	–	–	–	–
Adjustments made to correct errors	–	–	–	–
Adjusted opening balance	**3,737,294**	**9,381,085**	**3,483,926**	**–**
Total comprehensive income and expense	**–**	**–**	**–**	**–**
Other changes in equity	**102,809**	**–**	**301,942**	**1,500,000**
Increase of other equity instruments	–	–	(40,740)	1,500,000
Payment of dividends/remuneration to shareholders	–	–	(13,220)	–
Transactions with own equity instruments (net)	–	–	12,021	–
Transfers between equity items	102,809	–	360,233	–
Increases/(decreases) due to business combinations	–	–	14,918	–
Payments with equity instruments	–	–	(8,744)	–
Other increases/(decreases) in equity	–	–	(22,526)	–
Final balance at 31/12/2011	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**

(*) See Note 1, "Comparison of information."

	Own funds			
2010	Share	Share premium	Accumulated reserves (losses)	Other equity instruments
Opening balance at 31/12/2009	**3,362,890**	**7,711,244**	**918,447**	**–**
Adjustments due to changes in accounting policy	–	–	–	–
Adjustments made to correct errors	–	–	–	–
Adjusted opening balance	**3,362,890**	**7,711,244**	**918,447**	**–**
Total comprehensive income and expense	**–**	**–**	**–**	**–**
Other changes in equity	**–**	**–**	**51,493**	**–**
Distribution of profit	–	–	239,520	–
Final dividend – 2009	–	–	–	–
Interim dividend	–	–	–	–
Dividend paid against reserves	–	–	(201,773)	–
Disposal of treasury shares	–	–	13,741	–
Acquisition of treasury shares	–	–	–	–
Other transactions	–	–	5	–
Final balance at 31/12/2010	**3,362,890**	**7,711,244**	**969,940**	**–**

The accompanying Notes 1 to 40 and appendices 1 and 3 are an integral part of the statement of total changes in equity for the year ended December 31, 2011.

Treasury shares	Profit for the year	Dividends and remuneration	Total equity	Valuation adjustments	Total equity
(43,471)	**1,133,903**	**(670,861)**	**17,021,876**	**1,220,110**	**18,241,986**
–	–	–	–	–	–
–	–	–	–	–	–
(43,471)	**1,133,903**	**(670,861)**	**17,021,876**	**1,220,110**	**18,241,986**
–	**838,332**	**–**	**838,332**	**(527,538)**	**310,794**
(226,537)	**(1,133,903)**	**213,629**	**757,940**	**–**	**757,940**
–	–	–	1,459,260	–	1,459,260
–	–	(457,232)	(470,452)	–	(470,452)
(226,537)	–	–	(214,516)	–	(214,516)
–	(1,133,903)	670,861	–	–	–
–	–	–	14,918	–	14,918
–	–	–	(8,744)	–	(8,744)
–	–	–	(22,526)	–	(22,526)
(270,008)	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**

Treasury shares	Profit for the year	Dividends and remuneration	Total equity	Valuation adjustments	Total equity
(39,880)	**1,013,340**	**(335,322)**	**12,630,719**	**1,459,828**	**14,090,547**
–	–	–	–	–	–
–	–	–	–	–	–
(39,880)	**1,013,340**	**(335,322)**	**12,630,719**	**1,459,828**	**14,090,547**
–	**1,133,903**	**–**	**1,133,903**	**(146,669)**	**987,234**
(3,591)	**(1,013,340)**	**(335,539)**	**(1,300,977)**	**–**	**(1,300,977)**
–	(1,013,340)	773,820	–	–	–
–	–	(438,498)	(438,498)	–	(438,498)
–	–	(670,861)	(670,861)	–	(670,861)
–	–	–	(201,773)	–	(201,773)
67,476	–	–	81,217	–	81,217
(71,067)	–	–	(71,067)	–	(71,067)
–	–	–	5	–	5
(43,471)	**1,133,903**	**(670,861)**	**12,463,645**	**1,313,159**	**13,776,804**

STATEMENT OF CASH FLOWS (1 of 2)

For the years ended December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

	2011 (**)	2010 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES	**(973,594)**	**1,041,297**
Profit for the year	**838,332**	**1,133,903**
Adjustments to obtain cash flows from operating activities	**3,172,470**	**(1,162,859)**
Depreciation and amortization	245,111	1,542
Other adjustments	2,927,359	(1,164,401)
Net increase in operating assets	**1,462,675**	**224,999**
Held-for-trading portfolio	985,044	–
Available-for-sale financial assets	(3,042,145)	237,090
Loans and receivables	(728,159)	(809)
Other operating assets	4,247,935	(11,282)
Net increase in operating liabilities	**(3,195,113)**	**844,372**
Held-for-trading portfolio	1,518,460	(169,155)
Financial liabilities at amortized cost	(8,579,389)	655
Other operating liabilities	3,865,816	1,012,872
Income tax receipts	**(326,608)**	**882**
B. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**(353,191)**	**(691,895)**
Payments	**(3,110,622)**	**(1,488,592)**
Property and equipment	(309,102)	–
Intangible assets	(119,863)	(996)
Investments	(2,433,803)	(1,487,596)
Other business units	(9,000)	–
Non-current assets and associated liabilities held for sale	(238,854)	–
Held-to-maturity investments	–	–
Proceeds	**2,757,431**	**796,697**
Property and equipment	54,619	–
Intangible assets	–	–
Investments	1,568,819	796,697
Other business units	–	–
Non-current assets and associated liabilities held for sale	1,106,907	–
Held-to-maturity investments	27,086	–
Other proceeds related to investing activities	–	–
C. CASH FLOWS FROM FINANCING ACTIVITIES	**1,599,894**	**(353,945)**
Payments	**(6,224,106)**	**(830,178)**
Dividends	(709,089)	–
Acquisition of treasury shares	(217,617)	–
Other payments related to financing activities	(5,297,400)	(830,178)
Proceeds	**7,824,000**	**476,233**
Subordinated liabilities	–	–
Issue of own equity instruments	1,500,000	
Other inflows related to financing activities	6,324,000	476,233

(*) See Note 1, "Comparison of information."
(**) Includes movements between January 1, 2011 and December 31, 2011.

STATEMENT OF CASH FLOWS (2 of 2)

For the years ended December 31, 2011 and 2010, in thousands of euros
CAIXABANK, SA

	2011 (**)	2010 (*)
D. EFFECT OF EXCHANGE RATE CHANGES	**(4,301)**	**–**
E. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**268,808**	**(4,543)**
F. CASH AND CASH EQUIVALENTS AT JANUARY 1	**2,443,027**	**4,547**
G. CASH AND CASH EQUIVALENTS AT DECEMBER 31	**2,711,835**	**4**
Memorandum items		
Components of cash and cash equivalents at December 31		
Cash	*1,117,981*	*4*
Cash equivalents at central banks	*1,593,854*	*–*
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31	**2,711,835**	**4**

(*) See Note 1, "Comparison of information."
(**) Includes movements between January 1, 2011 and December 31, 2011.

The accompanying Notes 1 to 40 and appendices 1 and 3 are an integral part of the cash flow statement for the year ended December 31, 2011.

Notes to the financial statements of CaixaBank report for 2011

CONTENTS PAGE

Notes to the financial statements for the year ended December 31, 2011

CAIXABANK, SA

As required by current legislation governing the content of financial statements, these notes to the financial statements complete, extend and discuss the balance sheet, income statement, statement of changes in equity and cash flow statement, and form an integral part of them to give a true and fair view of the equity and financial position of CaixaBank at December 31, 2011, and the results of its operations, the changes in equity and the cash flows during the year then ended.

1. CORPORATE AND OTHER INFORMATION

Corporate information

CaixaBank (hereinafter "CaixaBank" or "the parent company") is the bank through which Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") carries on its business indirectly as a credit institution in accordance with article 5 of Royal Decree-Law 11/2010, of July 9, and article 3.4 of the consolidated text of the Catalan Savings Bank Law of March 11, 2008. "la Caixa" is CaixaBank's majority shareholder, with a stake of 81.52% at December 31, 2011.

CaixaBank was created through the transformation of Criteria CaixaCorp, SA, as part of the reorganization of the "la Caixa" Group (see "Reorganization of the "la Caixa" Group" in this note). This reorganization culminated on June 30, 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 July 1, 2011.

In accordance with the accounting standards applicable to intra-group mergers and spin-offs, the reorganization is considered to have taken place for accounting purposes on January 1, 2011. Consequently, these consolidated financial statements and the notes thereto reflect the consolidated results, recognized income and expenses, changes in consolidated equity, and consolidated cash flows from CaixaBank's operations during the year ended December 31, 2011 (see "Comparison of information" in this note).

CaixaBank engages mainly in all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services. As a bank, it is subject to the oversight of 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 and have been included on the IBEX 35 since February 4, 2008. Therefore, CaixaBank 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 capitalization, 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.

Reorganization of the "la Caixa" Group

The enactment of Royal Decree-Law 11/2010, of July 9, on the governing bodies and other matters relating to the legal framework for savings banks, in addition to the approval of the consolidated text of the Catalan Savings Banks Law, through Royal Decree-Law 5/2010, introduced the possibility for a savings bank to conduct its financial activities indirectly through a bank.

Under this legal framework, on January 27, 2011, the Boards of Directors of "la Caixa," Criteria CaixaCorp, SA ("Criteria") and MicroBank de "la Caixa", SA ("MicroBank") entered into a framework agreement (the "Framework Agreement") entailing the reorganization of the "la Caixa" Group in order to adapt to the new demands of national and international regulations and, specifically, to the new requirements of the Basel Committee on Banking

Supervision (Basel III). The structure designed enables "la Caixa" to indirectly carry out its financial activity while continuing to comply with its social welfare purposes.

Approval was given at the Ordinary General Assembly of "la Caixa" and the Annual General Meeting of Criteria held April 28 and May 12, 2011, respectively, to all proposals set forth by the respective Boards of Directors regarding the reorganization of the "la Caixa" Group.

On June 30, 2011, the corporate transactions included in the Framework Agreement were completed, for legal and business purposes, which led to the transformation of Criteria into CaixaBank. In accordance with prevailing legislation, these transactions were accounted for retrospectively from January 1, 2011 (see "Corporation information" in this note), as indicated above.

The accounting standards applicable to intra-group mergers and spin-offs require that assets and liabilities subject to such operations be valued at their carrying amount in the consolidated financial statements of the group in question. Consequently, the assets and liabilities included in the transactions listed below have been measured at their carrying amount in the CaixaBank Group's consolidated financial statements at December 31, 2010.

Following is a description of the main corporate transactions carried out within the reorganization of the "la Caixa" Group:

a) the spin-off by "la Caixa" in favor of MicroBank of the assets and liabilities making up its financial activity, except the ownership interests of "la Caixa" in Servihabitat XXI, SAU, Metrovacesa, SA and Inmobiliaria Colonial, SA, certain of its real estate assets and certain of its debt issues. "la Caixa" maintains its Welfare Fund and continues to finance and support charitable and welfare activities. The net carrying amount in "la Caixa"'s individual balance sheet of the assets and liabilities spun off by "la Caixa" in favor of MicroBank is €11,591,982 thousand.

   At consolidated levels, the net assets and liabilities amount to €11,894,481 thousand, broken down as follows:

	Thousands of euros
Net carrying amount in the separate balance sheet of "la Caixa" of the spun-off assets and liabilities	11,591,982
Reserves at "la Caixa" Group consolidated companies spun off in favor of MicroBank and other reserves	211,256
Net equity of MicroBank prior to the reorganization	91,243
Total Equity of MicroBank post spin-off	**11,894,481**

   The market value of 100% of MicroBank's capital at January 1, 2011 was estimated at €9,515,585, equivalent to 0.8 times the equity of MicroBank. As indicated in the Framework Agreement, in determining this factor, the share prices of entities with similar profiles were considered, adjusting the multiples to take into account the better competitive position, credit quality and coverage level, and the absence of real-estate assets in the portfolio.

   This market value estimate is supported by several fairness opinions issued by independent experts.

b) contribution to Criteria by "la Caixa" of all the shares of MicroBank post spin-off. In exchange, Criteria transferred the following to "la Caixa":

   • The equity holdings listed below, the individual carrying amount of which is €7,146,748 thousand (see "Comparison of information – b. Impact of the reorganization of the "la Caixa Group's activities on the composition of Criteria Group's assets and liabilities: preparation of a balance sheet for CaixaBank at January 1, 2011 – Businesses transferred" in this note), and whose market value has been estimated at €7,471,340 thousand (both figures are at January 1, 2011).

   (i) a direct 36.64% stake in Gas Natural SDG, SA;

   (ii) a direct 20.72% stake in Abertis Infraestructuras, SA (hereinafter "Abertis") and a direct 50.1% stake in Inversiones Autopistas, SL (owner of 7.75% of Abertis) which, in total, represents a 24.61% stake in the share capital of Abertis;

(iii) an indirect 24.03% stake in the share capital of Sociedad General de Aguas de Barcelona, SA (through its direct 24.26% stake in Hisusa, Holding de Infraestructuras y Servicios Urbanos, SA, owner of 99.04% of the share capital of Sociedad General de Aguas de Barcelona, SA);

(iv) a direct and indirect 50% stake in PortAventura Entertainment, SA; and

(v) a direct 100% stake in Mediterránea Beach & Golf Community, SA.

The market values of these investments were estimated based on the following measurement criteria:

– Gas Natural SDG, SA and Abertis Infraestructuras, SA: average share price between December 27, 2010 and January 26, 2011, adjusted for dividends paid within the period.
– Sociedad General de Aguas de Barcelona, SA: latest transaction price.
– PortAventura Entertainment, SA: latest transaction EBITDA multiples, taking the updated EBITDA based on the latest close.
– Mediterranea Beach & Golf Community, SA: net carrying amount of leased properties and third-party appraisal of land for residential, hotel and commercial use with completed development.

• 374,403,908 new shares of Criteria issued as part of a non-cash capital increase for €2,044,245 thousand. The unit value of the shares issued by Criteria was set at €5.46, equivalent to net asset value ("NAV") without factoring in the impact of the reorganization of Criteria's assets on January 26, 2011.

The combined amount of the capital increase (€2,044,245 thousand) and the market value of the shareholdings and other assets delivered by Criteria to "la Caixa" (€7,471,340 thousand) equal the market value of the MicroBank shares delivered to Criteria by "la Caixa" (€9,515,585 thousand).

c) the absorption of MicroBank by Criteria. This transaction gave Criteria the status of a credit institution with the corporate name "CaixaBank, SA." CaixaBank is the listed bank through which "la Caixa" indirectly carries out its financial activity.

The reorganization process described above also entailed the delivery to "la Caixa" Group employees of CaixaBank shares equivalent to 0.4% of total capital.

Following Criteria's Annual General Meeting held on May 12, 2011, Criteria shareholders who had not voted in favor of the merger with MicroBank were given until June 14, 2011 to exercise their voluntary right of withdrawal. Upon expiry of this period, holders of 46,485,705 Criteria shares, representing 1.38% of pre-reorganization share capital, had exercised their right of withdrawal. As a result and pursuant to the resolution adopted at the Annual General Meeting of May 12, 2011, Criteria acquired the corresponding treasury shares at a price of €5.0292 per share (see note 23.5).

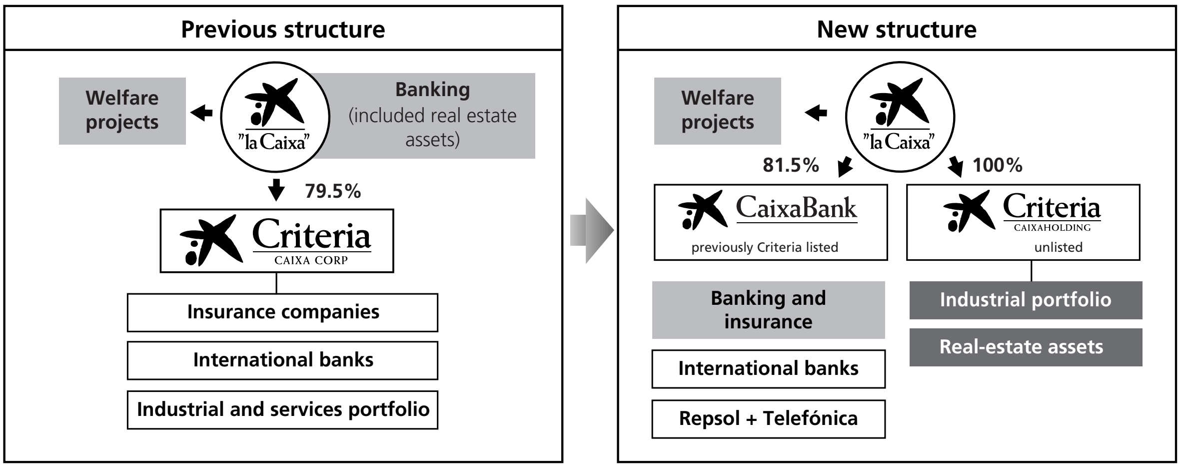
Following the completion of these corporate transactions, CaixaBank became the owner of the stakes previously held by Criteria, in insurance companies, mutual fund managers and foreign financial entities, Telefónica, SA and Repsol YPF, SA.

Also within the scope of the reorganization of the "la Caixa" Group, the following transactions were carried out in the second half of 2011, with effect for accounting purposes from January 1, 2011:

• contribution, on August 1, 2011, by "la Caixa" to a non-listed holding company, called Criteria CaixaHolding, SAU, of all the shareholdings indicated in (b) above, as well as other assets not included in the spinoff of "la Caixa" in favor of MicroBank indicated in (a) above. "la Caixa" is Criteria CaixaHolding, SAU's sole shareholder.

• spin-off, on September 16, 2011, by CaixaBank in favor of a newly created entity, called Nuevo Micro Bank, SA, of the assets and liabilities of the microcredit activity carried out by MicroBank prior to the reorganization. CaixaBank is the new Micro Bank's sole shareholder.

The following chart illustrates the reorganization of the "la Caixa" Group:



In connection with the foregoing, in order to bolster the CaixaBank Group's equity structure, Criteria (called CaixaBank after the reorganization) issued €1,500 million of subordinated bonds with mandatory conversion into CaixaBank shares in June 2011, for distribution through the "la Caixa" network (see note 23).

The costs associated with the aforementioned transactions amounted to €116 million, of which €62 million related to "Personnel expenses" incurred in the delivery of CaixaBank shares to "la Caixa" Group employees. In addition, €39 million were recognized in "Other general administrative expenses," including costs related to the advisory and design of the transaction, the adaptation to the new organizational structure and the communication, disclosure and dissemination of the reorganization. Expenses attributable directly to the issue of own equity instruments (€15 million) were deducted directly from equity (see Note 23.5).

Finally, within the procedure described in the preceding paragraphs, the 12.69% interest in Repsol YPF, SA was recognized under associates, with effect from January 1, 2011 as the CaixaBank Group then had significant influence over the company (see Note 11).

Basis of presentation

The accompanying financial statements have been prepared in accordance with the models and accounting criteria established in Bank of Spain Circular 4/2004 (the "Circular"). The aim of the Circular is to adapt the accounting regime for Spanish credit institutions to the International Financial Reporting Standards adopted by the European Union in accordance with Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of International Accounting Standards.

The accounting principles and policies and the measurement bases by Circular 4/2004 and are described in Note 2. No criteria differing from such standards which may have a material effect have been applied.

The balance sheet was prepared from the accounting records of CaixaBank.

The accompanying financial statements of CaixaBank do not reflect any variations in equity which might result from using the full, proportionate or equity consolidation methods as appropriate for the equity investments in subsidiaries, jointly controlled entities and associates pursuant to prevailing regulations governing the consolidation of credit institutions. In addition, the financial statements of the CaixaBank Group reflect these changes in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of December 31, 2011.

The table below shows CaixaBank's consolidated equity and total assets at December 31, and January 1, 2011.

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Equity	20,714,509	19,881,839
Equity	*20,750,791*	*18,925,104*
Valuation adjustments	*(55,197)*	*920,187*
Non-controlling interests	*18,915*	*36,548*
Total assets	270,424,628	273,017,265

(*) See Note 1, "Comparison of information."

Responsibility for the information and for the estimates made

The financial statements of CaixaBank for 2011 were authorized for issue by the Board of Directors at a meeting held on February 23, 2012. They have not yet been approved by the Annual General Meeting of the Institution. However, the Board of Directors of CaixaBank expects they will be approved without any changes. The financial statements of Criteria CaixaCorp (now CaixaBank) for 2010 were approved at the Annual General Meeting held on May 12, 2011, and are presented solely for the purpose of comparison with the figures for 2011 (see "Comparison of information" in this Note).

The preparation of the consolidated financial statements required senior executives of CaixaBank and consolidated companies to make certain judgments, 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 (Notes 11 and 12).
• The measurement of goodwill (Note 18).
• The useful life of and impairment losses on other intangible assets and property and equipment (Notes 17 and 18).
• The measurement of investments in jointly controlled entities and associates (Note 16).
• Actuarial assumptions used to measure post-employment liabilities and commitments (Note 21).
• The fair value of certain financial assets and liabilities (Note 2.1).

These estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements. However, events may occur that make it necessary for them to be changed in future periods.

Comparison of information

The reorganization of the activity of the "la Caixa" Group (see "Reorganization of the "la Caixa" Group" in this note) led to a change in the corporate purpose and the composition of the assets and liabilities of Criteria CaixaCorp, SA (now CaixaBank). For an appropriate understanding and comparison of the financial position and equity of CaixaBank at December 31, 2011 to the situation prevailing at December 31, 2010, and of the results of its operations and its cash flows in the year ended December 31, 2011 to those for the previous year, the following additional details are provided.

a) Adaptation of the 2010 financial statements authorized for issue by the directors of Criteria CaixaCorp, SA to the specific format established for credit institutions (Bank of Spain Circular 4/2004 of December 22).

b) Impact of the reorganization of the "la Caixa" Group's activities on the composition of CaixaBank's assets and liabilities: Preparation of a balance sheet at January 1, 2011.

c) Combined income statement of CaixaBank for the year ended December 31, 2010.

Points a) and b), taken together, provide relevant information for understanding the scope of the reorganization of the CaixaBank Group's activities and its impact on the equity and the cash and cash equivalents of CaixaBank. This facilitates understanding the business performance of CaixaBank from January 1, 2011, the effective date of the reorganization for accounting purposes, to December 31, 2011. The comparative information regarding the balance sheet presented in the accompanying notes refer to January 1, 2011 following completion of the reorganization of the "la Caixa" Group. The statement of changes in equity and statement of cash flows for the year ended December 31, 2011 show the changes in equity and cash flows from January 1, 2011, the date for accounting purposes of the reorganization (see "Reorganization of the "la Caixa" Group" in this Note and section b. Impact of the reorganization of the "la Caixa" Group's activities on the composition of Criteria assets and liabilities: preparation of a balance sheet at January 1, 2011 in "Comparison of information").

Regarding trends in the balance sheet and the results of operations of CaixaBank, the accompanying Notes 26 to 38 include, where appropriate, the financial information related to 2010 approved by the Directors of Criteria on February 24, 2011.

The statement of other comprehensive income shows the result for the year recognized directly in equity from January 1, 2011, the date for accounting purposes of the reorganization (see "Reorganization of the "la Caixa" Group" and b. Impact of the reorganization of the "la Caixa" Group's activities on the composition of Criteria's assets and liabilities: preparation of a consolidated balance sheet for "la Caixa" at January 1, 2011 and c. Combined consolidated income statement of "la Caixa" for the year ended December 31, 2010 in this section).

As indicated in preceding paragraphs, the information related to 2010 and January 1, 2011 contained in these consolidated financial statements is presented solely for purposes of comparison with 2011.

Accounting standards require that the information presented in the financial statements for different periods be consistent. In 2011, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information (see Note 2).

a) Adaptation of the 2010 financial statements authorized for issue by the directors of Criteria CaixaCorp, SA to the specific format established for credit institutions (Bank of Spain Circular 4/2004 of December 22).

To present fairly the comparative information for 2010, Criteria's financial statements for that year were adapted to the specific format for credit institutions set out in prevailing legislation.

The following tables present, for the Criteria Group's balance sheet at December 31, 2010, and the income statement, statement of other comprehensive income and statement of cash flows for 2010, the adaptation of the format approved by the directors at their meeting of February 24, 2011 to the specific format for credit institutions.

The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each item:

CRITERIA CAIXACORP, S.A. (CURRENTLY CAIXABANK, S.A.) BALANCE SHEET

At December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

Assets

	31/12/2010	
A) NON-CURRENT ASSETS		
Intangible assets	**1,149**	*a.*
Computer software	4,173	
Other intangible assets	2	
Depreciation and amortization	(3,026)	
Property and equipment	**2,443**	*b.*
Fixtures, tools, furniture and other	5,420	
Depreciation and amortization	(2,977)	
Long-term investments in group companies, jointly controlled entities and associates	**14,990,151**	
Investments in Group companies	4,546,355	*c.*
Investments in jointly controlled entities and associates	10,401,130	*c.*
Long-term loans to Group companies	42,666	*d.*
Non-current financial investments	**6,331,548**	
Available-for-sale financial assets – Equity instruments	6,331,234	*e.*
Long-term deposits and sureties	314	*f.*
Deferred tax assets	**606,716**	*g.*
Available-for-sale financial assets	704	
Other deferred tax assets	606,012	
Total non-current assets	**21,932,007**	
B) CURRENT ASSETS		
Debtors	**63,104**	
Group companies, assets	62,098	*d. f.*
Other credit	1,004	*d.*
Public sector	2	*d.*
Short-term financial investments	**201,919**	*f.*
Dividends receivable	200,205	
Other	1,714	
Short-term accruals	**390**	*f.*
Cash	**10,656**	*d.*
Total current assets	**276,069**	
Total Assets	**22,208,076**	

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

Assets

	31/12/2010	
Cash and balances with central banks	**4**	*d.*
Held-for-trading portfolio	**–**	
Debt instruments	–	
Equity instruments	–	
Trading derivatives	–	
Other financial assets at fair value through profit or loss	**–**	
Available-for-sale financial assets	**6,331,234**	*e.*
Debt instruments	–	
Equity instruments	6,331,234	
Loans and receivables	**55,492**	*d.*
Loans and advances to credit institutions	12,365	
Loans and advances to customers	43,127	
Debt instruments	–	
Held-to-maturity investments	**–**	
Adjustments to financial assets – macrohedges	**–**	
Hedging derivatives	**–**	
Non-current assets held for sale	**–**	
Investments	**14,947,485**	*c.*
Associates	6,360,059	
Jointly controlled entities	4,041,071	
Subsidiaries	4,546,355	
Insurance agreements related to pensions	**–**	
Property and equipment	**2,443**	*b.*
Property, plant and equipment	2,443	
Investment property	–	
Intangible assets	**1,149**	*a.*
Goodwill	–	
Other intangible assets	1,149	
Tax assets	**606,716**	*g.*
Current	–	
Deferred	606,716	
Other assets	**263,553**	*f.*
Total Assets	**22,208,076**	

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

CRITERIA CAIXACORP, S.A. (CURRENTLY, CAIXABANK, S.A.) BALANCE SHEET

At December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

Total equity and liabilities

	31/12/2010	
EQUITY		
Own funds	**12,463,645**	*a.*
Share capital	3,362,890	
Share premium	7,711,244	
Legal reserve	672,578	
Voluntary and first-time application reserves	297,362	
Own holdings and treasury shares	(43,471)	
Profit/loss for the year	1,133,903	
Interim dividend paid during the year	(670,861)	
Valuation adjustments	**1,313,159**	*b.*
Available-for-sale financial assets	1,313,159	
Cash flow hedges	–	
Total Equity	**13,776,804**	
NON-CURRENT LIABILITIES		
Provisions for contingencies and charges	33,521	*c.*
Bonds and other marketable securities	993,714	*f.*
Other financial liabilities	10	*f.*
Long-term loans from Group companies	6,104,703	*f.*
Deferred tax liabilities on available-for-sale financial assets	733,331	*d.*
Other deferred tax liabilities	37,040	*d.*
Total non-current Liabilities	**7,902,319**	
CURRENT LIABILITIES		
Current liabilities	**36,903**	
Bank borrowings	30,685	*e.*
Interest payable, bonds and other marketable securities	4,583	*f.*
Derivatives	1,635	*g.*
Payable to group companies, associates and jointly controlled entities	**374,592**	*f.*
Trade and other payables	**117,458**	
Trade payables	11,540	*f.*
Dividend pending payment to third parties	96,735	*f.*
Public sector	8,022	*f.*
Other	1,161	*e.*
Total current liabilities	**528,953**	
Total Liabilities and Equity	**22,208,076**	

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

Total Equity and Liabilities

	31/12/2010	
Liabilities		
Held-for-trading portfolio	**1,635**	*g.*
Trading derivatives	1,635	
Short positions	–	
Other financial assets at fair value through profit or loss	**–**	
Financial liabilities at amortized cost	**7,593,899**	*f.*
Deposits from central banks	–	
Deposits from credit institutions	6,023,035	
Customer deposits	15	
Marketable debt securities	998,297	
Subordinated liabilities	–	
Other financial liabilities	572,552	
Adjustments to financial liabilities – macrohedges	**–**	
Hedging derivatives	**–**	
Liabilities associated with non-current assets held for sale	**–**	
Provisions	**33,521**	*c.*
Provisions for pensions and similar obligations	–	
Provisions for taxes and other legal contingencies	–	
Provisions for contingent liabilities and commitments	–	
Other provisions	33,521	
Tax Liabilities	**770,371**	*d.*
Current	–	
Deferred	770,371	
Other liabilities	**31,846**	*e.*
Total Liabilities	**8,431,272**	
Equity		
Own funds	**12,463,645**	*a.*
Capital or endowment fund	3,362,890	
Share premium	7,711,244	
Reserves	969,940	
Other equity instruments		
Less: Treasury shares	(43,471)	
Profit for the year	1,133,903	
Less: Dividends and remuneration	(670,861)	
Valuation adjustments	**1,313,159**	*b.*
Available-for-sale financial assets	1,313,159	
Cash flow hedges	–	
Exchange differences	–	
Total Equity	**13,776,804**	
Total Equity and Liabilities	**22,208,076**	

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

CRITERIA CAIXACORP, S.A. (CURRENTLY CAIXABANK, S.A.) INCOME STATEMENT

For the year ended December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

	2010	
Revenue:	**1,310,563**	
Services rendered	45	*g.*
Income from equity investments	1,094,880	*c.*
Change in the fair value of financial instruments:		
Held-for-trading portfolio and others	*5,743*	*d.*
Change in fair value of financial instruments	209,895	*l.*
Other operating income	**5**	*g.*
Personnel expenses	**(11,083)**	*h.*
Depreciation and amortization	**(1,542)**	*j.*
Other expenses	**(23,666)**	*i.*
Exchange differences	**923**	*f.*
Impairment and other losses on financial instruments	**(50,000)**	*k.*
Profit from operations	**1,225,200**	
Finance income	**590**	*a.*
From marketable debt securities and other financial instruments of Group companies and associates	29	
From third parties	561	
Finance expense	**(183,167)**	*b.*
On borrowings from Group companies and associates	(140,175)	
On third-party borrowings	(42,992)	
Financial loss	**(182,577)**	
Profit/loss before tax	**1,042,623**	
Current period income tax	54,078	*m.*
Previous period income tax	37,202	*m.*
Profit for the year	**1,133,903**	

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

	2010	
Interest and similar income	**590**	*a.*
Interest expense and similar charges	**(183,167)**	*b.*
Net interest income	**(182,577)**	
Return on equity instruments	**1,094,880**	*c.*
Fee and commission income	**–**	
Fee and commission expense	**–**	
Trading income (net)	**5,743**	*d.*
Held-for-trading portfolio	5,743	
Other financial instruments not measured at fair value through profit or loss	–	
Other	–	
Exchange differences (net)	**923**	*f.*
Other operating income	**50**	*g.*
Other operating expenses	**–**	
Gross income	**919,019**	
Administrative expenses	**(34,749)**	
Personnel expenses	(11,083)	*h.*
Other general and administrative expenses	(23,666)	*i.*
Depreciation and amortization	**(1,542)**	*j.*
Provisions (net)	**–**	
Impairment losses on financial assets (net)	**–**	
Loans and receivables	–	
Other financial instruments not measured at fair value	–	
Profit from operations	**882,728**	
Impairment losses on other assets (net)	**(50,000)**	
Goodwill and other intangible assets	–	
Other assets	(50,000)	*k.*
Gains (losses) on disposal of assets not classified as non-current assets held for sale	**60,422**	
Negative goodwill in business combinations	**–**	
Gains/(losses) on non-current assets held for sale not classified as discontinued operations	**149,473**	*l.*
Profit/loss before tax	**1,042,623**	
Income tax	**91,280**	*m.*
Mandatory transfer to welfare funds	**–**	
Profit for the year from continuing operations	**1,133,903**	
Profit from discontinued operations (net)	**–**	
Profit for the period	**1,133,903**	

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

CRITERIA CAIXACORP, S.A. (CURRENTLY CAIXABANK, S.A.)
STATEMENT OF CHANGES IN EQUITY
A) Statement of comprehensive income

For the year ended December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

	2010	
A. PROFIT FOR THE YEAR	**1,133,903**	*a.*
B. INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	**(25,923)**	
From measurement of financial instruments	**(26,008)**	
Available-for-sale financial assets	(72,227)	*b.*
Tax effect	46,219	*c.*
From expenses recognized directly in reserves	**–**	
Expenses recognized directly	–	
Tax effect	–	
Cash flow hedges	**85**	
Cash flow hedges	121	*d.*
Tax effect	(36)	*e.*
C. TRANSFERS TO THE INCOME STATEMENT	**–**	
From measurement of financial instruments	**–**	
Available-for-sale financial assets	–	
Tax effect	–	
From sale of financial instruments	**(120,746)**	
Available-for-sale financial assets	(150,645)	*f.*
Tax effect	29,899	*g.*
D. TOTAL RECOGNIZED INCOME AND EXPENSE (A+B+C)	**987,234**	

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

	2010	
A. PROFIT FOR THE YEAR	**1,133,903**	*a.*
B. OTHER RECOGNIZED INCOME AND EXPENSE	**(146,669)**	
Available-for-sale financial assets	**(222,872)**	
Revaluation gains/(losses)	(72,227)	*b.*
Amounts transferred to income statement	(150,645)	*f.*
Cash flow hedges	**121**	
Revaluation gains/(losses)	121	*d.*
Amounts transferred to income statement	–	
Hedges of net investment in foreign operations	**–**	
Exchange differences	**–**	
Revaluation gains/(losses)	–	
Non-current assets held for sale	**–**	
Actuarial gains/(losses) on pension plans	**–**	
Other comprehensive income	**–**	
Income tax	**76,082**	*c.e.g.*
C. TOTAL RECOGNIZED INCOME AND EXPENSE (A+B)	**987,234**	

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

CRITERIA CAIXACORP, S.A. (CURRENTLY CAIXABANK, S.A.)
STATEMENT OF CHANGES IN EQUITY
B) Statements of changes in equity

At December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

2010	Share capital	Share premium	Legal reserve	Voluntary reserves and adaptation to GCA	Treasury shares
Opening balance at 31/12/2009	**3,362,890**	**7,711,244**	**672,578**	**245,869**	**(39,880)**
Total comprehensive income and expense					
Transactions with shareholders	**–**	**–**	**–**	**51,493**	**(3,591)**
Distribution of profit				239,520	
Final dividend – 2009					
Interim dividend					
Dividend paid against reserves				(201,773)	
Disposal of treasury shares				13,741	67,476
Acquisition of treasury shares					(71,067)
Other movements				5	
Final balance at 31/12/2010	**3,362,890**	**7,711,244**	**672,578**	**297,362**	**(43,471)**

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

	Own funds			
2010	Share capital	Share premium	Reserves	Treasury shares
Opening balance at 31/12/2009	**3,362,890**	**7,711,244**	**918,447**	**(39,880)**
Total comprehensive income and expense				
Transactions with shareholders	**–**	**–**	**51,493**	**(3,591)**
Distribution of profit			239,520	
Final dividend – 2009				
Interim dividend				
Dividend paid against reserves			(201,773)	
Disposal of treasury shares			13,741	67,476
Acquisition of treasury shares				(71,067)
Other transactions			5	
Final balance at 31/12/2010	**3,362,890**	**7,711,244**	**969,940**	**(43,471)**

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

Profit/(Loss)	Final dividends	Interim dividends	Capital and reserves	Valuation adjustments	Total equity
1,013,340	**–**	**(335,322)**	**12,630,719**	**1,459,828**	**14,090,547**
1,133,903			**1,133,903**	**(146,669)**	**987,234**
(1,013,340)	**–**	**(335,539)**	**(1,300,977)**		**(1,300,977)**
(1,013,340)	438,498	335,322	–		–
	(438,498)		(438,498)		(438,498)
		(670,861)	(670,861)		(670,861)
			(201,773)		(201,773)
			81,217		81,217
			(71,067)		(71,067)
			5		5
1,133,903	**–**	**(670,861)**	**12,463,645**	**1,313,159**	**13,776,804**

Equity				
Profit/(Loss)	Final dividends	Interim dividends	Valuation adjustments	Total equity
1,013,340	**–**	**(335,322)**	**1,459,828**	**14,090,547**
1,133,903			**(146,669)**	**987,234**
(1,013,340)	**–**	**(335,539)**	**–**	**(1,300,977)**
(1,013,340)	438,498	335,322	–	–
	(438,498)		–	(438,498)
		(670,861)		(670,861)
				(201,773)
				81,217
				(71,067)
				5
1,133,903	**–**	**(670,861)**	**1,313,159**	**13,776,804**

CRITERIA CAIXACORP, S.A. (CURRENTLY CAIXABANK, S.A.) STATEMENT OF CASH FLOWS

For the year ended December 31, 2010, in thousands of euros

FORMAT PREPARED BY THE DIRECTORS

	2010	
A. CASH FLOWS FROM OPERATING ACTIVITIES	**1,051,949**	
Profit before tax	**1,042,623**	*a.*
Adjustments to profit/(loss)	**(1,071,579)**	*b.*
Depreciation and amortization charge	1,542	
Increase/(decrease) in provisions	50,000	
Gains on the sale of investments	(209,895)	
Income from equity investments	(1,094,880)	
Finance income	(590)	
Finance expense	183,167	
Exchange differences	(923)	
Changes in working capital. Changes in:	**235,651**	*c.*
Debtors	(809)	
Short-term financial investments	237,090	
Other intangible assets	354	
Current liabilities	(984)	
Other cash flows from operating activities	**845,254**	*d.*
Interest paid	(169,155)	
Interest received	655	
Dividends received	1,012,872	
Tax recovered/(paid)	882	
B. CASH FLOWS USED IN INVESTING ACTIVITIES	**(691,895)**	
Investments (–)	**(1,488,592)**	*e.*
Investments in intangible assets and property, plant and equipment	(996)	
Investments in Group companies and associates	(906,569)	
Investments in available-for-sale assets	(581,027)	
Deposits and sureties	–	
Disposals (–)	**796,697**	*f.*
Subsidiaries, joint ventures and associates	152,879	
Available-for-sale financial assets	571,501	
Reduction of cost of portfolio due to dividends received	72,317	
C. CASH FLOWS FROM FINANCING ACTIVITIES	**(353,945)**	*g.*
Dividends paid and returns on other equity instruments	**(830,178)**	*h.*
Interim dividend for the current year	(401,830)	
Final dividend for the previous year	(438,498)	
Share buybacks	(71,067)	
Sale of treasury shares	81,217	
Receipts and payments on debt instruments	**476,233**	*i.*
Long-term loans obtained from "la Caixa"	–	
Bond issues	–	
Net use of credit facility	476,233	
D. EFFECT OF EXCHANGE RATE CHANGES	**–**	
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**6,109**	*j.*
Cash and cash equivalents at January 1	**4,547**	*k.*
Cash and cash equivalents at December 31	**10,656**	*l.*
CASH GENERATED (USED) DURING THE YEAR	**6,109**	

SPECIFIC FORMAT FOR CREDIT INSTITUTIONS

	2010	
A. CASH FLOWS FROM OPERATING ACTIVITIES	**1,041,297**	
Profit for the year	**1,133,903**	*a.*
Adjustments to obtain cash flows from operating activities	**(1,162,859)**	*b.*
Depreciation and amortization	1,542	
Other adjustments	(1,164,401)	
Net increase/decrease in operating assets	**224,999**	*c.*
Held-for-trading portfolio	–	
Available-for-sale financial assets	237,090	
Loans and receivables	(809)	
Other operating assets	(11,282)	
Net increase/decrease in operating liabilities	**844,372**	*d.*
Held-for-trading portfolio	(169,155)	
Financial liabilities at amortized cost	655	
Other operating liabilities	1,012,872	
Income tax receipts/(payments)	**882**	*d.*
B. CASH FLOWS USED IN INVESTING ACTIVITIES	**(691,895)**	
Payments	**(1,488,592)**	*e.*
Property and equipment	–	
Intangible assets	(996)	
Investments	(1,487,596)	
Non-current assets and associated liabilities held for sale	–	
Held-to-maturity investments	–	
Amounts recovered	**796,697**	*f.*
Property and equipment	–	
Investments	796,697	
Non-current assets and associated liabilities held for sale	–	
C. CASH FLOWS FROM FINANCING ACTIVITIES	**(353,945)**	*g.*
Payments	**(830,178)**	*h.*
Subordinated liabilities	–	
Other payments related to financing activities	(830,178)	
Amounts recovered	**476,233**	*i.*
Subordinated liabilities	–	
Other payments related to financing activities	476,233	
D. EFFECT OF EXCHANGE RATE CHANGES	**–**	
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(4,543)**	*j.*
F. CASH AND CASH EQUIVALENTS AT JANUARY 1	**4,547**	*k.*
G. CASH AND CASH EQUIVALENTS AT DECEMBER 31	**4**	*l.*
Memorandum item		
Components of cash and cash equivalents at December 31		
Cash	4	
Cash equivalents at central banks	–	
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31	**4**	

NOTE: The reconciliation between the two presentation formats can be made using the alphabetical key accompanying each heading: The sum of the amounts identified with the same letter in the format authorized for issue by the directors is equivalent to the sum of the amounts identified with the same letter in the specific format for credit institutions.

b) Impact of the reorganization of the "la Caixa" Group's activities on the composition of Criteria's assets and liabilities. Preparation of a balance sheet at January 1, 2011.

The tables below illustrate the adaptation of Criteria's balance sheet at December 31, 2010 to CaixaBank's balance sheet at January 1, 2011, the date of the reorganization for accounting effects (see "Reorganization of the "la Caixa" Group" in this note). The consolidated balance sheet is presented with the breakdown of the main items to show the principal differences arising from the reorganization process.

The column "Criteria CaixaCorp 31/12/10" corresponds to Criteria's balance sheet at December 31, 2010, presented in accordance with the specific format for credit institutions (see a. "Adaptation of the 2010 financial statements authorized for issue by the directors of Criteria CaixaCorp, SA to the specific format established for credit institutions" in this note).

The following subsections describe the content of "Businesses received" and "Businesses transferred."

BALANCE SHEET

Reconciliation of CaixaCorp's balance sheet at December 31, 2010 with CaixaBank's balance sheet at January 1, 2011, in thousands of euros.

ASSETS	Criteria CaixaCorp 31/12/2010	(+) Businesses received	(–) Businesses transferred to "la Caixa"	(–) Setting-up New Micro Bank	Adjustments	CaixaBank 01/01/2011 **(*)**
Cash and balances with central banks (Note 9)	**4**	**2,443,023**	**–**	**–**	**–**	**2,443,027**
Held-for-trading portfolio (Note 10)	**–**	**3,117,720**	**–**	**–**	**–**	**3,117,720**
Debt instruments	–	1,177,420	–	–	–	1,177,420
Equity instruments	–	56,025	–	–	–	56,025
Trading derivatives	–	1,884,275	–	–	–	1,884,275
Other financial assets at fair value through profit and loss	**–**	**–**	**–**	**–**	**–**	**–**
Available-for-sale financial assets (Note11)	**6,331,234**	**8,963,033**	**–**	**–**	**–**	**15,294,267**
Debt instruments	–	11,028,039	–	–	–	11,028,039
Equity instruments	6,331,234	(2,065,006)	–	–	–	4,266,228
Loans and receivables (Note 12)	**55,492**	**206,236,545**	**–**	**(313,611)**	**–**	**205,978,426**
Loans and advances to credit institutions	12,365	8,810,361	–	(170)	–	8,822,556
Loans and advances to customers	43,127	192,707,474	–	(313,441)	–	192,437,160
Debt instruments	–	4,718,710	–	–	–	4,718,710
Held-to-maturity investments (Note 13)	**–**	**7,389,398**	**–**	**–**	**–**	**7,389,398**
Adjustments to financial assets – macro-hedges	**–**	**45,700**	**–**	**–**	**–**	**45,700**
Hedging derivatives (Note 14)	**–**	**11,303,559**	**–**	**822**	**–**	**11,304,381**
Non-current assets held for sale (Note 15)	**–**	**326,160**	**–**	**–**	**–**	**326,160**
Investments (Note 16)	**14,947,485**	**3,333,697**	**(7,027,863)**	**72,155**	**–**	**11,325,474**
Associates	6,360,059	2,368,928	(2,931,080)	–	–	5,797,907
Jointly controlled entities	4,041,071	111,053	(3,412,035)	–	–	740,089
Subsidiaries	4,546,355	853,716	(684,748)	72,155	–	4,787,478
Insurance contracts related to pensions (Note 21)	**–**	**1,782,853**	**–**	**(210)**	**–**	**1,782,643**
Property and equipment (Note 17)	**2,443**	**3,024,419**	**–**	**(57)**	**–**	**3,026,805**
Property and equipment	2,443	2,903,372	–	(57)	–	2,905,758
Investment property	–	121,047	–	–	–	121,047
Intangible assets (Note 18)	**1,149**	**494,563**	**–**	**–**	**–**	**495,712**
Goodwill	–	350,337	–	–	–	350,337
Other intangible assets	1,149	144,226	–	–	–	145,375
Tax assets	**606,716**	**1,255,660**	**–**	**(3,448)**	**144,473**	**2,003,401**
Current	–	164,561	–	(8)	–	164,553
Deferred **(Note 21)**	606,716	1,091,099	–	(3,440)	144,473	1,838,848
Other assets (Note 19)	**263,553**	**516,212**	**(118,885)**	**(4,916)**	**–**	**655,964**
Total assets	22,208,076	250,232,542	(7,146,748)	(249,265)	144,473	265,189,078
Memorandum items						
Contingent liabilities **(Note 24)**	–	9,210,104	–	(483)	–	9,209,138
Contingent commitments **(Note 24)**	–	55,483,382	–	–	–	55,483,382

(*) See Note 1, "Comparison of information."

BALANCE SHEET

Reconciliation of CaixaCorp's balance sheet at December 31, 2010 with CaixaBank's balance sheet at January 1, 2011, in thousands of euros.

LIABILITIES	Criteria CaixaCorp 31/12/2010	(+) Businesses received	(–) Businesses transferred to "la Caixa"	(–) Setting-up New Micro Bank	Adjustments	CaixaBank 01/01/2011 **(*)**
Held-for-trading portfolio (Note 10)	**1,635**	**2,597,141**	**–**	**–**	**–**	**2,598,776**
Trading derivatives	1,635	1,852,755	–	–	–	1,854,390
Short positions	–	744,386	–	–	–	744,386
Other financial liabilities at fair value through profit and loss	**–**	**–**	**–**	**–**	**–**	**–**
Financial liabilities at amortized cost (Note 20)	**7,593,899**	**221,418,078**	**–**	**(202,536)**	**–**	**228,809,441**
Deposits from central banks	–	–	–	–	–	–
Deposits from credit institutions	6,023,035	12,598,924	–	(179,622)	–	18,442,337
Customer deposits	15	157,585,400	–	(22,829)	–	157,562,586
Marketable debt securities	998,297	43,325,032	–	–	–	44,323,329
Subordinated liabilities	–	6,598,733	–	–	–	6,598,733
Other financial liabilities	572,552	1,309,989	–	(85)	–	1,882,456
Adjustments to financial liabilities – macro-hedges	**–**	**1,384,335**	**–**	**–**	**–**	**1,384,335**
Hedging derivatives (Note 14)	**–**	**9,091,706**	**–**	**–**	**–**	**9,091,706**
Liabilities associated with non-current assets held for sale	**–**	**–**	**–**	**–**	**–**	**–**
Provisions (Note 21)	**33,521**	**2,656,486**	**–**	**(3,886)**	**–**	**2,686,121**
Provisions for pensions and similar obligations	–	2,236,320	–	(3,773)	–	2,232,547
Provisions for taxes and other legal contingencies	–	134,678	–	–	–	134,678
Provisions for contingent liabilities and commitments	–	121,392	–	(8)	–	121,384
Other provisions	33,521	164,096	–	(105)	–	197,512
Tax liabilities	**770,371**	**255,447**	**–**	**(20,351)**	**118,352**	**1,123,819**
Current	–	3,886	–	–	–	3,886
Deferred **(Note 22)**	770,371	251,561	–	(20,351)	118,352	1,119,933
Welfare Fund	**–**	**–**	**–**	**–**	**–**	**–**
Other assets (Note 19)	**31,846**	**1,225,501**	**–**	**(4,453)**	**–**	**1,252,894**
Total liabilities	**8,431,272**	**238,628,694**	**–**	**(231,226)**	**118,352**	**246,947,092**
Equity	**12,463,645**	**11,697,439**	**(7,146,748)**	**(18,581)**	**26,121**	**17,021,876**
Share capital **(Note 23)**	3,362,890	374,404	–	–	–	3,737,294
Share premium	7,711,244	1,669,841	–	–	–	9,381,085
Reserves **(Note 23)**	969,940	9,653,194	(7,146,748)	(18,581)	26,121	3,483,926
Other equity instruments	–	–	–	–	–	–
Less: Treasury shares	(43,471)	–	–	–	–	(43,471)
Profit for the year	1,133,903	–	–	–	–	1,133,903
Less: Dividends and remuneration	(670,861)	–	–	–	–	(670,861)
Valuation adjustments (Note 23)	**1,313,159**	**(93,591)**	**–**	**542**	**–**	**1,220,110**
Available-for-sale financial assets	1,313,159	(89,826)	–	–	–	1,223,333
Cash flow hedges	–	(3,636)	–	542	–	(3,094)
Exchange differences	–	(129)	–	–	–	(129)
Total equity	**13,776,804**	**11,603,848**	**(7,146,748)**	**(18,039)**	**26,121**	**18,241,986**
Total Liabilities and Equity	**22,208,076**	**250,232,542**	**(7,146,748)**	**(249,265)**	**144,473**	**265,189,078**

(*) See Note 1, "Comparison of information."

Businesses received

As indicated in the section "Reorganization of the "la Caixa" Group" in this note, "la Caixa" contributed to Criteria all the shares of MicroBank after the spin-off in its favor of the assets and liabilities comprising its financial activity. Accordingly, the amounts shown under "Businesses received" relate to the consolidated carrying amounts of the assets, liabilities and equity of MicroBank and the adjustments and eliminations in the various balance sheet headings by combining in the same company the businesses of Criteria at December 31, 2010 with the businesses received, mainly the elimination under "Loans and receivables" of the loans granted by "la Caixa" to Criteria. The balancing entry of this elimination is in "Financial liabilities at amortized cost."

Meanwhile, due to the recognition of the 9.29% stake in Repsol YPF, SA as an investment in an associate within the scope of the "la Caixa" Group's reorganization (see "Reorganization of the "la Caixa" Group in this note), the balances of "Available-for-sale financial assets" and "Investments – Associates" have been adjusted by the market value of the investment at January 1, 2011 (€2,365,599 thousand). According to prevailing regulations, the valuation adjustments to the investment recognized directly in equity prior to the reclassification (€358,661 thousand) and the related deferred tax liabilities (€153,712 thousand) have been maintained.

Therefore, the individual carrying amount of the equity received by Criteria from "la Caixa" is €11,603,848 thousand, with an estimated market value of €9,515,585 thousand, equivalent to 0.8 times the consolidated carrying amount (€11,894,481 thousand).

Businesses transferred to "la Caixa"

In the reorganization, Criteria delivered to "la Caixa" part of the management of its portfolio of holdings in industrial and services companies, as explained in "Reorganization of the "la Caixa" Group" in Note 1. Specifically:

- Investments in associates (€2,931,080 thousand), relating to the carrying amount of the stakes in Abertis Infraestructuras, SA (€2,548,172 thousand) and Sociedad General de Aguas de Barcelona, SA through Holding de Infraestructuras de Servicios Urbanos, SA –Hisusa– (€382,908 thousand).

- Investments in jointly controlled entities (€3,412,035 thousand), relating to the carrying amount of the stakes in Gas Natural, SDG, SA (€3,339,013 thousand) and PortAventura Entertainment, SA (€73,022 thousand). In addition, "Other assets" under "Businesses transferred" includes €118,885 thousand related to final dividends of Gas Natural accrued by Criteria and receivable at December 31.

- Investments in group companies (€684,749 thousand) relate to the carrying amount of the stakes in Mediterránea Beach & Golf Community (€160,535 thousand) and Inversiones Autopistas (€524,214 thousand).

Therefore, the carrying amount of the equity transferred in the individual balance sheet by Criteria to "la Caixa" is €7,146,748 thousand, with a market value of €7,471,340 thousand (see "Reorganization of the "la Caixa" Group" in this note).

In addition, to continue the "social bank" activity separately from the ordinary financial activity, CaixaBank spun off the assets of liabilities of MicroBank before the reorganization in favor of the newly created New Microbank, with effect from January 1, 2011. The net value of the assets and liabilities spun off in favor of MicroBank was €90,736 thousand (see "Reorganization of the "la Caixa" Group" in this Note).

Nuevo MicroBank, wholly owned by CaixaBank, exclusively develops the microcredit activity, which is aimed at people with difficulties accessing the traditional credit system and low-income families, in order to foster productive activity, create employment and help stimulate personal and family development.

c) CaixaBank income statement for the year ended December 31, 2010

The table below, presented for information purposes only, shows the combined income statement of CaixaBank for the year ended December 31, 2010, illustrating the estimated result CaixaBank would have obtained in the period then ended had it begun operating at January 1, 2010:

INCOME STATEMENT

Reconciliation of Caixabank combined income statement for 2010

Income statement	(*)	2010
Interest and similar income	(I)	**6,011,987**
Interest expense and similar charges	(II)	**(2,917,847)**
Net interest income		**3,094,140**
Income from equity instruments	(III)	**743,612**
Fee and commission income	(IV)	**1,586,267**
Fee and commission expense	(V)	**(215,103)**
Gains/(losses) on financial assets and liabilities	(VI)	**166,517**
Trading income		60,732
Other financial instruments not measured at fair value through profit or loss		46,131
Other		59,654
Translation differences		**87,431**
Other operating income	(VII)	**91,822**
Other operating expenses	(VIII)	**(130,143)**
Gross income		**5,424,543**
Administrative expenses		**(2,619,190)**
Personnel expenses	(IX)	(1,987,467)
Other general administrative expenses	(X)	(631,723)
Amortization and depreciation		**(274,142)**
Net provisions		**(171,517)**
Impairment losses on financial assets (net)	(XI)	**(2,075,777)**
Loans and receivables		(2,071,008)
Other financial instruments not measured at fair value through profit or loss		(4,769)
Profit from operations		**283,917**
Impairment losses on other assets (net)	(XII)	**(70,003)**
Goodwill and other intangible assets		(15,002)
Other assets		(55,001)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	(XIII)	**240,664**
Negative goodwill on business combinations		**–**
Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations	(XIV)	**149,473**
Profit/loss before tax		**604,051**
Income tax		114,970
Mandatory allocation to welfare funds		**–**
Profit for the year from continuing operations		**719,021**
Profit/loss for the year from discontinued operations		**–**
PROFIT FOR THE PERIOD		**719,021**

(*) See breakdown in tables below in this section "c. Combined consolidated income statement of the CaixaBank Group for the year ended December 31, 2010".

Following is a breakdown of the main captions in CaixaBank's combined income statement for the year ended December 31, 2010, to facilitate an understanding of the information provided:

(I) Interest and similar income

(Thousands of Euros)	2010
Bank of Spain	28,051
Other central banks	470
Credit institutions	47,886
Money market transactions	574
Loans and receivables and other finance income	5,376,911
Debt instruments	566,279
Adjustments to income due to hedging transactions	(8,184)
Total	**6,011,987**

(II) Interest expense and similar charges

(Thousands of Euros)	2010
Bank of Spain	(30,914)
Other central banks	–
Credit institutions	(184,978)
Money market transactions	(14,327)
Creditors and other finance expense	(2,050,692)
Marketable debt securities	(1,372,131)
Subordinated liabilities	(174,901)
Adjustments to expenses as a consequence of hedging transactions	923,621
Interest cost attributable to pension fund **(Note 21)**	(13,525)
Total	**(2,917,847)**

(III) Return on equity instruments

(Thousands of Euros)	2010
Banco BPI, SA	21,130
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	8,261
Caixa de Barcelona Seguros de Vida, SA de Seguros y Reaseguros	11,959
Erste Group Bank AG	24,811
Grupo Financiero Inbursa, SAB de CV	22,544
Repinves, SA	39,353
Repsol YPF, SA	97,699
VidaCaixa Grupo, SA	175,500
Telefónica, SA	297,721
Held-for-trading portfolio	1,818
Other investments	42,816
Total	**743,612**

(IV) Fee and commission income

(Thousands of Euros)	2010
Contingent liabilities	87,360
Credit facility drawdowns	43,659
Exchange of foreign currencies and banknotes	2,893
Collection and payment services	814,202
of which, credit and debit cards	*488,110*
Securities services	114,019
Marketing of non-banking financial products	244,934
Other fees and commissions	279,200
Total	**1,586,267**

(V) Fee and commission expense

(Thousands of Euros)	2010
Assigned to other entities and correspondents	(151,239)
of which, transactions with cards and ATMs	*(136,019)*
Securities transactions	(11,824)
Other fees and commissions	(52,040)
Total	**(215,103)**

(VI) Gains/(losses) on financial assets and liabilities

(Thousands of Euros)	2010
Held-for-trading portfolio	**61,060**
Debt instruments	(9,606)
Equity instruments	657
Financial derivatives	70,009
of which, forward transactions and financial derivatives on currencies	*6,513*
Available-for-sale financial assets	**47,721**
Debt instruments	39,383
Equity instruments	8,338
Hedging derivatives	**57,736**
Micro-hedges	(4,000)
Hedged items	*137,132*
Hedging derivatives	*(141,132)*
Macro-hedges	61,736
Hedged items	*(1,575,884)*
Hedging derivatives	*1,637,620*
Total	**166,517**

(VII) Other operating income

(Thousands of Euros)	2010
Financial fees and commissions offsetting direct costs **(Note 2.4)**	41,949
Income from investment property	9,208
Other products	40,665
Total	**91,822**

(VIII) Other operating expenses

(Thousands of Euros)	2010
Contribution to deposit guarantee fund **(Note 1)**	(99,715)
Operating expenses on investment property	(6,449)
Other	(23,979)
Total	**(130,143)**

(IX) Personnel expenses

(Thousands of Euros)	2010
Wages and salaries	1,426,040
Social security contributions	281,183
Transfers to defined contribution plans	118,964
Transfers to defined benefit plans **(Note 21)**	3,439
Other personnel expenses	157,841
Total	**1,987,467**

(X) Other general administrative expenses

(Thousands of Euros)	2010
Property and fixtures	(152,999)
IT and systems	(153,973)
Advertising and publicity	(70,688)
Communications	(45,566)
Outsourced administrative services	(36,142)
Taxes other than income tax	(25,151)
Surveillance and security carriage services	(26,300)
Representation and travel expenses	(29,621)
Printing and office materials	(17,551)
Technical reports	(19,004)
Other expenses	(54,728)
Total	**(631,723)**

(XI) Impairment losses on financial assets (net)

(Thousands of Euros)	2010
Loans and receivables	**(2,071,008)**
Net allowances **(Note 12.4)**	(1,863,725)
Write-downs	(255,689)
Recovery of loans written off **(Note 25.4)**	48,406
Other financial instruments not measured at fair value through profit or loss	**(4,769)**
General allowance for debt securities	–
Write-downs	(4,769)
Equity instruments **(Note 11)**	*(510)*
Debt instruments	*4,259*
Total	**(2,075,777)**

(XII) Impairment losses on other assets (net)

(Thousands of Euros)	2010
Goodwill and other intangible assets (Note 18)	**(15,002)**
Other assets	**(55,001)**
Investments **(Note 16)**	(47,513)
Write-downs of property and equipment	(7,488)
Other assets	–
Total	**(70,003)**

(XIII) Gains (losses) on disposal of assets not classified as non-current assets held for sale

(Thousands of Euros)	2010
Gains on disposals of property and equipment	3,048
Losses on disposals of property and equipment	(116)
Gains/(Losses) on disposals of other assets	228,832
Losses on the disposal of investments	8,900
Total	**240,664**

(XIV) Gains/(losses) on non-current assets held for sale not classified as discontinued operations

(Thousands of Euros)	2010
Gains on disposal of non-current assets held for sale	–
Losses on disposal of non-current assets held for sale	–
Net write-downs of non-current assets held for sale	–
Other equity instruments	149,473
Total	**149,473**

Investments in credit institutions

In accordance with the provisions of Royal Decree 1245/1995 on the disclosure of shareholdings, "la Caixa" held an ownership interest in CaixaBank of 81.52% at December 31, 2011.

In addition, at December 31, 2011, CaixaBank held not ownership interest equal to or greater than 5% of the capital or voting rights of any credit institution other tan the investments in subsidiaries and associates listed in Appendix 1 and there are no Spanish or foreign credit institution or group of which a credit institution forms part that 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 2011, CaixaBank complied with the minimum reserve ratio required by applicable Spanish regulations.

Deposit guarantee fund

In 2011, CaixaBank made an annual contribution to the Savings Bank Deposit Guarantee Fund, the institution responsible for guaranteeing the money deposited and securities placed with savings banks. This contribution was 1/1000 of the calculation base.

In 2011, amendments were made to regulation affecting contributions to the Deposit Guarantee Fund. The first amendment, introduced under Bank of Spain Circular 3/2011 of June 20, establishes additional contributions to existing funds for member institutions that arrange time deposits or settle demand deposits whose agreed remuneration exceeds the limits set by the Bank of Spain. These contributions are calculated and made quarterly, weighted at 400% of balances affected and applying the institution's ordinary percentage contribution. The first settlement in this connection was made in November.

The second amendment, introduced under Royal Decree-Law 19/2011 of December 2, modifying Royal Decree-Law 16/2011 of October 14, creating the Deposit Guarantee Fund of Credit Institutions, aims to integrate the three deposit guarantee funds existing at that time (for savings banks, banking institutions and credit cooperatives), while guaranteeing the flexibility to strengthen the solvency and operating efficiency of the institutions.

The maximum annual contribution was also revised, from 2 per thousand to 3 per thousand of guaranteed deposits, compared to the 1 per thousand in place until then for savings banks. This new contribution percentage will be effective as from the first settlement made in 2012.

The amounts accrued for contributions to the Deposit Guarantee Fund are recognized under "Other operating expenses" in the income statement (see Note 32).

Events after the reporting period

On December 15, 2011, the Board of Directors of CaixaBank agreed, pursuant to the authorization granted at the General Shareholders' Meeting held on May 12, 2011, to issue the following bonds (the "Bonds"):

1) subordinated mandatorily convertible and/or exchangeable bonds in CaixaBank shares with a par value of €100 each and a 6.5% nominal coupon (the "Convertible/Exchangeable Bonds") up to an amount excluding the pre-emptive subscription rights of shareholders of €1,469,275,800;

2) subordinated bonds series I/2012, with a par value of €100 each and a 4.06% APR (TAE) coupon (the "Subordinated I") up to a maximum amount of €2,100,000,000; and

3) subordinated bonds series II/2012, with a par value of €100 each and a 5.095% APR (TAE) coupon (the "Subordinated II") up to a maximum amount of €1,328,310,200.

50% of the outstanding face value of Convertible/Exchangeable Bonds will be mandatorily converted into and/or exchanged for shares of CaixaBank on June 30, 2012. The remaining 50% that has not been previously converted and/or exchanged will necessarily be converted into or exchanged for shares of CaixaBank on June 30, 2013. Both the Subordinated I and Subordinated II issues will have a 10-year maturity period from the disbursement date.

For the purpose of the conversion and/or exchange of the Convertible/Exchangeable Bonds, the value of the CaixaBank shares will be the greater of: (i) €3.73 per share; and (ii) 100% of the average quoted price of CaixaBank shares during the last 15 stock exchange trading days of the repurchase offer acceptance period.

The issues target holders of the Series A and Series B preference shares (*participaciones preferentes*) issued by Caixa Preference Limited (currently Caixa Preference, SAU) and the series I/2009 shares issued by "la Caixa" (with CaixaBank assuming the position as issuer by virtue of the spin-off by "la Caixa" in favor of Microbank of the assets and liabilities that made up the financial activity of "la Caixa" and the subsequent absorption of MicroBank, SA by CaixaBank) accepting the offer to buy back said preference shares held by them.

The Preference Shares will be bought back at 100% of their par value (i.e. €1,000), to be paid in the following manner:

(i) To the holders of the Series A and Series B preference shares for each preference share: €300 in cash and 7 Subordinated I, subject to the irrevocable subscription application referred to below.

(ii) To the holders of the series I/2009 for each preference share: €300 in cash and 7 Subordinated II, subject to the irrevocable subscription application referred to below.

As part of the purchase price, holders accepting the repurchase officer will receive the outstanding interest accrued and payable since the last interest payment date for each of the preference shares until the day, inclusive, prior to the effective preference share buyback date, rounded up or down to the nearest euro cent (the "Accrued Interest").

Acceptance of the repurchase offer can only be made in respect of all of the preference shares they own in each series; i.e., preference shareholders are not entitled to partially accept offers with respect to a given series.

Furthermore, acceptance of the repurchase offer is conditional upon a simultaneous irrevocable subscription application for three Convertible/Exchangeable Bonds for every preference share repurchased. The holder accepting the offer will be obliged to reinvest the total price paid in cash (less Accrued Interest) in the subscription of the Convertible/Exchangeable Bonds.

The Repurchase Offer was accepted for a total of 4,819,807 Preference Shares, representing 98.41% of the Preference Shares to which this offer was directed.

- On January 31, 2011 –subsequent to a tender involving national and international entities– CaixaBank announced it had entered into an agreement to sell its investment fund, securities investment companies and individual system pension fund depositary business to the Association of Spanish Savings Banks.

  A fixed selling price of approximately €100 million was set forth in a global agreement. An additional earn-out of up to €50 million may also be accrued depending on the performance of the custody business.

  It is envisaged that this transaction will be finalized in the first half of 2012, and it is subject to the normal conditions and authorizations required for this type of transaction.

- On February 7, 2012 and in relation to the enactment of Royal Decree-Law 2/2012 on the restructuring of the financial system, CaixaBank, SA announced its preliminary estimates of requirements for real estate asset write-downs.

  This consideration amounts to €2,436 million and is earmarked entirely to bolstering loans portfolio provisions, €955 million of which come from the general provision covering 7% of assets classified as normal. No additional allowance for foreclosed assets its required.

  The excellent ability to generate recurring operating income and the provision at December 31, 2011 will enable CaixaBank, if applicable, to meet these requirements.

  At the date of authorization for issue of these financial statements the regulators had not yet issued a regulation concerning recognition of the above-mentioned provisions.

Furthermore, estimated capital requirements, over and above the increase in allowances, amount to €745 million. CaixaBank has €6,376 million of surplus capital over and above the core capital requirement at December 31, 2011 to cover these requirements, registering a core capital ratio of 12.6% over the required minimum of 8% (see Note 4).

- Following the various downgrades to Spain's sovereign rating in January 2012, on February 13, 2012, Fitch and Standard & Poor's awarded CaixaBank the following ratings:

  – Fitch: Long-term rating A–, short-term rating F2. Negative outlook.

  – S&P: Long-term rating BBB+, short-term rating A–2. Stable outlook.

2. ACCOUNTING POLICIES AND MEASUREMENT BASES

The 2011 financial statements were prepare using the accounting principles and measurement bases defined in Bank of Spain Circular 4/2044 of December 22 on Credit Institutions, public and confidential financial reporting rules and formats.

The main accounting principles and policies and measurement bases applied specifically by CaixaBank, S.A., with the quantitative and qualitative explanations considered appropriate, are:

2.1. Financial instruments

Fair value and amortized cost

Upon initial recognition, all financial instruments are recognized on the balance sheet at fair value which, unless there is evidence to the contrary, is the transaction price. Subsequently, at a specified date, the fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties on an arm's length basis.

Specifically, financial instruments are classified using the following hierarchy for determining fair value by valuation technique:

Level I: on the basis of quoted prices in active markets.

Level II: using valuation techniques in which the assumptions correspond to directly or indirectly observable market data or to quoted prices on active markets for similar instruments.

Level III: valuation techniques are used in which certain of the main assumptions are not supported by observable market data.

Most of the financial instruments recognized as available-for-sale financial assets and as "held-to-maturity investments" have, as the objective reference for determining their fair value, quoted prices in active markets (Level I) and, therefore, the fair value is determined on the basis of the price that would be paid for it on an organized, transparent and deep market ("quoted price" or "market price"). In general, this level includes listed debt securities, listed equity securities, derivatives traded on active markets and mutual funds.

The fair value of the instruments classified in Level II, for which there is no market price, 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, 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 derivatives and financial instruments (debt instruments and equity instruments) traded in scantly deep or transparent organized markets is determined methods such as "net present value" (NPV), where each flow is discounted and estimated bearing in mind the market to which it belongs and the index to which it refers, 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). Most of the financial instruments classified as trading and hedging derivatives are measured following the criteria for Level II.

The fair values of loans and receivables, and financial liabilities at amortized cost, also classified in Level II, were estimated based on discounted cash flows, bearing in mind the estimate of interest rate, credit and liquidity risks in the discount rate.

The fair value of instruments classified in Level III, for which there are no directly observable market data for their measurement, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters with a risk profile that can be readily equated to that of the instrument being measured.

For unquoted equity instruments, classified in Level III, CaixaBank considers acquisition cost less any impairment loss determined based on publicly available information is the best estimate of fair value.

The breakdown by methods used to calculate the fair value of the financial instruments held by CaixaBank at December 31, 2011 and January 1, 2011 is as follows:

Assets

	Thousands of Euros					
	31/12/2011			01/01/2011 **(*)**		
	Level I	Level II	Level III	Level I	Level II	Level III
Held-for-trading portfolio (Note 10)	**1,916,462**	**2,207,735**	**1,905**	**1,171,094**	**1,828,684**	**117,942**
Debt instruments	1,820,125	20,075	1,570	1,053,891	5,587	117,942
Equity instruments				56,025		
Trading derivatives	96,337	2,187,660	335	61,178	1,823,097	
Available-for-sale financial assets (Note 11)	**9,708,337**	**633,997**	**1,259,270**	**11,747,224**	**2,121,410**	**1,443,610**
Debt instruments	6,238,153	633,997	1,157,270	7,688,287	2,121,410	1,236,314
Equity instruments	3,470,184	–	102,000	4,058,937		207,296
Loans and receivables (Note 12)	**–**	**209,928,696**	**–**	**–**	**210,121,498**	**–**
Loans and advances to credit institutions		5,619,355			8,721,943	
Loans and advances to customers		200,816,479			196,580,615	
Debt instruments		3,492,862			4,818,940	
Held-to-maturity investments (Note 13)	**5,308,425**	**1,792,845**	**–**	**5,175,535**	**1,911,520**	**–**
Hedging derivatives (Note 14)	**–**	**15,037,599**	**–**	**–**	**11,303,559**	**–**
Total	**16,933,224**	**229,600,872**	**1,261,175**	**18,093,853**	**227,286,671**	**1,561,552**

Liabilities

	Thousands of Euros					
	31/12/2011			01/01/2011 **(*)**		
	Level I	Level II	Level III	Level I	Level II	Level III
Held-for-trading portfolio (Note 10)	**1,944,685**	**2,160,575**	**5,772**	**793,879**	**1,800,358**	**4,539**
Short positions	1,811,361			744,386		
Trading derivatives	133,324	2,160,575	5,772	49,493	1,800,358	4,539
Financial liabilities at amortized cost (Note 20)	**–**	**217,827,327**	**–**	**–**	**222,140,792**	**–**
Loans and advances to credit institutions		23,387,171			18,521,241	
Customer deposits		143,175,030			152,506,415	
Marketable debt securities		43,658,553			42,906,092	
Subordinated liabilities		4,985,678			6,385,432	
Other financial liabilities		2,620,895			1,821,612	
Hedging derivatives (Note 14)	**–**	**11,633,757**	**–**	**–**	**9,091,706**	**–**
Total	**1,944,685**	**231,621,659**	**5,772**	**793,879**	**233,032,856**	**4,539**

(*) See Note 1, "Comparison of information."

Movements in Level III balances in 2011 were as follows:

Level III movements

	Thousands of Euros				
	Financial instruments at fair value through profit or loss		Available-for-sale financial assets		
	Trading securities	Trading derivatives	Debt instruments	Equity instruments	Total
Balance at 01/01/2011 (*)	**117,942**	**(4,539)**	**1,236,314**	**207,296**	**1,557,013**
Total gains or losses					
To profit and loss	(174)	(1,233)	–	(125)	(1,532)
To equity valuation adjustments			(76,629)	129	(76,500)
Purchases	861	335	15,243	40,813	57,253
Settlements	(117,059)		(17,658)	(146,113)	(280,830)
Balance at 31/12/2011	**1,570**	**(5,437)**	**1,157,270**	**102,000**	**1,255,404**
Total gains or losses in the period for instruments held at December 31	**174**	**1,233**	**76,629**	**–**	**78,036**

(*) See Note 1, "Comparison of information."

Certain financial assets and liabilities are recognized on the balance sheet at amortized cost. This method is used for financial assets classified as "Loans and receivables" and "Held-to-maturity investments" and for financial liabilities classified as "Financial liabilities at amortized cost."

Classification and measurements of financial assets and liabilities

Financial instruments are classified for the purposes of management and measurement into one of the following categories: "Held-for-trading portfolio," "Other financial assets and liabilities at fair value through profit and loss," "Loans and receivables," "Held-to-maturity investments," "Available-for-sale financial assets" and "Financial liabilities at amortized cost." Any other financial assets and liabilities not included in these categories are recognized under one of the following consolidated balance sheet headings: "Cash and balances with central banks," "Hedging derivatives" and "Investments."

Held-for-trading portfolio: This heading mainly comprises financial assets or liabilities acquired or issued for the purpose of selling in the short term or which are part of a portfolio of identified financial instruments 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 includes are derivative asset and liabilities that do 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: This category includes financial instruments designated by the 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 and, in general, 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, risk management and control of risks and returns permitting verification that risk has effectively been mitigated.

Held-to-maturity investments: These are debt instruments traded in an active market with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity.

Loans and receivables: This heading includes financing granted to third parties through ordinary lending and credit activities carried out by the consolidated entities, receivables from purchasers of goods and services rendered, and for debt instruments not quoted or quoted in markets that are not sufficiently active.

Available-for-sale financial assets: These assets include debt and equity instruments not classified under any of the preceding categories.

Financial liabilities at amortized cost: This heading 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 recognized in this item, irrespective of the substances of the contractual arrangement and maturity of such liabilities, arise from the ordinary deposit-taking activities of credit institutions.

Financial instruments are measured according to the provisions of Bank of Spain Circular 4/2004.

2.2. Derivatives and hedges

CaixaBank uses financial derivatives to manage its exposures to financial risks (see Note 3). When these transactions meet certain requirements, they qualify for hedge accounting.

When the Group designates a transaction as a hedge, it does so at inception of the transactions or of the instruments included in the hedge and formally documents the hedging relationship as appropriate 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 Group will assess the hedging instrument's effectiveness over its entire life taking into account the risk intended to be hedged.

CaixaBank considers hedges to be highly effective. A hedge is regarded as highly effective if it is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated.

To measure the effectiveness of hedges, the Institution analyzes whether from inception of the hedge and in subsequent periods the hedge is expected, prospectively, to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated, and retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item.

Hedging transactions performed by CaixaBank are classified as:

- Fair value hedges, which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognized 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 recognized financial asset or liability or with a highly probable forecast transaction and could affect profit or loss.

CaixaBank also hedges a certain amount of financial assets or liabilities which form part of the portfolio of instruments, but 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 (see Note 3.2.2). In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognized directly in the income statement with a balancing entry in "Adjustments to financial assets due to macro-hedges" or "Adjustments to financial liabilities due to macro-hedges," depending on the substance of the hedged item. In cash flow macro-hedges, the hedged items are recognized using the methods described in Note 2.1, without any changes for their consideration as hedged instruments. As indicated in Note 14, virtually all CaixaBank's hedges at December 31, 2011 and December 31, 2010 are fair value macro-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.

2.3. Foreign currency transactions

CaixaBank'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 Institution operates. The functional currency may be one other than the euro, depending on the country in which the subsidiaries are based. The presentation currency is the currency in which the Institution's financial statements are presented.

Foreign currency assets and liabilities, including unmatured foreign currency 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 2011 and 2010, except for non-monetary items measured at historical cost, which are translated to euros at the exchange rate ruling at the date of acquisition, and non-monetary items measured at fair value, which are translated to euros using the exchange rates ruling at the date on which the fair value was 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 by the Group in translating the foreign currency balances to euros were those published by the European Central Bank at December 31, 2011 and 2010.

The exchange differences arising on the translation of foreign currency balances and transactions to the functional currency of the Institution are generally recognized under "Exchange differences (net)" in the income statement. However, exchange differences arising on changes in the value of non-monetary items are recognized under "Equity – Valuation adjustments – Exchange differences" in the balance sheet until they are realized, and exchange differences arising on financial instruments classified as at fair value through profit or loss are recognized in the income statement with no distinction made from other changes in fair value.

In order to combine the individual financial statements of foreign branch offices whose functional currency is not the euro in the Group's financial statements, the Group applies the following policies: translate the financial statements of the foreign branches to the Institution's presentation currency, translate the financial statements at the exchange rates used by the Institution in translating foreign currency balances, except for income and expenses, which are translated at the closing exchange rate of each month, and recognize any exchange differences under "Equity - Valuation adjustments – Exchange differences" on the balance sheet until the related item is derecognized, with a charge or credit to profit or loss.

2.4. Recognition of income and expenses

The main policies applied by CaixaBank to recognize revenue and expenses are as follows:

Interest income, interest expenses, dividends and similar items
Interest income, interest expenses and similar items are generally recognized 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 recognized as income when the consolidated entities' right to receive payment is established. This is when the dividend is officially declared by the company's relevant body.

Fees and commissions
Fee and commission income and expenses are recognized in the consolidated income statement using criteria that vary according to their nature.

Financial fees and commissions, such as loan and credit origination fees, are part of the effective income or cost of the financial transaction and are recognized under the same heading as finance income or costs; i.e. "Interest and similar income" and "Interest expense and similar charges." These fees and commissions are collected in advance and taken to profit or loss over the life of the transaction, except when they are used to offset directly related costs.

Fees and commission offsetting directly related costs, understood to be those which would not have arisen if the transaction had not been arranged, are recognized 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 €400; any excess is recognized on the income statement over the life of the transaction. If the total sum of financial fees and commissions does not exceed €90, it is recognized immediately in profit or loss. In any event, directly related costs identified individually can be recognized directly on the income statement upon inception of the transaction, provided they do not exceed the fee or commission collected (see Notes 29 and 31).

Non-financial fees and commissions arising from the provision of services are recognized 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 recognized for accounting purposes on an accrual basis.

Deferred receipts and payments
Deferred receipts and payment are recognized for accounting purposes at the amount resulting from discounting the expected cash flows to net present value at market rates.

2.5. Transfers of financial assets

As provided for in the Circular, loans and credits transferred for which the risks and rewards associated with ownership the asset are retained substantially may not be derecognized from the balance sheet, and a financial liability associated with the financial asset transferred is recognized. This is the case of the loans and receivables securitized by CaixaBank under the terms of the transfer agreements.

However, in accordance with Transitional Provision One of the Circular, the above accounting treatment is only applicable to transactions carried out on or after January 1, 2004, but not to transactions taking place prior to this date. Accordingly, at December 31, 2011 and 2010, the consolidated balance sheet in the financial statements does not include the assets derecognized pursuant to the repealed accounting legislation, which under current legislation should have been retained on the balance sheet.

Financial instruments associated with contributions to securitization special purposes entities created after January 1, 2004, such as securitized bonds acquired by the Institution or loans granted, are recognized as a liability in the balance sheet, offsetting "Financial liabilities at amortized cost – Customer deposits."

Note 25.2 describes the most significant details of the asset securitizations carried out until 2011 year-end, irrespective of whether they led to the derecognition of the related assets from the consolidated balance sheet.

2.6. 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. A decline in fair value below acquisition cost is not necessarily evidence of impairment.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the year in which the impairment becomes evident. The reversal, if any, of previously recognized impairment losses is recognized in the consolidated income statement for the year in which the impairment no longer exists or has decreased.

When the recovery of any recognized amount is considered unlikely, the amount is written off, without prejudice to any actions that the Institution 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.

Debt instruments measured at amortized cost
The amount of an impairment loss incurred on a debt instrument carried at amortized cost is generally equal to the difference between its carrying amount and the present value of its estimated future cash flows.

Specifically, as regards impairment losses resulting from materialization of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when there is evidence of a deterioration of the obligor's ability to pay, either because this is in arrears or for other reasons, or when country risk materializes, considered to be as the risk associated with debtors resident in a given country due to circumstances other than normal commercial risk.

These assets are assessed for impairment as follows:

- Individually: for all significant debt instruments and for instruments which, although not material, are not susceptible to being classified in homogeneous groups of instruments with similar characteristics: instrument type, debtor's industry and geographical location of activity, type of guarantee or collateral, age of past-due amounts, etc.

- Collectively: the Group classifies transactions on the basis of the nature of the obligors, the conditions of the countries in which they reside, transaction status, type of guarantee or collateral and age of past-due amounts. For each risk group, it establishes the impairment losses ("identified losses") that it recognizes in the financial statements.

As of September 30, 2010, when the aforementioned Bank of Spain Circular 3/2012 came into effect, for the purposes of estimating hedging against the impairment of financial assets considered doubtful, the value of the real rights received as security is deducted from the outstanding risk of transactions with mortgage collateral, provided these are first call and duly constituted in favor of CaixaBank. The following percentages are applied to the value of the guarantee according to the type of assets covered by the real rights.

In addition to the identified losses, the Group recognizes an overall impairment loss on risks classified as "standard" and, therefore, not specifically identified. This loss is the inherent loss incurred at the date of preparation of the financial statements. It is quantified by applying the statistical parameters established by the Bank of Spain based on experience and on the information available concerning the Spanish banking system, which is modified when circumstances warrant.

Debt instruments classified as available for sale

The amount of the impairment losses incurred on debt instruments 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 recognized in the consolidated 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 reclassified, for the cumulative amount at that date, to the consolidated income statement. If all or part of the impairment losses are subsequently reversed, the reversed amount is recognized in the consolidated income statement for the year 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 recognized in the consolidated 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 unrealized losses are recognized 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 recognized 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 shall be 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 unrealized gains at the measurement date.

Impairment losses are recognized in the consolidated income statement for the period in which they arose, as a direct reduction of the cost of the instrument and their amount may not be reversed subsequently except in the case of a sale.

2.7. Mutual funds, pension funds and other assets under management

Mutual funds and pension funds managed are not presented on the face of the balance sheet since the related assets are owned by third parties. The fees and commissions earned in the period for the services rendered by CaixaBank, such as custody and asset management fees, are included under "Fee and commission income" in the income statement.

2.8. Personnel expenses and post-employment obligations

As part of the reorganization of the "la Caixa" Group (see Note 1, Reorganization of the "la Caixa" Group), practically all "la Caixa" employees were spun off to CaixaBank as of July 1, 2011 (with accounting effects as of January 1, 2011). The obligations assumed by "la Caixa" vis-à-vis these employees were also assumed by CaixaBank at that time. Among others, these commitments include "la Caixa"'s pension and similar obligations at June 30, 2011, primarily governed by the labor agreements on "la Caixa"'s pension schemes, dated July 31, 2000 and July 29, 2002, and by the labor agreement on early retirement, dated December 23, 2003.

Under the labor agreement signed on July 31, 2000, retirement commitments with currently serving personnel were rolled over to an external defined contribution plan. Among other aspects, the agreement established coverage for disability and care for widows and orphans.

The agreement also arranges guaranteed future benefits for certain groups of employees, where these benefits are treated as defined benefit commitments.

In 2002, in compliance with the labor agreement signed on July 29 of that year, the present value at that date of employees retired prior to July 31, 2000 was included under the Group's pension plan, and a specific policy was established with VidaCaixa, SA de Seguros y Reaseguros.

The transfer of commitments from "la Caixa" to CaixaBank resulted from the agreement reached with certain trade unions on April 1, 2011 in order to safeguard employees' labor conditions. One of the key points of this agreement is that "la Caixa" bank employees transferred to CaixaBank will be subject to the labor conditions set out in all collective labor agreements and other agreements in force in "la Caixa" at the time of transfer, without prejudice to any subsequent modifications agreed by all the parties. As a result, CaixaBank is required to maintain the same conditions and commitments for all employees transferred from "la Caixa", including post-employment obligations.

On July 10, 2011 and with the involvement of the committee set up to monitor compliance with the labor agreement of April 1, 2011, "la Caixa" and the trade unions agreed on the basis for implementing the sixth covenant, applicable in CaixaBank as of July 1, 2011. The agreements affect all employees adhered to the pension plan ("la Caixa" and CaixaBank employees) and all pension plan beneficiaries. The key points agreed are as follows:

1) approval of the creation of a Joint "la Caixa"/CaixaBank Pension Plan;

2) approval of the amendments to transform the specifications of the "la Caixa" employee Pension Plan to the Joint "la Caixa"/CaixaBank Pension Plan, and incorporation of two appendices of specifications (employees of "la Caixa" were included under the "la Caixa" plan, while employees of CaixaBank, all beneficiaries of the former "la Caixa" Pension Plan, and non-contributing members were included under the CaixaBank plan);

3) appointment of members of the Joint Pension Plan Monitoring Committee.

4) formal creation of the Joint "la Caixa"/CaixaBank Pension Plan Monitoring Committee.

On July 12, 2011 (effective July 1, 2011), "la Caixa" and CaixaBank signed a collective labor agreement with representatives of the main trade unions, in order to incorporate the above points in "la Caixa" and CaixaBank's pension and welfare scheme.

Post-employment benefits

Post-employment benefit obligations are all those undertaken by the CaixaBank with its employees, to be paid upon termination of their employment with the Group.

Defined contribution plans
All pension plan contributions made during the year are recognized under "Personnel expenses" in the income statement (see Note 33).

Defined benefit plans
CaixaBank records the present value of defined benefit post-employment obligations, net of the fair value of plan assets and of the net accumulated unrecognized actuarial gains and/or losses and of deferred past service costs, under "Provisions – Provisions for pensions and similar obligations" (see Note 22).

Plan assets are defined as those assets that will be used to directly settle plan obligations and that meet the following conditions:

- Are not owned by the Group but rather by a legally separate, non-related third party.

- Are available to pay or finance post-employment benefits and can never be allocated to Group creditors, even in the case of insolvency proceedings. Assets cannot return to the Group, except where those remaining under the plan are sufficient to meet all post-employment obligations under the plan or assumed by the entity, or are used to reimburse post-employment benefits the Group has already extended to employees.

Virtually all of CaixaBank's defined benefit commitments are assured through polices contracted with the Group entity 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" on CaixaBank's individual balance sheet.

Actuarial gains and losses arise from differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions. The Group does not apply the corridor approach. Therefore, it recognizes the full amount of actuarial gains and losses in the income statement in the year they arise.

Past service cost, arising from changes in current plan arrangements for post-employment obligations or the addition of new benefits, is recognized on a straight-line basis over the period from when the obligation arises until the date the employee's irrevocable right to receive the benefit becomes vested.

The following are recognized in the income statement with respect to post-employment benefits:

- Current service cost, understood as the increase in the present value of obligations arising from employee service in the period.

- Interest cost, understood as the increase during a period in the present value of the obligation which arises because the benefits are one period closer to settlement.

- Expected return on insurance contracts linked to pensions less any costs of administering the plan and less any tax payable by the plan.

- The effect of any plan curtailments or settlements.

- Actuarial gains and losses arising from differences between the previous actuarial assumptions and what has actually occurred and changes in actuarial assumptions.

Other long-term employee benefits

Other long-term employee benefits include commitments with employees who have taken early retirement, both with respect to salary and social benefit contributions up to the date the employee is formally retired, as well as long-service bonuses paid (see Note 21).

Early retirement schemes

As indicated in the preceding note, CaixaBank assumed the obligations deriving from the two early retirement programs in force at the time the "la Caixa" Group was reorganized. These programs were launched in 2003 and, after being rolled over several times, lapsed on December 31, 2011. The first was a partial retirement scheme for employees over 60, and the second was an early retirement scheme for employees aged between 57 and 62 who had at least two and up to five years before reaching the agreed retirement age. To qualify for these two schemes, employees were required to meet a minimum length of service at CaixaBank and have paid in a minimum amount of social security contributions.

Employees taking part in the partial retirement scheme hold a part-time employment contract with CaixaBank, work an equivalent of 15% of a full-time position and receive 15% of their regular salary, their Social Security pension and an additional supplementary benefit insured through a policy taken out with VidaCaixa, SA de Seguros y Reaseguros. Employees on the early retirement scheme terminate their employment contract with CaixaBank and in return the company pays them a consideration depending on the duration of the early retirement, equivalent to a percentage of their gross annual salary over the last twelve months, as well as a gross payment of the amount set out in the special Social Security contributions agreement. This amount is increased on a yearly basis in accordance with the year-on-year change in the Consumer Price Index (CPI) for December. Employees on the early retirement scheme and the partial retirement scheme retain, for all purposes, their status as participants in the Pension Plan for CaixaBank employees.

CaixaBank covers the entire cost of the obligations for additional payments, social security contributions, defined contributions to the pension plan, and other obligations up to the retirement age agreed with the employees by a specific provision included under "Provisions – Provisions for pensions and similar obligations" in the balance sheet. The provision covers the cost for all employees who took early retirement up to December 31, 2011.

From the start of the early retirement schemes in 2003 to the termination of the program on December 31, 2011, 3,446 employees have taken early or partial retirement.

Long-service bonuses

CaixaBank has made a provision for long-service bonuses accrued by currently serving personnel and by employees on mandatory leave of absence. CaixaBank has assumed the obligation of paying a bonus to employees upon reaching 25 or 35 years of service at the institution. The amounts in this connection are recognized in the balance sheet under "Provisions – Provisions for pensions and similar obligations."

Termination benefits

Provisions for termination benefits are recognized under "Pension and similar obligations" and "Personnel expenses" when there is a demonstrable commitment to terminating the employment of personnel before the normal retirement date, or paying termination benefits as the result of an offer made to encourage voluntary redundancy. Since no such commitment exists, there are no provisions in this connection in the balance sheet.

Credit facilities made available to employees

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 agreed rates. The difference is recognized under "Administrative expenses – Personnel expenses," with a balancing entry under "Interest and similar income" in the income statement.

2.9. Income tax

The expense for Spanish corporation tax is considered to be a current expense and is recognized in the consolidated income statement, except when it results from a transaction recognized directly in equity. In that case, the income tax is recognized with a balancing entry in equity.

Temporary differences are recognized in the consolidated balance sheet as deferred tax assets or liabilities, separately from current tax assets or liabilities, which basically comprise income tax payments on account and VAT receivable.

2.10. Property and equipment

"Property and equipment" includes buildings, land, furniture, vehicles, computer hardware and other facilities owned by the Entity or acquired under finance leases. "Property and equipment" 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 assets leased under an operating lease. Property and equipment for own use includes assets held by the Institution for present or future use for administrative purposes, or for the production or supply of goods and services that are expected to be used over more than one financial year.

"Investment property" reflects the carrying amount of land, buildings and other structures held either to earn rentals or for capital appreciation.

Property and equipment 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.

Upon implementation of Bank of Spain Circular 4/2004, entities could choose to recognize unrestricted items of property and equipment at their fair value at January 1, 2004. "la Caixa" restated the acquisition value of property for own use on the basis of appraisals performed by valuers approved by the Bank of Spain, pursuant to Ministerial Order ECO/805/2003.

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 recognized 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 property and equipment

	Years of estimated useful life
Properties	
Construction	25-75
Facilities	8-25
Furniture and fixtures	4-50
Electronic equipment	4-8
Other	7-14

The Entity assesses at the reporting date whether there is any indication that the net carrying amount of an asset exceeds its recoverable amount. If this is the case, the carrying amount of the asset is reduced to its recoverable amount and future depreciation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life, if the useful life has to be re-estimated. Any reduction in the carrying amount of the assets is recognized with a charge to "Impairment losses (net) – Other assets" in the income statement.

Similarly, if there is an indication of a recovery in the value of an asset, "la Caixa" recognizes the reversal of the impairment loss recognized in prior periods in the abovementioned income statement heading, and adjusts the future depreciation charges accordingly. 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 recognized in prior years.

Likewise, the estimated useful lives of items of property and equipment are reviewed each year or as which any indications are noted which make it advisable to do so and, where appropriate, the depreciation charges are adjusted in the consolidated income statements of future years.

Upkeep and maintenance expenses are recognized under "Administrative expenses – Other general administrative expenses" in the income statement.

2.11. Intangible assets

This heading includes deferred charges relating to the development of electronic banking and IT systems. These assets have a finite useful life and are amortized over a maximum period of five years.

This item also includes intangible assets acquired in business combinations and goodwill arising from mergers. Goodwill represents the payment made in anticipation of the future economic benefits from the assets acquired that are not capable of being individually identified and separately recognized. On certain occasions, goodwill arises from the significant economies of scale and synergies expected to be obtained by combining the operations of two or more businesses. A regular analysis is performed to detect any internal or external indications of impairment, and this is not amortized under any circumstances.

2.12. Non-current assets held for sale

This heading includes any asset that does not form part of operations and whose sale is highly probable within one year from the date of the annual financial statements; e.g. discontinued operations are subsidiaries acquired solely for the purpose of selling them and assets received in payment of debts.

Non-current assets held for sale are generally measured at the lower of their fair value less costs to sell and their carrying amount calculated as at the classification date.

Assets received in payment of debts, pursuant to the stipulations of Circular 3/2010, are recognized at the lower of the carrying amount of the financial assets foreclosed, understood as amortized cost net of estimated impairment, which will be at least 10%, and the market appraisal value of the asset received in its current condition less estimated costs to sell, which in no circumstances will be less than 10% of the appraisal value. The receipt of assets in payment of debts in no circumstances gives rise to the recognition of gains or the release of hedges on the foreclosed financial assets.

If the assets remain on the balance sheet for a longer time than initially envisaged, the net value of the assets is reviewed to recognize any impairment losses arising from difficulties finding buyers or reasonable offers. In no circumstances does the Institution delay recognition of this impairment which, at least, entails raising the hedging percentage from the aforementioned 10% to 20% or 30% for assets remaining on the consolidated balance sheet for more than 12 or 24 months respectively. Hedges for assets remaining on the balance sheet for more than 24 months may be replaced by those arising through an appraisal in relation to the period to which the financial statements refer. In this case, the sum of the hedge may not be less than the amount estimated for the assets that have been on the balance sheet for over 12 months, i.e. 20%.

2.13. Inventories

This item on the balance sheet includes non-financial assets held for sale in the ordinary course of business, 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 realizable value. Net realizable value is defined as the estimated selling price less the estimated costs of production and the estimates costs necessary to make the sale. The accounting principles and measurement bases applied to assets received as payments of debts, classified as inventories, are set out in Note 2.12.

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 recognized under "Impairment losses on other assets (net) – Other assets" in the consolidated income statement for the year in which the write-down or reversal occurs.

The carrying amount of inventories is derecognized and recognized as an expense in the consolidated income statement under "Other operating expenses – Changes in inventories" when the sale relates to activities that do not form part of the ordinary course of business or under “Other operating expenses – Other” in all other cases, in the period during which the related revenue is recognized.

2.14. Provisions and contingent liabilities

Provisions cover present obligations at the date of preparation of the financial statements arising from past events which could give rise to a loss for the entities, whose occurrence is considered probable and nature is certain, but of uncertain in timing or amount.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entities.

The Group’s consolidated 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 recognized on the liability side of the consolidated 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. Contingent liabilities are recognized under memorandum items on the balance sheet (see Note 24).

At year-end 2011, certain lawsuits and proceedings were ongoing involving consolidated entities arising from the ordinary course of their operations. CaixaBank’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.

2.15. Cash flow statement

The following terms are used in the presentation of cash flow statements:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities, such as subordinated financial liabilities. The issues launched by CaixaBank 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.

2.16. Investment in subsidiaries, jointly-controlled entities and associates

According to the Bank of Spain Circular, an entity controls another entity when it has the power to govern the financial and operating policies of an entity, or other economic activity, so as to obtain benefits from its operations. Control may be obtained through the payment or without ownership in the equity of the acquiree. Subsidiaries are defined as entities with which ”la Caixa” makes up a decision-making unit, which is presumed when it owns, directly or indirectly, half or more of the voting rights or, if this percentage is lower, it has power over more than half of the voting rights by virtue of agreements with other shareholders.

Jointly controlled entities are defined by the company as entities that are not subsidiaries but that, under a contractual arrangement, are jointly controlled by the Group and other unrelated shareholders.

Associates are companies over which the Company exercises significant direct or indirect influence and which are not subsidiaries or joint ventures. In the majority of cases, significant influence is understood to exist either when the Group holds at least 20% of voting rights of the investee, or if a lower percentage is held, this influence is considered to exist when a Company expressly states the will to exercise this significant influence and if any of the circumstances established in this regulation occur, such as (i) voting rights corresponding to other shareholders, (ii) representation on governing bodies and (iii) agreements and pacts signed between entities.

Equity investments in subsidiaries, jointly-controlled entities and associates are initially measured at cost, namely, the fair value of the consideration paid plus directly attributable transaction costs. The value of any preferential subscription rights acquired are also included in the initial measurement of value.

Subsequently, these investments are valued at cost less any cumulative adjustments for impairment.

As a minimum at the balance sheet date, and additionally whenever there is objective evidence that a carrying amount may not be recoverable, the Company carries out the appropriate impairment tests to quantify any correction to value. Such corrections to value are calculated as the difference between the carrying amount and recoverable value, the latter being understood as the greater of fair value at the time less selling costs and the fair value of future cash flows from the investment.

Impairment corrections and any reversals are recognized as an expense or income, respectively, on the income statement.

Reversals of impairment cannot exceed the carrying amount that the investment would have had at the date of the reversal if the impairment had never been recorded.

3. RISK MANAGEMENT

Global risk management is essential for the business of any credit institution. At CaixaBank, global risk management aims to optimize the return/risk ratio by identifying, measuring and assessing risks, and ensuring that they are always taken into account in the business decision-making process, without losing sight of the need to enhance customer service quality. Likewise, it aims to ensure the company's robust risk profile and to preserve capital adequacy and security mechanisms to strengthen the position of CaixaBank as one of the soundest entities on the Spanish market.

The risks it incurs as a result of its activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, and regulatory compliance risk.

Risk management is geared towards setting a risk profile aligned with the Institution's strategic objectives. It helps the Institution develop a system of authorization levels based on all fundamental risk variables and transaction amounts, and it enables it to quantify risks using scenarios based on capital use and expected loss.

The Board-approved General Risk Management Principles provide risk management guidelines at "CaixaBank" Group, which may be summarized as follows: which may be summarized as follows:

- Risk is inherent to the financial business and risk management is a function that corresponds to the entire organization. The most important general risk management principles: independence of the risk management function, joint decision-making, approval of transactions based on the borrower's repayment ability, monitoring of transactions until final repayment, and receipt of an appropriate return for the risk assumed.

- There are other general principles underlying the CaixaBank risk management model, which help make CaixaBank a benchmark institution: risk measurement and management using advanced approaches, swift, customer-centric decision-making through decentralization, the use of standard criteria and tools, and ensuring there are sufficient resources to perform the tasks.

As established in the 2004 New Basel Capital Accord (Basel II) and Directives 2006/48 and 49/EC of June 14, Law 13/1985 of May 25, and Bank of Spain Circular 3/2008, the Board of Directors of CaixaBank is the Institution's highest risk policy-setting body. Acting in line with the duties assigned by the Board, the Senior Executives are members of the following risk management committees:

- *Global Risk Committee*, which is responsible for the overall management of credit, market, operational, concentration, interest rate, liquidity and reputational risk, along with specific risks relating to the major investees, and for the effect of all these risks on solvency and capital management. The committee analyses the risk positions and sets policies to optimize risk management in line with the Institution's strategic objectives.

- *Approval Policies Committee,* which proposes loan approval powers and loan prices, process efficiency and streamlining measures, the level of risk assumed using diagnostic tests, and the risk profiles accepted in commercial campaigns.

- *Lending Committee,* which analyzes and, where appropriate, approves transactions that fall within the scope of its authority, and refers any transactions that exceed its level of authority to the Board of Directors.

- *Refinancing Committee,* which analyzes and, where appropriate, approves refinancing transactions that fall within the scope of its authority, and refers any transactions that exceed its level of authority to the Lending Committee.

- *Asset-Liability Committee (ALCO),* which analyzes liquidity, interest rate and foreign currency risk as part of structural risk, and proposes the hedges and issuances to manage these risks.

- *Real Estate Acquisition and Appraisal Committee,* which permanently controls this process and is first in line to approve procurements of such assets.

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

All risk measurement, monitoring and management work is carried out in accordance with the recommendation of the Basel Committee on Banking Supervision: "International Convergence of Capital Measurement and Capital Standards – A Revised Framework," commonly known as Basel II, and the subsequent implementing legislation in European directives and current Spanish legislation.

CaixaBank agrees with the need for this accord and the principles giving rise to it because it encourages better risk management and measurement and makes capital requirements sensitive to the risks actually incurred.

CaixaBank not only complies with the regulatory capital requirements proposed by Basel II, which are calculations designed to guarantee capital adequacy with confidence levels of 99.9%, but also applies more exacting levels and is moving towards an economic capital model of risk management with the intention of having sufficient capital to maintain the external credit ratings it has attained (see Note 4).

3.1. Credit risk

Credit risk, which is inherent to the business of credit institutions, is the most significant risk item on the CaixaBank balance sheet, and arises from banking and insurance business, treasury operations and the investee portfolio. The maximum credit risk exposure at December 31, 2011 of financial instruments recognized under "Trading Portfolio", "Other financial assets at fair value through profit or loss", "Available-for-sale financial assets", "Loans and receivables", and "Hedging derivatives" on the accompanying consolidated balance sheet, and "Contingent liabilities" and "Contingent commitments" as memorandum items on the balance sheet, does not differ significantly from the carrying amount, since no guarantees or other credit enhancements are included in its calculation.

3.1.1. Customer credit risk

Overview

CaixaBank gears its lending activity towards meeting the finance needs of households and businesses. Thus, despite a stagnant property market, loans to homebuyers play a key role and mortgages account for 65% of total loans. Credit issued to property developers to finance home construction is generally taken up by individual customers once the homes have been completed and sold.

The appraised value of collateral is 2.2 times the value of the outstanding principals in the mortgage portfolio.

The lending portfolio is highly diversified and fragmented, and credit risk is therefore reduced. In terms of geographic distribution, lending activity by CaixaBank is mainly concentrated in Spain.

Since most loans are to private borrowers and consist primarily of mortgages to first-time homebuyers, the loan structure has a significantly low level of risk. Doubtful loans amounted to €9,476 million and €7,103 million at December 31 and January 1 2011 respectively. This increase was caused by the general economic downturn and the application of prudent loan scoring criteria, resulting in a non-performing loans ratio (doubtful loans and contingent liabilities as a part of total risk) of 4.80% at December 31, 2011 (3.58% at January 1, 2011). The ratio is still lower than the ratio for the Spanish financial system as a whole (which, according to the figures for November 2011, stood at 7.51%).

Credit loss allowances were €5,605 million, representing a doubtful assets coverage ratio of 59%, or 136% taking into account mortgage collateral.

CaixaBank did not avail itself of the general credit loss allowance. Therefore, at December 31, 2011, this remained unchanged at €1,811 million from the first half. The general allowance covers 99.83% of the ratio defined in Appendix IX of Bank of Spain Circular 4/2004, well above the minimum required.

Therefore, the level of credit risk at CaixaBank is still one of the lowest in the Spanish financial system thanks to diversification, the value of its collateral and an appropriate risk coverage policy. Management of credit risk is characterized by a prudent approvals policy and a high degree of anticipation to achieve one of the soundest equity positions on the Spanish financial market.

Credit approval processes and organization

The approvals system implemented in previous years was unchanged in 2011. It is based on treatment of maximum amounts by guarantee and by customer in the case of individuals and larger companies, and by customer expected-loss thresholds in other business segments. New policies based on the borrower's credit rating were also applied in 2011.

The introduction of risk parameters in the approvals system proved to be an extremely effective method for delegating authority in the risk acceptance process. As a result, CaixaBank decided to extend the system based on expected loss for accept risks to the real estate developer segment. In early 2011, it was implemented in the branch office network.

Electronic files continued to play a major part in improving the efficiency of the approvals process for both new applications and existing transactions, by eliminating the need to physically move files. Systems were implemented for all types of approvals to provide a more accurate measurement of workloads at the various levels of organization.

As part of the process for determining the price of operations, one key feature is the pricing tools included in the applications system, and another is information on benchmark spread and risk-adjusted spread (see "Risk-adjusted return" below), which are calculated on a monthly basis. During 2011, margin management on transactions was stepped up in both the business areas and the risk areas. Throughout 2011, commercial price-setting tools were developed based on the pricing models already in place. These tools establish price approval levels once the risk premium calculated by the pricing model is covered. Accordingly, an additional approval layer is established to that applied until now.

The result of applying these tools and higher liquidity premiums in new loans has been a generalized increase in prices.

A specific risk-adjusted pricing model has been developed based on the measurement model designed to approval business-related transactions for self-employed individuals who are not customers or do not have close links with CaixaBank. This model is expected to be implemented in early 2012. The new pricing model rounds off the range of risk-adjusted pricing tools for individuals.

Default management

The trend in doubtful assets held by CaixaBank took the default ratio at December 31, 2011 to 4.80%, i.e. below the sector average. A comparison of this figure with the overall ratios for the sector confirms the sound position of the Institution, thanks to its effective credit risk management policies.

In this regard, one of the Institution's main risk management priorities was to continue the work that began in 2008 to make the organizational changes required to provide the units responsible for default management with the resources they need. 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.

The Institution has also taken measures for private customers experiencing temporary difficulties in paying off mortgage guarantee loans on their normal residence. These measures, which apply only to customers whose relationship with the Institution shows their unequivocal desire to honor 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 analyzed when deciding with customers on the process that best suits their particular situation.

Policies and strategies at CaixaBank in relation to problem assets in the construction and property development sector

The underlying criterion guiding CaixaBank'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, the Group studies the possibility of granting grace periods so that the financed land can be developed, ongoing property development can be finalized and finished units can be sold.

The analysis places special importance on the feasibility of projects, thereby avoiding a higher investment for those properties whose sale is not reasonably assured.

With regard to refinancing operations, the aim is to add new guarantees to reinforce guarantees 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 CaixaBank Group analyzes the possibility of helping with the sale through its Building Center, SA holding company, a real estate services specialist, with a view to efficiently managing 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. Flexibility is limited to the financing percentages and credit quality is not reduced under any circumstances.

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.

The receipt of assets in payment of debts in no circumstances gives rise to recognition of gains or the release of hedges on the foreclosed financial assets.

Policies and strategies relating to foreclosed assets

BuildingCenter, SA is the CaixaBank subsidiary responsible for managing the Group's real-estate assets. Subsequent to the reorganization of the "la Caixa" Group, BuildingCenter manages the real-estate assets deriving from CaixaBank's lending activity.

Real-estate assets are acquired by BuildingCenter 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 divisions and representatives of BuildingCenter, the latter of which manages these operations and is the final purchaser 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 divisions and representatives of BuildingCenter, the latter of which manages these operations and is the final purchaser 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.

Real-estate assets acquired by BuildingCenter are managed to recover the capital invested by selling the assets. The limited time since BuildingCenter started operations means that certain strategies established to sell these assets have reported turnover of little significance in 2011.

The strategies established are as follows:

- Land development. The economic volume of assets classified as "rural land" is immaterial with regard to all assets acquired taken as a whole. Nonetheless, certain procedures still have to be completed for some plots that are suitable for development in order for them to be developed, such as completion of planning process, redistribution of plots or the development of urban infrastructure, etc. These procedures are performed through Servihabitat's specialized services pursuant to very strict investment criteria. They are only performed when the investment ensures the value of the affected assets is 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 they can be sold. These measures are performed using the technical resources and experience of Suministros Urbanos y Mantenimientos, SA (Sumasa), a "la Caixa" Group subsidiary, also pursuant to very strict investment criteria.

- Property exchanged through swaps. This involves mobilizing 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 their solvency and 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 recovering 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. BuildingCenter implements an intense sales campaign through a multichannel system – Internet, CaixaBank branches, Servihabitat offices, and estate agents, etc. – drawing on the experience and capability of Servihabitat. Servihabitat is a company of the "la Caixa" Group, which manages BuildingCenter through a service contract. This continuously positions BuildingCenter as a benchmark in terms of sales volume and brand recognition and innovation.

Information regarding financing for property development and home purchasing

In line with CaixaBank's reporting transparency policy, the main data at December 31 and January 1, 2011 (date of the "la Caixa" Group's reorganization for accounting purposes, see Note 1) regarding financing for property development, home purchasing and foreclosed assets are discussed below.

The Institution's policy regarding problem assets in this sector and the status of liquidity and borrowing requirements on the markets are described in the sections on "Credit risk" and "Liquidity risk," respectively, in this note.

	Thousands of Euros	
	Carrying amount	
	31/12/2011	01/01/2011 **(*)**
Total loans and advances to customers excluding public sector (businesses in Spain)	181,008,305	183,531,725
Total assets	264,315,136	265,189,078
Impairment and credit risk provisions, General provisions	1,811,429	1,811,623

(*) See Note 1, "Comparison of information."

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at December 31 and January 1, 2011. 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.

31/12/2011

	Thousands of Euros		
	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**22,437,714**	**3,718,048**	**2,244,955**
Of which: Doubtful	5,798,451		1,793,369
Mortgage	*4,864,958*	*1,781,529*	*1,342,348*
Personal	*933,493*		*451,021*
Of which: Substandard	2,989,359	510,153	451,586
Memorandum items			
Asset write-offs	364,065		

01/01/2011 (*)

	Thousands of Euros		
	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**26,283,662**	**3,780,603**	**1,647,467**
Of which: Doubtful	4,080,496		1,433,232
Mortgage	*3,191,524*	*1,961,478*	*989,270*
Personal	*888,972*		*443,962*
Of which: Substandard	1,656,739	218,657	214,235
Memorandum items			
Asset write-offs	260,313		

(*) See Note 1, "Comparison of information."

The amounts shown in the preceding tables do not include the loans extended by CaixaBank to its subsidiary, Building Center, which at December 31, 2011 amounted to €1,433 million and to the rest of its real estate companies, mainly the Servihabitat Group, which at December 31, 2011 and January 1, 2011 amounted to €3,129 million and €4,088 million, respectively.

The level of cover for real estate developers and developments, considering general coverage, at December 31, 2011 stood at 70% (85% at January 1, 2011). If mortgage collateral is taken into account, cover at December 31, 2011 would be 154% (163% at 01/01/2011).

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 guarantee

	Thousands of Euros	
	Carrying amount	
	31/12/2011	01/01/2011 **(*)**
Without mortgage collateral	**1,782,661**	**2,043,594**
With mortgage collateral	**20,655,053**	**24,240,068**
Completed buildings	13,459,382	14,053,604
Homes	*10,560,958*	*11,561,748*
Other	*2,898,424*	*2,491,856*
Buildings under construction	3,125,738	5,391,332
Homes	*2,862,443*	*4,678,217*
Other	*263,295*	*713,115*
Land	4,069,933	4,795,132
Built land	*2,353,301*	*1,730,212*
Other	*1,716,632*	*3,064,920*
Total	**22,437,714**	**26,283,662**

(*) See Note 1, "Comparison of information."

Financing for home purchases

The breakdown of home loans for buyers at December 31 and January 1, 2011 is as follows:

	Thousands of Euros	
	Gross amount	
	31/12/2011	01/01/2011 **(*)**
Without mortgage collateral	348,505	392,011
Of which: doubtful	*6,572*	*8,008*
With mortgage collateral	69,356,975	69,662,406
Of which: doubtful	*1,026,539*	*971,091*
Total home loans	**69,705,480**	**70,054,417**

(*) See Note 1, "Comparison of information."

Home purchase loans with a mortgage guarantee at December 31 and 1 January, 2011, by the loan-to-value (LTV) ratio, based on the latest available appraisal, are as follows:

31/12/2011

	Thousands of Euros					
	LTV ranges					
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	TOTAL
Gross amount	10,766,926	19,829,651	30,782,635	7,473,975	503,788	69,356,975
Of which: doubtful	*36,923*	*131,298*	*528,136*	*307,718*	*22,463*	1,026,539

01/01/2011 (*)

	Thousands of Euros					
	LTV ranges					
	LTV ≤40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	TOTAL
Gross amount	10,051,684	18,500,779	31,876,178	8,598,884	634,881	69,662,406
Of which: doubtful	*24,738*	*102,747*	*476,117*	*346,434*	*21,055*	*971,091*

(*) See Note 1, "Comparison of information."

Credit risk analysis and monitoring

At CaixaBank, the Corporate Credit Risk Analysis and Monitoring Division reports to the Global Risk Management Division. Its function is two-fold: to prepare follow-up reports on individual borrowers or economic groups with higher risk levels, and to supervise monitoring of risk holders whose creditworthiness shows signs of deteriorating, using a scoring system based on risk alerts.

The risk alert system and the borrower scoring system based on the borrower's risk performance play a key role in assisting both the approval system, as discussed above, and the monitoring process. Therefore, borrowers who are more likely to default in the short term are analyzed more thoroughly and more frequently.

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

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

The Credit Risk Analysis and Monitoring Division also has a priority focus on monitoring the segment of property developers and builders. With respect to individuals, a risk prevention project enables early detection of any signs of deterioration in their ability to pay, allowing a separate analysis to be performed for each case and producing the best solution.

Limits on major risks

The maximum risk limit with large companies, which includes the credit risk on the portfolio of loans and equity interests, is allocated on a case-by-case basis according to the internal rating and maximum acceptable loss for each borrower considering bother expected and unexpected loss, at all times in line with the general CaixaBank policy of not assuming disproportionate risks, both in terms of their relative significance with respect to the size of the borrower company, measured with reference to its capital, and the share of CaixaBank in the total amount lent to the company by the banking industry as a whole. In 2011, the equity of both the CaixaBank Group and the "la Caixa" Group were considered in setting limits on major risks to ensure that excessive risks were not taken in either.

Credit risk measurement and rating

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

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure at default

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

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

Probability of default

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

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

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

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

The Corporate Rating function, which is the responsibility of the Credit Risk Analysis and Monitoring Division, has internal models in place to obtain ratings for the large companies segment. These are "expert" models which lend greater weight to the analysts' qualitative judgments. In view of the lack of internal default delinquency 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.

Details of exposure according to the estimated probability of default by the various customer segments at December 31, 2011 are provided below:

Exposure by probability of default (on-balance sheet and off-balance sheet balances)

	Segment							
Master Scale	Companies		SMEs		Retail			
Equivalent	Non-Developers	Developer	Non-Developers	Developer	Mortgage	Consumption	Cards	Total
MS 0-1	4.2%	0.0%	1.0%	0.1%	18.1%	13.6%	39.3%	12.2%
MS 2-3	40.8%	4.2%	13.4%	1.1%	34.7%	41.3%	30.2%	29.9%
MS 4-5	33.0%	32.3%	43.7%	17.0%	27.5%	27.0%	20.4%	30.0%
MS 6-7	15.7%	26.5%	32.2%	36.0%	11.7%	13.3%	8.8%	16.9%
MS 8-9	6.3%	37.0%	9.7%	45.8%	7.9%	4.8%	1.3%	11.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The table below shows, for individuals and legal entities, the percentages that go into default in each of the years analyzed and constitute the probability of default observed in each period.

NPL frequency trends

	2007	2008	2009	2010	2011
Retail	1.03%	1.69%	2.52%	0.84%	0.82%
Companies	1.55%	3.56%	5.04%	3.23%	3.86%

NPL frequency in the retail segment was calculated taking the contracts, rather than individuals, as the universe of the basis of calculation.

Loss Given Default

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

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

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

In 2011, the Bank of Spain gave permission for the application of internal LGD estimates in relation to SME promoter portfolios and large company and large property developer portfolios to calculate minimum regulatory capital requirements.

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

Risk-adjusted return

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

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

Unexpected loss and economic capital

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

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

Traditionally, two concepts have been distinguished:

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

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

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

The economic capital model forms the basis of the internal estimate of capital requirements which acts as a supplement to the regulatory view of capital adequacy. These measures form part of the Risk Control Panel and of the Internal Capital Adequacy Assessment Report presented to the supervisor (see Note 4).

Internal validation

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

The importance of the capital determination process requires proper control environments to ensure that reliable estimates are obtained from both quantitative and qualitative perspectives. The control environment must also be sufficiently specialized and operate on a continuous basis to act as a complement to traditional control functions (internal audit and supervision).

The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity.

The validation function at CaixaBank is currently controlled by the Internal Validation Unit as part of the Subdirectorate General of Technical Secretariat and Validation, which reports directly to the Assistant Executive Directorate General for Risk, and operates independently of the teams developing models and defining policies and procedures.

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

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

International Validation's annual plan includes the activities to be carried out in the year, distinguishing between regulatory compliance and specific reviews planned.

Regulatory compliance activities comprise:

- Validation cycles: A set of period reviews for the purposes of analyzing, on an annual basis for each internal model, their performance and integration within risk management processes. This guarantees an updated opinion on the state of the internal models and their uses.

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

- Regulatory reporting:

  – The update, at least annually, of the IRB Monitoring Dossier, a document required by the supervisor for each internal model.
  – Presentation of the Internal Validation Report.

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

As established in DV2 ("Validation Document no. 2", published by the Bank of Spain), the scope of reviews conducted by Internal Validation initially included credit and operational risk. However, in 2010, the scope of work of Internal Validation was extended to include monitoring of the internal market risk model.

The scope of validation in market risk was defined and approved by the Global Risk Committee in the first half of 2010. Its development began in 2011.

3.1.2. Counterparty risk generated by treasury operations

Quantification and management of credit risk from treasury operations show certain peculiarities, basically as a result of the type of financial instruments used and of the expediency and flexibility required for treasury transactions.

The maximum authorized 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 listings of shares and of protection insurance (CDS) for the counterparties in order to detect any impairment of their solvency.

The exposure of CaixaBank to credit institutions at December 31, 2011 was €2,632 million. Practically all exposures arising from Front Office operations 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 Executive Global Risk Management Division is responsible for integrating these risks within the Group's overall exposure management framework. However, specific responsibility for managing and monitoring exposure to counterparty risk arising from treasury activity lies with the Executive Risk Analysis and Approval Division, which draws up the proposals for approval of risk lines, and monitors the use of these lines.

Counterparty risk at CaixaBank is controlled by an integrated real-time system which provides information at any given time of the available limit for any counterparty, by product and maturity. Risk is measured both in terms of its current market value and as 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 Executive Risk Analysis and Approval Division and the Executive Legal Advisory Division actively manage and monitor the adequacy of the related contractual documentation. Virtually all the risks undertaken in connection with derivative instruments are covered by standardized 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 most of its counterparties, and these provide a guarantee of the market value of derivative transactions. The percentage of derivative collateralization with financial institutions at CaixaBank is more than 98%.

3.1.3. Risk associated with the investee portfolio

The risk relating to the CaixaBank 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 Executive Global Risk Management Division measures the risk involved with these positions, both from the standpoint of the risk inherent in market price volatility, using VaR models (a statistical estimate of the maximum potential losses by reference to historical data on changing prices) of the return spread in relation to risk-free interest rates, and from the point of view of the possibility of default, applying models based on the PD/LGD approach.

These indicators are monitored 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 strategic decisions to be made on its composition by Senior Executives at the CaixaBank Group.

The Market Risk Control Division, 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.

3.2. Market risk

The financial activity of credit institutions involves assuming market risk, which includes exposures from various sources: balance-sheet risk arising from interest rate and exchange rate fluctuations, the risk caused by taking up treasury positions, and the risk associated with equity investments which form part of the CaixaBank Group's diversification business. 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.

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

See section 3.2.3 in this Note for information on treasury trading activities in 2011.

3.2.1. Fair value micro-hedges

CaixaBank enters into fair value micro-hedges to cover the risks assumed by certain items. Micro-hedges are transactions in which the hedged item in either asset or liability transactions fully offsets the hedging instrument, normally a derivative.

CaixaBank enters into fair value micro-hedges, mainly to cover structured deposits that it sells to its customers. The aim of these micro-hedges is to stabilize the fluctuations in the value of the embedded derivative in hybrid financial instruments, which may be caused by shifting expectations of interest rates or equity markets. The embedded derivative associated with each financial transaction in this portfolio will be hedged against market risk with an offsetting transaction for the same value.

3.2.2. Exposure to structural balance sheet interest rate risk

Interest rate risk is managed and controlled directly by CaixaBank management through the Asset-Liability Committee (ALCO).

CaixaBank manages this risk with a two-fold objective: to reduce the sensitivity of net interest income to interest rate fluctuations and to preserve the economic value of the balance sheet. To attain these objectives, the Institution actively manages the risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on the Institution's own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers. The Senior Vice President of Treasury and Capital Markets is responsible for analyzing this risk and proposing hedging transactions in accordance with these objectives to the ALCO.

For accounting and management purposes, CaixaBank may enter into two clear-cut macro-hedges against interest rate risk on financial instrument portfolios:

- Macro-hedge against cash flow interest rate risk.

  The management objective underlying this accounting hedge is to reduce the volatility of net interest income in the event of interest rate fluctuations over a two-year time horizon. This macro-hedge therefore covers future cash flows on the basis of the net exposure of a portfolio comprising a group of assets and liabilities with exposures similar to interest rate risk exposures.

- Macro-hedge against fair value interest rate risk.

  The management objective underlying this accounting hedge is to preserve the economic value of the hedged items, which comprise fixed-interest rate assets and liabilities with original maturities of over two years, embedded options or options linked to balance sheet products (caps and floors), and derivatives sold to customers through the Front Office.

At December 31, 2011, CaixaBank used fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk. At year end, no cash flow macro-hedge positions were therefore open.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at December 31, 2011 of sensitive items on the CaixaBank consolidated balance sheet. The sensitivity to interest rates and the expected terms to maturity have been analyzed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behavior, 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 are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

Matrix of maturities and revaluations of the sensitive balance sheet at December 31, 2011

	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	> 5 years
ASSETS						
Mortgage collateral	96,888,704	12,566,545	91,907	73,544	80,923	568,090
Other guarantees	56,283,642	1,787,057	1,147,715	755,230	580,378	2,001,881
Debt instruments	3,388,053	1,677,345	4,676,091	3,985,199	544,761	611,669
Total assets	**156,560,399**	**16,030,947**	**5,915,713**	**4,813,973**	**1,206,062**	**3,181,640**
LIABILITIES						
Customer funds	81,361,162	14,077,384	12,470,137	2,682,721	1,972,449	9,337,342
Issues	19,304,936	5,148,887	6,242,763	3,948,083	4,369,396	12,515,617
Money market, net	14,260,081	–	–	3,000	–	14,774
Total liabilities	**114,926,179**	**19,226,272**	**18,712,900**	**6,633,804**	**6,341,845**	**21,867,733**
Assets less liabilities	**41,634,220**	**(3,195,325)**	**(12,797,187)**	**(1,819,831)**	**(5,135,783)**	**(18,686,093)**
Hedges	**(35,286,868)**	**5,345,618**	**7,856,123**	**4,136,954**	**4,263,958**	**13,684,215**
Total difference	**6,347,352**	**2,150,293**	**(4,941,064)**	**2,317,123**	**(871,825)**	**(5,001,878)**

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and changes in the slope of the curve. The two-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 +1.40% on the rising scenario and –1.24% on the falling scenario. In addition, interest rate scenarios of unparallel movements are analyzed to include the impact of curve flattening or steepening.

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

As a supplement to these measurements of sensitivity, VaR measures are applied in accordance with treasury-specific methodology.

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

3.2.3. Market risk of treasury positions

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

In addition to the tasks performed by the Corporate Risk Models Management Division, the Executive Global Risk Management Division supervises market risk and balance sheet risk, with a permanent analysis of control over market activity and balance sheet management, and also handles the internal validation of the models and methodologies used to quantify and monitor market risk.

In 2011, the average VaR for Front Office trading business was €4.5 million. The highest levels market risk levels (i.e. €15.1 million) were reached in November, mainly as VaR anticipates a potentially different movement in daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

Two methodologies are used to obtain this measurement:

- Parametric VaR: This method is based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. In accordance with the recommendations of the Basel Committee on Banking Supervision, it is applied using two time horizons: 75 days, giving more weight to recent observations, and 250 days, giving equal weight to all observations.

- Historical VaR: this technique calculates the impact on the value of the current portfolio of historical changes in risk factors. Changes over the last 250 days are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

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

A drop in the credit rating of asset issuers can also give rise to adverse changes in quoted market prices. Accordingly, the Corporate Risk Models Management 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), which constitutes an estimate of the specific risk attributable to issuers of securities.

At December 31, 2011, structured credit exposure at CaixaBank including the trading portfolio was residual and is measured at market prices.

Market VaR (arising from fluctuations in interest rates, exchange rates and the volatility of both) and Spread VaR are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors.

The table below shows an estimate of the average VaR amounts 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 the assumed credit spread risks. The risk amounts in relation to exchange rates and volatility, correlation of share prices, prices of commodities and inflation are of extremely marginal significance.

Parametric VaR by risk factors

	Thousands of Euros										
	Interest rates	Exchange rates	Share prices	Inflation	Commodity prices	Interest rate volatility	Exchange rate volatility	Credit spread volatility	Share price volatility	Commodity price volatility	Share price correlation
Average VaR 2011	**3,092**	**409**	**499**	**44**	**2**	**140**	**40**	**1,539**	**139**	**0**	**27**

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 back testing, 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.

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

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

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

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

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

Therefore, management of market risk in relation to treasury operations at CaixaBank complies with the methodology and monitoring directives proposed by Basel II.

3.2.4. Foreign currency risk

The equivalent euro value of foreign currency assets and liabilities held by CaixaBank at January 1 and December 31, 2011, is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Total foreign currency assets	**7,492,333**	**6,658,050**
Held-for-trading portfolio	45,268	46,113
Loans and receivables	3,939,278	3,150,788
Loans and advances to credit institutions	*686,198*	*770,708*
Loans and advances to customers	*3,253,080*	*2,380,080*
Other		
Investments	2,775,100	2,809,868
Other assets	732,687	651,281
Total foreign currency liabilities	**5,035,648**	**4,839,966**
Financial liabilities at amortized cost	4,325,751	4,336,144
Deposits from central banks	*1,476,425*	–
Deposits from credit institutions	*803,913*	*2,532,820*
Customer deposits	*1,339,566*	*1,146,237*
Marketable debt securities	*634,052*	*614,420*
Other	*71,795*	*42,667*
Other liabilities	709,897	503,822

(*) See Note 1, "Comparison of information."

The Senior Vice President of Treasury and Capital Markets 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 Front Office. This risk is managed by applying the principle of minimizing the assumed currency risks, which explains why the exposure of CaixaBank 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 amortized cost is as follows:

	Percentage	
	31/12/2011	01/01/2011 **(*)**
Loans and receivables	**100**	**100**
US dollar	70	54
Pound sterling	16	19
Swiss franc		1
Japanese yen	3	12
Canadian dollar	2	2
Other	9	12
Investments	**100**	**100**
Mexican peso	53	59
Hong Kong dollar	47	41
Financial liabilities at amortized cost	**100**	**100**
US dollar	60	73
Pound sterling	37	17
Japanese yen		7
Other	3	3

(*) See Note 1, "Comparison of information."

3.2.5. Information on sovereign risk exposure

CaixaBank's position in sovereign debt is subject to the Institution'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 to be taken that could increase the credit risk on names or countries in which the Institution has a high risk concentration unless express approval is given by the pertinent authority.

The position in public and regional debt is subject to the general concentration risk limits established. Specifically, in this respect a daily control procedure is in place to prevent new positions begin taken that could increase the credit risk on names or countries in which the Institution has a high risk concentration unless express approval is given by the Management Committee.

For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographical location of all of the CaixaBank 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 Front Office's public debt position, a set of limits on maturity and amount per country was approved in 2010 on positions in sovereign debt issues for managing residual liquidity on 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 guarantee mutual and pension funds. The report looks at portfolio performance by product type, category, country risk and issuer/counterparty risk.

In line with the CaixaBank Group's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at December 31, 2011 are shown below.

31/12/2011 (CaixaBank)

		Thousands of Euros				
Country	Residual maturity	Debt instruments held for trading **(Note 10)**	Short positions held for trading **(Note 10)**	Available-for-sale financial assets **(Note 11)**	Loans and receivables **(Note 12)**	Held-for-trading investments **(Note 13)**
Spain	Less than 3 months	181,585	(1,893)	1,932,374	262,757	
	Between 3 months and 1 year	413,407	(741,960)	1,256,830	1,684,681	
	Between 1 and 2 years	491,238	(381,762)	528,723	3,348,190	687,371
	Between 2 and 3 years	148,736	(41,762)	503,970	596,250	2,502,983
	Between 3 and 5 years	82,698	(204,250)	1,828,399	1,947,273	2,223,900
	Between 5 and 10 years	249,301	(155,189)	558,651	1,921,484	
	Over 10 years	130,769	(134,925)	12	1,428,309	
	Total	**1,697,734**	**(1,661,741)**	**6,608,959**	**11,188,943**	**5,414,254**
Belgium	Between 1 and 2 years	1,062				
	Over 10 years	447				
	Total	**1,509**	–	–	–	–
Greece	**Total**	–	–	–	–	–
Ireland	**Total**	–	–	–	–	–
Italy	Less than 3 months	15,364				
	Between 3 months and 1 year	6,660				
	Between 1 and 2 years	13,949	(10,249)			
	Between 2 and 3 years	28,253	(16,017)			
	Between 3 and 5 years	20,206	(15,547)			
	Between 5 and 10 years	20,000	(34,292)			
	Total	**104,432**	**(76,105)**	–	–	–
Portugal	Between 3 months and 1 year			496		
	Total	–	–	**496**	–	–
Other	Less than 3 months	184		812		
	Between 3 months and 1 year	534		685	57,533	
	Between 1 and 2 years	461			21,822	
	Between 2 and 3 years	78				
	Between 3 and 5 years	584			11,043	
	Between 5 and 10 years	1,274				
	Over 10 years	13,336	(73,515)			
	Total	**16,451**	**(73,515)**	**1,497**	**90,398**	–
Total		**1,820,126**	**(1,811,361)**	**6,610,952**	**11,279,341**	**5,414,254**

3.3. Liquidity risk

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

The Asset and Liability Management (ALM) Division, which reports to the Deputy General Manager Treasury and Capital Markets Division, is responsible for analyzing liquidity risk at CaixaBank. The analysis is performed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. Five crisis scenario categories are considered: three systemic crisis scenarios (macro-economic crises, malfunctions on capital markets and alterations in payment systems), a specific crisis scenario (reputation crisis), and a combined crisis scenario deemed to be the "worst-case scenario." The scenarios address various time horizons and LGD levels based on the nature of the crisis analyzed. For each crisis scenario, "survival" periods (defined as the ability to continue to meet its obligations) are calculated, with sufficient liquidity levels to cope successfully with the crisis situations considered.

On the basis of the analyses, a Contingency Plan has been drawn up and approved by the Board of Directors, defining an action plan for each of the crisis scenarios (systemic, specific and combined), with the measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using a number of stand-by reserves or extraordinary sources of finance.

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

Short-term liquidity is managed by the Senior Vice President of Treasury and Capital Markets, which ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times. This daily monitoring task is performed on the basis of the contractual maturity dates of the transactions.

The detail, by contractual term to maturity, of the balances of certain items on the CaixaBank balance sheets at December 31 and January 1, 2011, excluding valuation adjustments, in a scenario of normal market conditions, is as follows:

31/12/2011

	Millions of Euros						
	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and balances with central banks	2,712						2,712
Debt instruments – Trading portfolio		162	45	422	798	415	1,842
Trading derivatives		35	43	108	101	1,997	2,284
Available-for-sale debt instruments		50	2,012	1,482	3,859	626	8,029
Loans and receivables:	1,708	28,819	7,889	18,626	51,938	99,062	208,042
Loans and advances to credit institutions	*1,299*	*2,772*	*389*	*480*	*547*	*131*	*5,618*
Loans and advances to customers	*409*	*26,047*	*6,440*	*18,146*	*50,944*	*97,063*	*199,049*
Debt instruments			*1,060*		*447*	*1,868*	*3,375*
Held-to-maturity investments				100	7,262		7,362
Hedging derivatives		3	154	730	3,608	10,543	15,038
Total assets	**4,420**	**29,069**	**10,143**	**21,468**	**67,566**	**112,643**	**245,309**
Liabilities							
Trading derivatives		5	46	155	121	1,973	2,300
Financial liabilities at amortized cost:	64,958	30,196	8,259	31,927	59,184	25,630	220,154
Central Bank deposits		*1,164*	*309*		*12,100*		*13,573*
Deposits from credit institutions	*6,313*	*2,102*	*180*	*170*	*705*	*308*	*9,778*
Customer deposits	*57,835*	*26,029*	*6,401*	*28,310*	*24,485*	*2,091*	*145,151*
Marketable debt securities		*157*	*747*	*2,948*	*21,744*	*18,293*	*43,889*
Subordinated liabilities			*–*	*–*	*150*	*4,938*	*5,088*
Other financial liabilities	*810*	*744*	*622*	*499*			*2,675*
Hedging derivatives		5	100	293	1,833	9,397	11,628
Total liabilities	**64,958**	**30,206**	**8,405**	**32,375**	**61,138**	**37,000**	**234,082**
Assets less liabilities	**(60,538)**	**(1,137)**	**1,738**	**(10,907)**	**6,428**	**75,643**	**11,227**

01/01/2011 (*)

	Millions of Euros						
	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and balances with central banks	2,443						2,443
Debt instruments – Trading portfolio		1	16	150	646	364	1,177
Trading derivatives	1	30	27	105	213	1,502	1,878
Available-for-sale debt instruments		28	1,167	7,027	2,154	669	11,045
Loans and receivables:	2,580	16,934	17,058	13,282	56,850	103,899	210,603
Loans and advances to credit institutions	*1,005*	*3,779*	*3,576*	*262*	*46*	*156*	*8,824*
Loans and advances to customers	*1,575*	*13,155*	*11,333*	*13,020*	*56,286*	*101,697*	*197,066*
Debt instruments			*2,149*		*518*	*2,046*	*4,713*
Held-to-maturity investments					7,382		7,382
Hedging derivatives		27	81	3,533	596	7,067	11,304
Total assets	**5,024**	**17,020**	**18,349**	**24,097**	**67,841**	**113,501**	**245,832**
Liabilities							
Trading derivatives	1	1	29	135	197	1,489	1,852
Financial liabilities at amortized cost:	57,575	30,087	24,251	39,713	50,558	25,233	227,417
Deposits from central banks							–
Deposits from credit institutions	*1,581*	*4,826*	*6,971*	*80*	*4,157*	*806*	*18,421*
Customer deposits	*55,343*	*24,739*	*16,437*	*29,305*	*29,286*	*1,682*	*156,792*
Marketable debt securities		*72*	*346*	*8,544*	*17,115*	*17,647*	*43,724*
Subordinated liabilities				*1,500*		*5,098*	*6,598*
Other financial liabilities	*651*	*450*	*497*	*284*			*1,882*
Hedging derivatives		15	115	1,728	287	6,947	9,092
Total liabilities	**57,576**	**30,103**	**24,395**	**41,576**	**51,042**	**33,669**	**238,361**
Assets less liabilities	**(52,552)**	**(13,083)**	**(6,046)**	**(17,479)**	**16,799**	**79,832**	**7,471**

(*) See Note 1, "Comparison of information."

Bear in mind that the calculation of the gap in the total balance included in the previous chart projects transaction maturities according to their 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 duration than do liabilities; consequently, a short-term negative gap is generated, although we should take into account that the duration of customers' demand-deposit accounts is stable over time. In addition, and given the current liquidity climate, for our analysis we 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. Therefore, a portion of the liabilities are stable, others are very likely to be renewed, additional guarantees are available at the European Central Bank, and there is the capacity to generate new debt by securitizing assets and issuing mortgage- and/or public sector-covered bonds. In addition, the institution 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.

CaixaBank has €32,032 million in liquid assets as defined by the Bank of Spain in its liquidity statements. These assets, measured at market value and including the "valuation haircuts" applied by the European Central Bank, stand at €23,472 million, of which €14,101 million relate to sovereign debt. In practice, this valuation, which includes the "valuation haircuts," assumes the ability to readily convert the amounts. CaixaBank's liquidity, as shown by the net balance of interbank deposits and the balance that can be drawn on the credit facility with the ECB (including €318 million in assets in the process of being included) was €20,948 million and €19,638 million at December 31 and January 1, 2011, respectively.

Liquid assets (1)

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Liquid assets (nominal value)	32,032,003	27,323,290
Liquid assets (market value and ECB cut)	23,471,951	20,268,038
Of which: Central government debt	14,100,714	3,657,735

(*) See Note 1, "Comparison of information."
(1) Bank of Spain liquidity statement criteria.

The CaixaBank's liquidity management policy includes maintaining a liquidity level above 5% of the Institution's assets. This threshold was comfortably met throughout 2011, and was 7.9% at year-end. The liquidity level is mainly based on retail financing, since customer deposits account for 69% of financing sources.

As part of this approach to managing liquidity risk to allow it to anticipate potential needs for lendable funds, CaixaBank has a variety of financing programs that cover the various maturity periods to ensure it has adequate levels of liquidity at all times.

The Notes Program, with a principal amount of €6,000 million, provides access to short-term funds.

In addition, the securities note for the basic prospectus for non-equity securities (formerly the Fixed-Income Securities Program), which ensures the availability of long-term funding, was renewed and extended. The note amounts to €25,000 million, of which €17,375 million were available at December 31, 2011.

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. The amount drawable on the facility at 31.12.10 was €11,137 million.

Financing obtained from the European Central Bank through various monetary policy instruments was €12,409 million at December 31, 2011.

At December 31, 2011, CaixaBank had enormous financing potential through the issue of mortgage and public sector covered bonds. The financing capacity at December 31, 2011 and January 1, 2011, by type of instruments, is as follows:

Issuance capacity

	Thousands of Euros	
	31/12/2011	31/12/2010
Mortgage covered bond issuance capacity	18,460,037	21,952,000
Public-sector covered bond issuance capacity	3,683,545	4,822,350
Available issuances guaranteed by the state	–	13,753,000

Funding structure: 69% customer deposits at December 31, 2011.
Total liquidity: €20,948 million (7.9% of CaixaBank's assets) at December 31, 2011.
The Caixabank Group has decided not to apply for guarantees issued by the government for 2012.

At December 31, 2011 the available guarantees issued by the Treasury on behalf of CaixaBank amounting to €13,753 million matured. Royal Decree-Law 20/2011, of December 30, 2011, on urgent budgetary, fiscal and financial measures extended into 2012 the possibility of issuing guaranteed bonds, an activity conducted by Spanish credit institutions with significant operations in the national credit market. The CaixaBank Group has decided not to apply for these guarantees issued by the treasury.

CaixaBank's financing policies take into account a balanced distribution of issue maturities, preventing concentrations and diversifying financing instruments. Its reliance on wholesale funding is limited, while the maturities of institutional debt scheduled for the coming years are as follows:

Wholesale issue maturities (net of treasury shares)

	Thousands of Euros					
	2012	2013	2014	2015	> 2015	Total
Mortgage covered bonds	1,839,222	3,885,422	5,855,763	4,507,236	20,389,592	36,477,235
Public-sector covered bonds	200,000	1,195,300	–	–	–	1,395,300
Senior debt	287,800	998,950	999,900	–	30,000	2,316,650
Subordinated debt and preference shares	–	–	–	–	190,000	190,000
Total wholesale issue maturities	**2,327,022**	**6,079,672**	**6,855,663**	**4,507,236**	**20,609,592**	**40,379,185**

CaixaBank was extremely active on the capital markets in 2011, raising finance from institutional investors to the tune of €6,324 million It carried out three public placements for €4,500 million in mortgage covered bonds and several private issues of different instruments for €1,824 million, such as plain vanilla bonds, public sector covered bonds and mortgage covered bonds.

During the second half of 2011, the CaixaBank Group issued public-sector covered bonds to the tune of €4,000 million, in order to use them as assets that increase the credit facility with the European Central Bank.

In addition, in June it issued €1,500 million of mandatory convertible subordinated bonds targeting all investor types.

These issues, targeting the capital markets and all investor types, further bolstered CaixaBank's liquidity position.

3.4. Operational risk

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

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

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

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

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

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

- Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk at CaixaBank. It assists the various areas of business and subsidiaries, and consolidates reporting information for Management. It operates as part of the Credit Risk Methodologies and Models Division, reporting to the Executive Global Risk Management Division.

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

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

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

- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database.

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

In 2011, the qualitative identification of risks at most areas and subsidiaries was being completed, which should back this monitoring. The real loss reporting and main risk monitoring circuit was also strengthened. As for dissemination, the content of the Operational Risk website was revamped and updated.

3.5. Compliance risk

As a result of the transfer of the financial activity of "la Caixa" to CaixaBank on July 1, 2011, the compliance risk of this activity in 2011 explained below was managed by "la Caixa" until June 30 and by CaixaBank from July 1.

CaixaBank's compliance policy is based on the principles of integrity and ethical conduct, the cornerstones of the CaixaBank Group's business. In addition, since 2007 the regulatory compliance function at financial institutions is a legal requirement in:

- Law 47/2007 of December 19 on the Securities Market, amending Law 24/1988 of July 28.

- RD 216/2008 of February 15 on the capital of financial institutions.

- RD 217/2008 of February 16 on companies offering investment services.

The mission of Regulatory Compliance

The mission of Regulatory Compliance at CaixaBank focuses on management of the risk of legal or regulatory penalties, financial, material or reputational loss that may be incurred by CaixaBank as a result of failure to comply with laws, regulations, regulatory standards or codes of conduct.

This mission involves carrying out a number of activities, such as: creating, publicizing and implementing the culture of compliance at all levels of CaixaBank, advising Senior Executives with respect to Regulatory Compliance, drawing up and /or promoting internal rules and codes, or improving those that already exist, defining effective procedures, and proposing suitable controls. Any risk of non-compliance must be detected, and if necessary proposals must be made with a view to improvement. Any shortcomings must be monitored and examined using the principles of ethical conduct.

Regarding reputational risk management, regulatory compliance tasks currently focus on the following:

• Process analysis and control.

• Integrity.

• Money laundering prevention.

Process analysis and control

To achieve these, Regulatory Compliance drafts assessment reports on regulatory compliance to identify the risks related to the processes analyzed and follows up improvements on a monthly basis until they are complete.

In 2011, Regulatory Compliance analyzed the risks of the criminal liabilities of legal entities within the parent and subsidiaries.

Integrity: internal codes and rules of conduct

This relates to the set of initiatives designed to oversee good practice in the Institution and especially the practices established in the Institution's codes of ethics:

• Internal Rules of Conduct on matters relating to the Stock Market (IRC)

• Code of Business Conduct and Ethics

• Telematic Code of Conduct

On June 27, 2011, the Board of Directors approved the CaixaBank Internal Rules of Conduct (IRC) on matters relating to the Stock Market in order to adapt it to CaixaBank's operations as a listed credit institution, issuer of securities and provider of investment services.

On September 22, 2011, the CaixaBank Code of Ethics was approved. This code tasks Regulatory Compliance with handling the related communications and inquiries.

CaixaBank took a number of courses of action in 2011 to enforce the IRC, including:

• Updating content of the Regulatory Compliance intranet site, which provides information on CaixaBank's new regulations and codes of conduct and reports information on the entire scope of Regulatory Compliance and other issues of interest to all employees.

• The Inventory on the Separation of Functions (departments or work groups which may have access to privileged information regarding securities markets due to the nature of their work) was updated, and regular checks were made to ensure that the barriers (physical and organizational) were functioning correctly to prevent the improper transfer of privileged information.

• Application of the policy of conflicts of interest at CaixaBank –implementation of the methodology of the Spanish Confederation of Spanish Savings Banks (CECA) for management of conflicts of interest, the update and, as appropriate, identification of potential conflict of interest scenarios within the Divisions, and the adaptation of measures adopted to prevent and management conflicts of interest.

Money laundering prevention

Since the end of 2010, the Money Laundering Prevention Operational Unit has been integrated in the Regulatory Compliance Division under the management and supervision of the Internal Control and Communication Body. This Unit is dedicated exclusively to overseeing compliance with the money laundering prevention obligations imposed by law on credit institutions.

The functions delegated expressly by the Internal Control Body in the Money Laundering Prevention Operating Unit (MLPOU) and carried out in 2011 are as follows:

- Receive notifications by employees of events related to the prevention of money laundering and analyze the relevant information so that once the notification is received, the events or transactions notified are analyzed and verified to determine their potential relationship with money laundering, issuing instructions deemed pertinent.

- Present within the time limit and the manner stipulated the regular statements required by money laundering prevention regulations.

- Comply promptly, safely and efficiently with requirements to report to the competent authorities on matters of money laundering prevention.

3.6. Internal Audit

The CaixaBank Group's internal audit function is the responsibility of the Senior Vice President of Audit, Internal Control and Compliance, which is part of the entity's Management Committee. This unit reports systematically to the Executive Vice chairman – CEO, and to the Audit and Control Committee, the supervisory body of the internal audit function.

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

CaixaBank's internal audit function and that of its parent is currently the responsibility of the same individual, without prejudice to each audit team's responsibilities for reporting to the respective control committees, audit committees and other control and supervisory bodies in each company.

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

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

Internal audit verifies compliance with the internal guidelines and regulatory norms, in addition to the efficiency and efficacy of the controls in place, and issues recommendations in cases where weaknesses are detected. It is also responsible for internal supervision within the global risk management framework of Basel: Pillar 1 (credit risk, operational risk and market risk), Pillar 2 (internal capital adequacy assessment process and other risks) and Pillar 3 (information of prudential relevance).

3.7. Internal control of financial information

The CaixaBank Group's Internal Control over Financial Reporting Model includes a combination of processes designed by the Finance Department 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 recommended by the Spanish Securities Market Regulator (CNMV) in the draft Guidelines on Internal Control over Financial Reporting in Listed Companies, published in June 2010.

The mechanisms comprising the risk management and control systems regarding the process of publishing the Institution's financial information are explained in more detail in the 2011 Annual Corporate Governance Report.

4. CAPITAL ADEQUACY MANAGEMENT

Regulatory framework

The capital adequacy of financial institutions is regulated by Bank of Spain Circular 3/2008, which transposed the content of two related European directives (2006/48/EC and 2006/49/EC), known internationally as Basel II.

The regulatory framework is currently in the midst of being reformed as the international financial crisis uncovered the need to amend and strengthen the regulations of the financial system. Specifically, in December 2010, the Basel Committee on Banking Supervision (BCBS) presented details of global regulatory standards on bank capital adequacy and liquidity, known collectively as the Basel III Accord. The European Commission includes these standards in the EU Capital requirements directive (CRD IV) (approved in the fourth quarter of 2011). At national level, these standards are awaiting being transposed into Spanish law for application from January 1, 2013.

Nevertheless, in November 2011, the Bank of Spain made certain amendments to Circular 3/2008 through Circular 4/2011, in order to advance towards adapting the regulations to the new criteria established in Basel III and ensuring computability of equity instruments issued from 2012.

In addition, throughout the year several steps were taken, both in Spain and internationally, to strengthen banks' financial architecture and solvency, including the adoption of new, stricter rules and requirements.

In Spain, Royal Decree-Law 2/2011 of February 18, 2011, to strengthen the financial system, defined a new indicator, Core Tier 1 capital. The Core Tier 1 capital requirement for the "la Caixa" Group, including CaixaBank Group, is 8% of risk-weighted assets. At December 31, 2011, both the "la Caixa" Group and the CaixaBank Group easily met this requirement, with the CaixaBank Group's core Tier 1 capital ratio standing at 12.6%.

Internationally, the European bank stress tests conducted in 2011 by the European Banking Authority (EBA), the results of which were published in July, underscored the financial strength of the "la Caixa" Group and, accordingly, that of the CaixaBank Group, even under the adverse scenario, easily surpassing the 5% Core Tier 1 threshold.

Subsequently, in a bid to shore up confidence over the European financial system, the European authorities raised the Core Tier 1 requirement to 9% for system banks in the European Economic Area, including the "la Caixa" Group, applying additional stress to exposure to sovereign risk with data at September 30, 2011.

The "la Caixa" Group's Core Tier 1 capital ratio at September 30, 2011, stood at 8.8%; i.e. two-tenths below the 9.0% threshold. Its recapitalization needs were established at €630 million, of which €358 million relate to losses for sovereign risk exposures estimated by the EBA. This €630 million represents 2.4% of the total required of all systemic banks in Spain.

The "la Caixa" Group's capital generative ability has enabled it to meet the EBA capital requirements ahead of schedule.

Similarly, in 2011, the foundations were laid to meet the Basel III requirements easily from the outset. The CaixaBank Group estimates that if the Basel III standards for 2019 are applied, taking into account the impact of the buyback of preference shares carried out in January 2012, the core capital ratio under Basel III would be approximately 9.5% at December 31, 2011, well above the minimum 7% required by the Basel Committee on Banking Supervision, and in line with the most demanding of market requirements.

Capital adequacy of the CaixaBank Group

The reorganization of the "la Caixa" Group has enabled the CaixaBank Group to maintain its financial strength despite the adverse economic environment and to anticipate the more stringent requirements of the Basel III rules. The CaixaBank Group is still among the leaders in Spain by solvency, with a Core Capital ratio of 12.5%, and a Tier 1 ratio and a Total Tier ratio of 12.8% at December 31, with a surplus of €6,592 million over the minimum requirements.

Attributable group profit of €1,053 million in 2011 allows the Group to maintain its organic capitalization rate despite the adverse backdrop. In addition, non-recurring transactions related to the Group's reorganization have bolstered the Group's capital adequacy levels. The main ones are the recognition of the interest in Repsol YPF, S.A.

as an associate (see Notes 11 and 16.1), the issue of €1,500 million of mandatorily convertible subordinate bonds by CaixaBank, S.A. (see Note 23.4) and the sale of 50% of VidaCaixa Adeslas, SA's business (see Note 16.3). Meanwhile, risk-weighted assets (RWA) were estimated at €137,355 million at December 31, 2011.

At December 31, 2011, the CaixaBank Group's long-term ratings stood at A (Standard & Poor's), Aa3 (Moody's) and A (Fitch). These ratings were revised on February 13, 2012 (see "Events after the reporting period").

	Thousands of Euros			
	31/12/2011 **(*)**		31/12/2010 **(**)**	
	Initial amount	in %	Initial amount	in %
+ Capital, reserves, profits and non-controlling interests	20,596,590		18,162,719	
– Goodwill, intangible assets and other	(3,419,009)		(4,745,576)	
Core Capital	**17,177,581**	**12.5%**	**13,417,143**	**8.9%**
+ Preference shares	4,897,586		4,947,586	
– Deductions of basic Capital	(4,494,283)		(4,947,586)	
Basic Capital (Tier 1)	**17,580,884**	**12.8%**	**13,417,143**	**8.9%**
+ Subordinated financing	120,000		150,000	
+ Eligible general provisions	162,084		160,902	
– Deductions of second-category basic Capital	(282,084)		(310,902)	
Second-category Capital (Tier 2)	**–**	**–**	**–**	**–**
Total Own Funds (Total)	**17,580,884**	**12.8%**	**13,417,143**	**8.9%**
Minimum Capital Requirements (Pillar 1)	**10,988,385**	**8.0%**	**12,033,538**	**8.0%**
Capital cushion	**6,592,499**	**4.8%**	**1,383,605**	**0.9%**
Memorandum items: risk-weighted assets	***137,354,818***		***150,419,225***	

(*) Estimated data.
(**) Proforma information.

As for **Pillars 2** and **3**, the information related to the CaixaBank Group is included in Note 4 "Capital adequacy management" of the "la Caixa" Group's consolidated financial statements for the year ended December 31, 2011.

5. APPROPRIATION OF PROFIT

The proposed appropriation of profit of CaixaBank in 2011, to be presented by the Board of Directors for approval at the Annual General Meeting, along with the figures for 2010 approved at the Annual General Meeting held May 12, 2011, is as follows:

Appropriation of CaixaBank's profit

	Thousands of Euros
	2011
Basis of appropriation	
Profit for the year	838,332
Appropriation:	
To interim dividends (Note 6)	**457,232**
Interim dividend approved on November 17, 2011	*226,826*
Interim dividend approved on December 15, 2011 (maximum amount) **(*)**	*230,406*
To reserves (Note 23)	**381,100**
Legal reserves	*83,833*
Restricted due to goodwill **(**)**	*17,565*
Other reserves (minimum amount) **(*)**	*279,702*
Net profit for the year	**838,332**

(*) Maximum distributable amount: €0.06 per share for a total of 3,840,103,475 shares outstanding. This amount will be reduced according to the number of treasury shares outstanding at the time the dividend is paid, and the different will be recognized in freely-distributable reserves.
(**) In accordance with article 273.4 of the Corporate Enterprise Act.

Appropriation of CaixaBank's profit

	Thousands of Euros
	2010
Basis of appropriation	
Profit for the year	1,133,903
Appropriation:	
To interim dividends (Note 6)	**669,774**
Interim dividend approved on July 29, 2010	*200,893*
Interim dividend approved on November 4, 2010	*200,937*
Interim dividend approved on December 2, 2010 **(*)**	*267,944*
To reserves (**)	**464,129**
Restricted due to goodwill **(**)**	*17,517*
Other reserves	*446,612*
Net profit for the year	**1,133,903**

(*) The amount recognized at December 31, 2010 amounts to €269,031 thousand and is the maximum amount distributable ex-treasury shares.
(**) The total amount of profit at December 31, 2010 not distributed via dividends was allocated to voluntary reserves.

The appropriation to unrestricted reserves relates to the tax amortization in 2011 of the goodwill generated in the acquisition of Morgan Stanley Wealth Management, SV, SAU and the banking business of Banco de la Pequeña y Mediana Empresa (Bankpime), as provided for in article 11.4 of Royal Decree Law 4/2004, of March 5, approving the consolidated text of the Income tax law.

The appropriation for this item in 2010 fully related to the goodwill generated in the acquisition of Morgan Stanley Wealth Management, SV, SAU.

The table below shows the mandatory provisional financial statements indicating there is sufficient cash to pay the aforementioned interim dividends:

2011

	Thousands of Euros	
Date of resolution to pay interim dividend	17/11/2011	15/12/2011
Applicable balance sheet date	30/09/2011	30/11/2011
Profit from January 1, 2011	**906,762**	**1,056,940**
First interim dividend paid	–	(230,406)
Maximum dividend (*)	**906,762**	**826,534**
Maximum interim dividend payout	(230,406)	(230,406)
Remainder	**676,356**	**596,128**

(*) Except for the mandatory provision to Legal Reserves and for tax amortization in respect for goodwill (see Note 23.3).

2010

	Thousands of Euros		
Date of resolution to pay interim dividend	29/07/2010	04/11/2010	02/12/2010
Applicable balance sheet date	30/06/2010	30/09/2010	31/10/2010
Profit from January 1, 2010	**909,455**	**921,806**	**961,512**
First interim dividend paid	–	(200,893)	(200,893)
Second interim dividend paid	–	–	(201,773)
Maximum dividend	**909,455**	**720,913**	**558,846**
Maximum interim dividend payout	(201,773)	(201,773)	(269,031)
Remainder	**707,682**	**519,140**	**289,815**

6. SHAREHOLDER REMUNERATION AND EARNINGS PER SHARE

Shareholder remuneration

At the Ordinary Annual General Meeting of May 19, 2010, shareholders approved the distribution of a dividend of €0.06 per share against reserves, up to a maximum amount of €201,773 thousand. On March 1, 2011, the dividend was paid to shareholders, for a total amount of €201,099 thousand, including treasury shares.

CaixaBank's shareholder remuneration policy will continue to entail quarterly dividend payments, in March, June, September and December. A new Optional Scrip Dividend remuneration scheme was approved at the Annual General Meeting of May 12, 2011. Under this program, 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 it, of the rights allocated during the capital increase.

Shareholders may also combine these three options, at their discretion.

Approval was also given at the Ordinary Annual General Meeting of May 12, 2011, for the purpose of conforming to this shareholder remuneration scheme, to carry out capital increases of up to €172,100 thousand, €229,200 thousand and €232,100 thousand and to delegate powers to the Board of Directors to establish the conditions of the capital increase. This delegation can be executed for a period of one year from the date of the adoption of the resolution by the Annual General Meeting.

On June 27, 2011, the Board of Directors initiated the first dividend process under the Optional Scrip Dividend program, which ended in July with the issue of bonus shares to be delivered to shareholders who opted to receive shares, and payment of the predetermined price to shareholders who opted to receive cash. At the Board of Directors meeting held September 22, 2011, approval was given for the second dividend in this program, which ended October with the related capital increase and cash payment.

These two dividends had an impact on reserves equivalent to the capital increases required for delivery to shareholder who chose that option (€34,249 thousand and €68,560 thousand for the first and second dividends, respectively) and the cash payment to shareholders who opted to sell their rights (€9,063 thousand and €4,157 thousand for the first and second dividends, respectively).

On November 17, 2011, the Board of Directors agreed to distribute an interim dividend charged against 2011 profit of €0.06 per share. This dividend was paid on December 27, 2011.

In addition, on December 15, 2011, the Board of Directors, in line with its quarterly shareholder remuneration program, announced a €0.06 per share dividend payable on March 27, 2012.

Shareholder remuneration in 2011 can be summarized as follows:

Dividends

	Thousands of Euros			
	Euro per share	Initial amount	Date of announcement	Payment date
Dividends paid from reserves or share premium				
Dividend	0.060	201,099	25-02-2010	01-03-2011
Optional scrip dividend program **(*)**	0.051	171,507	27-06-2011	20-07-2011
Optional scrip dividend program **(*)**	0.060	226,293	22-09-2011	18-10-2011
Dividends paid from profits:				
Third interim dividend – 2010	0.080	267,944	02-12-2010	11-01-2011
First interim dividend – 2011	0.060	226,826	17-11-2011	27-12-2011
Second interim dividend – 2011 **(**)**	0.060	230,406	15-12-2011	27-03-2012

(*) Includes cash paid to shareholders and the fair value of the shares delivered.
(**) Maximum distributable amount: €0.06 per share for a total of 3,840,103,475 shares outstanding. This amount will be reduced depending on the number of treasury shares held at the time of the dividend payment.

Earnings per share

Basic earnings per share are calculated by dividing 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. This calculation includes:

- €1,500 million of mandatory convertible subordinated bonds issued by Criteria in June 2011 (see Notes 1, 3, 4, 20 and 23).

- 374,403,908 new shares issued under the scope of the reorganization which, for the purposes of calculating the average weighted number of shares for the period, were considered to have been issued on January 1, 2011 (see "Reorganization of the CaixaBank Group" in Notes 1 and 23).

- 34,249,244 and 68,560,486 new shares arising from the capital increases carried out for the Optional Scrip Dividend program in July and October, respectively (see Note 23).

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 December 31, 2011, there were no transactions involving potential ordinary shares that would lead to a difference between basic and diluted earnings per share.

Basic and diluted earnings per share in 2011, as per the consolidated profit of the CaixaBank Group attributable to the parent, are as follows:

Calculation of basic and diluted earnings per share

	Thousands of Euros
	2011
Numerator	
Profit attributable to the Parent	**1,053,495**
Denominator (thousands of shares)	
Average number of shares outstanding **(*)**	*3,327,528*
Adjustment for scrip issue at June 30, 2011	*374,404*
Adjustments for capital increases at July 24, 2011 and October 28, 2011	*102,809*
Adjustment for issue of the mandatory convertible instruments	*159,596*
Adjusted number of shares (Basic and diluted earnings per share denominator)	**3,964,337**
Basic and diluted earnings per share (in euros) (**)	**0.27**

(*) Number of shares outstanding at the beginning of the year, excluding average number of treasury shares held during the period.
(**) Including the individual profit of CaixaBank in 2011, basic and diluted earnings per share would be €0.21.

Basic and diluted earnings per share as per the combined consolidated income statement for 2010, which is shown in note 1.c of the 2011 consolidated financial statements of CaixaBank Group, are as follows:

Calculation of basic and diluted earnings per share

	Thousands of Euros
	2010
Numerator	
Profit attributable to the Parent	**1,212,050**
Denominator (thousands of shares)	
Average number of shares outstanding (*)	*3,348,034*
Adjustment for scrip issue at June 30, 2011	*374,404*
Adjustments for capital increases at July 24, 2011 and October 28, 2011	*102,810*
Adjusted number of shares (Basic and diluted earnings per share denominator)	**3,825,248**
Basic and diluted earnings per share (in euros) (**)	**0.32**

(*) Number of shares outstanding at the beginning of the year, excluding average number of treasury shares held during the period.
(**) Criteria CaixaCorp, SA's basic and diluted earnings per share in 2010 stood at € 0.53, deriving from profit attributable to the parent of €1,822,932 thousand and an average number of shares outstanding of 3,450,844. This denominator factors in adjustments for capital increases retroactively. Including the individual profit of Criteria CaixaCorp, SA for 2010 basic and diluted earnings per share would be €0.33.

7. BUSINESS COMBINATIONS AND MERGERS

The Company has carried out the following takeover and subsequent merger operations in 2011 and 2010:

Business combinations – 2011

Acquisition of the business of Banco de la Pequeña y Mediana Empresa, SA (Bankpime)

On September 30, 2011, CaixaBank announced publicly that it had reached an agreement with Bankpime to acquire its entire banking and fund management business, with economic effect from September 1, 2011. The price was €16 million (€9 million for the banking business acquired by CaixaBank and €7 million for the fund management business acquired by InverCaixa Gestión, SGIIC, SA, which is wholly owned by CaixaBank).

The transaction was formalized on December 1, 2011 following approval at the General Shareholders' Meeting of Bankpime held November 21, 2011 and authorization by the pertinent regulatory bodies.

At 1 September 2011, the fair value of the assets and liabilities of the banking business acquired by Caixabank was as follows:

	Thousands of Euros
	Initial amount
Cash and balances with central banks	5,931
Held-for-trading portfolio, available-for-sale financial assets and held-to-maturity investments	81,031
Loans and receivables	352,985
Loans and advances to credit institutions	*44,353*
Loans and advances to customers	*308,632*
Property and equipment, non-current assets held for sale and inventories	5,856
Intangible assets	13,962
Tax assets	16,200
Other assets	1,237
Financial liabilities at amortized cost	499,963
Deposits from central banks and credit institutions	*6,818*
Customer deposits	*436,097*
Marketable debt securities	*55,437*
Other financial liabilities	*1,611*
Provisions	1,735
Tax liabilities	4,189
Other liabilities	1,721
Price paid	9,000
Goodwill	39,406
Of which tax deductible	*11,404*

The fair value of loans and receivables was determined based on an analysis of the main borrowers in accordance with a segmentation of the loan portfolio, with priority given to real estate developers and business portfolios.

On the date the transaction was formally carried out, CaixaBank added HipoteCaixa 2, SL, which previously had been established by Bankpime through the contribution of €200,838 thousand from its mortgage loan portfolio.

The assets of the banking business that was added represented 0.18% of CaixaBank's total assets.

The income and results that would have been generated had the transaction been carried out on January 1, 2011 instead of September 1, 2011, that on which the transaction was recognized with economic effects, would be immaterial to CaixaBank. The results contributed by Bankpime's assets and liabilities between September 1 and December 31, 2011 were not significant to the entity.

At the time of the integration of Bankpime's businesses, CaixaBank did not recognize any contingent liability.

Business combinations – 2010

Merger with Caixa d'Estalvis de Girona

On June 17 and 21, 2010, respectively, the Boards of "la Caixa" and Caixa d'Estalvis de Girona drew up and signed a Merger Agreement between the two entities. On September 16, 2010, their respective General Assemblies approved the takeover of Caixa d'Estalvis de Girona by "la Caixa."

The merger agreement drawn up and signed by the boards of both entities and approved by their respective general assemblies established the acquisition date as the effective date of the merger. It also stipulated that the merger could not enter into force until certain authorizations were obtained.

After obtaining the required authorization from the appropriate bodies and regulatory authorities, the official date of the merger for legal, fiscal and accounting effects was considered to be November 3, 2010.

The takeover and merger implied the dissolution without liquidation of Caixa d'Estalvis de Girona, and the consequent transfer en bloc of its assets to "la Caixa," which assumed all its rights and obligations. "la Caixa" did not have to pay any economic consideration to secure control of the target entity.

The Caixa d'Estalvis de Girona merger will enable CaixaBank to boost its historic links and its commitment, and bring the Institution closer to the community and customers in Girona, thanks to its large market share and the broad customer base of both entities in the Girona region.

Pursuant to the accounting requirements, the table below shows the fair value of the identifiable assets, liabilities and contingent liabilities added to the "la Caixa" Group's consolidated balance sheet at November 3, 2010.

The fair value of loans and receivables was determined based on an analysis of the Institution's main borrowers, in accordance with a segmentation of the loan portfolio, with priority given to real estate developers and business portfolios. The fair value of property and equipment, non-current assets held for sale and inventories was estimated based on the results of the appraisals carried out by valuation firm Tinsa, SA.

	Thousands of Euros
	Initial amount
Cash and balances with central banks	100,347
Held-for-trading portfolio, available-for-sale financial assets and held-to-maturity investments	801,475
Loans and receivables	5,685,871
Loans and advances to credit institutions	*444,033*
Loans and advances to customers	*5,241,838*
Investments	885
Property and equipment, non-current assets held for sale and inventories	118,995
Tax assets	244,865
Other assets	156,043
Financial liabilities at amortized cost	6,930,377
Deposits from central banks and credit institutions	*295,440*
Customer deposits	*5,779,733*
Marketable debt securities	*624,481*
Subordinated liabilities	*200,842*
Other financial liabilities	*29,881*
Provisions	141,860
Tax liabilities	22,544
Other liabilities	92,699

On the effective date of the merger, Caixa d'Estalvis de Girona's total assets represented 2.87% of CaixaBank's total assets.

The income and results that would have been generated had the transaction been carried out on January 1, 2010 instead of November 3, 2010 would be immaterial to CaixaBank. The results contributed by Caixa d'Estalvis de Girona's assets and liabilities between November 3 and December 31, 2010 were not significant to CaixaBank.

The contingent liabilities of Caixa d'Estalvis de Girona recognized at the time of the business combination as liabilities are of little significance to CaixaBank.

8. REMUNERATION OF "KEY MANAGEMENT PERSONNEL AND EXECUTIVES"

Under the provisions of Bank of Spain Circular 4/2004, "key management personnel and executives" at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution, directly or indirectly, including any member of the Board of Directors and Senior Executives. 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 abovementioned parties and other related parties are disclosed in Note 39.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank (formerly Criteria) for their membership in that body in 2011 and 2010 are as follows:

Board of Directors

			Thousands of Euros			
			Remuneration			
			2011		2010	
Name	Position	Type of Director	By the Entity	By Group Companies	By the Entity	By Group Companies
Isidre Fainé Casas	Chairman	Proprietary	1,120	–	1,120	–
Juan María Nin Génova **(1)**	Deputy Chairman	Executive Director	1,020	90	150	90
Isabel Estapé Tous	Director	Independent director	139	–	120	–
Salvador Gabarró Serra	Director	Proprietary Director	109	–	90	–
Susana Gallardo Torrededía	Director	Independent director	120	–	120	–
Javier Godó Muntañola	Director	Proprietary Director	109	90	90	90
Gonzalo Gortázar Rotaeche **(2)**	Director	Executive Director	869	4	1,340	49
Immaculada Juan French	Director	Proprietary director	90	90	90	49
David Li Kwok-po	Director	Other external Director	90	–	90	–
Juan José López Burniol **(3)**	Director	Proprietary Director	75	–	–	–
María Dolors Llobet María	Director	Proprietary director	120	100	120	–
Jorge Mercader Miró	Director	Proprietary Director	120	530	120	315
Alain Minc	Director	Independent Director	120	–	120	–
Miquel Noguer Planas	Director	Proprietary Director	90	190	90	50
John S. Reed **(4)**	Director	Independent Director	15	–	–	–
Leopoldo Rodés Castañé	Director	Proprietary Director	90	–	90	–
Juan Rosell Lastortras	Director	Independent Director	120	–	120	–
Carlos Slim Helu **(4)**	Director	Other external director	75	–	45	–
Francesc Xavier Vives Torrents	Director	Independent Director	120	–	120	–
Total			**4,611**	**1,094**	**4,035**	**643**

(1) On June 30, 2011, Mr. Nin was appointed Deputy chairman CEO of CaixaBank.
(2) Mr. Gortázar held the post of CEO of Criteria until June 30, 2011. He tendered his resignation from the Board of Directors on December 28, 2011.
(3) Addition following the Annual General Meeting of May 12, 2011.
(4) On November 3, 2011, Mr. Slim presented his resignation and Mr. Reed was appointed in his place.
Note: Following the Annual General Meeting of May 12, 2011 various appointments to different committees were approved. Annual remuneration of directors and/or committee members has not been increased.

The scope of consolidation is different each year due to the reorganization described in Note 1. This should be taken into account when comparing the years shown below.

CaixaBank has a group third-party liability insurance policy to cover its directors and executives. The premiums paid in this connection in 2011 and 2010 were €536 thousand and €438 thousand, respectively.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such.

Remuneration received in 2011 and 2010 by the directors of CaixaBank in connection with their duties as representatives of the Entity on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies (excluding Group companies) amounted to €1,163 thousand and €6,169 thousand, recognized in the companies' respective income statements. CaixaBank is understood to have a significant presence or representation in all the Group subsidiaries and, in general, all other companies in which it holds an ownership interest of 20% or more (see Note 2.1).

Remuneration of executives

In order to correctly interpret and compare the information, it should be taken into account that the reorganization of the "la Caixa" Group (Note 1) involved the incorporation in 2011 of the banking business of "la Caixa" into CaixaBank. In turn, this involved a complete restructuring of senior management and a change in the scope of consolidation in 2011 and 2010.

Following reorganization of the Group, CaixaBank's senior management at December 31, 2011 comprised 11 people, holding the following positions: CEOs (5), Senior Executive Vice Presidents (5) and General Secretary (1). At December 31, 2010, the senior management of CaixaBank (formerly Criteria) comprised nine executives.

During 2011 and 2010, total remuneration accrued by the members of the senior management of CaixaBank (formerly Criteria) at December 31, 2011 and indemnities paid on termination of senior management contracts are as shown in the following table. This remuneration is recognized in "Personnel expenses" in CaixaBank's consolidated income statement.

	Thousands of Euros	
	2011	2010
Short-term remuneration	8,289	1,846
Post-employment benefits	2,573	94
Other non-current benefits	51	–
Termination benefits	–	–
Total	**10,913**	**1,940**

The remuneration paid in 2011 and 2010 to Senior Executives at CaixaBank in connection with their activities as representatives of the Parent on the Boards of listed companies and other companies in which the Parent has a significant presence or representation and that are CaixaBank consolidated companies were €576 thousand and €63 thousand, respectively, recognized in the income statements of these companies.

Other disclosures concerning the Board of Directors

Section 229 of the revised Spanish Corporate Enterprise Act approved by Royal Legislative Decree 1/2010 of July 2 (LSC) requires directors to inform the company of the direct or indirect stakes they and their affiliates (pursuant to article 231 of the LSC) have in a company with the same, analogous or similar corporate purpose to that of the company in which they are directors, and the positions or duties they perform therein. Directors shall also inform the company of any situation that may involve a conflict, direct or indirect, between their own and the company's interests. This information must be included in the notes to the company's annual financial statements.

In this connection, the Company's directors have informed of the following at December 31, 2011:

Holder	Company	Shares	% stake	Business activity	Position	Company represented
Isidre Fainé Casas	"la Caixa"	–	N/A	Banking	Chairman	–
Isidre Fainé Casas	Banco BPI, SA	0	0%	Banking	Director	–
Isidre Fainé Casas	The Bank of East Asia, Limited	0	0%	Banking	Director	–
Isidre Fainé Casas	Grupo Financiero Inbursa	0	0%	Banking	Director	–
Isidre Fainé Casas	Banco Santander	60,066	0.00%	Banking	–	–
Isidre Fainé Casas	The Royal Bank of Scotland	423,056	0.00%	Banking	–	–
Isidre Fainé Casas	CitiGroup	11,074	0.00%	Banking	–	–
Salvador Gabarró Serra	"la Caixa"	–	N/A	Banking	First Vice-Chairman:	–
Juan José López Burniol	"la Caixa"	–	N/A	Banking	Director	
Susana Gallardo Torrededía	Percibil, SA	15,000	100%	Finance /Real Estate	–	–
Susana Gallardo Torrededía	Susanvest, SL	3,010	100%	Finance /Real Estate	–	Through Percibil, SL
Susana Gallardo Torrededía	Inversiones Agrippa SICAV, SA	7,355,037	4.36%	Financial investment	–	Through Susanvest, SL
Susana Gallardo Torrededía	Inversiones Agrippa SICAV, SA	271,414	0.16%	Financial investment	–	–
Susana Gallardo Torrededía	Balema de Inversiones, SICAV, SA	715,756	97.50%	Financial investment	Director	–
Susana Gallardo Torrededía	Pronovias, SL	0	0%	Finance	Substitute administrator	
Susana Gallardo Torrededía	Pronovias International Group, SL	0	0%	Finance	Substitute administrator	
Susana Gallardo Torrededía	Landon Invest, SCR, SA	62,985	6.63%	Venture capital	Director	–
Javier Godó Muntañola	"la Caixa"	–	N/A	Banking	Third Vice-Chairman	–
Javier Godó Muntañola	VidaCaixa Grupo, SA	0	0.00%	Insurance	Director	–
David Li Kwok-po	The Bank of East Asia, Limited	52,385,292	2.52%	Banking	Executive Chairman	–
David Li Kwok-po	The Bank of East Asia, Limited	153,988	0.01%	Banking	–	Indirect ownership
Penny Li (wife)	The Bank of East Asia, Limited	1,582,293	0.076%	Banking	–	–
Adrian Li (son)	The Bank of East Asia, Limited	152,450	0.01%	Banking	Deputy Chief Executive	–
Brian Li (son)	The Bank of East Asia, Limited	2,000,000	0.10%	Banking	Deputy Chief Executive	–
Adrienne Li (granddaughter)	The Bank of East Asia, Limited	5,927	0.00%	Banking	–	–
Arthur Li (brother)	The Bank of East Asia, Limited	9,939,457	0.48%	Banking	Deputy Chairman	–
Arthur Li (brother)	The Bank of East Asia, Limited	13,944,683	0.67%	Banking	–	Indirect ownership
María Dolors Llobet María	"la Caixa"	–	N/A	Banking	Director	–
María Dolors Llobet María	Nuevo Micro Bank, SAU	0	0.00%	Finance	Director	–
Inmaculada Juan Franch	"la Caixa"	–	N/A	Banking	Director	–
Inmaculada Juan Franch	VidaCaixa Grupo, SA	0	0.00%	Insurance	Director	–
Jorge Mercader Miró	"la Caixa"	–	N/A	Banking	Second Vice-Chairman	–
Jorge Mercader Miró	VidaCaixa Grupo, SA	0	0.00%	Insurance	Deputy Chairman	–
Jorge Mercader Miró	Banco Sabadell	51,000	0.00%	Banking	–	
Jorge Mercader Miró	Banco Sabadell	265,000	0.00%	Banking	–	Through Hacia, SA
Jorge Mercader Miró	Col·legi d'Enginyers Coop. de Crèdit	700 part,	0.00%	Banking	–	–
Juan María Nin Génova	"la Caixa"	–	N/A	Banking	Managing Director	–
Juan María Nin Génova	VidaCaixa Grupo, SA	0	0.00%	Insurance	Director	–
Juan María Nin Génova	Banco BPI, SA	0	0.00%	Banking	Director	–
Juan María Nin Génova	Erste Group Bank AG	0	0.00%	Banking	Director	–
Juan María Nin Génova	Grupo Financiero Inbursa	0	0.00%	Banking	Director	–
Juan María Nin Génova	BBVA	5,558	0.00%	Banking	–	–
Juan María Nin Génova	Barclays Bank	20,000	0.00%	Banking	–	Indirect ownership
Juan María Nin Génova	BNP	2,000	0.00%	Banking	–	Indirect ownership
Juan María Nin Génova	Deutsche Bank	1,500	0.00%	Banking	–	Indirect ownership
Juan María Nin Génova	Banco Santander	6,109	0.00%	Banking	–	Indirect ownership
Miquel Noguer Planas	"la Caixa"	–	N/A	Banking	Director	–
Miquel Noguer Planas	Nuevo Micro Bank, SAU	0	0.00%	Finance	Director	–
Miquel Noguer Planas	VidaCaixa Grupo, SA	0	0.00%	Insurance	Director	–
Leopoldo Rodés Castañé	"la Caixa"	–	N/A	Banking	Director	–
Leopoldo Rodés Castañé	Grupo Financiero Inbursa	0	0.00%	Banking	Director	–

Additionally, article 229 of the LSC establishes that stipulates that directors must report any direct or indirect conflicts of interest they may have with the company in which they are directors.

To this effect, the Board was notified of any conflicts of interest and, where applicable, affected Board members abstained from participating in any agreements or decisions relating to the transaction giving rise to the conflict of interest. Details of all conflicts of interest arising during the year are disclosed in the Annual Corporate Governance Report that forms part of the management report of these annual financial statements.

According to section 230 of the LSC, directors may not, for their own account or the account of others, engage in a business that is the same as or analogous or supplementary to the business constituting CaixaBank's corporate purpose, without explicit authorization from the general meeting.

At the Annual General Meeting held in May 2011, the shareholders authorized, in accordance with article 230 of the LSC, the Company's Board of Directors to own stakes in and hold positions and functions at companies whose core or ancillary business involves owning securities and does not represent effective competition with the Company's business.

In accordance with the new corporate purpose previously submitted for approval at this General Meeting, which reflects the corporate purpose inherent to a financial institution, the shareholders resolved to authorize Board member David K.P. Li to directly and indirectly hold interests and positions and to perform duties in The Bank of East Asia group companies. This authorization also extended to holding positions and performing duties directly or indirectly in subsidiaries on behalf of The Bank of East Asia deriving from holding the interest or position and performing duties in this parent company.

Lastly, the Company's proprietary and executive directors were authorized to hold positions and perform duties on behalf of or in the best interest of the Company or "la Caixa" in the "la Caixa" Group's investee companies that are engaged in the same, similar or complementary businesses to that of its current corporate purpose.

CaixaBank shares held by Board members

At December 31, 2011, the (direct and indirect) stakes held by members of the Board of Directors in the share capital of the Company are as follows:

	No. of shares	%
Isidre Fainé Casas	584,229	0.015%
Juan María Nin Génova	241,910	0.006%
Isabel Estapé Tous	280,092	0.007%
Salvador Gabarró Serra	7,209	0.000%
Susana Gallardo Torrededía	60,430	0.002%
Javier Godó Muntañola	1,266,247	0.033%
Inmaculada Juan French	10,260	0.000%
David Li Kwok-po	–	0.000%
María Dolors Llobet María	2,670	0.000%
Juan José López Burniol	16,668	0.000%
Jorge Mercader Miró	3,089	0.000%
Alain Minc	10,294	0.000%
Miquel Noguer Planas	3,665	0.000%
John S. Reed	10,000	0.000%
Leopoldo Rodés Castañé	9,985	0.000%
Juan Rosell Lastortras	33,158	0.001%
Francesc Xavier Vives Torrents	2,670	0.000%
Total	**2,542,576**	**0.064%**

9. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of this item in the consolidated balance sheet is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Cash	1,117,981	928,485
Deposits in central banks	1,593,854	1,514,542
Total	**2,711,835**	**2,443,027**

(*) See Note 1, "Comparison of information."

The average effective interest on deposits at the Bank of Spain was 1.26% in 2011, Criteria did not conduct this activity in 2010.

10. HELD-FOR-TRADING PORTFOLIO (ASSETS AND LIABILITIES)

Financial instruments classified in the held-for-trading portfolio are initially measured at fair value, with subsequent changes in fair value recognized with a balancing entry in the income statement (see Note 2.1).

The detail of the balance of this heading in the consolidated balance sheet is as follows:

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Debt instruments	1,841,771		1,177,420	
Equity instruments	57,689		56,025	
Trading derivatives	2,284,332	2,299,671	1,884,275	1,854,390
Short positions		1,817,562		744,386
Total	**4,183,792**	**4,117,233**	**3,117,720**	**2,598,776**

(*) See Note 1, "Comparison of information."

Debt instruments

The detail, by counterparty, of the balance of this item is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Spanish government debt securities	1,697,734	930,694
Treasury bills	173,673	31,567
Government bonds and debentures	935,288	608,042
Other issues	588,773	291,085
Foreign government debt securities	122,392	123,196
Issued by credit institutions	8,413	96,031
Other Spanish issuers	11,250	17,019
Other foreign issuers	1,982	10,480
Total	**1,841,771**	**1,177,420**

(*) See Note 1, "Comparison of information."

The detail, by rating, of the balance of this item is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
AAA	16,451	31,788
AA+	–	29,822
AA	1,509	978,437
AA–	1,699,795	251
A+	247	113,283
A	104,737	7,742
A–	–	9,595
BBB+	–	–
BBB	622	17
BBB–	–	71
"Investment grade"	**1,823,361**	**1,171,006**
	99.0%	**99.5%**
BB+	102	101
BB	–	–
BB–	1,853	1,095
B+	–	–
B	–	–
B–	–	–
CCC–	–	–
No rating	16,455	5,218
"Non-Investment grade"	**18,410**	**6,414**
	1.0%	**0.5%**
Total	**1,841,771**	**1,177,420**

(*) See Note 1, "Comparison of information."

The average effective interest rate on the trading portfolio in 2011 was 3.75%, Criteria did not conduct this activity in 2010.

Equity instruments

The detail, by counterparty, of this item is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Shares in Spanish companies	57,484	53,035
Shares in foreign companies	205	2,990
Total	**57,689**	**56,025**

(*) See Note 1, "Comparison of information."

Trading derivatives

The detail, by type of product, of the fair value of the Institution's trading derivatives at December 31 and January 1, 2011 is as follows:

Fair value by product

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**102,845**	**101,244**	**122,156**	**111,262**
Purchases of foreign currencies against euros	93,332	1,693	83,782	24,713
Purchases of foreign currencies against foreign currencies	5,745	5,848	7,149	5,605
Sales of foreign currencies against euros	3,768	93,703	31,225	80,944
Purchases and sales of financial assets	**8,852**	**16,365**	**19,018**	**836**
Purchases	8,015	50	57	60
Sales	837	16,315	18,961	776
Share options	**192,246**	**157,388**	**104,675**	**76,944**
Bought	192,246	–	104,675	–
Issued	–	157,388	–	76,944
Interest rate options	**3,444**	**3,790**	**6,517**	**7,128**
Bought	3,444	–	6,517	–
Issued	–	3,790	–	7,128
Foreign currency options	**18,803**	**26,275**	**35,068**	**37,271**
Bought	18,803	–	35,068	–
Issued	–	26,275	–	37,271
Other share and interest rate transactions	**1,056,749**	**1,074,421**	**898,525**	**906,672**
Share swaps	6,346	516	75	3
Future rate agreements (FRAs)	–	–	–	–
Interest rate swaps	1,050,403	1,073,905	898,450	906,669
Other interest rate transactions	–	–	–	–
Credit derivatives	**335**	**5,772**	**–**	**4,539**
Bought	335	–	–	–
Sold	–	5,772	–	4,539
Commodity derivatives and other risks	**901,058**	**914,416**	**698,316**	**709,738**
Swaps	900,575	913,579	697,925	709,025
Bought	483	–	391	–
Sold	–	837	–	713
Total	**2,284,332**	**2,299,671**	**1,884,275**	**1,854,390**

(*) See Note 1, "Comparison of information."

The breakdown by market and counterparty of the fair value of trading derivatives is as follows:

Fair value by counterparty

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Active markets	**9,333**	**38,774**	**6,721**	**13,046**
OTC markets	**2,274,999**	**2,260,897**	**1,877,554**	**1,841,344**
Credit institutions	1,014,528	1,262,594	882,240	1,009,882
Other financial entities	6,788	5,162	16,830	91
Other sectors	1,253,683	993,141	978,484	831,371
Total	**2,284,332**	**2,299,671**	**1,884,275**	**1,854,390**

(*) See Note 1, "Comparison of information."

Short positions

The detail, by product type, of short positions is as follows:

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
On securities lending agreements	**–**	**6,201**	**–**	**3,053**
Equity instruments	–	6,201	–	3,053
On overdrafts on repurchase agreements	**–**	**1,811,361**	**–**	**741,333**
Debt instruments	–	1,811,361	–	741,333
Total	**–**	**1,817,562**	**–**	**744,386**

(*) See Note 1, "Comparison of information."

The short position on loaned equity instruments relates to the sale of shares received on loan to hedge against the risks undertaken in liquidity contracts associated with Mandatory Convertible Bonds issued by a number of credit institutions.

Short positions arising on repurchase agreements of debt instruments correspond mainly to sales of debt securities acquired temporarily.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The assets classified in the available-for-sale financial assets portfolio are initially measured at fair value, with subsequent changes in fair value, less the related tax effect, recognized with a balancing entry under "Equity – Valuation adjustments – Available-for-sale financial assets" and "Equity – Valuation adjustments – Exchange differences" in the balance sheet. The accrued returns on these securities, in the form or interest or dividends, are recognized under "Interest and similar income" and "Return on equity instruments," respectively, in the accompanying income statement.

The breakdown, by type of transaction, of the balance of this item in the consolidated balance sheet is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Debt instruments	**8,029,420**	**11,046,011**
Spanish government debt securities	6,608,959	7,637,363
Treasury bills	*2,919,446*	*2,154,398*
Government bonds and debentures	*2,087,489*	*4,235,725*
Other issues	*1,602,024*	*1,247,240*
Foreign government debt	1,993	1,210,615
Issued by credit institutions	1,307,268	1,497,540
Other Spanish issuers	92,989	673,418
Other foreign issuers	18,211	27,075
Equity instruments	**3,572,183**	**4,266,228**
Shares in listed companies	3,470,183	4,058,932
Shares in unlisted companies	102,000	207,296
Subtotal	**11,601,603**	**15,312,239**
Less impairment losses:		
Debt instruments	(17,972)	(17,972)
Total	**11,583,631**	**15,294,267**

(*) See Note 1, "Comparison of information."

The detail of this item by rating, excluding impairment losses, is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
AAA	40,967	255,747
AA+	447,064	565,485
AA	25,312	7,424,271
AA–	6,406,902	32,616
A+	26,773	2,086,430
A	881,034	98,953
A–	42,842	461,784
BBB+	48,036	10,777
BBB	49,946	4,928
BBB–	1,659	8,305
«Investment grade»	**7,970,535**	**10,949,296**
	99.3%	**99.1%**
BB+	10,415	2,570
BB	349	–
BB–	–	–
B+	–	–
B	1,105	882
B–	–	–
CCC	–	249
CCC–	5,423	9,338
CC	685	33
C	39	–
No rating	40,869	83,643
«Non-investment grade»	**58,885**	**96,715**
	0.7%	**0.9%**
Total	**8,029,420**	**11,046,011**

(*) See Note 1, "Comparison of information."

The average effective interest rate on the portfolio of available-for-sale debt instruments was 2.93% in 2011 (2.37% in 2010).

The table below shows the main variations in "Equity instruments" in the accompanying balance sheet:

2011
Available-for-sale financial assets – Equity instruments

	Thousands of Euros		
	Listed	Unlisted	Total
Balance at 01/01/2011 **(*)**	**4,058,932**	**207,296**	**4,266,228**
Purchases	806,131	1,062	807,193
Share capital increases	2,855	41,078	43,933
Sales	(422,192)	(111,414)	(533,606)
Amounts transferred to income statement	(102,402)	(84)	(102,486)
Valuation adjustments **(1)**	(864,072)	88	(863,984)
Impairment losses **(Note 35)**	(6,372)	–	(6,372)
Other	(356)	(38,367)	(38,723)
Balance at 31/12/2011	**3,472,524**	**99,659**	**3,572,183**

(*) See Note 1, "Comparison of information."
(1) This figures relates mainly to the valuation adjustment of Telefónica, SA.

2010
Available-for-sale financial assets – Equity instruments

	Thousands of Euros		
	Listed	Unlisted	Total
Balance at 31/12/2009	**6,817,621**	**–**	**6,817,621**
Purchases	575,448	–	575,448
Sales	(571,488)	–	(571,488)
Amounts transferred to income statement	(149,473)	–	(149,473)
Valuation adjustments	(340,874)	–	(340,874)
Balance at 31/12/2010	**6,331,234**	**–**	**6,331,234**

The most significant changes in 2011 and 2010 in available-for-sale equity instruments were as follows:

Telefónica, SA
In 2011, CaixaBank increased its stake in Telefónica, SA by 0.33%. During the year, the Group invested €375 million to acquire a 0.52% stake and entered into derivatives to hedge the market value of a 0.5% stake. It also sold shares representing a 0.69% stake, generating pre-tax gains of €98 million (€70 million net).

In 2010, it terminated fair value hedges on a 1% stake. Other significant transactions included the sale of a 0.28% stake, generating a pre-tax gain of €120 million, and the investment of €106 million to acquire a 0.14% stake.

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.

CaixaBank's ownership interest in Telefónica, SA at December 31, 2011 stood at 5.36%.

Repsol YPF, SA
In 2010, Criteria CaixaBank sold an ownership interest of 0.86% in Repsol YPF, SA, giving rise to a capital gain of €29 million, and bought shares on the market representing a 0.87% interest, for an investment of €208 million.

Within the framework of the "la Caixa" Group's reorganization, On January 1, 2011, the interest in Repsol YPF, SA was recognized as an investment in an associate as CaixaBank had significant influence over the company (see Note 1, "Reorganization of the "la Caixa" Group, and Note 17).

Given the strategic nature of the stake in Telefónica, and of the interest in Repsol-YPF, SA, in 2010, prior to classifying the company as an associate, gains on sales were recognized under "Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (see Note 38).

Central de Serveis Ciències, SL
In the first half of 2011, CaixaBank sold its 11.48% stake in Central de Serveis Ciències, SL, through which it indirectly held a 9% ownership interest in Caprabo, SA. This stake was not exposed to market risk as hedges were arranged with the Eroski, S. Coop group.

12. LOANS AND RECEIVABLES

The breakdown of the balance of this item in the balance sheet, based on the nature of the related financial instruments, is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Loans and advances to credit institutions	5,619,355	8,822,556
Loans and advances to customers	193,897,882	192,437,160
Debt instruments	3,375,461	4,718,710
Total	**202,892,698**	**205,978,426**

(*) See Note 1, "Comparison of information."

The detail of the main valuation adjustments included in each of the asset categories classified under "Loans and receivables" is as follows:

31/12/2011

	Thousands of Euros					
		Valuation adjustments				
	Gross balance	Impairment loss	Interest accrued	Fees and commissions	Other	Balance at 31/12/2011
Loans and advances to credit institutions	5,617,234	(8)	2,310	(181)	–	5,619,355
Loans and advances to customers	199,047,637	(5,498,088)	726,557	(378,224)	–	193,897,882
Debt instruments	3,369,333	(1,478)	7,606	–	–	3,375,461
Total	**208,034,204**	**(5,499,574)**	**736,473**	**(378,405)**	**–**	**202,892,698**

01/01/2011 (*)

	Thousands of Euros					
		Valuation adjustments				
	Gross balance	Impairment loss	Interest accrued	Fees and commissions	Other	Balance at 01/01/2011
Loans and advances to credit institutions	8,824,678	(4,901)	2,875	(96)	–	8,822,556
Loans and advances to customers	197,066,432	(4,754,247)	556,909	(431,934)	–	192,437,160
Debt instruments	4,713,455	(782)	6,037	–	–	4,718,710
Total	**210,604,565**	**(4,759,930)**	**565,821**	**(432,030)**	**–**	**205,978,426**

(*) See Note 1, "Comparison of information."

12.1. 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	
	31/12/2011	01/01/2011 **(*)**
Demand	**3,143,215**	**2,141,543**
Reciprocal accounts	10,411	39,829
Other accounts	3,132,804	2,101,714
Term	**2,474,019**	**6,683,135**
Time deposits	1,300,588	1,300,420
Reverse repurchase agreement (repos)	1,173,403	5,377,322
Doubtful assets	28	5,393
Total	**5,617,234**	**8,824,678**

(*) See Note 1, "Comparison of information."

The average effective interest rate on financial assets under "Loans and advances to credit institutions" was 1.20% in 2011; Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

12.2. 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	
	31/12/2011	01/01/2011 **(*)**
Public sector	11,211,030	9,218,941
Commercial loans	5,444,299	5,296,549
Secured loans	112,510,960	118,655,255
Of which: with mortgage collateral	*110,336,771*	*116,432,380*
Reverse repurchase agreement (repos)	10,816,963	7,413,515
Other term loans	43,045,482	42,548,838
Finance leases	2,174,591	2,535,465
Receivables on demand and others	4,448,946	4,401,659
Doubtful assets	9,395,366	6,996,210
Total	**199,047,637**	**197,066,432**

(*) See Note 1, "Comparison of information."

By counterparty

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Public sector	**11,256,383**	**9,244,869**
Spanish public sector	11,165,985	9,175,410
Other countries	90,398	69,459
Private sector	**187,791,254**	**187,821,563**
Resident	182,050,264	182,753,819
Non-resident	5,740,990	5,067,744
Total	**199,047,637**	**197,066,432**

(*) See Note 1, "Comparison of information."

By borrower sector (CNAE business classification)

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Public sector	11,256,383	9,244,869
Agriculture and fisheries	2,210,302	2,299,221
Industry	11,106,991	11,298,020
Construction	7,983,056	8,748,230
Real estate	30,645,644	35,019,988
Commerce and finance	32,226,621	26,650,358
Private entities	89,705,646	90,285,249
Other	13,912,994	13,520,497
Total	**199,047,637**	**197,066,432**

(*) See Note 1, "Comparison of information."

By interest rate type

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Fixed	36,032,643	27,186,051
Floating	163,014,994	169,230,113
Total	**199,047,637**	**197,066,432**

(*) See Note 1, "Comparison of information."

The average effective interest rate on financial assets under "Loans and advances to customers" was 3.13% in 2011. Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

"Loans and advances to customers" includes €22,981,649 thousand and €18,680,904 thousand at December 31 and January 1, 2011, respectively, corresponding to the outstanding amounts of loans securitized as of January 1, 2004. The assets were not derecognized since substantially all the inherent risks and rewards were retained. Conversely, loans securitized prior to January 1, 2004, involving non-amortized amounts of €1,491.978 thousand and €1,757,806 thousand at December 31 and January 1, 2011, respectively, were derecognized pursuant to Transitional Provision One of Circular 4/2010 (see Note 25.2).

In all types of finance leases marketed by CaixaBank, 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 recognized at the present value of the lease payments payable by the lessee, plus the guaranteed and non-guaranteed residual value, excluding financial charges and value-added tax. The detail is as follows:

Finance leases

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Lease payments payable by the lessee	1,967,666	2,319,567
Third-party guarantees	14,294	15,249
Unguaranteed residual value	192,631	200,649
Total	**2,174,591**	**2,535,465**

(*) See Note 1, "Comparison of information."

The changes in "Doubtful assets" in 2011 are as follows:

Doubtful assets

	Thousands of Euros
	2011
Balance at January 1	**6,996,210**
Plus:	
Additions	6,776,952
Less:	
Foreclosed assets	(1,815,600)
Of which: in memorandum accounts **(1)**	(148,400)
Standardized and other assets	(2,109,882)
Assets written-off	(452,314)
Balance at December 31	**9,395,366**

(1) Reductions of foreclosed assets and additions of suspended assets (memorandum accounts).

Finance income on doubtful assets held at December 31 and January 1, 2011 was €763,729 thousand and €564,665 thousand, respectively, recognized under other memorandum accounts supplementing those in the accompanying balance sheet.

Doubtful assets for which conditions were renegotiated in 2011 were €488 million.

The detail of doubtful assets, by loan type and counterparty, is as follows:

Doubtful assets. By type and counterparty

	Thousands of Euros	
	2011	01/01/2011 **(*)**
Public sector	**45,354**	**25,928**
Private sector	**9,350,012**	**6,970,282**
Mortgage loans	7,048,487	4,854,451
Other loans	1,400,703	647,447
Credit accounts	541,311	1,099,521
Of which: with mortgage collateral	*223,304*	*172,593*
Factoring	26,966	23,498
Commercial loans	100,997	123,950
Other credit	231,548	221,415
Total	**9,395,366**	**6,996,210**

(*) See Note 1, "Comparison of information."

The detail, by collateral provided for the asset, of the age of the balances of doubtful assets at December 31 and January 1, 2011, is as follows:

31/12/2011
Terms by guarantee

	Thousands of Euros				
	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	346,715	201,787	171,074	689,863	1,409,439
Other completed homes	659,445	358,880	348,303	1,255,893	2,622,521
Rural buildings in use, and completed multi-purpose facilities, premises and offices	180,997	81,405	72,989	274,654	610,045
Land, lots and other real estate assets	605,827	353,334	500,476	1,173,228	2,632,865
Transactions with mortgage collateral	**1,792,984**	**995,406**	**1,092,842**	**3,393,638**	**7,274,870**
Other guarantees	945,152	154,577	237,760	693,147	2,030,636
Negligible-risk transactions	53,916	14,557	9,705	11,682	89,860
Other guarantees	**999,068**	**169,134**	**247,465**	**704,829**	**2,120,496**
Total	**2,792,052**	**1,164,540**	**1,340,307**	**4,098,467**	**9,395,366**

01/01/2011 (*)
Terms by guarantee

	Thousands of Euros				
	< 6 months	6-9 months	9-12 months	> 12 months	Total
Completed homes, primary residence of the borrower	263,108	168,681	142,557	724,092	1,298,438
Other completed homes	397,683	211,702	141,637	804,407	1,555,429
Rural buildings in use, and completed multi-purpose facilities, premises and offices	100,077	48,151	41,359	176,912	366,499
Land, lots and other real estate assets	635,979	228,182	167,281	775,236	1,806,678
Transactions with mortgage collateral	**1,396,847**	**656,716**	**492,834**	**2,480,647**	**5,027,044**
Other guarantees	317,605	125,310	79,074	1,403,858	1,925,847
Negligible-risk transactions	25,991	7,018	4,678	5,632	43,319
Other guarantees	**343,596**	**132,328**	**83,752**	**1,409,490**	**1,969,166**
Total	**1,740,443**	**789,044**	**576,586**	**3,890,137**	**6,996,210**

(*) See Note 1, “Comparison of information.”

Total doubtful assets at December 31, 2011, including those that relate to contingent exposures (see Note 24, amount to €9,476,229 thousand, with an NPL ratio of 4.80%.

The breakdown of assets which, based on the analyses carried out, are considered assets with substandard risk or doubtful assets for reasons other than customer default, by collateral at December 31, 2011 and 2010 is as follows:

31/12/2011
Substandard and impaired assets determined individually

	Thousands of Euros			
	Substandard		Doubtful	
Collateral	Carrying amount	Provision	Carrying amount	Provision
Personal	458,640	78,835	1,019,465	440,204
Mortgage	4,543,372	560,021	692,839	146,980
Other	185,643	37,759	11,935	2,617
Total	**5,187,655**	**676,615**	**1,724,239**	**589,801**

01/01/2011 (*)
Substandard and impaired assets determined individually

	Thousands of Euros			
	Substandard		Doubtful	
Collateral	Carrying amount	Provision	Carrying amount	Provision
Personal	625,891	112,120	779,211	308,266
Mortgage	2,008,507	221,507	605,463	143,465
Other	73,186	11,860	40,658	13,140
Total	**2,707,584**	**345,487**	**1,425,332**	**464,871**

(*) See Note 1, "Comparison of information."

The values of the guarantees of impaired mortgage-backed assets assessed individually were €9,245,646 thousand and €4,111,418 thousand at December 31 and January 1, 2011, respectively.

The detail of the principal and interest due and not impaired at December 31 and January 1, 2011, by type of financial instrument, is as follows:

31/12/2011
Due and not impaired

	Thousands of Euros			
	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**196,820**	**87,105**	**98,179**	**382,104**
Spanish public sector	40,126	9,924	2,628	52,678
Other resident sectors	147,297	76,108	94,361	317,766
Other non-resident sectors	9,397	1,073	1,190	11,660
Total	**196,820**	**87,105**	**98,179**	**382,104**

01/01/2011 (*)
Due and not impaired

	Thousands of Euros			
	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**165,929**	**54,897**	**42,594**	**263,420**
Spanish public sector	16,847	1,489	1,115	19,451
Other resident sectors	146,009	50,733	35,964	232,706
Other non-resident sectors	3,073	2,675	5,515	11,263
Total	**165,929**	**54,897**	**42,594**	**263,420**

(*) See Note 1, "Comparison of information."

12.3. Debt instruments

The breakdown of the balance of this item in the consolidated balance sheet excluding valuation adjustments is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Own securitization bonds **(Note 25.2)**	3,369,333	4,713,455
Total	**3,369,333**	**4,713,455**

(*) See Note 1, "Comparison of information."

"Own securitization bonds" reflects the acquisition by CaixaBank of the bonds issued by the securitization funds relating to loans assigned prior to January 1, 2004, for €1,528 million, and bonds issued since the date, for €1,841 million, as they do not finance specifically the assets transferred. The latter includes €780 million subscribed to cover the securitization reserve fund (see Note 25.2).

The average effective interest rate on financial assets under "Debt instruments" was 2.97% in 2011. Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

12.4. Impairment losses

The changes in the balance of the allowances for impairment losses on assets comprising "Loans and receivables" in 2011 are as follows:

31/12/2011

	Thousands of Euros				
	Balance at 01/01/2011 **(*)**	Net losses	Amounts used	Transfers and other	Balance at 31/12/2011
Specific allowance (*)	**3,020,602**	**2,178,944**	**(1,222,561)**	**(216,600)**	**3,760,385**
Loans and advances to credit institutions	4,901	–	(2)	(4,891)	8
Loans and advances to customers	3,014,919	2,178,248	(1,222,559)	(211,709)	3,758,899
Public sector	*338*	–	–	*11*	*349*
Other sectors	*3,014,581*	*2,178,248*	*(1,222,559)*	*(211,720)*	*3,758,550*
Debt instruments	782	696	–	–	1,478
General allowance	**1,736,945**	**–**	**–**	**(135)**	**1,736,810**
Loans and advances to customers	1,736,945	–	–	(135)	1,736,810
Country risk allowances	**2,383**	**(4)**	**–**	**–**	**2,379**
Total	**4,759,930**	**2,178,940**	**(1,222,561)**	**(216,735)**	**5,499,574**

(*) See Note 1, "Comparison of information."

At December 31, 2011, considering the provisions for contingent liabilities (see Note 21), the total provision for loans and advances to customers and contingent liabilities was €5,605 million, while the coverage ratio was 59%.

In 2011, CaixaBank did not use the "Loans and advances to customers" general allowance and this enabled it to maintain the €1,811 million it held as a general allowance at December 31, 2010. This amount includes the allowance for contingent exposures (see Note 21).

"Transfers and others" in "Loans and advances to customers" includes €195 million at December 31, 2011 of transfers of provisions to hedge against the risk of insolvency in connection with lending transactions by CaixaBank cancelled through the purchase of real estate assets by BuildingCenter (see Note 21).

The rest of "Transfers and others" relates mainly to provisions for impairment recognized by Bankprime, S.A. at the time of the business combination, plus the adjustments carried out to measure the loans and receivables at fair value (see Note 7).

The detail, by loan type and counterparty, of the specific allowance, is as follows:

Specific allowances for loans and advances to customers. By type and counterparty

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Public sector	**349**	**338**
Private sector	**3,758,550**	**3,014,581**
Mortgage loans	2,270,396	1,582,081
Other loans	849,351	583,768
Credit accounts	329,074	552,292
Factoring	38,113	31,272
Commercial loans	91,062	111,635
Other credit	180,554	153,533
Total	**3,758,899**	**3,014,919**

(*) See Note 1, "Comparison of information."

13. HELD-TO-MATURITY INVESTMENTS

The assets classified in the held-to-maturity investments portfolio are initially measured at fair value, and are subsequently measured according to their amortized cost until maturity, given that the Institution has the positive intent and ability to hold these assets to maturity.

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Spanish government debt securities	5,414,254	5,596,653
Government bonds and debentures	5,253,204	5,279,302
Other issues	161,050	317,351
Issued by credit institutions	1,948,058	1,792,745
Total	**7,362,312**	**7,389,398**

(*) See Note 1, "Comparison of information."

The fair value of these assets at 31/12/2011 was EUR 7,101 million. At January 1, 2011, this figure was €7,087 million.

The average effective interest rate on held-to-maturity investments in 2011 was 2.92%. Criteria did not conduct this activity in 2010.

The detail, by rating, of the balance of this item is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
AAA	–	–
AA+	–	1,792,745
AA	–	5,596,653
AA–	6,963,202	–
A+	400,110	–
A	–	–
A–	–	–
BBB+	–	–
BBB	–	–
BBB–	–	–
«Investment grade»	**7,363,312**	**7,389,398**
	100.0%	**100.0%**
BB+	–	–
BB	–	–
BB–	–	–
B+	–	–
B	–	–
B–	–	–
CCC–	–	–
No rating	–	–
«Non-investment grade»	**–**	**–**
	0.0%	**0.0%**
Total	**7,363,312**	**7,389,398**

(*) See Note 1, "Comparison of information."

14. HEDGING DERIVATIVES (ASSETS AND LIABILITIES)

The detail, by type of product, of the fair value of derivatives designated as hedges at December 31, and January 1, 2011 is as follows:

Fair value by product

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Share options	**72,506**	**113,312**	**76,306**	**81,830**
Bought	72,506	–	76,306	–
Issued	–	113,312	–	81,830
Interest rate options	**791,666**	**796,611**	**296,350**	**275,380**
Bought	791,666	–	296,350	–
Issued	–	796,611	–	275,380
Foreign currency options	**294**	**–**	**17**	**–**
Bought	294	–	17	–
Issued	–	–	–	–
Other share and interest rate transactions	**14,168,249**	**10,669,143**	**10,891,304**	**8,667,996**
Share swaps	223,673	10,683	67,095	760
Future rate agreements (FRAs)	169	–	788	249
Interest rate swaps	13,944,407	10,658,460	10,823,421	8,666,987
Other interest rate transactions	–	–	–	–
Commodity derivatives and other risks	**4,883**	**54,691**	**40,404**	**66,500**
Swaps	4,883	54,691	40,404	66,500
Bought	–	–	–	–
Sold	–	–	–	–
Total	**15,037,599**	**11,633,757**	**11,304,381**	**9,091,706**

(*) See Note 1, "Comparison of information."

The detail, by type of market and counterparty, of the fair value of derivatives designated as hedges is as follows:

Fair value by counterparty

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Active markets	**–**	**–**	**–**	**–**
OTC markets	**15,037,599**	**11,633,757**	**11,304,381**	**9,091,706**
Credit institutions	6,611,524	5,525,207	4,544,031	3,534,654
Other financial entities	–	338	–	367
Other sectors	8,426,075	6,108,213	6,760,350	5,556,685
Total	**15,037,599**	**11,633,757**	**11,304,381**	**9,091,706**

(*) See Note 1, "Comparison of information."

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			
	31/12/2011		01/01/2011 **(*)**	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	**15,024,121**	**11,633,757**	**11,302,158**	**9,085,854**
Micro-hedges	387,184	424,982	278,220	320,748
Macro-hedges	14,636,937	11,208,775	11,023,938	8,765,106
Cash flow hedges	**13,478**	**–**	**2,223**	**5,852**
Micro-hedges	13,478	–	1,450	397
Macro-hedges	–	–	773	5,455
Total	**15,037,599**	**11,633,757**	**11,304,381**	**9,091,706**

(*) See Note 1, "Comparison of information."

The fair value hedges shown in the above table as macro-hedges primarily cover the interest rate risk on a set of financial assets and liabilities recognized on the balance sheet.

In 2011, the corresponding effectiveness tests on these hedges were performed. Given the nature of the fair value hedge, any ineffective portion was recognized under "Gains (losses) on financial assets and liabilities" on the income statement.

15. NON-CURRENT ASSETS HELD FOR SALE

This item in the balance sheet includes assets from purchases and foreclosures in payment of loans which are not included as assets for own use, investment property or inventories, and assets initially classified as investment property, once the decision to sell them has been made.

Movements in 2011 are as follows:

31/12/2011

	Thousands of Euros		
	Foreclosed assets	Other assets	Total
Gross balance at 01/01/2011 (*)	**326,771**	**2,822**	**329,593**
Additions in the year	930,343	238,854	1,169,197
Reductions in the year	(857,290)	(227,737)	(1,085,027)
Gross balance at 31/12/2011	**399,824**	**13,939**	**413,763**
Impairment losses			
Gross balance at 01/01/11 (*)	**(3,433)**		**(3,433)**
Allowances	(3,907)		(3,907)
Releases	5,083		5,083
Gross balance at 31/12/2011	**(2,257)**	**–**	**(2,257)**
Total	**397,567**	**13,939**	**411,506**

(*) See Note 1, "Comparison of information."

"Foreclosed assets" relate mainly to foreclosure rights pending allocation. Of these, €96 million relate to rights acquired prior to February 27, 2011. As provided for in the Framework Agreement governing the terms of the Group's reorganization, these will transferred to Servihabitat XXI, SAU. The remainder will be transferred to BuildingCenter, the CaixaBank Group holding company in charge of real estate management.

The detail, by age, of foreclosed assets at December 31, and January 1, 2011, determined on the basis of the foreclosure date, is as follows:

Age of foreclosed assets

	31/12/2011		01/01/2011 (*)	
	No. of assets	Thousands of Euros	No. of assets	Thousands of Euros
Up to 1 year	3,472	328,508	2,960	286,912
Between 1 and 2 years	556	62,314	284	28,566
Between 2 and 5 years	88	8,666	296	11,293
Over 5 years	2	336	–	–
TOTAL	**4,118**	**399,824**	**3,540**	**326,771**

(*) See Note 1, "Comparison of information."

The breakdown by sector of foreclosed assets at December 31, and January 1, 2011 is as follows:

Type of sector

	Percentage of value of assets	
	31/12/2011	01/01/2011 (*)
Residential	96.6%	90.0%
Industrial	2.4%	9.0%
Farming	1.0%	1.0%
TOTAL	**100%**	**100%**

(*) See Note 1, "Comparison of information."

On January 14, 2011, CaixaBank (formerly Criteria) and Mutua Madrileña submitted a Significant Event filing to announce the signature of an agreement to create a strategic alliance in the non-life insurance business. Under this agreement, in 2011 CaixaBank will sell a 50% interest in SegurCaixa Adeslas, SA de Seguros y Reaseguros (SegurCaixa Adeslas) to Mutua Madrileña. The parties announced that SegurCaixa Adeslas' hospital business, which was excluded from the scope of the agreement, would be transferred to CaixaBank prior to completion of the deal.

On May 23, 2011, CaixaBank filed a significant event notice in which it announced that it had reached a preliminary agreement to transfer a stake of 80% in the hospital group to Goodgrower SA. CaixaBank thus acquired, in June 2011, the aforementioned hospital group from SegurCaixa Adeslas. CaixaBank paid SegurCaixa Adeslas €234,520 thousand, and this amount was recognized under "Non-current assets held for sale."

Prior to the sale to Goodgrower, a series of transactions for the corporate reorgnization of the hospital group were conducted, entailing a dividend distribution of €4,527 thousand, which were recognized by diminishing the portfolio cost. In addition, CaixaBank proceeded to purchase from e-la Caixa 1, SA, wholly owned by CaixaBank, its 49.99% stake in Plaza Salud 24, SA, a company belonging to the hospital group, for €4,334 thousand. This stake was subsequently contributed to UMR, SL, the parent of the hospital group.

On 16 December 2011, after concluding the pre-reorganization operations, CaixaBank completed the sale of 80% of the hospital group to Goodgrower and of the remaining 20% to Criteria CaixaHolding, for a total of €237,368 thousand. This transaction generated a gross gain of €5,882 thousand (€4,117 thousand net of tax), which includes the recognition of a provision of €11,099 thousand, gross, for guarantees. The gain is recognized under "Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations" of the income statement (see Note 38).

16. INVESTMENTS

16.1. Investments in associates

The detail of "Investments – Associates" at December 31, and January 1, 2011 is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Listed	8,294,699	6,094,578
Unlisted	66,532	53,329
Subtotal	**8,361,231**	**6,147,907**
Less:		
Impairment losses	(766,000)	(350,000)
Total	**7,595,231**	**5,797,907**

(*) See Note 1, "Comparison of information."

The main changes during 2011 and 2010 in this item excluding impairment losses are as follows:

2011
Gross changes

	Thousands of Euros				
	Purchases	Increases/ reductions of capital	Sales	Other	Total
Balance at 01/01/2011 (*)					**6,147,907**
The Bank of East Asia, LTD **(1)**	75,502	13,526		1,075,870	1,164,898
Repsol YPF, SA	1,007,886		(36,439)	(16)	971,431
Boursorama **(1)**				11,092	11,092
Silk Infraestructuras, SA **(2)**				9,310	9,310
GDS-Correduría de Seguros, SL **(2)**				3,776	3,776
Other		117		52,700	52,817
Changes in 2011	**1,083,388**	**13,643**	**(36,439)**	**1,152,732**	**2,213,324**
Balance at 31/12/2011					**8,361,231**

(*) See Note 1, "Comparison of information."
(1) "Others" includes the stake in BEA held by Negocio de Finanzas e Inversiones I, SLU following the merger with Criteria CaixaCorp, SA.
(2) Restatement from group company to associate of the residual stake remaining after the sale (see Note 16.1).

2010
Gross changes

	Thousands of Euros				
	Purchases	Increases/ reductions of capital	Sales	Other	Total
Balance at 31/12/2009					**6,141,710**
Abertis Infraestructuras, S.A.			(53,724)		(53,724)
Erste Group Bank AG	777			188,387	189,164
Hisusa-Holding de Infraestructuras de Serv. Urbanos, SA **(1)**				382,909	382,909
Changes in 2010	**777**		**(53,724)**	**571,296**	**518,349**
Balance at 31/12/2010					**6,660,059**

(1) Restatement of stake from jointly controlled entities to associates (see Note 16.3).

The market value of listed companies at December 31, and January 1, 2011 is shown in the table below:

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	% stake	Market value	% stake	Market value
Repsol YPF, SA	12.82%	3,714,752	12.69%	3,230,118
Grupo Financiero Inbursa	20.00%	1,895,452	20.00%	2,185,745
The Bank of East Asia, LTD	17.00%	1,032,320	15.20%	972,566
Erste Group Bank, AG	9.77%	518,890	10.10%	1,342,202
Banco BPI, SA	30.10%	143,333	30.10%	375,196
Boursorama, SA	20.73%	100,873	20.76%	144,026
Market value		**7,405,620**		**8,249,853**

(*) See Note 1, "Comparison of information."

Appendix 1 provides key data, percentage ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in associates.

The main changes in 2011 and 2010 are as follows:

The Bank of East Asia, LTD

As a result of the merger between Negocio de Finanzas e Inversiones I, SA and Criteria CaixaCorp, SA, CaixaBank holds the direct stake in The Bank of East Asia, LTD that Criteria CaixaCorp, SA previously held indirectly through Negocio de Finanzas e Inversiones I, SL. In 2011, CaixaBank raised its ownership interest in The Bank of East Asia, LTD by 1.80%, with an investment of 1,241 million Hong Kong dollars (€113 million). CaixaBank's ownership interest in Erste Group Bank AG at December 31, 2011 was 17.00%.

Repsol YPF, SA

As indicated in Note 1, within the framework of the "la Caixa" Group's reorganization, the interest in Repsol YPF, SA was recognized as an investment in an associate with effect from January 1, 2011 as CaixaBank had significant influence over the company. At December 31, 2010, the direct interest was recognized as an available-for-sale financial asset at its market value of €2,366 million. In addition, at December 31, 2010, Criteria had recognized an amount net of tax of €358 million (€512 million gross) related to this stake under "Equity – Valuation adjustments – Available-for-sale financial assets." According to prevailing regulations, this amount has been maintained after the reclassification.

In 2011, CaixaBank acquired an additional 3.53%% stake in Repsol-YPF, SA. CaixaBank has made purchases for a 3.70% stake, with a €1,008 million investment, of which 3.40% relates to the stake that it held indirectly through Repinves, SA (€935 million). In addition, it has made sales equivalent to 0.17% of its stake. At December 31, 2011, CaixaBank's shareholding in Repsol YPF, SA stood at 12.82%.

Boursorama, SA

As a result of the merger between Negocio de Finanzas e Inversiones I, SA and Criteria CaixaCorp, SA, CaixaBank holds the direct stake in Boursorama, SA that Criteria CaixaCorp, SA previously held indirectly through Negocio de Finanzas e Inversiones I, SL. At December 31, 2011, CaixaBank's direct stake in Boursorama, SA was 1.33%, with a total stake of 20.73%.

Erste Group Bank AG

CaixaBank's ownership interest in Erste Group Bank AG at December 31, 2011 was 9.77%. In 2011, the Group's stake was diluted by 0.33% as a result of the corporate transactions carried out by Erste entailing a number of rights issues without subscription rights by company shareholders.

The relationship between the Austrian bank and CaixaBank was strengthened in 2009 following the investment and strategic partnership agreements signed between them, which laid down the terms of CaixaBank's shareholder interest and formalized the non-hostile and long-term nature of the investment. The agreements allow the CaixaBank Group to raise its stake to 20% pursuant to agreement with the ERSTE Foundation.

As a consequence of these agreements, CaixaBank has become EGB's second largest shareholder and has representation in its governing bodies –CaixaBank's Vice Chairman-CEO is a non-executive director of EGB–. This has given CaixaBank significant influence in EGB since December 31, 2009. Accordingly, this investment is recognized under "Investments – Associates" in the accompanying consolidated balance sheet.

In view of the scale of this operation, CaixaBank commissioned a Purchase Price Allocation (PPA) report from an individual valuer. Following completion of the report, the definitive allocation was made of the purchase price paid in 2010 at €1,280 million. The difference between the identifiable net assets acquired at fair value and the carrying amount of the acquire was €88 million, relating mainly to the valuation of the customer portfolio with an average useful life of 13 years and to the trademark, which is deemed to have an indefinite useful life. In these processes the multi-period excess earnings method and the royalties method were used, respectively.

The amortization of intangible assets with a finite useful life is charged to "Share of profit (loss) of entities accounted for using the equity method" in the accompanying consolidated income statement.

In the third quarter of 2011, Erste recognized non-recurring write-downs in its income statement of €1,579 million after tax. These relate basically to the write-off of goodwill in its businesses in Hungary and Romania, to hedges of its activity and Hungary and to the reclassification of the CDS portfolio. These non-recurring write-offs had a negative impact on the CaixaBank Group's consolidated income statement, recognized under "Share of profit (loss) of entities accounted for using the equity method" at the percentage of the CaixaBank Group's ownership interest in Erste.

Abertis Infraestructuras, SA

In 2010, the Company sold 0.38% of its interest in Abertis. These sales have resulted in losses net of tax of €3,384 thousand, the gross amount of which is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets available for sale" in the income statement for 2010.

In June 2010, the Company received 7,115,770 shares from Abertis Infraestructuras issued in the bonus share issue by the latter company on that date. This stake was contributed to "la Caixa" within the scope of reorganization of the Group, as described in Note 1.

Impairment in the value of investments in associates

CaixaBank 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 unlisted 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 fair value of the investment, and if this exceeds carrying amount it considers that there are no indications of impairment.

CaixaBank carried out impairment tests to assess the fair value of these investments and verify the valuation adjustments recognized. 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 mostly for 5 years as these investments are long-term. In cases where investees operate in emerging markets or conduct business of a specific nature, more extensive projections were made, none of which exceed 10 years. 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 listed companies or internal strategic plans in the case of unlisted entities. The Group used individual discount rates for each activity and country, ranging from 9.5% to 13.6% for banking investments, and from 8.9% to 10% for other holdings. The growth rates used to calculate residual value beyond the projected period are between 2% and 5% for banking interests and between 0.5% and 2% for all other holdings. These growth rates were estimated based on the data of the latest projected period and never exceed the nominal growth in GDP estimated for each country or countries in which the investees operate.

The tests carried out to assess the fair value of investments at December 31, 2011 and 2010 showed indications of impairment in the value of banking investments. In 2011 and 2010, CaixaBank recognized €416 million and €50 million, respectively, under "Impairment losses on other assets (net) – Other assets" in the income statement.

Changes in impairment losses in "Investments – Associates" in 2011 are as follows:

	Thousands of Euros
Balance at 01/01/2011 (*)	**350,000**
Plus:	
Amounts taken to profit **(Note 36)**	416,000
Less:	
Funds available in previous years	
Balance at December 31	**766,000**

(*) See Note 1, "Comparison of information."

16.2. Investments in jointly controlled entities

The detail of "Investments – Jointly controlled entities" at December 31, and January 1, 2011 is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Listed	–	–
Unlisted	104,403	740,089
Total	**104,403**	**740,089**

(*) See Note 1, "Comparison of information."

The table below shows the changes to this item in 2011 and 2010:

2011
Gross changes

	Thousands of Euros				
	Purchases	Increases/ reductions of capital	Sales	Other	Total
Balance at 01/01/2011 (*)					**740,089**
Repinves, SA		(557,000)		(86,541)	(643,541)
Comercia Global Payments, Entidad de Pago, SL **(1)**				(6,650)	(6,650)
Other companies				14,505	14,505
Total changes		**(557,000)**		**(78,686)**	**(635,686)**
Balance at 31/12/2011					**104,403**

(*) See Note 1, "Comparison of information."
(1) "Other", includes the dividend capitalized as a decrease in portfolio cost.

2010
Gross changes

	Thousands of Euros				
	Purchases	Increases/ reductions of capital	Sales	Other	Total
Balance at January 1					**5,036,066**
Hisusa-Holding de Infraestr. de Serv. Urbanos, SA **(1)**			(188,092)	(382,909)	(571,001)
Sociedad General de Aguas de Barcelona, SA **(1)**			(449,463)		(449,463)
Gas Natural SDG, SA	92,953		(67,484)		25,469
Total changes	**92,953**		**(705,039)**	**(382,909)**	**(994,995)**
Balance at 31/12/2010					**4,041,071**

(1) The disposals of Sociedad General de Aguas de Barcelona and Hisusa form part of the acquisition of 99.77% of the health insurance company, Adeslas, whereby 24.50% of Agbar was sold to Suez group (directly and indirectly through Hisusa). The stake was reclassified under associates following the sale.

Appendix 1 provides key data, percentage ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in jointly controlled entities.

The main changes occurring in 2011 are as follows:

Repinves, SA
On June 9, 2011, a resolution was adopted at the Extraordinary General meeting of Shareholders of Repinves, SA to liquidate and dissolve the company. Before its dissolution, in January 2011 the company sold its direct stake in Repsol YPF, SA (5.022%) as explained in Note 16.1. The proceeds were used to distribute a share premium for an amount attributable to CaixaBank of €557 million, as per the resolution adopted at the General Shareholders' Meeting of January 21, 2011, recognized with a reduction from the cost of the investment, and interim dividends to shareholders for an amount attributable of €317 million and €11 million, as agreed at the Board of Directors' meetings held on January 24 and April 13, 2011, respectively, charged against profit or loss for the year.

Comercia Global Payments, Entidad de Pago, SL
On November 18, 2010, "la Caixa" and Global Payments Inc., a listed US corporation, entered into an agreement for the sale of 51% of a card payment processing services business (merchant acquiring).

During the reorganization of the "la Caixa" Group, the holding in Comercia formed part of the businesses transferred to Criteria (currently CaixaBank). The profit on the transaction amounting to €232 million (€190 million, net of taxes) is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets available for sale" of CaixaBank's income statement, reflecting the estimate of the result the Group would have obtained at December 31, 2010 if it had started operations on January 1, 2010 (see Note 1, "Comparison of information").

In 2011, the Company paid out reserves for €6,650 thousand, which were recognized with a reduction from the cost of the investment.

Gas Natural SDG, S.A.
In the first quarter of 2010, the Company sold 6,838,703 shares of Gas Natural on the market, representing 0.742% of its share capital, on which it obtained a gain, net of tax, of €33,203 thousand. The gross amount is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets available for sale" in the accompanying income statement as of December 31, 2010.

In addition, at the end of 2010, the Company acquired 8,792,718 shares, valued at €92,953 thousand, through financial derivative contracts classified as cash flow hedges and which fell due 2010. The agreements, executed in October and November 2010, granted the Company the dividend rights arising from the stake held by the counterpart in exchange for remuneration, calculated on the value of the cash flows hedged at an interest rate tied to the Euribor and totaling €112 million. This stake was contributed to "la Caixa" within the scope of reorganization of the Group, as described in Note 1.

Sociedad General de Aguas de Barcelona, SA (Agbar) and Hisusa, Holding de Infraestructuras de Servicios Urbanos, SA (Hisusa)
On October 22, 2009, Criteria CaixaCorp reached a memorandum of understanding with Suez Environnement and with Malakoff Médéric (French domiciled provider of social insurance cover) for the acquisition of 99.77% of Compañia de seguros Adeslas, S.A. (Adeslas). With this transaction, the Criteria Group aimed to strengthen its presence in the insurance sector by incorporating this company into the structure of VidaCaixa (previously, SegurCaixa Holding). On January 14, 2010, the definitive agreements were signed, firstly, for the sale of the corresponding shares of Agbar and Hisusa to Suez Environnement, and, secondly, for the acquisition of Adeslas from Agbar and Malakoff Médéric.

Prior to this transaction, Criteria CaixaCorp and Suez Environnement, the core shareholders of Agbar (90% total interest), sponsored an Agbar de-listing tender offer for the remaining 10% held by minority shareholders, at €20 per share. Subsequently, the company would reduce its share capital by redeeming the shares acquired. This de-listing tender offer concluded on May 26, 2010, with a 91.27% take-up.

On June 7, 2010, Criteria completed the sale to Suez Environnement of a direct and indirect stake in Agbar totaling 24.5%, for €666 million, and the acquisition of 99.77% of the share capital of Adeslas from Agbar and Malakoff Médéric, for a final amount of €1,193 million.

To finance this transaction, and in order for VidaCaixa Adeslas (previously SegurCaixa) to be the Criteria Group company to acquire the stake in Adeslas, and to thus incorporate it into the insurance holding, Criteria contributed all of the shares of Agbar that it held directly (11.54%) and of Hisusa (representing the remaining 12.96%) to VidaCaixa Adeslas (previously SegurCaixa). The purpose of this arrangement was for a single company to formalize the sale. The carrying amount of this contribution was €637,555 thousand (€449,463 thousand relating to the direct stake in Agbar, and €188,092 thousand relating to the contributed stake of Hisusa).

The sales resulted in net gains of €36,230 thousand, the gross amount of which is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets available for sale" in the accompanying income statement.

After this transaction, Criteria maintained 32.87% of Hisusa (equivalent to 24.03% of Agbar).

The stake in Agbar that was maintained through Hisusa was contributed to "la Caixa" within the scope of reorganization of the Group, as described in Note 1.

Impairment in the value of investments in jointly controlled entities

CaixaBank uses the same methodology described for associates to assess the possible impairment of investments in jointly controlled entities. The tests carried out did not point to a need to make impairment allowance for jointly controlled entities in 2011.

16.3. Investments in subsidiaries

The detail of "Investments – Subsidiaries" at December 31 and January 1, 2011 is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Listed	–	–
Unlisted	4,124,871	4,998,573
Subtotal	**4,124,871**	**4,998,573**
Less:		
Impairment losses	(294,305)	(211,095)
Total	**3,830,566**	**4,787,478**

(*) See Note 1, "Comparison of information."

The main changes during 2011 in this item excluding impairment losses are as follows:

2011
Gross changes

	Thousands of Euros				
	Purchases	Capital increases/ reductions	Sales	Other	Total
Balance at 01/01/2011 (*)					**4,998,573**
Negocio de Finanzas e Inversiones I, SLU				(1,136,758)	(1,136,758)
Caixa Barcelona Seguros de Vida, SA de Seguros y Reaseguros			(504,905)		(504,905)
BuildingCenter, SAU		500,000			500,000
HipoteCaixa 2, SL **(1)**				200,843	200,843
Silk Aplicaciones, SL **(2)**				176,208	176,208
Serveis Informátics la Caixa, SA **(2)**		71,875	(9,691)	(216,765)	(154,581)
Nuevo Micro Bank, SAU		18,030			18,030
Caixa Capital Semilla, SCR de Régimen Simplificado, SA	10,000				10,000
GDS-Correduría de Seguros, SL			(169)	(72)	(241)
Other companies	31,321	603	(129)	(14,093)	17,702
Changes in 2011	**41,321**	**590,508**	**(514,894)**	**(990,637)**	**(873,702)**
Balance at 31/12/2011					**4,124,871**

(*) See Note 1, "Comparison of information."
(1) Company acquired through the purchase of Bankpime's business.
(2) "Others" includes the dividend capitalized as a decrease in portfolio cost (–€31,247 thousand), the spin off of the company in favor of Silk Aplicaciones (–€176,208 thousand) and the restatement of the stake under associates following the sale of a 51% stake (–€9,310 thousand).

2010
Gross changes

	Thousands of Euros				
	Purchases	Capital increases/ reductions	Sales	Other	Total
Balance at 31/12/2009					**3,425,906**
CaixaRenting, SA			(81,999)		(81,999)
Negocio de Finanzas e Inversiones I, SLU		280,000			280,000
VidaCaixa Adeslas, SA (formerly SegurCaixa) **(1)**		1,199,000	(2,552)	(1,196,448)	–
VidaCaixa Grupo (formerly SegurCaixa Holding) **(2)**				1,130,035	1,130,035
Changes in 2010		**1,479,000**	**(84,551)**	**(66,413)**	**1,328,036**
Balance at 31/12/2010					**4,753,942**

(1) "Other", includes the dividend capitalized as a decrease in portfolio cost (–€66,413 thousand).
(2) The transactions performed at VidaCaixa Adeslas (formerly SegurCaixa) and VidaCaixa Grupo (formerly SegurCaixa Holding) form part of the acquisition of 99.77% of the health insurance company, Adeslas, and the sale of a 24.50% (direct and indirect) stake in Agbar.

Appendix I provides the key data, percentage shareholding, share capital, reserves, results and the cost of the direct stake.

The main changes in 2011 and 2010 were:

Negocio de Finanzas e inversiones I, SL

In January 2010, the Company subscribed for the entire capital increase of Negocio de Finanzas e Inversiones I, in the amount of €280,000 thousand, of which €93,333 thousand was capital and the remainder was the share premium. The purpose of this capital increase was to finance the subscription of the capital increase of The Bank of East Asia (BEA), in the total amount of €331 million, which made it possible to raise the stake in the latter bank to 14.99%. On 12 May 2011, the Board of Directors approved the takeover and merger, winding up but not liquidating Negocio de Finanzas e Inversiones I, with the transfer en bloc of all its assets and liabilities. This transaction, which for accounting purposes was recognized at January 1, 2011, did not materially affect CaixaBank's financial situation or results, given that Negocio de Finanzas e Inversiones I was a wholly owned subsidiary both on 31 December 2010 and at the time of the merger. Negocio de Finanzas e Inversiones I's 15.617% stake in BEA at the time of the merger was the most significant element of its assets and liabilities. After the merger, the stake in BEA has been held directly by CaixaBank (see Note 16.1).

Caixa Barcelona Seguros de Vida, SA de Seguros y Reaseguros
In July 2011, CaixaBank sold to VidaCaixa Grupo, SA its stake in Caixa Barcelona Seguros de Vida, for €504,905 thousand, equivalent to its underlying carrying amount at that date. The aim of the transaction was to bring about the subsequent merger of the two companies, which took place in the second half of 2011.

BuildingCenter, SAU
CaixaBank subscribed to a €500 million capital increase carried out by BuildingCenter, SAU so that this company could take over the management, administration and ownership of real estate assets acquired or foreclosed originating in operations to finance real estate developers and private parties granted by CaixaBank, SA. At December 31, 2011, the CaixaBank Group's stake in BuildingCenter, SAU was 100%.

Serveis Informàtics la Caixa, SA (Silk)
In June 2011, CaixaBank subscribed €72 million in the capital increase carried out by Serveis Informàtics la Caixa, SA. On December 29, 2011, CaixaBank and IBM announced a ten-year strategic services agreement, whereby IBM became the bank's technology provider. This partnership was set up through the sale of a 51% stake to IBM. Prior to the sale, the following transactions were carried out:

- Sale by Silk to CaixaBank of its technology-infrastructure and architecture assets, for €49.7 million.

- Silk distributed dividends against reserves, for €22,934 thousand on November 3, 2011, and for €8,313 thousand on November 17, 2011. CaixaBank charged the dividends against the cost of the investment.

- Silk spun off its applications activity to Silk Aplicaciones, SLU, which was established for this purpose on October 27, 2011, through a €79,525 thousand capital reduction. In addition, as part of the spin-off process, the Company's reserves were reduced by €34,862 thousand.

The sale of 51% of the Company to IBM was carried out for an effective amount of €9,999 thousand, and the transaction did not generate any gains. Nevertheless, the Company expects very significant cost savings in the coming 10 years as a consequence of the strategic partnership. Because of the transaction, the stake in Silk was reclassified to that of an associate.

Nuevo Micro Bank, SAU
In July 2011, this company was established through a capital contribution in the amount of €18,030 thousand as a result of the reorganization of the "la Caixa" Group. In addition, as described in Note 1, CaixaBank spun off the assets and liabilities relating to the microlending activity to Nuevo Micro Bank for €72,155 thousand.

GDS Correduría de Seguros, SL
On November 18, 2011, CaixaBank, March Unipsa and Aon Gil y Carvajal signed an agreement by which CaixaBank and March Unipsa were to sell to Aon Gil y Carvajal their stake in GDS Correduría de Seguros. The agreement called for the 67% stake held by CaixaBank to be carried out in two stages: 47% upon the signing of the transaction, at a price of €8,877 thousand, and the remaining 20% though the sale and purchase (put/call) of options that can be exercised for 3.5 years as from the third year after their acquisition date at a fixed price of €3,776 thousand. The conclusion of the sale was subject to approval by the Spanish Insurance Regulatory Authorities, which was issued in December 2011.

Consequently, CaixaBank recognized the sale of 47% of its stake and reclassified at fair value the remaining 20% as an investment in an associate, as it lost control of the company and the nature of its investment was modified. The transaction generated a gross gain of €12,408 thousand (€8,583 thousand net of tax).

VidaCaixa Adeslas, SA de Seguros Generales y Reaseguros (formerly SegurCaixa, SA de Seguros y Reaseguros)
The agreements between Criteria CaixaCorp, SA (now CaixaBank) and Suez Environnement Company, SA (SE) to refocus their respective strategic interests in the group health insurance business and in the water and environmental management industry led to a series of transactions for the corporate reorganization of CaixaBank in fulfillment of the terms of the transaction.

CaixaBank first contributed, to VidaCaixa Adeslas, all of its direct stake in Sociedad General de Aguas de Barcelona (Agbar) and shares of Hisusa, through which it held an indirect stake. Taken together, these two investments were equivalent to 24.5% of its interest in Agbar. This non-cash contribution had a valuation of €666,486 thousand, which was the fair value of the contributed shares. In addition, CaixaBank subscribed a monetary capital contribution in VidaCaixa Adeslas for €532,514 thousand.

Next, Vidacaixa Adeslas purchased a 99.77% stake in Compañía de Seguros Adeslas, SA (Adeslas) for €1,193 million.

Subsequent to these capital increases, VidaCaixa Adeslas approved and carried out the distribution of an extraordinary dividend with a charge to the share premium, in the amount of €66,413 thousand, which CaixaBank recognized with a reduction from the investee. In addition, CaixaBank sold 825,990 shares of VidaCaixa Adeslas to VidaCaixa Adeslas for €2,552 thousand.

Once all of these transactions had been concluded, in July 2010 CaixaBank contributed its entire stake in VidaCaixa Adeslas to VidaCaixa Grupo, SA (previously SegurCaixa Holding, SAU), a holding that encompasses all of the CaixaBank Group's insurance activities. The contribution was made for a carrying amount of €1,130 million.

VidaCaixa Grupo, SA (previously SegurCaixa Holding, SAU)
In July 2010, Criteria contributed all of its stake in VidaCaixa Adeslas to VidaCaixa Grupo, as was noted in the description of the transactions of VidaCaixa Adeslas, SA de Seguros Generales y Reaseguros. At December 31, 2011, it held a 100% stake in VidaCaixa Grupo.

Caixa Renting, SA
On July 30, 2010, Criteria (now CaixaBank) announced the agreement it had reached to sell Caixa Renting, SA's vehicle leasing business to Arval Service Lease, SA (Arval), which belonged to the BNP Paribas Group. On December 22, 2010, CaixaBank sold all of the shares of Caixa Renting, SA to "la Caixa" for €62 million, transferring to the latter its contractual position in the purchase contract. This transaction had no impact on CaixaBank's income statement.

Impairment in the value of investments in subsidiaries

	Thousands of Euros
	01/01/2011 **(*)**
Balance at January 1	**211,095**
Plus:	
Amounts charged to profits	143,141
Less:	
Funds available in previous years	(607)
Utilization	
Transfers and other	(59,324)
Balance at December 31	**294,305**

(*) See Note 1, "Comparison of information."

CaixaBank analyzed possible impairments of all its investments in subsidiaries in order to recognize any corrections to their carry amounts, as applicable.

The Company measured the recoverable value of its investments using generally accepted valuation methods, based chiefly on estimates of its share in the future cash flows that the investee company is expected to generate, whether from its ordinary activities or its disposal or derecognition.

The analyses carried out in 2011 have underscored the need to recognize additional impairments to the investees. The most significant is the €139 million impairment allowance of BuidingCenter, SA.

In 2010, an impairment of €64 million was recognized on the investment in Finconsum, SA. At December 31, 2010, the charge for this company stood at €121,263 thousand. In addition, in 2010, as a consequence of the results of the impairment testing, there was a reversal of €58 million of the impairment allowance related to Negocio de Finanzas e Inversiones I, with an impairment allowance of €86,324 thousand being maintained as at December 31, 2010, which was offset in the merger process described above in this Note.

The impact on income of the impairment of stakes in subsidiaries is recognized under "Impairment losses (net) – Other assets" in the income statement.

17. PROPERTY AND EQUIPMENT

Changes in items of "Property and equipment" and of the related accumulated depreciation in 2011 are as follows:

	Thousands of Euros		
	31/12/2011		
	Land and buildings	Furniture, facilities and other	Total
Cost			
Balance at 01/01/2011 **(*)**	2,578,109	2,808,544	5,386,653
Additions	3,600	117,130	120,730
Disposals	(266)	(109,367)	(109,633)
Transfers	(46,291)	(8,149)	(54,440)
Balance at December 31	**2,535,152**	**2,808,158**	**5,343,310**
Accumulated depreciation			
Balance at 01/01/2011 **(*)**	(421,323)	(2,059,572)	(2,480,895)
Additions	(20,988)	(167,269)	(188,257)
Disposals	22,254	79,100	101,354
Transfers	5,403	4,709	10,112
Balance at December 31	**(414,654)**	**(2,143,032)**	**(2,557,686)**
Own use, net	**2,120,498**	**665,126**	**2,785,624**
Total net property and equipment	**2,120,498**	**665,126**	**2,785,624**
Cost			
Balance at 01/01/2011 **(*)**	124,424	27,760	152,184
Additions	–	115	115
Disposals	(6,557)	(2,380)	(8,937)
Transfers	46,456	8,135	54,591
Balance at December 31	**164,323**	**33,630**	**197,953**
Accumulated depreciation			
Balance at 01/01/2011 **(*)**	(12,749)	(18,388)	(31,137)
Additions	(1,426)	(1,584)	(3,010)
Disposals	1,497	1,661	3,158
Transfers	(5,474)	(4,790)	(10,264)
Balance at December 31	**(18,152)**	**(23,101)**	**(41,253)**
Investment property	**146,171**	**10,529**	**156,700**
Total property and equipment	**2,266,669**	**675,655**	**2,942,324**

(*) See Note 1, "Comparison of information."

At December 31, 2010, the balance of CaixaBank (formerly Criteria)'s plant and equipment stood at €2,443 thousand, and the changes in 2010 were not significant.

There were no individual transactions generating significant gains, losses or impairment (see Notes 37 and 38).

Rental income accrued on the operation of investment property is recognized under "Other operating income" in the income statement (see Note 31) and operating expenses under "Other operating expenses" (see Note 32).

Carrying amount is equal to acquisition cost, which was updated at January 1, 2004 with respect to properties for own use on the basis of appraisals performed in accordance with Transitional Provision One of Bank of Spain Circular 4/2004 (see Note 2.10).

To obtain a better estimate of the fair value of the properties for own use of "la Caixa" at December 31, 2011, in view of the current situation of the real estate market, Tinsa, SA, an independent appraisal and valuation company approved by the Bank of Spain, was commissioned to perform a review of property appraisals. With the exception of special assets or those not suitable for repeat production, this review was carried out using statistical methods.

As a result of this review, the estimated gross capital gain at December 31, 2011 was €222 million (€376 million at January 01, 2011).

At December 31, 2011, CaixaBank had no significant commitments to acquire items of property and equipment.

18. INTANGIBLE ASSETS

The breakdown of "Intangible assets" at December 31 and January 1, 2011 is as follows:

Breakdown of intangible assets

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Goodwill	**389,743**	**350,337**
"la Caixa" Gestión de Patrimonios, SV, SA	350,337	350,337
Negocio bancario Banco pequeña y mediana empresa, SA	39,406	–
Other intangible assets	**164,216**	**145,375**
Acquisition of the banking business of Banco pequeña y mediana empresa, SA	13,962	–
Acquisition of "la Caixa" Gestión de Patrimonios, SV, SA	23,507	26,865
Integration of "la Caixa" Gestión de Patrimonios, SV, SA	7,627	8,717
Development of software programs and systems	119,120	109,793
Total intangible assets	**553,959**	**495,712**

(*) See Note 1, "Comparison of information."

The changes to this item on the balance sheet in 2011 are as follows:

	Thousands of Euros
	2011
Balance at January 1	**495,712**
Plus:	
Other intangible assets for the development of software programs and systems	66,495
Acquisition of Bankpime financial business	53,368
Less:	
Amortization charged to profits	(53,844)
Write-downs charged to profits	(7,772)
Balance at December 31	**553,959**

Goodwill and intangible assets other than computer software and systems derive from the acquisition of the banking business of Banco de la Pequeña y Mediana Empresa, S.A. and Morgan Stanley's business in Spain.

The goodwill of Bankpime's banking business was allocated to the merchant and microenterprise and medium-sized and large enterprise cash-generating units. The value of the intangible assets was obtained from an assessment of the contractual relations with customers involved in new business. Useful life was estimated at 10 years, and is based on the average customer retention curve.

At the 2011, goodwill arising from the acquisition of Morgan Stanley business in Spain was tested for impairment, which was allocated to the CaixaBank personal banking and private banking cash-generating units (CGUs). The tests were made based on the estimated cash flows expected from this activity. Cash flows from this activity for the next six years were estimated, assuming a constant subsequent growth rate of 2% (intended to include the effects of inflation). These expected flows have been discounted at a rate of 10%, similar to in the previous year.

The discount rates applied for the projections were calculated on the rate of interest of the Spanish 10-year bond, plus a risk premium associated with each business.

The results of the tests carried out showed the value in use of the CGU to which the goodwill is assigned is much higher than carrying amount.

Intangible assets have no restrictions on ownership.

19. OTHER ASSETS AND LIABILITIES

The breakdown in the consolidated balance sheet is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Other assets	**642,044**	**655,964**
Prepayments and accrued income	422,508	409,547
Ongoing transactions	155,928	55,663
Other **(1)**	63,608	190,754
Other liabilities	**1,304,565**	**1,252,894**
Prepayments and accrued income	560,386	492,581
Ongoing transactions	264,875	144,781
Other	479,304	615,532

(*) See Note 1, "Comparison of information."
(1) At 1/1/11 this includes transitionary accounts relating to the migration of Caixa Girona.

All amounts represent normal business operated by CaixaBank with financial markets and customers.

20. FINANCIAL LIABILITIES AT AMORTIZED COST

The breakdown, by nature of liability, of this item in the accompanying balance sheet is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Deposits from central banks	13,579,787	–
Deposits from credit institutions	9,807,384	18,442,337
Customer deposits	146,107,745	157,562,586
Marketable debt securities	44,545,324	44,323,329
Subordinated liabilities	5,088,470	6,598,733
Other financial liabilities	2,674,941	1,882,456
Total	**221,803,651**	**228,809,441**

(*) See Note 1, "Comparison of information."

"Deposits from central banks" includes €12,409,143 thousand relating to the financing obtained at the special liquidity auction held in December 2011 by the Central European Bank. This financing has a term of 36 months (maturing on 29/1/2015), with the possibility of a total or partial cancellation after 12 months. The interest rate is variable, with a rate of 1% to be applied in the first year. A requirement for obtaining this financing was the reduction, on December 31, 2011, of the amount of the repurchase agreements carried out with credit institutions (classified under Deposits from credit institutions) and with counterparties (classified under Customer deposits).

The detail of the main valuation adjustments included in each of the liability categories classified under "Financial liabilities at amortized cost" is as follows:

31/12/2011

	Thousands of Euros					
		Valuation adjustments				
	Gross balance	Interest accrued	Micro-hedges	Transaction costs	Premiums and discounts	Balance at
Deposits from central banks	13,573,538	6,249				13,579,787
Deposits from credit institutions	9,778,190	29,201			(7)	9,807,384
Customer deposits	145,151,581	955,668	2,416		(1,920)	146,107,745
Marketable debt securities	43,889,767	785,660	3,804	(13,335)	(120,572)	44,545,324
Subordinated liabilities	5,087,586	1,005		(121)		5,088,470
Other financial liabilities	2,674,941					2,674,941
Total	**220,155,603**	**1,777,783**	**6,220**	**(13,456)**	**(122,499)**	**221,803,651**

01/01/2011 (*)

	Thousands of Euros					
		Valuation adjustments				
	Gross balance	Interest accrued	Micro-hedges	Transaction costs	Premiums and discounts	Balance at
Deposits from central banks	–					–
Deposits from credit institutions	18,420,619	21,725			(7)	18,442,337
Customer deposits	156,792,243	772,026	2,538		(4,221)	157,562,586
Marketable debt securities	43,723,867	719,766		(17,800)	(102,504)	44,323,329
Subordinated liabilities	6,597,586	1,200		(53)		6,598,733
Other financial liabilities	1,882,456					1,882,456
Total	**227,416,771**	**1,514,717**	**2,538**	**(17,853)**	**(106,732)**	**228,809,441**

(*) See Note 1, "Comparison of information."

20.1. 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	
	31/12/2011	01/01/2011 **(*)**
Demand	**2,935,697**	**1,711,119**
Reciprocal accounts	–	22,281
Other accounts	2,935,697	1,688,838
Term or with prior notice	**6,842,493**	**16,709,500**
Time deposits	6,211,414	9,160,275
Of which: bearer covered bonds	*1,007,569*	*1,103,214*
Hybrid financial liabilities	2,738	2,116
Sales of assets under a repurchase agreement (repos)	628,341	7,547,109
Total	**9,778,190**	**18,420,619**

(*) See Note 1, "Comparison of information."

The average effective interest rate on liabilities under "Loans and advances to credit institutions" was 1.59% in 2011. Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

20.2. Customer deposits

The breakdown, by sector and type of deposit, of this item in the consolidated balance sheet excluding valuation adjustments is as follows:

By sector

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Public sector	3,005,855	8,340,892
Other resident sectors	134,214,227	138,420,160
Non resident **(**)**	7,931,499	10,031,191
Total	**145,151,581**	**156,792,243**

(*) See Note 1, "Comparison of information."
(**) Includes repurchase agreements in money market transactions through counterparty entities of €5,506 and €9,282 million at December 31 and January 1 2011, respectively.

By type

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Current accounts and other demand accounts	35,182,236	35,651,021
Savings accounts	26,138,678	24,824,858
Time deposits	70,509,972	75,349,173
of which bearer covered bonds	*1,325,000*	*1,495,000*
Hybrid financial liabilities	5,207,734	5,534,485
Repurchase agreements **(**)**	8,112,961	15,432,706
Total	**145,151,581**	**156,792,243**

(*) See Note 1, "Comparison of information."
(**) Includes repurchase agreements in money market transactions through counterparty entities of €5,506 and €9,282 million at December 31 and January 1 2011, respectively.

At December 31 and January 1, 2011, "Time deposits" includes €22,981,649 thousand and €18,680,904 thousand, respectively, as the balancing entry for customer loans securitized after January 1, 2004 whose risk has not been substantially transferred and therefore have not been derecognized from assets. This amount is shown net of bonds issued by securitization funds acquired by "la Caixa," which amounted to €22,903,376 thousand and €19,727,726 thousand, respectively, adjusted by the amount of bonds that do not specifically finance the assets transferred, for €1,060,831 thousand and €2,148,514 thousand, respectively (see Note 25.2).

The average effective interest rate on financial liabilities under "Customer deposits" was 1.73% in 2011. Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

20.3. Marketable debt securities

The breakdown, by issue, of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

Marketable debt securities

	Thousands of Euros	
	Outstanding amount at	
	31/12/2011	01/01/2011 **(*)**
Mortgage covered bonds	36,824,588	35,433,513
Public-sector covered bonds	1,401,380	2,695,302
Plain vanilla bonds	2,316,757	2,632,804
Structured notes	178,300	1,607
Promissory notes	3,168,742	2,960,641
Total	**43,889,767**	**43,723,867**

(*) See Note 1, "Comparison of information."

The breakdown by maturity of marketable debt securities is as follows:

Residual maturities

	Thousands of Euros	
	Outstanding amount at	
	31/12/2011	01/01/2011 **(*)**
Less than 1 year	5,791,188	9,491,419
Between 1 and 2 years	5,995,557	2,737,030
Between 2 and 5 years	16,399,896	13,879,612
Between 5 and 10 years	11,724,547	11,149,966
Over 10 years	3,978,579	6,465,840
Total	**43,889,767**	**43,723,867**

(*) See Note 1, "Comparison of information."

The average effective interest rate on financial liabilities under "Marketable debt securities" was 3.57% in 2011. Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

The interest accrued and the issue expenses for the total of the marketable debt securities appear under "Interest expense and similar charges" in the accompanying income statement (see Note 27).

Details of mortgage covered bond issues are as follows:

Mortgage covered bonds

Thousands of Euros

				Outstanding amount at	
Date	Initial nominal amount in currency	Nominal interest rate	Data	31/12/2011	01/01/2011 **(*)**
05/04/2001	1,500,000 €	5.250%	05/04/2011		1,500,000
21/11/2002	1,500,000 €	4.500%	21/11/2012	1,500,000	1,500,000
14/05/2003	750,000 €	5.250%	05/04/2011		750,000
31/10/2003	1,250,000 €	4.250%	31/10/2013	1,250,000	1,250,000
31/10/2003	750,000 €	4.750%	31/10/2018	750,000	750,000
04/02/2004	750,000 €	4.250%	31/10/2013	750,000	750,000
04/02/2004	250,000 €	4.750%	31/10/2018	250,000	250,000
17/02/2005	2,500,000 €	3.875%	17/02/2025	2,500,000	2,500,000
30/09/2005	300,000 £	Lib 1y+0.020%	30/09/2015	359,152	348,533
05/10/2005	2,500,000 €	3.250%	05/10/2015	2,500,000	2,500,000
09/01/2006	1,000,000 €	E3M+0.075%	09/01/2018	1,000,000	1,000,000
18/01/2006	2,500,000 €	3.375%	30/06/2014	2,500,000	2,500,000
18/01/2006	2,500,000 €	3.625%	18/01/2021	2,500,000	2,500,000
20/04/2006 **(1)**	1,000,000 €	E3M+0.100%	30/06/2016	490,047	490,047
16/06/2006	150,000 €	E3M+0.06%	16/06/2016	150,000	150,000
22/06/2006	100,000 €	E3M%	20/06/2013	100,000	100,000
28/06/2006	2,000,000 €	4.250%	26/01/2017	2,000,000	2,000,000
28/06/2006	1,000,000 €	4.500%	26/01/2022	1,000,000	1,000,000
30/06/2006	150,000 €	E3M+0.005%	20/08/2013	150,000	150,000
30/06/2006	100,000 $	Lib 3M-0.013%	20/06/2013	77,286	74,839
18/09/2006 **(1)**	1,000,000 €	E3M+0.100%	30/09/2016	478,423	478,423
18/10/2006	100,000 €	E3M+0.020%	18/10/2013	100,000	100,000
01/11/2006	255,000 $	Lib 3M%	02/02/2037	197,079	190,840
28/11/2006	250,000 €	E3M+0.060%	28/11/2016	250,000	250,000
22/01/2007 **(1)**	1,000,000 €	E3M%	30/03/2017	451,134	451,134
23/03/2007	400,000 €	E3M+0.050%	23/03/2017	400,000	400,000
30/03/2007	227,500 €	E3M+0.045%	20/03/2017	227,500	227,500
30/03/2007	68,000 €	E3M+0.010%	20/06/2014	68,000	68,000
09/05/2007 **(1)**	1,500,000 €	E3M+0.100%	30/09/2017	692,148	692,148
04/06/2007	2,500,000 €	4.625%	04/06/2019	2,500,000	2,500,000
13/07/2007	25,000 €	E3M+0.045%	20/03/2017	25,000	25,000
21/04/2008 **(1)**	1,000,000 €	E3M+0.100%	30/03/2012	567,604	567,604
09/05/2008 **(3)**	1,500,000 €	E3M+MARGIN	09/05/2011		1,500,000
13/06/2008	100,000 €	5.432%	13/06/2038	100,000	100,000
29/12/2008 **(2)**	785,400 €	4.000%	29/12/2011		785,400
17/02/2009 **(2)**	149,200 €	3.500%	17/02/2012	149,200	149,200
14/05/2009	175,000 €	E3M+1.000%	14/05/2021	175,000	175,000
26/05/2009	1,250,000 €	3.750%	26/05/2014	1,250,000	1,250,000
07/08/2009	750,000 €	3.750%	26/05/2014	750,000	750,000
18/12/2009	125,000 €	E3M+0.650%	18/12/2018	125,000	125,000
31/03/2010	1,000,000 €	3.500%	31/03/2016	1,000,000	1,000,000
07/05/2010	100,000 €	E3M+0.950%	07/05/2019	100,000	100,000
02/07/2010	300,000 €	E3M+1.750%	02/07/2018	300,000	300,000
18/08/2010	42,000 €	3.500%	30/04/2015	42,000	42,000
16/09/2010	1,000,000 €	3.125%	16/09/2013	1,000,000	1,000,000
06/10/2010 **(3)**	250,000 €	E6M+MARGIN	06/10/2014	250,000	250,000
08/10/2010 **(3)**	250,000 €	E6M+MARGIN	08/10/2015	250,000	250,000
15/10/2010	25,000 €	3.737%	15/10/2015	25,000	25,000
11/11/2010	300,000 €	E3M+1.630%	11/11/2013	300,000	300,000
22/02/2011	2,000,000 €	5.000%	22/02/2016	2,000,000	
18/03/2011	570,000 €	4.706%	31/01/2014	570,000	
18/03/2011	74,000 €	4.977%	02/02/2015	74,000	
18/03/2011	1,250,000 €	4.750%	18/03/2015	1,250,000	
27/04/2011	1,250,000 €	5.125%	27/04/2016	1,250,000	
13/05/2011	180,000 €	4.471%	30/07/2014	180,000	
14/11/2011	250,000 €	4.250%	26/01/2017	250,000	
12/12/2011	250,000 €	E3M+3.000%	12/12/2023	200,000	
Mortgage covered bonds				**37,373,573**	**36,115,668**
Treasury shares acquired				**(548,985)**	**(682,155)**
Total				**36,824,588**	**35,433,513**

(*) See Note 1, "Comparison of information."
(1) Issues placed on the retail market. The remainder were placed among institutional market.
(2) Issues acquired by the Fund for the Acquisition of Financial Assets (FAFA).
(3) Margin increasing and revised quarterly.

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 bearer covered bonds (*cédulas hipotecarias nominativas)* issued and outstanding which, depending on the counterparty, are recognized under "Deposits from credit institutions" or "Customer deposits" in the accompanying balance sheet (see Notes 20.1 and 20.2).

The degree of collateralization and overcollateralization of the mortgage covered bonds issued at December 31 and January 1, 2011 is as follows:

		Millions of Euros	
		31/12/2011	01/01/2011 **(*)**
Non-bearer mortgage covered bonds **(Note 22.3)**		37,373,573	36,115,668
Bearer mortgage covered bonds placed as customer deposits **(Note 22.2)**		1,325,000	1,495,000
Bearer mortgage covered bonds issued by credit institutions **(Note 22.1)**		1,007,569	1,103,214
Mortgage covered bonds issues	**(A)**	**39,706,142**	**38,713,882**
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**99,949,537**	**105,992,112**
Collateralization:	**(B)/(A)**	**252%**	**274%**
Overcollateralization:	**[(B)/(A)]–1**	**152%**	**174%**

(*) See Note 1, "Comparison of information."

Details of public-sector covered bonds are as follows:

Public-sector covered bonds

Thousands of Euros					
				Outstanding amount at	
Date	Initial nominal amount in currency	Nominal interest rate	Date	31/12/2011	01/01/2011 **(*)**
13/09/2006	1,500,000 €	3.750%	13/09/2011		1,500,000
28/02/2008	200,000 €	E6M+0.135%	28/02/2013	200,000	200,000
29/04/2010	1,000,000 €	2.500%	29/04/2013	1,000,000	1,000,000
23/05/2011	200,000 €	2.738%	23/05/2012	200,000	
20/10/2011	2,500,000 €	4.250%	19/06/2015	2,500,000	
20/10/2011	1,500,000 €	3.875%	20/03/2014	1,500,000	
Public-sector covered bonds				**5,400,000**	**2,700,000**
Treasury shares acquired				**(3,998,620)**	**(4,698)**
Total				**1,401,380**	**2,695,302**

(*) See Note 1, "Comparison of information."

The public-sector covered bonds are issued using as collateral loans and advances to the central government, regional communities, local bodies, autonomous community organizations and dependent public business entities and other such institutions in the European Economic Area.

The amount of treasury shares acquired corresponds primarily to the issues made on October 20, 2011, to increase the credit facility with the ECB.

Details of plain vanilla bond issues are as follows:

Plain vanilla bonds

Thousands of Euros					
				Outstanding amount at	
Date	Initial nominal amount in currency	Nominal interest rate	Date	31/12/2011	01/01/2011 **(*)**
18/08/2004 **(2)**	30,000 €	6.200%	18/08/2019	30,000	
22/03/2007	200,000 €	E3M+0.210%	22/03/2012	200,000	200,000
21/04/2009 **(1)**	145,000 €	E3M+MARGIN	21/04/2011		145,000
20/11/2009	1,000,000 €	4.125%	20/11/2014	1,000,000	1,000,000
03/08/2010 **(1)**	50,000 €	E3M+MARGIN	03/08/2012	50,000	50,000
29/10/2010 **(1)**	175,000 €	E3M+MARGIN	29/10/2012	175,000	175,000
05/11/2010	1,000,000 €	3.750%	05/11/2013	1,000,000	1,000,000
16/11/2010 **(1)**	100,000 €	E3M+MARGIN	16/11/2012	100,000	100,000
09/03/2011 **(1)**	200,000 €	E3M+MARGIN	11/03/2013	200,000	
21/06/2011 **(1)**	150,000 €	E3M+MARGIN	21/06/2013	150,000	
Plain vanilla bonds				**2,905,000**	**2,670,000**
Treasury shares acquired				**(588,243)**	**(37,196)**
Total				**2,316,757**	**2,632,804**

(*) See Note 1, "Comparison of information."
(1) Margin increasing and revised quarterly.
(2) To April 2011, issue by CaixaFinance, BV. From that date on CaixaBank changes its status as guarantor by issuer. Variable yields when E12M exceeds 6%.

Details of structured note issues are as follows:

Structured notes

Thousands of Euros				
			Outstanding amount at	
Issue date	Initial nominal amount in currency	Date	31/12/2011	01/01/2011 **(*)**
11/02/2010	1,450 €	13/02/2013	1,450	1,421
21/06/2010	2,000 €	21/06/2012	200	186
15/02/2011	2,000 €	17/02/2014	2,000	
21/07/2011	43,650 €	21/07/2014	43,650	
16/11/2011	15,350 €	17/11/2014	15,350	
01/12/2011	115,650 €	04/12/2014	115,650	
Total			**178,300**	**1,607**

(*) See Note 1, "Comparison of information."

The detail, by remaining term to maturity, of the outstanding amount of promissory notes issued at December 31 and January 1, 2011 is as follows:

Promissory notes

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Up to 3 months	1,976,350	679,577
Between 3 and 6 months	139,979	331,788
Between 6 months and 1 year	971,155	1,942,036
Between 1 and 2 years	81,258	7,240
Total	**3,168,742**	**2,960,641**

(*) See Note 1, "Comparison of information."

On December 15, 2011, "la Caixa" acquired a promissory note from CaixaBank with a nominal value of €1,650 million at an interest rate of 4% and maturing on February 2, 2012.

20.4. Subordinated liabilities

The detail of this heading in the consolidated balance sheet excluding valuation adjustments is as follows:

Breakdown of issues

	Thousands of Euros	
	Outstanding amount at	
	31/12/2011	01/01/2011 **(*)**
Preference shares	4,937,586	4,947,586
Subordinated debt	150,000	1,650,000
Total	**5,087,586**	**6,597,586**

(*) See Note 1, "Comparison of information."

Details of preference share issues are as follows:

Preference shares

Thousands of Euros					
				Outstanding amount at	
Issue date	Maturity	Nominal amount	Nominal interest rate	31/12/2011	01/01/2011 **(*)**
June 2007 **(1)**	Perpetuity	20,000	3.41%	20,000	20,000
December 2007 **(1)**	Perpetuity	30,000	4.66%	30,000	30,000
May 2009	Perpetuity	1,897,586	4.89%	1,897,586	1,897,586
Issued by CaixaBank				**1,947,586**	**1,947,586**
June 1999 **(2)**	Perpetuity	1,000,000	2.97%	1,000,000	1,000,000
May 2000 **(2)**	Perpetuity	2,000,000	2.97%	2,000,000	2,000,000
Issued by Caixa Preference				**3,000,000**	**3,000,000**
Total issued				**4,947,586**	**4,947,586**
Treasury shares acquired				**(10,000)**	**–**
Total				**4,937,586**	**4,947,586**

(*) See Note 1, "Comparison of information."
(1) Issues deriving from the merger with Caja de Ahorros de Girona.
(2) Subordinated liabilities taken by CaixaBank from Caixa Preference, SAU, as counterparty for issues of preference shares performed by that company.

In May 2009, "la Caixa" issued its first series of I/2009 non-voting preference shares, for €1,500 million extendable to a maximum of €2,000 million issued at par, of which €1,898 million was subscribed. This issue carried a fixed nominal dividend of 5.87% (6% AER) per annum until June 29, 2011. Starting in June, it carried a variable quarterly dividend equal to the three-month Euribor plus 3.5% per annum.

At December 31 and January 1, 2011, no securities had been pledged.

In June 1999, Caixa Preference, SAU issued non-voting series A preference shares amounting to €1,000 million, with a variable quarterly dividend equal to the three-month Euribor plus 0.06% per annum, and a guaranteed minimum dividend of 3.94% per annum (4% APR) over the first three years following the issue. In July 2009, a guaranteed annual minimum interest rate of 2.97% (3% APR) and a ceiling of 7.77% (8% APR) were established to 30 September 2014.

In May 2000, Caixa Preference, SAU issued non-voting series B preference shares amounting to €2,000 million, with a variable quarterly dividend equal to the three-month Euribor rate plus 0.06% per annum, and a guaranteed minimum dividend of 4.43% per annum (4.5% APR), to an annual ceiling of 6.83% (7% AER) over the first ten years following the issue. In June 2010, a guaranteed annual minimum interest rate of 2.97% (3% APR) and a ceiling of 7.77% (8% APR) were established to September 30, 2015.

Caixa Preference, SAU is a wholly-owned subsidiary of CaixaBank and the aforementioned issues are backed by an irrevocable joint and several guarantee by CaixaBank, as indicated in the related prospectuses.

The preference share issues also obtained the required classification by the Bank of Spain for them to be accounted for fully in the consolidated Group's core Tier 1 capital. They are perpetual issues wholly purchased by unrelated third parties and can be redeemed in part or full at the company's discretion subject to authorization by the Bank of Spain once five years have elapsed from payment (see Note 4).

On December 15, 2011 CaixaBank's Board of Directors accepted the offer to buy back from the holders the Series A and Series B preference shares issued by Caixa Preference Limited (currently Caixa Preference, SAU) and the series I/2009 shares issued by "la Caixa" (with CaixaBank assuming the position as issuer by virtue of the spin-off by "la Caixa" in favor of Microbank of the assets and liabilities that made up the financial activity of "la Caixa" and the subsequent absorption of MicroBank, SA by CaixaBank).

The term for the holders of the shares to accept the offer ends on January 31, 2012 (see Note 1, "Events after the reporting period").

Details of subordinated debt issues are as follows:

Subordinated debt

Thousands of Euros

Issue date	Maturity	Nominal amount	Nominal interest rate	Outstanding amount at 31/12/2011	Outstanding amount at 01/01/2011 **(*)**
October 2001	10/10/2011	1,500,000	3.94%	–	1,500,000
September 2006 **(1)**	21/09/2016	100,000	1.90%	100,000	100,000
November 2006 **(1)**	08/11/2016	50,000	2.33%	50,000	50,000
Total				**150,000**	**1,650,000**

(*) See Note 1, "Comparison of information."
(1) Issues deriving from the merger with Caja de Ahorros de Girona.

The subordinated debt issues obtained the required classification by the Bank of Spain for them to be accounted for, subject to the limitations set forth in Bank of Spain Circular 3/2008, as Group Tier 2 capital (see Note 4).

At December 31, 2011 and January 1, 2011, no securities had been pledged. Of the companies in the CaixaBank Group, only VidaCaixa, SA de Seguros y Reaseguros acquired subordinated marketable securities issued by the Group, for €100 thousand.

The average effective interest rate on financial liabilities under "Subordinated liabilities" was 3.04% in 2011; Criteria did not conduct this activity in 2010. These rates are the result of interest earned in the year and do not include adjustments to income arising from hedging transactions.

As part of the reorganization of the "la Caixa" Group, in June 2011 an issue of €1,500 million worth of subordinated bonds mandatorily convertible into CaixaBank shares was carried out. The characteristics of this issue, which was recognized in Equity and with a conversion price set at €5.253, are detailed in Note 23 of Equity.

20.5. Other financial liabilities

The breakdown of "Other financial liabilities" in the balance sheet is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Payment obligations	781,320	101,396
Dividends payable	230,406	470,805
Guarantees received	–	55
Clearing houses	575,544	57,149
Tax collection accounts	167,933	400,883
Special accounts	756,165	728,549
Other	163,573	123,619
Total	**2,674,941**	**1,882,456**

(*) See Note 1, "Comparison of information."

21. PROVISIONS

The changes in 2011 in this item and the nature of the provisions recognized in the accompanying consolidated balance sheet are as follows:

2011

	Thousands of Euros					
	Balance at 01/01/2011 **(*)**	Provisions net of releases charged to income	Other provisions **(**)**	Amounts used	Transfers and other	Balance at 31/12/2011
Provisions for pensions and similar obligations	**2,232,547**	**107,266**	**13,275**	**(265,328)**	**171,681**	**2,259,441**
Defined benefit post-employment plans	1,724,018		4,485	(133,355)	174,692	1,769,840
Other long-term defined employee benefits	508,529	107,266	8,790	(131,973)	(3,011)	489,601
Provisions for taxes and other legal contingencies	**134,678**	**7,571**	**–**	**(43,660)**	**(12,214)**	**86,375**
Provisions for taxes **(Note 22)**	119,958	3,976		(38,133)	(12,005)	73,796
Other legal contingencies	14,720	3,595		(5,527)	(209)	12,579
Contingent liabilities and commitments	**121,384**	**(3,537)**	**–**	**–**	**1,952**	**119,799**
Country risk allowance	115					115
Allowance for identified losses	46,591	(3,539)	–	–	2,013	45,065
Contingent liabilities	*35,252*	*(3,784)*			*1,895*	*33,363*
Contingent commitments	*11,339*	*245*			*118*	*11,702*
Allowance for inherent losses	74,678	2			(61)	74,619
Other provisions	**197,512**	**(44,942)**	**–**	**(36,765)**	**195,771**	**311,576**
Losses from agreements not formalized and other risks	92,311	(25,606)		(3,993)	1,881	64,593
Provisions for property awarded by Group companies		(24,441)			195,532	171,091
Ongoing legal proceedings	72,835	(15,000)		(11,927)	(3,344)	42,564
Other funds	32,366	20,105		(20,845)	1,702	33,328
Total provisions	**2,686,121**	**66,358**	**13,275**	**(345,753)**	**357,190**	**2,777,191**

(*) See Note 1, "Comparison of information."

(**) Interest cost (Note 27).	8,790
Personnel expenses (Note 33).	4,485
Total other provisions.	13,275

Provisions for pensions and similar obligations – Defined benefit post-employment plans

CaixaBank has undertakings with certain employees or their right holders to supplement public social security benefits for retirement, permanent disability, death of spouses or death of parents.

At December 31 and January 1, 2011, details of the present value of the obligations assumed by CaixaBank regarding retirement pay pursuant to the form in which the obligations are covered and the fair value of the plan assets earmarked to cover these obligations are as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Current value of obligations	**1,769,840**	**1,724,018**
Vested obligations	1,668,779	1,626,238
Non-vested obligations	101,061	97,780
Less:		
Fair value of plan assets	–	–
Unrecognized actuarial losses	–	–
Unrecognized past service costs	–	–
Provisions – Pension funds	**1,769,840**	**1,724,018**
Of which, insurance contracts linked to pensions	*1,769,840*	*1,724,018*

(*) See Note 1, "Comparison of information."

Pension-related insurance contracts contracted with VidaCaixa, SA de Seguros y Reaseguros cover the obligations deriving from the retirement, death or disability of former employees, obligations not deriving from defined benefit plans with certain existing employees, and obligations not deriving from defined benefit retirement plans.

A reconciliation of opening and closing balances of the present value of defined benefit retirement pay obligations and a breakdown by type of obligation assumed are as follows:

Vested obligations

	Thousands of Euros	
	2011 **(*)**	2010
Current value of obligations at the start of the year	**1,626,238**	**–**
Interest costs	81,194	
Actuarial (gains)/losses	57,310	
Claims paid	(133,192)	
Reductions/settlements		
Transactions	37,229	
Current value of obligations at the close of the year	**1,668,779**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

Non-vested obligations

	Thousands of Euros	
	2011 **(*)**	2010
Current value of obligations at the start of the year	**97,780**	**–**
Service costs for the current year	4,291	
Interest costs	2,649	
Actuarial (gains)/losses	(1,038)	
Claims paid	(161)	
Reductions/settlements		
Transactions	(2,460)	
Current value of obligations at the close of the year	**101,061**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

Defined benefit post-employment plans

	Thousands of Euros	
	2011 **(*)**	2010
Current value of obligations at the start of the year	**1,724,018**	**–**
Service costs for the current year	4,291	
Interest costs	83,843	
Actuarial (gains)/losses	56,272	
Claims paid	(133,353)	
Reductions/settlements	–	
Transactions	34,769	
Current value of obligations at the close of the year	**1,769,840**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

"Transactions" mainly includes new obligations for claims for disability and death, which are financed through contributions deriving from premiums settled in relation to defined contribution plans.

Movement in 2011 and 2010 in the fair value of pension-related insurance contracts and a breakdown by the obligation covered are as follows:

Fair value of insurance contracts – vested obligations

	Thousands of Euros	
	2011 **(*)**	2010
Fair value of insurance contracts at the start of the year	**1,626,238**	**–**
Expected returns on insurance contracts	81,194	
Actuarial (gains)/losses	55,805	
Contributions	8,466	
Claims paid	(133,192)	
Transactions	30,268	
Fair value of insurance contracts at the close of the year	**1,668,779**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

Fair value of insurance contracts – non-vested obligations

	Thousands of Euros	
	2011 **(*)**	2010
Fair value of insurance contracts at the start of the year	**97,780**	**–**
Expected returns on insurance contracts	2,649	
Actuarial (gains)/losses	273	
Contributions	2,980	
Claims paid	(161)	
Transactions	(2,460)	
Fair value of insurance contracts at the close of the year	**101,061**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

All commitments

	Thousands of Euros	
	2011 **(*)**	2010
Fair value of insurance contracts at the start of the year	**1,724,018**	**–**
Expected returns on insurance contracts	83,843	
Actuarial (gains)/losses	56,078	
Contributions	11,446	
Claims paid	(133,353)	
Transactions	27,808	
Fair value of insurance contracts at the close of the year	**1,769,840**	**–**

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

The fair value of the pension-related insurance contracts was calculated as the amount of the mathematical technical provisions established by VidaCaixa, SA de Seguros y Reaseguros. It is considered that the insurance contracts covering the obligations do not fulfill the requirements to be considered plan assets. The fair value of the insurance contracts is shown under "Insurance contracts linked to pensions" on the balance sheet.

There are no other amounts not recognized for defined benefit pension plans in the balance sheet. In addition, the Entity has no unrecognized amounts in net equity for actuarial gains and losses, since it opts to recognize all such items in profit and loss for the year.

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

	2011
Discount rate	1.86%-3.89%
Expected rate of return on related assets	1.86%-3.89%
Mortality tables	PERM/F-2000P
Annual pension review rate **(1)**	0%-2%
Annual cumulative CPI	1.5%-2%
Annual salary increase rate	2.5%-3%

(1) Depending on each obligation.

c) The estimated retirement age of each employee is the first at which the employees have the right to retire or the agreed age as applicable.

d) The discount rate corresponds to the rate used in each policy, depending on the appraised obligation.

The fair value of the pension-related insurance contracts has been calculated assuming that the expected return is equal to the discount rate, given that the expected flows of payments guaranteed by the insurance company with which the contracts are held are linked to the future estimated flows of the obligations.

The net value of experience adjustments arising on plan assets and liabilities expressed as a percentage of these assets and liabilities for 2011 is 3.25% and 3.26%, respectively.

The present value of the defined benefit retirement obligation, the fair value of the plan assets, the surplus or deficit in the plan, and the fair value of pension-related insurance contracts in 2011 and at January 1, 2011 are as follows:

	Thousands of Euros	
	2011	01/01/2011 **(*)**
Obligations	1,769,840	1,724,018
Related assets	–	–
Deficit/(Surplus)	1,769,840	1,724,018
Insurance agreements related to pensions	1,769,840	1,724,018

(*) See Note 1, "Comparison of information."

The Entity estimates that defined benefit retirement contributions for 2012 shall be similar to the amount in 2011.

The amounts recognized in the accompanying income statement for these defined benefit obligations are as follows:

Items recognized in the income statement

	Thousands of Euros	
	2011	2010 **(*)**
Service costs for the current year	4,291	–
Interest costs	83,843	–
Expected returns on insurance contracts	(83,843)	–
Reductions/settlements and other movements	–	–
Actuarial (gains)/losses	194	–
Total	**4,485**	**–**

(*) For information purposes, the consolidated CaixaBank Group income statement for the year ended December 31, 2010 is included under Note 1. c.

Pension funds and similar obligations – Other long-term defined benefit employment benefits

CaixaBank has pension funds covering the obligations assumed under its early retirement schemes (see Note 2.8). The funds cover the obligations with personnel that 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 that are partially retired, and obligations assumed in relation to long-service premiums and other obligations with existing personnel.

At December 31, and January 1, 2011, the present value of these obligations and the fair value of the pension-related insurance contracts are as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Current value of obligations	**489,601**	**508,529**
with pre-retired personnel	356,069	383,621
with partially retired personnel	16,040	18,350
Supplementary guarantees for partial retirement program	66,865	58,626
Length of service bonuses and other	50,627	47,932
Provisions for pensions and similar obligations	**489,601**	**508,529**
Of which: insurance contracts linked to pensions	*66,865*	*58,625*

(*) See Note 1, "Comparison of information."

Pension-related insurance contracts cover the supplementary guarantees of the partial retirement scheme.

A reconciliation of the opening and closing balances of the present value of the long-term defined benefit payment obligations are as follows:

	Thousands of Euros	
	2011 **(*)**	2010
Current value of obligations at the start of the year	**508,529**	–
Cost of past services for new pre-retired personnel	101,700	
Service costs for the current year	5,566	
Interest costs	10,572	
Actuarial (gains)/losses	(992)	
Claims paid	(131,974)	
Transactions	(3,800)	
Current value of obligations at the close of the year	**489,601**	–

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

A reconciliation of the opening and closing balances of the present value of the insurance contracts related to long-term defined benefit pension plans are as follows:

	Thousands of Euros	
	2011 **(*)**	2010
Fair value of insurance contracts at the start of the year	**58,625**	–
Expected returns on insurance contracts	1,782	
Actuarial (gains)/losses	(992)	
Contributions	31,599	
Claims paid	(24,149)	
Fair value of insurance contracts at the close of the year	**66,865**	–

(*) The balance at the beginning of the year corresponds to January 1, 2011. See Note 1, "Comparison of information."

The amounts recognized in CaixaBank's income statement for these long-term defined benefit payment obligations are as follows:

Items recognized in the income statement

	Thousands of Euros	
	2011	2010 **(*)**
Cost of past services for new pre-retired personnel	101,700	
Service costs for the current year	5,566	
Interest costs	10,572	
Expected returns on insurance contracts	(1,782)	
Actuarial (gains)/losses	–	
Total	**116,056**	–

(*) For information purposes, the consolidated CaixaBank Group income statement for the year ended December 31, 2010 is included under Note 1. c.

Other provisions

The main provisions recognized under the "Provisions – Other provisions" heading are as follows:

- Provisions covering economic losses and other losses deriving from agreements to cancel loans or settle guarantees not established at the close of the year and other ordinary risks of the CaixaBank Group's business (€65 million). It is estimated that the outflow of economic benefits required to settle these obligations shall mainly arise in the next five years.

- Provision associated with real estate assets acquired in cancellation of loan obligations with CaixaBank by obligors in situations that entail, or could entail at some future date, a decrease in their solvency. The assets were acquired at fair value by BuildingCenter, SA a subsidiary of the CaixaBank Group. The provision was recognized at the same amount at the provision recognized by CaixaBank to hedge against the risk of insolvency following the cancellation of loans, which led to the transfer of credit impairments in the amount of €195 million in 2011 (see Note 12.4). The fund is released as BuildingCenter SA sells foreclosed assets to third parties and the risks and rewards inherent in ownership of the assets are transferred. In 2011, €24 million was drawn down.

- Provision covering the obligations that may derive from the various ongoing legal proceedings (€43 million). Given the nature of these obligations, the expected timing of outflows of economic benefits, should they arise, is unknown.

22. TAX MATTERS

Tax consolidation

CaixaBank belongs to a consolidated tax group for income tax whose parent company, since 1991, is Caixa d'Estalvis i Pensions de Barcelona. It also belongs to a consolidated tax group for value added tax, which Caixa d'Estalvis I Pensions de Barcelona joined as the parent company in 2008.

Years open for review

In 1999, the tax authorities began an inspection of the tax group for the main taxes applicable between 1994 and 1997. This inspection was completed in 2001 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. Although some of the tax assessments were signed under protest, provisions are still recognized of €11,211 thousand to cover the maximum contingencies that could arise from these assessments. In 2005, the Central Economic-Administrative Tribunal cancelled the assessments received in three rulings for 1994, 1995 and 1996, after partially upholding the pleas submitted. In 2007, the Central Economic-Administrative Tribunal also issued a ruling for that financial year cancelling the assessment received, partially upholding the pleas submitted. An appeal for judicial review was filed in relation to the other items, for which a decision has yet to be handed down by the Supreme Court.

In 2005, the tax authorities began an inspection of the tax group for the main taxes applicable between 2000 and 2003. The inspection of years 2000 and 2001 was completed in 2006, and inspection of years 2002 and 2003 was completed in 2007. Assessments were issued mainly in relation to temporary differences arising from divergences between accounting and tax standards. Although some of the tax assessments were signed under protest, the Institution recognized a provision for €13,864 thousand to cover the maximum contingencies that could arise from these assessments.

In 2008, the tax authorities began an inspection of the tax group 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. Although some of the tax assessments were signed under protest, provisions were recognized for €30,503 thousand to cover the maximum contingencies that could arise from these assessments.

In 2011, the tax authorities began an inspection of the tax group for the main taxes applicable between 2007 and 2009.

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 Institution's management and legal advisors consider that the provisions under "Provisions for taxes and other legal contingencies" in the consolidated balance sheet are sufficient to cover these contingent liabilities.

Transactions operating under a special tax scheme

The following transactions carried out by CaixaBank and "la Caixa" under the special tax scheme established in chapter VIII of title VII of Legislative Royal Decree 4/2004, of March 5, approving the consolidated tax of the Corporation Tax Law:

- In 2011, the spin-off by "la Caixa" in favor of MicroBank de la Caixa, SA of virtually all the assets and liabilities of its financial activity, valued at €11,592 million, receiving as consideration shares of MicroBank valued at €11,792 million.

- In 2011, the share swap between "la Caixa" and CaixaBank (formerly Criteria CaixaCorp SA) in which "la Caixa" gave shares of Microbank to CaixaBank worth €2,044 million in exchange for shares of CaixaBank worth the same amount.

- In 2011, the takeover by CaixaBank of MicroBank, which was dissolved without liquidation, all its assets and liabilities being transferred en bloc through universal succession to CaixaBank.

- In 2010, the special non-cash contribution by Caixabank to UMR, SL, of shares of Plaza Salud 24 SA, with a carrying amount of €4,334 thousand, and of shares of Iquimesa Servicios Sanitarios, SL, with a carrying amount of €31,480 thousand, whereby CaixaBank increased its investment in UMR, SL by the same amount.

- In 2011, the spin-off by CaixaBank in favor of Nuevo Micro Bank, SAU of all the assets and liabilities of its microcredit activity, valued at €90,196 million, receiving as consideration shares of Nuevo Micro Bank, SA valued at the same amount.

- In 2011, the takeover by CaixaBank (Criteria) of Negocio de Finanzas e Inversiones I, SLU, which was dissolved without liquidation, all its assets and liabilities being transferred en bloc through universal succession to CaixaBank.

- In 2011, as a result of the spin-off of Serveis Informatics la Caixa (Silc) whereby CaixaBank wrote down the carrying amount of its investment in Silc by €176,208 thousand, the same amount at which it recognized the shares of Silk Aplicacions, SL, the beneficiary company of the spin-off.

- In 2010, the takeover by "la Caixa" of Caixa d'Estalvis de Girona, which was dissolved without liquidation, all its assets and liabilities being transferred en bloc through universal succession to "la Caixa." Note 6 and Appendices 4, 5 and 6 of the separate financial statements of "la Caixa" for 2010 provide the information required pursuant to Article 93 of Legislative Royal Decree 4/2004 of March 5, approving the consolidated text of the Corporation Tax Law.

- In 2010, the special non-cash contribution by Criteria CaixaCorp to VidaCaixa Grupo, SAU. (formerly SegurCaixa Holding) of shares of VidaCaixa Adeslas, SA, de Seguros y Reaseguros with a carrying amount of €1,130,035 thousand in exchange for shares of the VidaCaixa Group for the same amount.

- In 2009, the exchange of securities whereby "la Caixa" received shares of Foment Immobiliari Assequible, SA recognized at €41,147 thousand in exchange for shares of Arrendament Immobiliari Assequible II, SA with the same carrying amount.

- In 2009, the special non-cash contribution by Criteria CaixaCorp to VidaCaixa Grupo, SAU (formerly SegurCaixa Holding) of shares of VidaCaixa, SA, de Seguros y Reaseguros with a carrying amount of €81,594 thousand in exchange for shares of the VidaCaixa Group for the same amount.

- In 2009, the merger and takeover by Criteria CaixaCorp of investee Caixa Capital Desarrollo, SA (Sole-shareholder company).

- In 2009, the merger and takeover by Criteria CaixaCorp of investee Crisegen Inversiones, SL (Sole-shareholder company). As a result of this merger, Criteria CaixaCorp recognized the investment in VidaCaixa Grupo (formerly SegurCaixa Holding) for a different amount than it was carried at by Crisegen. Crisegen valued the stake at €224,359 thousand, but Criteria CaixaCorp valued it at €909,352 thousand.

- In 2009, the spin-off of Port Aventura, SA's business in favor of Negocio de Finanzas e Inversiones IV, whereby Criteria CaixaCorp wrote down the carrying amount of its investment in Port Aventura, SA by €58,468 thousand, the same amount at which it recognized the shares of Negocio de Finanzas e Inversiones IV received.

- The dissolution without liquidation and en bloc transfers of the assets and liabilities of "la Caixa" Gestión de Patrimonios, SV, SA to "la Caixa." Appendix 4 to the separate financial statements of "la Caixa" for 2008 sets forth the necessary information pursuant to the provisions of Article 93 of Legislative Royal Decree 4/2004 of March 5, approving the consolidated text of the Corporation Tax Law.

- In 2008, the special non-cash contribution by Criteria CaixaCorp to Port Aventura, SA of shares of Hotel Caribe Resort, SA, with a carrying amount of €17,130 thousand in exchange for shares of Port Aventura, SA for the same amount.

- In 2007, the special non-cash contribution by Criteria CaixaCorp to Negocio de Finanzas e Inversiones I, SL, of shares of Atlanta, Sp., Banco Comercial Portugues, SA and Boursorama, SA, with a combined carrying amount of €297,940 thousand. In consideration for the in-kind contribution, the Company increased capital by €100,000 thousand, with the remainder assigned to the issue premium.

- In 2007, the special non-cash contribution by Criteria CaixaCorp to Holret, SA of shares of Hodefi, SAS, with a carrying amount of €258,639 thousand, equivalent to the carrying amount of Hodefi's investment in Criteria CaixaCorp.

- The dissolution without liquidation and transfer of all the assets and liabilities of HipoteCaixa, EFC, SA to "la Caixa." Appendix 4 to the separate financial statements of "la Caixa" for 2005 sets forth the necessary information pursuant to the provisions of Article 93 of Legislative Royal Decree 4/2004 of March 5, approving the consolidated text of the Corporation Tax Law.

- The dissolution without liquidation and transfer of all the assets and liabilities of InverCaixa Holding, SA to "la Caixa." Appendices 5 and 7 to the separate financial statements of "la Caixa" for 2005 set forth the necessary information pursuant to the provisions of Article 93 of Legislative Royal Decree 4/2004 of March 5, approving the consolidated text of the Corporation Tax Law.

- The dissolution without liquidation and transfer of all the assets and liabilities of InverCaixa Valors, SA to "la Caixa." Appendices 6 and 7 to the separate financial statements of "la Caixa" for 2005 set forth the necessary information pursuant to the provisions of Article 93 of Legislative Royal Decree 4/2004 of March 5, approving the consolidated text of the Corporation Tax Law.

- In 2005, the merger and takeover by Port Aventura, SA of G.P. Comercial, SA, G.P. Resort, SA and Uspa Hotel Ventures I, SA.

- In 2004, the special non-cash contribution by Criteria CaixaCorp to Caixa Barcelona Seguros de Vida, SA, de Seguros y Reaseguros of shares of Inmobiliaria Colonial, SA with a carrying amount of €175,618 thousand in exchange for shares of Caixa Barcelona Seguros de Vida, SA, de Seguros y Reaseguros for the same amount.

- In 2004, the special non-cash contribution by Criteria CaixaCorp to Repinves, SA of shares of Repsol YPF, SA, with a carrying amount of €206,272 thousand in exchange for shares of Repinves, SA for the same amount.

- The dissolution without liquidation and transfer of all the assets and liabilities of Caixaleasing i Factoring, EFC, SA to "la Caixa." Appendix 4 to the separate financial statements of "la Caixa" for 2003 sets forth the necessary information pursuant to Article 107 of the Corporation Tax Law 43/1995.

- In 2002, the takeover and merger of BuildingCenter, SA by Prominmo, SA.

- In 2002, the takeover and merger of Corporació de Participacions Estrangeres, SL by Criteria CaixaCorp. The merger balance sheet of the target company at December 31, 2001 is included in the Company's 2002 financial statements.

- In 2001, the special non-cash contribution by Criteria CaixaCorp to Invercaixa Holding, SA of shares of Gescaixa I, SA, SGIIC, with a carrying amount of €28,268 thousand in exchange for shares of Invercaixa Holding, SA for the same amount.

- In 2001, the special non-cash contribution by Criteria CaixaCorp to e-"la Caixa", SA of shares of Caixa On Line Services, SA, with a carrying amount of €10,515 thousand in exchange for shares of e-"la Caixa", SA for the same amount.

- In 2001, the special non-cash contribution by Criteria CaixaCorp to Banco de Sabadell, SA of shares of Banco Herrero, SA, with a carrying amount of €310,486 thousand in exchange for shares of Banco de Sabadell, SA for the same amount.

- In 2001, the special non-cash contribution by Criteria CaixaCorp to Hotel Caribe Resort, SL of developable land appraised at €7,513 thousand in exchange for shares of Hotel Caribe Resort, SL for the same amount.

- In 2000, the special non-cash contribution by "la Caixa" to Criteria CaixaCorp of shares in a number of companies with a carrying amount of €8,236,330 thousand in exchange for shares of Criteria CaixaCorp with the same carrying amount.

- The dissolution without liquidation and transfer of all the assets and liabilities of Banco Granada Jerez, SA and CaixaBank, SA to "la Caixa." Note 30 to the separate financial statements of "la Caixa" for 1996 sets forth the necessary information pursuant to Article 107 of the Corporation Tax Law 43/1995.

- Other transactions carried out appear in the following notes to the separate financial statements of "la Caixa":

  – Note 26 in 1996 and 1997.
  – Note 25 in 1998.
  – Note 24 in 1999 to 2004.
  – Note 23 in 2005.

Tax credit for reinvestment of extraordinary profits

The tax credit for reinvestment of the extraordinary profits obtained in 2011 will be disclosed in the annual financial statements for 2012, after filing the 2011 income tax return.

The total obtained from the transfers generated by the extraordinary profits has already been reinvested in the period between the year before the date of transfer and 2011.

Appendix 2 sets out the main aggregates pursuant to Article 42 of Legislative Royal Decree 4/2004 of March 5 approving the consolidated text of the Corporation Tax Law (applicable as of January 1, 2002).

Accounting revaluations

Note 2.12 to the 2005 separate financial statements of "la Caixa" states that, 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 January 1, 2004, "la Caixa" elected this option and restated the value of its property and equipment for own use on the basis of the appraisals performed by appraisers approved by the Bank of Spain. The gross restated amount was €768,788 thousand, and the 2004 depreciation expense was €8,743 thousand. Therefore, the net restated value at January 1, 2005 was €760,045 thousand.

Impairment at subsidiaries

In accordance with article 12.3 of the consolidated text of the Corporation Tax Law, following is information on the deduction of impairment losses in subsidiaries.

As data on final equity of subsidiaries at December 31, 2011 is not available, the amounts finally deducted for the 2011 tax period will be disclosed in the notes to the 2012 financial statements once the 2011 tax return has been filed.

	Thousands of Euros		
	Impairment included in taxable income	Difference in equity at the start and close of the period **(1)**	Balance outstanding
Negocio de Finanzas e Inversiones I, SA			
2008	(52,001)	(52,001)	(52,001)
2009	20,707	20,707	(31,294)
2010	23,154	23,154	(8,140)
Finconsum, EFC, SA			
2008 **(2)**	(8,754)	(8,754)	(8,754)
2008	(8,946)	(8,946)	(17,700)
2009	(9,451)	(9,451)	(27,151)
2010	(35,585)	(35,585)	(62,736)
CaixaRenting, SAU			
2009	(665)	(665)	(665)
2010	665		–
Inversiones Inmobiliarias Teguise Resort, SL			
2010	(352)	(352)	(352)
Inversiones Inmobiliarias Oasis Resort, SL			
2010	(585)	(585)	(585)

(1) The difference in equity at the start and close of the period has been corrected for non tax-deductible expenses.
(2) According to Transitory Provision 29 of Law 4/2008.

Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognized in the income statement for 2011 and 2010 to the corresponding pre-tax profit for these years is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Profit before tax (1)	**511,724**	**1,042,623**
Increases/decreases due to permanent differences	**264,540**	**(9,664)**
Difference in accounting and tax cost of shares transferred	82,817	58,440
Goodwill amortization	(17,565)	–
Dividends exempt from taxation, lower costs, etc.	(113,173)	(68,515)
Recognized under AIEs	(106,426)	
Income recognized under Criteria Caixa Holding	267,099	
Other increases	164,354	411
Other reductions	(12,566)	
Tax base	**776,264**	**1,032,959**
Tax payable (base 30%*)	**(232,879)**	**(309,888)**
Credits and other tax benefits:	**587,407**	**363,966**
Tax credit for intercompany dividends	584,828	347,979
Tax credit for reinvestment	–	15,977
Oher credits and tax benefits	2,579	10
Income tax rate for the year	**354,528**	**54,078**
Tax adjustments	**(26,408)**	**37,202**
Other tax	**(1,512)**	**–**
INCOME TAX (2)	**326,608**	**91,280**
Profit after tax (1) + (2)	**838,332**	**1,133,903**

(*) For information purposes, the consolidated CaixaBank Group income statement for the year ended December 31, 2010 is included under Note 1. c.

Practically all of CaixaBank's income and expense is taxed at the general rate of 30%. However, some income is exempt from tax because it has already been taxed at source. This includes dividends from investees.

Tax recognized in equity

In addition to the income tax recognized in the income statement, in 2011 and 2010 CaixaBank recognized certain valuation adjustments in its equity net of tax, recognized as a deferred tax asset or liability (see Note 24). In addition, in 2010, following the merger between "la Caixa" and Caixa d'Estalvis de Girona, the impact of measuring Caixa d'Estalvis de Girona's identifiable assets, liabilities and contingent liabilities at fair value was recognized in equity. This impact was recognized net of the tax effect as deferred tax assets or liabilities.

Deferred tax assets/liabilities

Pursuant to current tax legislation, in 2011 and 2010 there were certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The deferred tax assets/liabilities recognized in the balance sheet at December 31 and January 1, 2011 arose from the following:

Deferred tax assets

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Pension plan contributions **(Note 2.11)**	90,792	119,426
Provision for insolvency risk **(1) (2)**	659,192	707,301
Early retirement obligations **(Note 20)**	132,179	137,524
Provision for foreclosed property	51,327	12,929
Origination fees for loans and receivables	15,785	18,328
Tax assets for equity valuation adjustments	35,904	40,792
Unused tax credits	629,141	306,665
Other **(2)**	563,865	495,883
Total	**2,178,185**	**1,838,848**

(*) See Note 1, "Comparison of information."
(1) Primarily general and substandard provisions.
(2) 2010 includes deferred tax assets from the merger with Caixa d'Estalvis de Girona and those arising from fair valuation adjustments to assets and liabilities following the merger (see "Tax recognized in equity" in this Note).

Deferred tax liabilities

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Revaluation of property on first time application of CBE 4/2004	209,266	210,683
Valuation adjustments on assets classified as "available-for-sale"	328,749	742,785
Other	186,072	166,465
Total	**724,087**	**1,119,933**

(*) See Note 1, "Comparison of information."

Provisions for taxes

The detail of "Provisions – Provisions for taxes and other legal contingencies" in the balance sheet at December 31, and January 1, 2011 is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Income tax assessments for years 1994 to 2006	55,578	85,391
Other	18,218	34,567
Total	**73,796**	**119,958**

(*) See Note 1, "Comparison of information."

The changes in this item in 2011 and 2010 are set out in Note 21.

23. EQUITY

Changes in equity occurring in 2011 and 2010 are detailed in the statement of changes in equity. The following sections amplify and comment on key information regarding certain items of equity and the main movements therein.

The following table details the impact on equity of the corporate transactions carried out within the "la Caixa" Group's reorganization (see note 1) at January 1, 2011:

	Thousands of Euros
	Equity
Balance of Criteria CaixaCorp at 31/12/2010	**13,776,804**
Effects of businesses received and transferred:	**4,748,033**
Difference between carrying amount and market value of businesses received	2,378,896
Difference between carrying amount and market value of businesses transferred	324,892
Capital increase	2,044,245
Share capital	*374,404*
Share premium	*1,669,841*
Other adjustments to equity	**(264,270)**
Incorporation of Nuevo Microbank	**(18,581)**
Balance of the CaixaBank Group at 1/1/2011	**18,241,986**

23.1. Share capital

Share capital at December 31, 2010 and December 31, 2010 consisted of 3,840,103,475 and 3,362,889,837 fully subscribed and paid shares, respectively. All the shares are in book-entry form, with par value of €1 each.

At December 31, 2010, the ownership interest of "la Caixa" in Criteria CaixaCorp, SA was 79.45%. Following the reorganization of the group, the ownership interest of "la Caixa" in CaixaBank stood at 81.52% at December 31, 2011.

The change in share is the result of the following:

- Pursuant to the Framework Agreement on the "la Caixa" Group's reorganization, reported in a significant event notice filed on January 27, 2011 and ratified by the Board of Directors of "la Caixa" on February 24, 2011, Criteria increased capital by €2,044,245 thousand on June 30, de 2011, with effect for accounting purposes from January 1, 2011, via the issuance 374,403,908 new shares. All of the new shares were delivered to "la Caixa" to compensate for the difference between the market value of the MicroBank shares received (€9,515,585 thousand) and the market value of the equity interests transferred (€7,471,340 thousand). After the capital increase, CaixaBank's share capital comprised 3,737,293,745 shares with a par value of €1 each.

- On July 21, 2011, CaixaBank informed, through a significant event notice, that the trading period for the free allotment rights corresponding to the scrip issue carried out for the Optional Scrip dividend (*Dividendo/Acción*) had ended on July 15, 2011, with the issuance of 34,249,244 new shares to remuneration shareholders who had opted not to receive the cash dividend.

- On October 20, 2011, CaixaBank informed, through a significant event notice, that the trading period for the free allotment rights corresponding to the scrip issue carried out for the Optional Scrip dividend (*Dividendo/Acción*) had ended on October 13, 2011, with the issuance of 68,560,486 new shares to remuneration shareholders who had opted not to receive the cash dividend.

23.2. Share premium

The balance of the share premium was the result of the capital increase carried out on July 31, 2000, for €7,288 million.

The Spanish Corporate Enterprises Act expressly permits use of the share premium account to increase capital and does not establish and specific restriction as to its use. Therefore, in subsequent years, approval was given at the 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 the Company.

In addition, on June 26, 2003, approval was given at the Extraordinary Shareholders' Meeting to appropriate €494,906 thousand from the share premium to offset prior year losses. On June 21 and July 30, 2007, approval was given by shareholders at respective general meetings to distribute €403,240 and €1,000,000 thousand, respectively, with a charge to the share premium.

Subsequently, the share premium balance was restored in the framework of the IPO carried out by Criteria CaixaCorp SA in 2007 and a total share premium of €3,115,311 thousand arose in the successive capital increases. The balance at year-end 2007 was €7,711,244 thousand.

In 2011, the share premium increased by €1,669,841 thousand as a result of the capital increase described in the Framework Agreement (see Note 1) for the CaixaBank Group's reorganization. The balance at December 31, 2011, stood at €9,381.085 thousand.

23.3. Reserves

The detail of "Reserves" at December 31 and January 1, 2011 is as follows:

Reserves

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Legal reserve	672,578	672,578
Restricted reserves related to the optional scrip dividend program	47,748	–
Restricted reserves for tax amortization	106,575	89,066
Restricted reserves for financing the acquisition of treasury shares	85,727	104,152
Freely-distributable reserves	2,873,240	2,618,130
Total	**3,785,868**	**3,483,926**

(*) See Note 1, "Comparison of information."

i) 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.

ii) Restricted reserves

Restricted reserves at December 31, 2011 included €47,748 thousand earmarked for voluntary reserves to cover the scrip issues carried out for the CaixaBank Optional Scrip Dividend allowing shareholders to choose whether to be remuneration in shares or cash. Restricted reserves at December 31, 2011 also includes €85,727 thousand related to finance provided to customers to acquire CaixaBank shares and convertible bonds, €106,575 thousand is for transactions with a tax effect, of which €62,254 thousand comes from reserves for reinvestment in the autonomous community of the Canary Islands, and €44,223 thousand is for the tax amortization of goodwill of Morgan Stanley.

23.4. 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.

"Other equity instruments" at December 31, 2011 includes the issue of €1,500 million worth of subordinated bonds mandatorily convertible into CaixaBank shares held in June 2011 within the scope of the reorganization of the "la Caixa" Group (see section "Reorganization of the "la Caixa" Group" in Note 1).

The term of the issue is 30 months. 50% of the issue must be converted after 18 months (December 10, 2012) and the remaining 50% at 30 months (December 10, 2013). The securities bear a 7% annual coupon, payment of which is fully discretionary. If no coupon is paid, the bondholder has the right to exchange the bond for CaixaBank shares early. The conversion price was set at €5.253, calculated as the higher of €5.10 and 105% of the weighted average share price during the subscription period of the issue.

The first coupon payment is September 30, 2011, with the remaining coupons to be paid on the 30th of the last month of each calendar quarter, except the final coupon, which will be paid on maturity of the bonds on December 10, 2013.

23.5. Treasury shares

In the Annual General Meeting held on May 12, 2011 the shareholders authorized the company's Board of Directors to buy its own shares by virtue of the provisions in article 146 of the Corporate Enterprise Act. The unused portion of the authorization granted at the Annual General Meeting held on May 19, 2010, was thereby revoked. The authorization is valid for five years.

Movement in treasury shares during 2011 and 2010 is as follows:

	Thousands of Euros			
	2010	Acquisitions and other	Disposals and other	2011
Number of treasury shares	12,556,238	83,790,300	(34,895,255)	61,451,283
% of share capital **(*)**	0.327%	2.182%	(0.909%)	1.600%
Cost / Sale	43,471	377,847	(152,046)	269,272

(*) Percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2011.

	Thousands of Euros			
	2009	Acquisitions	Disposals	2010
Number of treasury shares	14,216,350	19,712,597	(21,372,709)	12,556,238
% of share capital **(*)**	0.423%	0.586%	(0.636%)	0.373%
Cost / Sale	39,880	71,067	(67,476)	43,471

(*) Percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2011.

At December 31, 2011, CaixaBank held 61,451,283 treasury shares representing 1.60% of its share capital, acquired at a cost of €269,272 thousand. This heading also includes equity of €745 thousand corresponding to future payment obligations associated with financial derivatives on own equity instruments.

The "Acquisitions and Others" column includes the market acquisition and acquisition through financial derivatives of a total of 34,317,401 and 1,245,000 shares, respectively, for a combined total of €144,061 thousand. It also includes the acquisition of 46,485,705 shares for €233,786 thousand on exercising the shareholder's right of withdrawal deriving from the agreements involving the takeover of MicroBank de la Caixa, S.A., Sociedad Unipersonal by the Company, ratified by the Company's shareholders in the Annual General Meeting on May 12, 2011. This column also includes 1,742,194 shares received through the two share issues within the scope of the Optional Scrip Dividend program described in the "Share capital" section.

The "Disposals and other" column includes sales on the market and en bloc of 21,765,755 shares, the cost of which was €87,671 thousand. It also includes the issue of a total of 13,129,500 free shares to the Group's employees as part of the reorganization.

Net gains on transactions involving treasury shares amounted to €8,929 thousand, and were taken to "Unrestricted Reserves."

At December 31, 2010, Criteria CaixaCorp held 12,556,238 treasury shares representing 0.373% of its share capital, acquired at a cost of €43,471 thousand. In 2010, Criteria acquired, directly on the market or through financial derivatives, 19,712,597 shares, for €71,067 thousand, and it sold 21,372,709 treasury shares, thereby obtaining net gains of €13,741 thousand, which was taken to "Unrestricted reserves."

23.6. Valuation adjustments

The balance of "Valuation adjustments" at December 31, 2011 corresponding to available-for-sale financial assets for the sale of equity instruments mainly includes the valuation adjustments of Repsol YPF (€358,661 thousand) and Telefónica (€404,973 thousand).

The changes to this item in 2011 are as follows:

Valuation adjustments

	Thousands of Euros				
	Balance at 01/01/2011 **(*)**	Amounts transferred to income statement (after tax)	Deferred tax assets/liabilities	Capital gains (losses) on valuation before tax	Balance at 31/12/2011
Available-for-sale financial assets	1,223,333	(41,167)	213,730	(712,434)	683,462
Debt instruments	(91,957)	(38,009)	(19,863)	66,210	(83,619)
Equity instruments	1,315,290	(3,158)	233,593	(778,644)	767,081
Cash flow hedges	(3,094)	5,408	(2,812)	9,372	8,874
Exchange differences	(129)	–	(157)	522	236
Total	**1,220,110**	**(35,759)**	**210,761**	**(702,540)**	**692,572**

(*) See Note 1, "Comparison of information."

24. CONTINGENT LIABILITIES AND COMMITMENTS

The detail of "Contingent liabilities" included as memorandum items in the accompanying balance sheet at December 31 and January 1, 2011 is as follows:

Contingent liabilities

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Financial guarantees	4,450,345	4,326,853
Assets assigned to third-party obligations	322,405	35,435
Documentary credits	943,121	896,341
Other guarantees and collateral deposited	3,829,524	3,920,509
Other contingent commitments	6,907	30,000
Total	**9,552,302**	**9,209,138**

(*) See Note 1, "Comparison of information."

The detail of "Contingent commitments" included as memorandum items in the accompanying balance sheet at December 31, and January 1, 2011 is as follows:

Contingent commitments

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Drawable	Limit	Drawable	Limit
Drawable by third parties	**47,190,772**	**121,812,418**	**52,138,257**	**136,290,541**
Credit institutions	232,866	440,106	552,449	898,079
Public sector	2,685,992	3,596,788	3,576,958	6,241,255
Other sectors	44,271,914	117,775,524	48,008,850	129,151,207
Of which: conditionally drawable	*5,274,854*		*6,474,784*	
Other commitments	**3,222,746**	**–**	**3,345,125**	**–**
Total	**50,413,518**	**121,812,418**	**55,483,382**	**136,290,541**

(*) See Note 1, "Comparison of information."

The doubtful balances of contingent liabilities were €80,863 thousand and €102,440 thousand at December 31, and January 1, 2011, respectively.

The specific and general provisions relating to contingent liabilities and commitments are recognized under "Provisions" in the consolidated balance sheet (see Note 21).

25. OTHER SIGNIFICANT DISCLOSURES

25.1. Third-party funds managed by the Group

The detail of off-balance sheet funds managed by the CaixaBank Group is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mutual funds	17,823,300	17,018,205
Pension funds	14,219,970	13,059,935
Insurance	24,843,909	22,803,621
Other adjusted funds (**)	9,517,457	6,755,674
Total	**66,404,636**	**59,637,435**

(*) See Note 1, "Comparison of information."
(**) Includes, inter alia, securities managed for customers across the branch network and managed customer portfolios.

25.2. Asset securitizations

CaixaBank converted a portion of its homogeneous loan and credits into fixed-income securities by transferring the assets to various securitization special purpose vehicles set up for this purpose, whose operators assume the risks inherent in the securitized assets. In accordance with Bank of Spain Circular 4/2004, securitized assets for which substantially all the risk is retained may not be derecognized. However, in accordance with Transitional Provision One of this Circular, it is not necessary to modify the recognition of securitized assets derecognized prior to January 1, 2004 under the provisions of the previous legislation.

In the case of assets securitized after January 1 2004 for which significant risk has not been transferred and which have therefore not been derecognized, Bank of Spain Circular 4/2004 indicates that a liability for the same amount must be recognized, under "Financial liabilities at amortized cost – Customer deposits" in the accompanying balance sheet. The securitization bonds for these issues acquired by "la Caixa" are recognized under this same item of the balance sheet liabilities, reducing the balances arising from the mobilization of loans (see Notes 12.3 and 20.2).

The detail, by type, of securitized assets outstanding at December 31 and January 1, 2011 is as follows:

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mortgage collateral	20,046,281	18,059,606
Other guarantees	4,427,346	2,379,104
Total	**24,473,627**	**20,438,710**

(*) See Note 1, "Comparison of information."

Details of the securitized assets with the initial amounts of each and the amounts outstanding at December 31, and January 1, 2011 are provided below.

Securitisation of loans and advances to customers

Issue date		Acquired by	Thousands of Euros		
			Initial amount	Balance outstanding at 31/12/2011	Balance outstanding at 01/01/2011 **(*)**
February	2001	FonCaixa Hipotecario 2 - FTH	600,037	68,747	86,867
July	2001	FonCaixa Hipotecario 3 - FTH	1,500,090	361,822	413,518
December	2001	FonCaixa Hipotecario 4 - FTH	600,168	142,247	163,331
October	2002	FonCaixa Hipotecario 5 - FTH	600,004	191,519	214,937
December	2002	FonCaixa Hipotecario 6 - FTH	600,066	211,652	233,879
March	2003	GC FTGENCAT II, FTA	125,011		11,255
September	2003	FonCaixa Hipotecario 7 - FTH	1,250,133	515,991	567,574
November	2003	FonCaixa FTPYME 1, FTA	600,002		66,445
Transactions derecognized from balance sheet **(Note 10.2)**			**5,875,511**	**1,491,978**	**1,757,806**
March	2005	FonCaixa Hipotecario 8 - FTH	1,000,000	483,704	533,846
November	2005	FonCaixa FTGENCAT 3, FTA	643,500	195,372	226,064
March	2006	FonCaixa Hipotecario 9 - FTH	1,500,000	719,940	808,505
July	2006	FonCaixa FTGENCAT 4, FTA	594,000	230,277	261,954
May	2007	FonCaixa Hipotecario 10 - FTH	1,488,000	899,487	1,003,360
November	2007	FonCaixa FTGENCAT 5, FTA	1,000,000	592,324	677,600
July	2008	FonCaixa FTGENCAT 6, FTA	750,000	435,363	499,871
November	2008	FonCaixa FTPYME 2, FTA	1,100,000	560,152	679,089
February	2009	FonCaixa ICO FTVO1, FTA	520,000	425,155	458,159
March	2009	FonCaixa EMPRESAS 1, FTA	6,000,000	3,594,103	4,241,935
October	2009	FonCaixa FTGENCAT 7, FTA	1,000,000	656,262	789,704
October	2009	A y T VPO II, FTA **(**)**	21,000	17,550	19,166
March	2010	FonCaixa Andalucía FTEMPRESA1, FTA	500,000	379,144	442,122
July	2010	FonCaixa Hipotecario 11, FTA	6,500,000	5,887,991	6,308,145
November	2010	FonCaixa EMPRESAS 2, FTA	1,850,000	1,428,150	1,731,384
March	2011	FonCaixa EMPRESAS 3, FTA	1,400,000	1,200,320	
June	2011	Foncaixa Leasings 1, FTA **(***)**	1,420,000	1,204,167	
July	2011	Foncaixa Autonomos 1, FTA	1,130,000	1,050,815	
December	2011	Foncaixa Consumo 1, FTA	3,080,000	3,021,373	
Transactions kept on the balance sheet **(Notes 10.2 and 18.2)**			**31,496,500**	**22,981,649**	**18,680,904**
Total			**37,372,011**	**24,473,627**	**20,438,710**

(*) See Note 1, "Comparison of information."
(**) Funds from the merger with Caja de Ahorros de Girona.
(***) Fund based on finance lease transactions. Includes €67,486 thousand with mortgage guarantee and the remainder with other guarantees.

The amounts of credit enhancements at December 31, and January 1, 2011 for securitized assets are as follows:

Credit enhancements for securitization funds

			Thousands of Euros			
			31/12/2011		01/01/2011 **(*)**	
Issue date		Holder	Loans and credits **(**)**	Reserve fund bonds	Loans and credits **(**)**	Reserve fund bonds
February	2001	FonCaixa Hipotecario 2 - FTH	3,000		3,637	
July	2001	FonCaixa Hipotecario 3 - FTH	15,000		17,047	
December	2001	FonCaixa Hipotecario 4 - FTH	4,743		5,169	
December	2002	A y T FTGENCAT I, FTA	7		7	
March	2003	GC FTGENCAT II, FTA			234	
March	2005	FonCaixa Hipotecario 8 - FTH	2		2	
November	2005	FonCaixa FTGENCAT 3, FTA		6,500		6,500
March	2006	FonCaixa Hipotecario 9 - FTH	3		5	
July	2006	FonCaixa FTGENCAT 4, FTA		5,043		6,000
May	2007	FonCaixa Hipotecario 10 - FTH		12,000		12,000
November	2007	FonCaixa FTGENCAT 5, FTA		26,500		26,500
July	2008	FonCaixa FTGENCAT 6, FTA		18,800		18,800
November	2008	FonCaixa FTPYME 2, FTA		76,400		76,400
February	2009	FonCaixa ICO FTVO1, FTA	9,009	5,200	7,066	5,200
March	2009	FonCaixa EMPRESAS 1, FTA	278	630,000	278	630,000
October	2009	FonCaixa FTGENCAT 7, FTA	155,190		155,216	
October	2009	A y T VPO II, FTA **(***)**	1,625			
March	2010	FonCaixa Andalucía FTEMPRESA1, FTA	90,260		90,333	
July	2010	FonCaixa Hipotecario 11, FTA	130,408		130,641	
November	2010	FonCaixa EMPRESAS 2, FTA	243,041		254,913	
March	2011	FonCaixa EMPRESAS 3, FTA	139,398			
June	2011	FonCaixa leasings 1, FTA	211,958			
July	2011	Foncaixa Autonomos 1, FTA	162,094			
December	2011	Foncaixa Consumo 1, FTA	154,580			
Total			**1,320,596**	**780,443**	**664,548**	**781,400**

(*) See Note 1, "Comparison of information."
(**) All loans and credits are subordinated, and the credit amounts show the maximum available limit.
(***) Funds from the merger with Caixa d'Estalvis de Girona.

Most bonds issued by the securitization special purpose vehicles as balancing entries for the loan assets transferred were acquired by CaixaBank. Bonds issued prior to January 1, 2004 are recognized under "Loans and receivables – Debt instruments" on the accompanying balance sheets, and most of those issued after that date are recognized under "Financial liabilities at amortized cost – Customer deposits," reducing the liability balances arising from the mobilization of loans (see Notes 12.3 and 20.2).

Details of the securitization bonds initially acquired by CaixaBank and of the balances outstanding at December 31 and January 1, 2011 are as follows:

			Thousands of Euros		
Date		Issue	Initial amount of bonds bought	Balance outstanding at 31/12/2011	Balance outstanding at 01/01/2011 **(*)**
February	**2001**	**FonCaixa Hipotecario 2 - FTH**	**600,000**	**72,381**	**90,934**
		Preference bonds - Aaa	*580,500*	*52,881*	*71,434*
		Subordinated bonds -Aa2	*19,500*	*19,500*	*19,500*
July	**2001**	**FonCaixa Hipotecario 3 - FTH**	**1,500,000**	**373,084**	**426,283**
		Preference bonds - Aaa	*1,432,500*	*305,584*	*358,783*
		Subordinated bonds - A2	*67,500*	*67,500*	*67,500*
December	**2001**	**FonCaixa Hipotecario 4 - FTH**	**600,000**	**143,063**	**164,598**
		Preference bonds - Aaa	*583,200*	*126,263*	*147,798*
		Subordinated bonds - A1	*16,800*	*16,800*	*16,800*
October	**2002**	**FonCaixa Hipotecario 5 - FTH**	**600,000**	**196,980**	**221,625**
		Preference bonds - Aaa	*585,000*	*181,980*	*206,625*
		Subordinated bonds - A1	*15,000*	*15,000*	*15,000*
December	**2002**	**FonCaixa Hipotecario 6 - FTH**	**600,000**	**216,081**	**239,266**
		Preference bonds – AAA **(*)**	*582,000*	*198,081*	*221,266*
		Subordinated bonds – AA– **(*)**	*18,000*	*18,000*	*18,000*
March	**2003**	**GC FTGENCAT II, FTA**	**32,000**	**–**	**9,404**
		Preference bonds - Aaa	*23,300*	–	*704*
		Subordinated bonds - Aaa	*4,600*	–	*4,600*
		Subordinated bonds - A1	*4,100*	–	*4,100*
September	**2003**	**FonCaixa Hipotecario 7 - FTH**	**1,250,000**	**526,470**	**581,451**
		Preference bonds - Aaa	*1,220,000*	*496,470*	*551,451*
		Subordinated bonds - A2	*30,000*	*30,000*	*30,000*
November	**2003**	**FonCaixa FTPYME 1 - FTA**	**376,500**	**–**	**49,980**
		Preference bonds - Aaa	*330,900*	–	*4,380*
		Subordinated bonds - Aa3	*37,800*	–	*37,800*
		Subordinated bonds - Baa2	*7,800*	–	*7,800*
Issued prior to 01/01/2004 (Note 10.3)			**5.558.500**	**1,528,059**	**1,783,541**

(*) See Note 1, "Comparison of information."

			Thousands of Euros		
Date		Issue	Bonds acquired	Balance outstanding at 31/12/2011	Balance outstanding at 01/01/2011 **(*)**
March	**2005**	**FonCaixa Hipotecario 8 - FTH**	**1,000,000**	**486,439**	**537,441**
		Preference bonds - Aaa	*971,000*	*457,439*	*508,441*
		Subordinated bonds - A1	*22,500*	*22,500*	*22,500*
		Subordinated bonds - Baa2	*6,500*	*6,500*	*6,500*
November	**2005**	**FonCaixa FTGENCAT 3, FTA**	**25,000**	**25,000**	**25,000**
		Subordinated bonds - Aa3	*10,700*	*10,700*	*10,700*
		Subordinated bonds - Baa2	*7,800*	*7,800*	*7,800*
		Subordinated bonds - Ba2	*6,500*	*6,500*	*6,500*
March	**2006**	**FonCaixa Hipotecario 9 - FTH**	**1,500,000**	**722,742**	**818,765**
		Preference bonds - Aaa	*1,463,200*	*685,942*	*781,965*
		Subordinated bonds - A1	*29,200*	*29,200*	*29,200*
		Subordinated bonds - Baa2	*7,600*	*7,600*	*7,600*
July	**2006**	**FonCaixa FTGENCAT 4, FTA**	**22,800**	**18,433**	**22,800**
		Subordinated bonds - A2	*9,600*	*7,565*	*9,600*
		Subordinated bonds - Ba1	*7,200*	*5,674*	*7,200*
		Subordinated bonds - B3	*6,000*	*5,194*	*6,000*
May	**2007**	**FonCaixa Hipotecario 10 - FTH**	**1,500,000**	**904,495**	**1,015,668**
		Preference bonds - Aaa	*1,458,000*	*862,495*	*973,668*
		Subordinated bonds - Aa3	*30,000*	*30,000*	*30,000*
		Subordinated bonds - Baa2	*12,000*	*12,000*	*12,000*
November	**2007**	**FonCaixa FTGENCAT 5, FTA**	**550,600**	**154,611**	**259,528**
		Preference bonds - Aaa	*513,100*	*117,111*	*222,028*
		Subordinated bonds - A3	*21,000*	*21,000*	*21,000*
		Subordinated bonds - Ba1	*16,500*	*16,500*	*16,500*

(Cont.)

Date		Issue	Bonds acquired	Balance outstanding at 31/12/2011	Balance outstanding at 01/01/2011 **(*)**
			Thousands of Euros		
July	**2008**	**FonCaixa FTGENCAT 6, FTA**	**458,800**	**142,404**	**217,220**
		Preference bonds - AAA (**)	*436,300*	*119,904*	*194,720*
		Subordinated bonds - A (**)	*15,000*	*15,000*	*15,000*
		Subordinated bonds - BBB (**)	*7,500*	*7,500*	*7,500*
November	**2008**	**FonCaixa FTPYME 2, FTA**	**1,100,000**	**577,255**	**1,100,000**
		Preference bonds - Aaa	*990,000*	*467,255*	*990,000*
		Subordinated bonds - A3	*27,500*	*27,500*	*27,500*
		Subordinated bonds - Baa3	*82,500*	*82,500*	*82,500*
February	**2009**	**FonCaixa ICO FTVO 1, FTA**	**514,400**	**428,305**	**462,338**
		Preference bonds - Aaa	*478,000*	*391,905*	*425,938*
		Subordinated bonds - Aa1	*20,800*	*20,800*	*20,800*
		Subordinated bonds - A3	*15,600*	*15,600*	*15,600*
March	**2009**	**FonCaixa EMPRESAS 1, FTA**	**6,000,000**	**3,585,330**	**5,534,477**
		Preference bonds - Aaa	*5,235,000*	*2,820,330*	*4,769,477*
		Subordinated bonds - Baa3	*285,000*	*285,000*	*285,000*
		Subordinated bonds - Ba3	*480,000*	*480,000*	*480,000*
October	**2009**	**FonCaixa FTGENCAT 7, FTA**	**1,000,000**	**681,653**	**1,000,000**
		Preference bonds - Aaa	*870,000*	*551,653*	*870,000*
		Subordinated bonds - A3	*25,000*	*25,000*	*25,000*
		Subordinated bonds - Baa3	*105,000*	*105,000*	*105,000*
October	**2009**	**A y T VPO II, FTA**	**21,000**	**17,528**	**19,291**
		Preference bonds - AAA (***)	*18,893*	*15,421*	*17,184*
		Subordinated bonds - A (***)	*1,112*	*1,112*	*1,112*
		Subordinated bonds - BBB (***)	*995*	*995*	*995*
March	**2010**	**FonCaixa Andalucía FTEMPRESA1, FTA**	**500,000**	**379,374**	**500,000**
		Preference bonds - Aaa	*410,000*	*289,374*	*410,000*
		Subordinated bonds - Aa3	*25,000*	*25,000*	*25,000*
		Subordinated bonds - A3	*65,000*	*65,000*	*65,000*
July	**2010**	**FonCaixa Hipotecario 11, FTA**	**6,500,000**	**5,929,355**	**6,365,198**
		Preference bonds - Aaa	*6,110,000*	*5,539,355*	*5,975,198*
		Subordinated bonds - A1	*97,500*	*97,500*	*97,500*
		Subordinated bonds - B1	*292,500*	*292,500*	*292,500*
November	**2010**	**Foncaixa Empresas 2, FTA**	**1,850,000**	**1,850,000**	**1,850,000**
		Preference bonds - Aaa	*416,300*	*416,300*	*416,300*
		Subordinated bonds - Aaa	*1,248,700*	*1,248,700*	*1,248,700*
		Subordinated bonds - A3	*185,000*	*185,000*	*185,000*
March	**2011**	**Foncaixa Empresas 3, FTA**	**1,400,000**	**1,400,000**	–
		Preference bonds - Aaa	*300,000*	*300,000*	
		Subordinated bonds - Aaa	*820,000*	*820,000*	
		Subordinated bonds - B2	*280,000*	*280,000*	
June	**2011**	**Foncaixa Leasings 1, FTA**	**1,420,000**	**1,420,000**	–
		Preference bonds - Aaa	*470,000*	*470,000*	
		Subordinated bonds - Aaa	*737,500*	*737,500*	
		Subordinated bonds - B1	*106,200*	*106,200*	
		Subordinated bonds - B3	*106,300*	*106,300*	
July	**2011**	**Foncaixa Autonomos 1, FTA**	**1,130,000**	**1,100,452**	–
		Preference bonds - Aaa	*960,500*	*930,952*	
		Subordinated bonds - Baa3	*169,500*	*169,500*	
December	**2011**	**Foncaixa Consumo 1, FTA**	**3,080,000**	**3,080,000**	–
		Preference bonds - Aaa	*2,618,000*	*2,618,000*	
		Subordinated bonds - Ba3	*462,000*	*462,000*	
Issued after 01/01/2004 (Note 18.2)			**29,572,600**	**22,903,376**	**19,727,726**
TOTAL			**35,131,100**	**24,431,435**	**21,511,267**

(*) See Note 1, "Comparison of information."
(**) Credit risk rating by Standard&Poor's.
(***) Funds arising from merger with Caixa d'Estalvis de Girona and credit risk rating by FITCH.
Note: The bond credit risk ratings are by Moody's.

At December 31, 2011, the securitization bonds pledged with the Bank of Spain amounted to €10,397 million. At January 1, 2011, this figure was €10,204 million.

25.3. Securities deposits and investment services

The detail, by type and customer, of the securities deposited at CaixaBank is as follows.

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Book entries	**125,368,074**	**100,831,879**
Securities recorded in the market's central book-entry office	94,082,141	70,081,669
Equity instruments Listed	*44,678,618*	*31,116,689*
Equity instruments Unlisted	*759,387*	*2,559,872*
Debt instruments Listed	*48,644,136*	*36,405,108*
Securities registered at the entity	2,607,366	2,788,217
Debt instruments Listed	*2,607,366*	*2,788,217*
Securities entrusted to other depositaries	28,678,567	27,961,993
Equity instruments Listed	*12,171,992*	*4,698,493*
Equity instruments Unlisted	*4,459*	*4,188*
Debt instruments Listed	*16,291,006*	*22,942,382*
Debt instruments Unlisted	*211,110*	*316,930*
Physical securities	**3,482,449**	**62,816**
Held by the entity	3,482,032	62,304
Equity instruments	*3,481,888*	*48,498*
Debt instruments	*144*	*13,806*
Entrusted to other entities	417	512
Equity instruments	*417*	*512*
Other financial instruments	**2,122,122**	**1,867,936**
Total	**130,972,645**	**102,762,631**

(*) See Note 1, "Comparison of information."

Listed securities are recognized at market value in memorandum accounts, and unlisted securities are recognized at nominal amount.

25.4. Financial assets derecognized due to impairment

The changes in 2011 to items derecognized from the balance sheet because recovery was deemed to be remote are summarized below. These financial assets are recognized under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

	Thousands of Euros
	2011
Balance at January 1	**2,152,763**
Additions:	**992,328**
With a charge to impairment losses	697,561
Other causes **(*)**	250,874
Business combinations	43,893
Reductions:	**542,872**
Cash recovery of principal **(Note 35)**	75,888
Cash recovery of past-due receivables	11,686
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	12,255
Disposal of NPLs	443,043
Balance at December 31	**2,602,219**

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.

On December 20, 2011, CaixaBank sold part of the financial assets de-recognized from the balance sheet, amounting to €951 million, to Frontera Capital, SARL, (Frontera) an entity specializing in managing problem assets. Frontera paid a price of €15,690 thousand.

Prior to this sale, CaixaBank has bought back €508 million in asset write-off from GDS Cusa, SA, a wholly owned entity, to which CaixaBank had transferred the assets in previous years. As this transaction was carried out under the same conditions agreed on with Frontera, CaixaBank paid €5,994 thousand to GDS Cusa.

A gross gain of €9,696 thousand (€6,787 thousand net of taxes) was generated for CaixaBank through this transaction, which is recognized under "Impairment losses on financial assets (net) – Loans and receivables" in the income statement (see Note 35).

25.5. Geographic distribution of business volume

Since all CaixaBank branches offer their customers the full range of products and services, the breakdown of business volume below is by branches by Spanish Autonomous Community, country and foreign representative offices at December 31 and January 1, 2011:

	31/12/2011		01/01/2011	
Autonomous communities and cities	No. of branches	%	No. of branches	%
Andalusia	637	12.26	656	12.13
Aragón	93	1.79	92	1.70
Asturias	75	1.44	78	1.44
Balearic Islands	243	4.68	246	4.55
Canary Islands	155	2.98	155	2.87
Cantabria	49	0.94	49	0.91
Castile-La Mancha	130	2.50	131	2.42
Castile-Leon	241	4.64	264	4.88
Catalonia	1,702	32.76	1,851	34.22
Ceuta	4	0.08	4	0.07
Valencia	456	8.78	464	8.58
Extremadura	84	1.62	86	1.59
Galicia	197	3.79	197	3.64
La Rioja	28	0.54	28	0.52
Madrid	719	13.84	724	13.39
Melilla	2	0.04	2	0.04
Murcia	130	2.50	131	2.42
Navarre	55	1.06	55	1.02
Basque Country	182	3.50	183	3.38
Total branches in Spain	**5,182**	**99.73**	**5,396**	**99.76**
Foreign branches				
Poland (Warsaw)	1	0.02	1	0.02
Romania (Bucharest)	1	0.02	1	0.02
Morocco (Casablanca)	1	0.02	1	0.02
Total foreign branches	**3**	**0.06**	**3**	**0.06**
Representative offices:				
Germany (Stuttgart)	1	0.02	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	–	0.00
Turkey (Istanbul)	1	0.02	1	0.02
Total representative offices	**11**	**0.21**	**10**	**0.18**
Total branches	**5,196**	**100.00**	**5,409**	**100.00**

(*) Center reporting to the Stuttgart office.

26. INTEREST AND SIMILAR INCOME

This item in the income statement includes the interest earned during the year on financial assets with implicit or explicit returns obtained by applying the effective interest method, as well as adjustments to income arising from accounting hedges.

The breakdown in the accompanying consolidated income statement for the years ended December 31, 2011 and 2010, by type of financial transaction, is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Bank of Spain	31,786	–
Other central banks	367	–
Credit institutions	66,570	590
Money market transactions	19,029	–
Loans and receivables and other finance income	6,076,247	–
Debt instruments	562,060	–
Adjustments to income due to hedging transactions	(19,601)	–
Total	**6,736,458**	**590**

(*) For information purposes Note 1. c included the combined income statement.

The returns earned on debt instruments are added to the value of assets under "Held-for-trading portfolio," "Available-for-sale financial assets" and "Loans and receivables" in the balance sheet.

27. INTEREST EXPENSE AND SIMILAR CHARGES

This item in the accompanying 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, as well as the cost adjustments arising from accounting hedges and the cost due to interest attributable to existing pension funds.

The breakdowns of this item in the accompanying income statement for 2011 and 2010, by types of financial transaction, are as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Bank of Spain	(21,318)	–
Other central banks	(9,174)	–
Credit institutions	(227,720)	(140,461)
Money market transactions	(136,522)	–
Creditors and other finance expense	(2,589,107)	–
Marketable debt securities	(1,562,369)	(42,706)
Subordinated liabilities	(189,996)	–
Adjustments to expenses as a consequence of hedging transactions	827,270	–
Interest cost attributable to pension fund **(Note 21)**	(8,790)	–
Total	**(3,917,726)**	**(183,167)**

(*) For information purposes Note 1. c included the combined income statement.

28. RETURN ON EQUITY INSTRUMENTS

In 2011 and 2010, the balance of this item of the accompanying income statement reflects dividends received from investees, as shown below:

	Thousands of Euros	
	2011	2010 **(*)**
Abertis Infraestructuras, SA		87,523
Banco BPI, SA		21,130
Bolsas y Mercados Españoles SHMSF, SA	8,261	8,261
Caixa de Barcelona Seguros de Vida, SA de Seguros y Reaseguros	138,165	
Erste Bank Group AG	26,737	24,811
Gas Natural SDG, SA		262,216
Grupo Financiero Inbursa, SAB de CV	23,421	22,544
Hisusa-Holding de Infraestructuras de Servicios Urbanos, SA		21,833
InverCaixa Gestión, SGIIC, SA	13,569	602
Inversiones Autopistas, SL		16,811
Repinves, SA	327,851	39,353
Repsol-YPF, SA	172,486	97,690
VidaCaixa Grupo, SA	633,500	175,500
Telefónica, SA	356,162	297,702
The Bank of East Asia, LTD	30,031	
Held-for-trading portfolio	3,129	
Other investments	17,591	18,904
Total	**1,750,903**	**1,094,880**

(*) For information purposes Note 1. c includes the combined income statement.

The following extraordinary dividends are included above:

- In 2011, VidaCaixa Grupo paid an extraordinary dividend of €500 million, from the gain obtained from the sale 50% of SegurCaixa Adeslas to Mutua Madrileña (see Note 15).

- Repinves paid out €327 million obtained from the sale of its direct stake in Repsol to CaixaBank (see Note 16.2).

29. FEES AND COMMISSIONS

The main fee and commission income and expenses recognized in the accompanying income statement for 2011 and 2010, by type of non-financial services, are as follows:

Fee and commission income

	Thousands of Euros	
	2011	2010 **(*)**
Contingent liabilities	98,761	–
Credit facility drawdowns	62,484	–
Exchange of foreign currencies and banknotes	2,960	–
Collection and payment services	690,172	–
Of which, credit and debit cards	*346,933*	–
Securities services	230,086	–
Marketing of non-banking financial products	279,374	–
Other fees and commissions	281,268	–
Total	**1,645,105**	**–**

(*) For information purposes Note 1. c includes the combined income statement.

Fee and commission expense

	Thousands of Euros	
	2011	2010 **(*)**
Assigned to other entities and correspondents	(33,223)	–
Of which, transactions with cards and ATMs	*(17,601)*	–
Securities transactions	(12,347)	–
Other fees and commissions	(54,746)	–
Total	**(100,316)**	**–**

(*) For information purposes Note 1. c includes the combined income statement.

30. GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The breakdown, by source, of this item in the accompanying consolidated income statement is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Held-for-trading portfolio	**20,617**	**7,661**
Debt instruments	6,090	–
Equity instruments	(15,230)	–
Financial derivatives	29,757	7,661
Of which, forward transactions and financial derivatives on currencies	*(16,280)*	–
Available-for-sale financial assets	**58,810**	**–**
Debt instruments	54,293	–
Equity instruments	4,517	–
Hedging derivatives	**31,457**	**(1,918)**
Micro-hedges	(5,264)	(1,918)
Hedged items	*(28,619)*	–
Hedging derivatives	*23,355*	*(1,918)*
Macro-hedges	36,721	–
Hedged items	*(1,035,621)*	–
Hedging derivatives	*1,072,342*	–
Total	**110,884**	**5,743**

(*) For information purposes Note 1. c includes the combined income statement.

Foreign currency exposure is managed in cash positions, forward transactions and derivative financial instruments. Gains and loss are recognized under "Exchange differences" and "Gains/(losses) on financial assets and liabilities" – "Held-for-trading portfolio" – Financial derivatives" in the accompanying income statement. The gains generated in 2011 were €70,499 thousand.

Debt instrument exposure in the trading portfolio is managed through cash positions of debt instruments and forward transactions considered financial derivatives. The result is recognized on different lines of "Gains/(losses) on financial assets and liabilities." The gains generated in 2011 on these transactions were €6,087 thousand.

31. OTHER OPERATING INCOME

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Financial fees and commissions offsetting direct costs **(Note 2.4)**	33,192	–
Income from investment property	9,503	–
Other products	42,300	50
Total	**84,995**	**50**

(*) For information purposes Note 1. c includes the combined income statement.

32. OTHER OPERATING EXPENSES

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Contribution to deposit guarantee fund **(Note 1)**	(117,812)	–
Operating expenses on investment property	(7,032)	–
Other	(43,440)	–
Total	**(168,284)**	**–**

(*) For information purposes Note 1. c includes the combined income statement.

33. PERSONNEL EXPENSES

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

Breakdown by type of remuneration

	Thousands of Euros	
	2011	2010 **(*)**
Wages and salaries	(1,461,527)	(8,582)
Social security contributions	(289,837)	(1,151)
Transfers to defined contribution plans	(114,419)	–
Transfers to defined benefit plans **(Note 21)**	(4,485)	–
Other personnel expenses	(220,050)	(1,350)
Total	**(2,090,318)**	**(11,083)**

(*) For information purposes Note 1. c includes the combined income statement.

The expense recognized in "Transfers to defined contribution plans" includes mainly mandatory contributions stipulated in the labor agreement on the pension scheme entered into on July 31, 2000 at "la Caixa" and upheld by CaixaBank after the "la Caixa" Group's reorganization. Contributions are made to the pension plan to cover retirement, disability and death obligations of serving employees. For 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 Institution and other agreed terms and conditions. The contribution for disability and death is annual and equals the cost of the premium required to ensure against these risks.

"Other personnel expenses" in 2011 includes €40,226 thousand 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 in October, applicable as of January 1 the following year.

The market rates applicable until September 30, 2011 were Euribor+0.50 points for mortgage loans and Euribor+1.0 points for personal loans. From September 30, 2011, there were Euribor +0.30 points for loans to homebuyers and Euribor +1.25 points for other loans.

The interest rate agreed with employees under employment legislation for mortgage loans entered into by "la Caixa" and upheld by CaixaBank after the reorganization, 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.

In 2011, "Other personnel expenses" also includes €55,547 thousand incurred when furnishing CaixaBank employees with CaixaBank shares within the scope of the Group reorganization (see Note 1, "Reorganization of the "la Caixa" Group). This item also includes training expenses, education grants and indemnities.

The average number of employees, by professional category, in 2011 and 2010 is as follows:

Average number of employees

	Number of employees			
	2011		2010	
	Male	Female	Male	Female
Executives	86	7	1	–
Managers	8,027	4,524	7	2
Clerical staff	4,814	7,614	35	57
Support staff	4	5	–	–
Temporary employees	21	22	2	3
Total	**12,952**	**12,172**	**45**	**62**

At December 31 and January 1, 2011, the workforce was as follows:

Active workforce

	Number of employees			
	31/12/2011		01/01/2011	
	Male	Female	Male	Female
Executives	80	7	81	5
Managers	7,952	4,620	8,086	4,432
Clerical staff	4,673	7,557	4,925	7,690
Support staff	4	4	5	6
Temporary employees	11	7	23	27
Total	**12,720**	**12,195**	**13,120**	**12,160**

34. OTHER GENERAL ADMINISTRATIVE EXPENSES

The breakdown of this item on the accompanying consolidated income statement is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Property and fixtures	(142,683)	(2,762)
IT and systems	(153,219)	(1,171)
Advertising and publicity	(73,003)	(6,397)
Communications	(40,882)	(245)
Outsourced administrative services	(35,847)	–
Taxes other than income tax	(22,909)	(7)
Surveillance and security carriage services	(25,952)	–
Representation and travel expenses	(32,206)	(472)
Printing and office materials	(16,108)	(56)
Technical reports	(31,199)	(695)
Other expenses	(53,900)	(11,861)
Total	**(627,908)**	**(23,666)**

(*) For information purposes Note 1. c includes the combined income statement.

In 2011, "Technical reports" included €1,045 thousand as the fees and expenses of Deloitte, SL for audit work, and €2,441 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €473 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2011. None of these amounts includes the related VAT.

In 2010, "Technical reports" included €687 thousand as the fees and expenses of Deloitte, SL for audit work, and €2,304 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €512 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2010. None of these amounts includes the related VAT. These amounts also included €15 thousand for tax consultancy work by Deloitte SL or a related company.

The fees of Deloitte, SL for audit services include fees for limited reviews of the condensed financial statements for the six months ended June 30, 2011 and 2010.

Information on payments to suppliers: As required by Law 15/2010 of July 5

In accordance with Law 15/2010, of July 5, modifying Law 3/2004, of December 29, establishing measures to tackle defaults in commercial transactions, companies are obliged to publish information on payment deferrals by suppliers in the notes to their financial statements. Pursuant to this obligation, on December 31, 2010, the corresponding ruling 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:

Deferrals made and pending payment at the balance sheet date

	Thousands of Euros	
	2011	
	Amount	%
Payments made within the maximum legal period	859,994	94.95%
Other	45,749	5.05%
Total payments in the year	**905,743**	**100%**
Weighted average (days) of late payment	2.5	
Deferred payment exceeding the maximum legal period at the balance sheet date	–	

At December 31, 2010, there were no significant payments outstanding to suppliers that had accumulated deferral beyond the legal payment period.

35. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

Impairment losses on financial assets (net)

	Thousands of Euros	
	2011	2010 **(*)**
Loans and receivables	**(2,221,977)**	**–**
Net allowances **(Note 12.4)**	*(2,178,940)*	–
Write-downs	*(118,925)*	–
Recovery of loans written off **(Note 25.4)**	*75,888*	–
Other financial instruments not measured at fair value through profit or loss	**(6,372)**	**–**
General allowance for debt securities	–	–
Write-downs	*(6,372)*	–
Equity instruments **(Note 11)**	*(6,372)*	–
Debt instruments	–	–
Total	**(2,228,349)**	**–**

(*) For information purposes Note 1. c includes the combined income statement.

The tables below show the provisions at December 31, 2011 and 2010 against impairment losses on certain assets. These balances and the changes recognized in 2011 are first classified by type of asset, and subsequently by portfolio, the value of which is adjusted in the accompanying consolidated balance sheet.

2011
Changes in impairment allowances by type of asset

	Thousands of Euros				
	Balance at 01/01/2011	Net allowances **(1)**	Amounts used	Transfers and other	Balance at 31/12/2011
Debt instruments	**18,754**	**696**	**–**	**–**	**19,450**
Specific allowance	782	696	–	–	1,478
General allowance	17,972			–	17,972
Loans and advances to credit institutions	**4,901**	**–**	**(2)**	**(4,891)**	**8**
Loans and advances to customers	**4,754,247**	**2,178,244**	**(1,222,559)**	**(211,844)**	**5,498,088**
Country risk allowances	2,383	(4)	–	–	2,379
Specific allowance	3,014,919	2,178,248	(1,222,559)	(211,709) **(*)**	3,758,899
General allowance	1,736,945	–		(135)	1,736,810
Total	**4,777,902**	**2,178,940**	**(1,222,561)**	**(216,735)**	**5,517,546**

(**) See Note 11.4.
(1) Positive amounts are expenses and negative amounts are income.

Changes in impairment allowances by portfolio

	Thousands of Euros				
	Balance at 01/01/2011	Net allowances **(1)**	Amounts used	Transfers and other	Balance at 31/12/2011
Available-for-sale financial assets **(Note 11)**	17,972	–	–	–	17,972
Loans and receivables **(*) (Note 12.4)**	4,759,930	2,178,940	(1,222,561)	(216,735)	5,499,574
Total	**4,777,902**	**2,178,940**	**(1,222,561)**	**(216,735)**	**5,517,546**

(*) Includes impairment losses on debt instruments at amortized cost.
(1) Positive amounts are expenses and negative amounts are income.

36. IMPAIRMENT LOSSES ON OTHER ASSETS (NET)

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

Impairment losses on other assets (net)

	Thousands of Euros	
	2011	2010 **(*)**
Goodwill and other intangible assets (Note 18)	**(7,772)**	**–**
Other assets	**(599,433)**	**(50,000)**
Investments **(Note 16)**	*(593,364)*	*(50,000)*
Write-downs of property and equipment	*(6,015)*	–
Other assets	*(54)*	–
Total	**(607,205)**	**(50,000)**

(*) For information purposes Note 1. c includes the combined income statement.

The tables below show the provisions at December 31, 2011 and 2010 against impairment losses on certain investments. The balances and movements in 2011 and 2010 by type of asset are as follows:

2011
Investments

	Thousands of Euros				
	Balance at 01/01/2011 **(*)**	Net allowances **(1)**	Amounts used	Transfers and other	Balance at 31/12/2011
Associate investments **(Note 16.1)**	350,000	416,000		–	766,000
Investments in jointly controlled entities		34,830	(34,830)		
Investments in Group entities **(Note 16.3)**	211,095	142,534		(59,324)	294,305
Total	**561,095**	**593,364**	**(34,830)**	**(59,324)**	**1,060,305**

(*) See Note 1, "Comparison of information."
(1) Positive amounts are expenses and negative amounts are income.

37. GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Gains on disposals of property and equipment	8,567	–
Losses on disposals of property and equipment	(2,809)	–
Gains/(Losses) on disposals of other assets	23,030	60,422
Total	**28,788**	**60,422**

(*) For information purposes Note 1. c includes the combined income statement.

Gains on the disposal of items of property and equipment relate mainly to sales of investment property, none of which were for significant amounts individually.

In 2011, "Gains/(losses) on disposals of other assets" includes a gain on the sale of the stake of GDS Correduría de Seguros, SL (see Note 16.3).

38. GAINS/(LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS

The breakdown of this item on the accompanying income statement for 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010 **(*)**
Gains on disposal of non-current assets held for sale	22,983	–
Losses on disposal of non-current assets held for sale	(7,674)	–
Net write-downs of non-current assets held for sale	465	–
Other equity instruments	103,851	149,473
Total	**119,625**	**149,473**

(*) For information purposes Note 1. c includes the combined income statement.

In 2011, under "Other equity instruments," €97,969 thousand was recognized for the disposal of 0.69% of Telefónica SA and the capital gain arising on the sale of the hospital group. In 2010, €120,250 thousand was recognized under the same heading for the disposal of 0.282% of Telefónica SA and €29,223 for the sale of 0.86% of Repsol YPF.

The total gains and losses on the disposal of non-current assets relate to property to satisfy loans, none of which were for significant amounts individually.

39. RELATED PARTY TRANSACTIONS

According to the Regulations of the Board of Directors, the Board may issue a generic authorization 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 authorized 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 standardized and applied en masse to many clients; (ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and (iii) the amount 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 authorization 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 Executives 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 Executives), 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 consolidated financial statements.

The most significant balances at year-end 2011 between CaixaBank and subsidiaries, jointly controlled entities and associates, and with Directors, Senior Executives and other related parties (relatives and companies with links to members of the Board of Directors, Control Committee of "la Caixa" and Senior Executives, to the best of the Institution's knowledge), of both CaixaBank and "la Caixa" and Criteria, 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 recognized in the income statement from transactions carried out.

31/12/2011

	Thousands of Euros				
	With majority shareholder "la Caixa" and Group **(1)**	Group companies	Associates and jointly controlled entities	Directors and senior executives **(2)**	Other related parties **(3)**
Assets					
Loans and advances to credit institutions	31,626	703,827	221,988	–	–
Loans and advances to customers	5,021,342	14,217,522	557,509	9,113	156,116
Reverse repurchase agreement (repos)	–	*10,317,710*	–	–	–
Mortgage loans	*482,057*	–	*6,904*	*8,203*	*63,596*
Other loans and credits	*4,539,285*	*3,899,812*	*550,605*	*910*	*92,520*
Total	**5,052,968**	**14,921,349**	**779,497**	**9,113**	**156,116**
Liabilities					
Deposits from credit institutions	2,108,335	9,432	11,319		
Customer deposits **(4)**	1,035,819	20,715,505	486,073	35,795	259,055
Off-balance sheet liabilities **(5)**	–	–	–	16,687	54,862
Total	**3,144,154**	**20,724,937**	**497,392**	**52,482**	**313,917**
Profit and loss					
Interest expense and similar charges **(6)**	(27,212)	(452,777)	(13,069)	(823)	(7,969)
Interest and similar income	194,931	229,408	8,248	189	3,567
Total	**167,719**	**(223,369)**	**(4,821)**	**(634)**	**(4,402)**
Other					
Contingent liabilities – Guarantees and other	273,510	242,047	34,683	47	22,683
Contingent commitments – Drawable by third parties and others **(7)**	1,576,313	940,903	437,194	4,864	57,593
Accrued defined benefit post-employment obligations	–	–	–	43,543	–
Total	**1,849,823**	**1,182,950**	**471,877**	**48,454**	**80,276**

(1) Includes transactions with "la Caixa", and its Group companies, jointly controlled entities and associates.
(2) Directors and senior executives referred to are those of "la Caixa", CaixaBank and Criteria CaixaHolding.
(3) Family members and entities related to members of the Board of Directors of "la Caixa" and CaixaBank, the Control Committee of "la Caixa" and Senior Executives and other related parties such as the employee pension plan.
(4) Includes deposits, marketable debt securities and subordinated debt.
(5) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.
(6) Does not include the finance cost relating to off-balance sheet liabilities.
(7) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

The most significant transactions included in the aforementioned amounts are as follows:

- Promissory note issued by CaixaBank and acquired by "la Caixa" on December 15, 2011, maturing on February 2, 2012 and bearing interest at a rate of 4% AER. At December 31, 2011, the balance of this item was €1,644,341 thousand.

- Credit account issued with Finconsum EFC, SA, of which €583,983 thousand had been drawn down at December 31, 2011, leaving €122,837 thousand available.

- €2,000 million loan extended to ServiHabitat XXI, accruing interest at a rate of 4.525% and maturing on November 1, 2013. ServiHabitat also has a credit account, €254,592 thousand of which had been drawn down leaving €493,625 thousand available at December 31, 2011. Additionally, in 2011, CaixaBank subscribed and paid €1,420,000 thousand in a rights issue at ServiHabitat, as part of the reorganization process of the "la Caixa" Group described in Note 1.

- €382,615 thousand loan to CaixaRenting. A credit account was also made available, of which €154,724 thousand has been drawn down, leaving €310,388 thousand available at December 31, 2011.

- FonCaixa empresas 1, FTA, term deposit for the amount of €679,895 thousand.

- FonCaixa empresas 2, FTA, term deposit for the amount of €682,075 thousand.

- Caixa Preference SAU subordinated deposit for the amount of €3,000,000 thousand (see Note 20.4).

- Sale of assets of VidaCaixa, SA de Seguros y Reaseguros, under repurchase agreement with a balance of €10,317,710 thousand at December 31, 2011. Additionally, a reverse asset repurchase agreement carried out by CaixaBank for the amount of €1,240,880 thousand, and VidaCaixa held a term deposit at CaixaBank for the amount of €9,093,621 thousand. VidaCaixa also has other term deposits, with a balance of €600,000 thousand, and has acquired mortgage covered bonds and bond for an amount of €1,513,550 thousand.

At December 31, 2011, 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 December 31, 2011 and 2010 arranged with serving Directors and Senior Executives at these two dates have an average maturity of 25.18 and 24.4 years, respectively, and bear interest at an average rate of 2.18% and 1.63%, respectively.

Financing provided in 2011 to serving Directors and Senior Executives at December 31, 2011 and 2010 amounted to €3,084 thousand and €5,946 thousand, with an average maturity period of 4.83 and 15.87 years, earning interest at an average rate of 2% and 1.70%, respectively.

In relation to the related party transactions in 2010, the Group's reorganization described in Note 1, which led to changes in the scope and changes in the activity of each Group company involved in the reorganization, complicates comparing and interpreting the information. The 2010 annual accounts of "la Caixa", of Criteria CaixaCorp and of their respective groups include full disclosures of related party transactions during that year.

Description of the relationship between "la Caixa" and CaixaBank

In order to strengthen the Criteria Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, Criteria and "la Caixa" signed an internal relations protocol ("the Initial Protocol") on September 10, 2007.

So as to bring the Initial Protocol to line with the distribution of "la Caixa" and CaixaBank functions and activities arising from the implementation of the reorganization operations, on July 1, 2011, the parties deemed it fit to enter into a new internal relations protocol ("the Protocol"), whose main object is:

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

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

(iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with "la Caixa" Group companies; as well as

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

According to the Protocol, which is publicly available at www.caixabank.com, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

40. OTHER DISCLOSURE REQUIREMENTS

40.1. Customer Ombudsman and Customer Care Service

The report on the customer care service for 2011 is summarized below. This report describes the outcome of the claims and complaints ("complaints") handled by the Customer Care Service of Caja de Ahorros y Pensiones de Barcelona and CaixaBank.

The following relates to the Customer Care Service of Caja de Ahorros y Pensiones de Barcelona and the Customer Care Service of CaixaBank, S.A., combined into a single document as their respective Customer Care Regulations appoint the same person to oversee the service. However, information is presented separately for complaints affecting Caja de Ahorros y Pensiones de Barcelona and the entities of its group and those affecting CaixaBank S.A. and CaixaBank Group companies. If necessary, partial copies comprising the shared part and the specific part corresponding to Caja de Ahorros y Pensiones de Barcelona or to CaixaBank, S.A., as applicable, shall be issued.

Pursuant to the customer ombudsmen regulations of "la Caixa" and the customer ombudsmen regulations of CaixaBank, which were drawn up in compliance with Ministry of Economy and Finance Order ECO/734/2004 of March 11 on customer care departments and services and customer ombudsmen at financial institutions, the Customer Ombudsman for the Catalan Savings Banks has jurisdiction over complaints involving sums of up to €120,000. The Customer Care Service is responsible for handling complaints involving sums in excess of €120,000 and for coordinating the ancillary customer services voluntarily set up by "la Caixa" to provide 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 Customer Care Service (amounts in excess of €120,000)

Through June 30 of this year, customer claims relate to Caja de Ahorros y Pensiones de Barcelona.

Complaints received by the Customer Care Service of Caja de Ahorros y Pensiones de Barcelona (to June 30)

Admitted for consideration						
Resolved in the customer's favor	Withdrawn by the customer	Resolved in favor of "la Caixa"	Not resolved and pending reply	Not admitted for consideration	Referred to the customer ombudsman	Total
0	**0**	**7**	**1**	**2**	**219**	**229**

Complaints received by the Customer Care Service of CaixaBank (01/07 to 31/12)

Admitted for consideration						
Resolved in the customer's favor	Withdrawn by the customer	Resolved in favor of "la Caixa"	Not resolved and pending reply	Not admitted for consideration	Referred to the customer ombudsman	Total
0	**1**	**12**	**17**	**0**	**224**	**254**

Since July 1, no claims have been received regarding Caja de Ahorros y Pensiones de Barcelona.

No payments were made in all of 2011.

Of CaixaBank companies operating the Customer Care Service Regulations, one complaint was received by VidaCaixa, SA de Seguros y Reaseguros and one by VidaCaixa Adeslas, SA de Seguros Generales y Reaseguros.

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

By complainant

Member entities	Number of complaints 2011
"la Caixa"	1,829
VidaCaixa Adeslas, S.A. de Seguros Generales y Reaseguros	176
VidaCaixa, S.A. Seguros y Reaseguros	84
Finconsum, EFC, SA	13
CaixaRenting, SA	3
InverCaixa Gestión, SGIIC, SA	2
MicroBank de la Caixa, SA	1
Total	**2,108**

By type of resolution

Type of resolution	Number of complaints 2011
Upheld (totally or partially)	435
Dismissed	886
Irrelevant	292
Waived by customer	4
Pending resolution	489
Referred to Customer Care Service	2
Total	**2,108**

Other internal channels for submission of complaints

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

Internal complaints received by Caja de Ahorros y Pensiones de Barcelona (to 30/06)

	Number of complaints
Free customer care telephone service	3,284
Letters to the CEO	2,536
The Internet portal	3,043
Total	**8,863**

Internal complaints received by CaixaBank (1/07-31/12)

	Number of complaints
Free customer care telephone service	3,082
Letters to the CEO	2,676
The Internet portal	2,557
Total	**8,315**

A total of 17,718 complaints were received through internal channels.

40.2. Environmental information

With society increasingly aware of the need to protect the environment in which we live and do business 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.

Our activity does not pose any major risk to the environment. However, we feel that ratifying our commitment to the environment is essentially for a group as big as and with the social involvement of the "la Caixa" Group.

We strive to help achieve the sustainable development of the sectors in which we are involved. To roll out the EMS, the activities carried out at the Group's Central Services in Barcelona were chosen, in one of the city's most emblematic buildings.

Our commitment extends to employees and the companies that work with us, but it must also provide an extra benefit to our customer relations.

For the Group, mainstreaming an EMS is the best way to ensure that we meet the environmental requirements of all our stakeholders and comply with prevailing legislation, providing a better service to customers to guarantee the continuous improvement of our organization.

In 2011, a number of initiatives were undertaken that directly affect efficiency in consumption and employee awareness raising.

Efficiency actions included replacing PCs with higher-efficiency equipment, changing power switches for different peripherals, and substituting light bulbs and installing LED lamps.

Steps to raise employee awareness included sending 5,166 emails on consumption to various offices, reminding them of recommended environmental conditions, and making 2,500 visits during the year outside the working day to verify that equipment had been turned off.

An option in ATMs has also been added to "view account balance and do not print receipt."

Project starts in 2011, which will continue in 2012, include the creation of an environmental website, a calculator that measures and then offsets the GHG emissions of institutional functions at CaixaBank.

Further information is available in the environmental statement released annually and posted on the institution's website.

40.3. Disclosures required by the Mortgage Market Law

In accordance with regulations governing the mortgage market, issuers of mortgage covered bonds are required to disclose relevant information regarding their issues. Consequently, CaixaBank presents the following information regarding its total mortgage covered bond issues:

1. Information on support and privileges available to holders of mortgage covered bonds issued by the Group

CaixaBank is the only Group entity that issues mortgage covered bonds.

The mortgage covered bonds are securities in which the principal and interest are especially guaranteed, with no need for registration, by mortgages on all the bonds registered in favor of the Institution, without prejudice to the liability of the Institution's assets.

The securities include credit rights for holders vis-à-vis the Institution, guaranteed as stated in the preceding paragraph, and entail execution to claim payment from the issuer after they mature. The holders of these securities are considered to be creditors with special preference, as stipulated in section 3 of Article 1,923 of the Civil Code, vis-à-vis any other creditor, in relation to the total mortgage credits and loans registered in favor of the issuer. All holders of bonds, irrespective of their date of issue, have the same seniority over the loans and credits which guarantee the bonds.

The members of the Board of Directors certify that CaixaBank has express policies and procedures in place covering all activities carried on within the scope of its mortgage market issues, and that they guarantee strict compliance with the mortgage market regulations applicable to such activities. These policies and procedures cover issues such as:

- **Relationship between the sum of loans and credits and the appraisal value of the mortgaged asset.** To be eligible, the credits and loans providing cover of mortgage securities issued must meet the following conditions:

  – They are guaranteed with a first mortgage on full ownership of the property, whose registration is valid and without any contradiction.

  – The mortgaged properties have been appraised by certified valuers as provided for in mortgage market regulations.

  – The loans and credits guaranteed do not exceed 60% of the mortgaged asset's appraisal value, or 80% in finance to build, refurbish or purchase a home.

  – An appropriate damage insurance policy is arranged for the mortgaged assets covering the risks provided for in mortgage market regulations.

  – The loans and credits appear in the Special Accounting Register provided for in mortgage market regulations.

  Express policies and procedures are in place regarding the Institution's activities on the mortgage market to ensure these requirements are met and to select appraisers.

- **Relation between the debt and the income of the borrower, and verification of the information provided by the borrower and its solvency.** One of the general risk management principles approved by the Board of Directors states that the approval of risk operations must be based on an evaluation of the borrower's repayment ability. This evaluation is based on thorough analysis of the documentation provided by the borrower and other information regarding its financial performance, and on verification that the applicant's income is enough to service its debts.

- **Prevention of mismatches between flows from the hedging portfolio and those arising from payments owed on the securities issued.** The Institution performs monthly monitoring to prevent mismatches between flows from the hedging portfolio and those arising from payments owed on the securities issued. In addition, it maintains a high level of cover relative to the amount issued so as to guarantee that there are no mismatches and to sustain the high ratings on outstanding issues.

- **Existence, composition and key elements of the responsibilities of the Technical Committee.** As provided for in article 3.3 of Law 2/1981, of March 25, as worded in Law 41/2007, of December 7, CaixaBank has a Technical Committee that oversees compliance with the requirements of independence established and set by the Internal Rules of Conduct of Valoraciones y Tasaciones Hipotecarias, S.A. (hereinafter VTH).

  The Technical Committee currently comprises two members appointed by CaixaBank. It meets at least once a year and drafts an annual report, which it sends to both the Board of Directors of CaixaBank and to the Bank of Spain.

  The latest report, dated May 2, 2011, notes that in 2010, VTH continued to adopt measures that promote independence in appraisals and prevent conflicts of interest, especially with persons or units of CaixaBank related to granting or marketing mortgage loans or credits.

  The Internal Rules of Conduct of VTH are available at the company's registered office (Av. Diagonal, 429, Barcelona), as is the Technical Committee 2010 annual report, dated May 2, 2011.

2. Information concerning mortgage market issues

The table below shows the nominal value of mortgage covered bonds issued by CaixaBank and outstanding at December 31 and January 1, 2011, even if they are not recognized on the liability side of the balance sheet (because they were not placed among third parties or were repurchased).

Mortgage covered bonds issues

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mortgage covered bonds issued in public offers (debt securities)	**2,679,356**	**2,679,356**
Residual maturity up to 1 year	567,604	–
Residual maturity between 1 and 2 years	–	567,604
Residual maturity between 2 and 3 years	–	–
Residual maturity between 3 and 5 years	968,470	–
Residual maturity between 5 and 10 years	1,143,282	2,111,752
Residual maturity over 10 years	–	–
Mortgage covered bonds not issued in public offers (debt securities)	**34,694,217**	**33,436,312**
Residual maturity up to 1 year	1,649,200	4,535,400
Residual maturity between 1 and 2 years	3,727,286	1,649,200
Residual maturity between 2 and 3 years	5,568,000	3,724,839
Residual maturity between 3 and 5 years	9,150,152	7,983,533
Residual maturity between 5 and 10 years	10,602,500	9,077,500
Residual maturity over 10 years	3,997,079	6,465,840
Deposits	**2,332,568**	**2,598,213**
Residual maturity up to 1 year	191,122	270,000
Residual maturity between 1 and 2 years	166,936	189,703
Residual maturity between 2 and 3 years	691,463	164,000
Residual maturity between 3 and 5 years	392,130	762,297
Residual maturity between 5 and 10 years	538,510	759,806
Residual maturity over 10 years	352,407	452,407
Total mortgage covered bonds issued	**39,706,142**	**38,713,882**
Of which: not recognized under liabilities	**548,985**	**682,156**

(*) See Note 1, "Comparison of information."

The nominal value of mortgage participations issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at December 31, 2011 is as follows:

Mortgage participations issued

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mortgage participations issued in public offers	**–**	**–**
Residual maturity up to 3 years	–	–
Residual maturity between 3 and 5 years	–	–
Residual maturity between 5 and 10 years	–	–
Residual maturity over 10 years	–	–
Mortgage participations not issued in public offers	**556,859**	**615,205**
Residual maturity up to 3 years	6,977	6,812
Residual maturity between 3 and 5 years	10,488	11,028
Residual maturity between 5 and 10 years	52,852	56,129
Residual maturity over 10 years	486,543	541,236
Total mortgage participations issued	**556,859**	**615,205**

(*) See Note 1, "Comparison of information."

In addition, the nominal value of mortgage participations, corresponding to the loan and credits de-recognized from the asset side of the balance sheet, and outstanding at December 31 and January 1, 2011, is €1,492 million and €1.599 million, respectively.

The nominal value of mortgage transfer certificates issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at December 31 and January 1, 2011, is as follows:

Mortgage transfer certificates issued

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mortgage transfer certificates issued in public offers	**–**	**–**
Residual maturity up to 3 years	–	–
Residual maturity between 3 and 5 years	–	–
Residual maturity between 5 and 10 years	–	–
Residual maturity over 10 years	–	–
Mortgage transfer certificates not issued in public offers	**17,929,962**	**15,748,208**
Residual maturity up to 3 years	246,607	146,525
Residual maturity between 3 and 5 years	479,687	342,045
Residual maturity between 5 and 10 years	2,798,001	2,221,249
Residual maturity over 10 years	14,405,667	13,038,389
Total mortgage transfer certificates issued	**17,929,962**	**15,748,208**

(*) See Note 1, "Comparison of information."

In addition, the nominal value of mortgage transfer certificates, corresponding to the loan and credits de-recognized from the asset side of the balance sheet, and outstanding at January 1, 2011, was €190 million.

At December 31 and January 1, 2011, CaixaBank did not have mortgage-bond issues.

3. Information concerning mortgage credits and loans

The table below shows the nominal value of all mortgage credits and loans of CaixaBank and of those which are eligible pursuant to applicable regulations for the purposes of calculation of the threshold for issue of mortgage covered bonds:

Mortgage loans. Eligibility and accountability in relation to the mortgage market

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Total loans	**119,928,336**	**124,144,175**
Mortgage participations issued	**2,048,837**	**2,213,925**
Of which: On balance sheet loans	556,859	615,205
Mortgage transfer certificates issued	**17,929,962**	**15,938,138**
Of which: On balance sheet loans	17,929,962	15,748,208
Mortgage loans pledged in guarantee for financing received	**–**	**–**
Loans backing mortgage bonds issues and covered bond issues	**99,949,537**	**105,992,112**
Non-eligible loans	48,239,349	53,890,062
Meet eligibility requirements, except for limits established in article 5.1. of Royal Decree 716/2009	*9,174,350*	*11,052,056*
Other	*39,064,999*	*42,838,006*
Eligible loans	51,710,188	52,102,050
Non-computable amounts	*147,932*	*209,555*
computable amounts	*51,562,256*	*51,892,495*
Loans backing mortgage bond issues	–	–
Loans suitable for backing mortgage bond issues	51,562,256	51,892,495

(*) See Note 1, "Comparison of information."

Information is also presented in relation to the total outstanding mortgage credits and loans (without including securitized assets), and those which are eligible for calculation without consideration of the thresholds established by Article 12 of RD 716/2009 of April 24:

Mortgage loans and credits

	Thousands of Euros			
	31/12/2011		01/01/2011 **(*)**	
	Total portfolio of loans and credits	Total eligible portfolio of loans and credits	Total portfolio of loans and credits	Total eligible portfolio of loans and credits
By currency	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Euro	99,719,861	51,680,814	105,759,224	52,073,955
Other currencies	229,676	29,374	232,888	28,095
By payment situation	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Normal	90,497,352	50,769,346	98,818,244	51,001,513
Other	9,452,185	940,842	7,173,867	1,100,537
By average residual maturity	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Up to 10 years	15,164,996	3,446,931	15,962,906	3,833,190
From 10 to 20 years	23,643,454	11,708,235	23,663,587	11,148,312
From 20 to 30 years	50,269,850	30,916,963	52,615,545	31,087,247
Over 30 years	10,871,237	5,638,059	13,750,074	6,033,300
By type of interest rate	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Fixed	634,328	116,284	951,639	219,241
Variable	98,949,243	51,364,545	104,664,918	51,652,839
Mixed	365,966	229,359	375,554	229,970
By holder	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Natural persons and business entities	31,472,698	7,321,001	35,715,445	8,528,614
Of which: Real estate developers	*16,834,726*	*4,109,456*	*20,109,564*	*4,984,682*
Other individuals and not-for-profit institutions	68,476,839	44,389,187	70,276,667	43,573,436
By collateral	**99,949,537**	**51,710,188**	**105,992,112**	**52,102,050**
Finished assets/buildings	90,120,015	50,094,300	93,208,227	49,822,675
Residential	81,974,507	49,505,932	84,634,942	49,355,810
Of which: Subsidized housing	*3,045,371*	*2,041,116*	**(**)**	**(**)**
Commercial	2,626,330	225,799	2,892,146	213,268
Other	5,519,178	362,569	5,681,139	253,597
Assets/buildings under construction	5,205,936	753,335	7,382,641	1,089,273
Residential	4,650,318	744,804	6,656,827	1,068,305
Of which: Subsidized housing	*457,445*	*18,838*	**(**)**	**(**)**
Commercial	51,945	1,234	94,145	9,088
Other	503,673	7,298	631,669	11,880
Land	4,623,586	862,552	5,401,244	1,190,103
Built	3,279,942	768,976	4,081,011	1,119,792
Other	1,343,644	93,576	1,320,233	70,311

(*) See Note 1, "Comparison of information."
(**) Total mortgage loans and credits include €3,346,039 thousand with subsidized housing as collateral. Under Royal Decree 716/2009, €1,928,227 thousand for eligible loans.

Of the total nominal value of the portfolio of loans and credits backing bond and mortgage covered bond issues at December 31, 2011, €99,648 million (€51,574 million eligible euros) corresponded to transactions originated by the entity itself. The remainder largely correspond to transactions subrogated from other entities.

The portfolio of eligible credits and loans of CaixaBank for the purposes calculating the limit for issues of mortgage covered bonds set out in the table above may be immediately increased by the Institution to €72,708 million. Mortgage market regulations stipulate that the volume of mortgage bonds issued by an institution and not due may not exceed 80% of the outstanding principal of mortgage credits and loans that meet the conditions of eligibility.

The available amounts (undrawn committed amounts) of the entire portfolio of outstanding mortgage credits and loans at December 31 and January 1, 2011 are as follows:

Available mortgage loans and credits

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Potentially eligible	6,953,962	6,802,507
Not eligible	10,753,321	15,882,794
Total	**17,707,282**	**22,685,301**

(*) See Note 1, "Comparison of information."

The table below shows the nominal value of outstanding mortgage credits and loans that are not eligible, indicating those which are not eligible because they do not comply with the limits stipulated in Article 5.1 of Royal Decree 716/2009, but comply with the other requirements for eligible items, set out in Article 4 of the Decree.

Non eligible mortgage loans and credits

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Not eligible: Meet eligibility requirements, except for limits established in article 5.1. of Royal Decree 716/2009	9,174,350	11,052,056
Not eligible: Other	39,064,999	42,838,006
Total	**48,239,349**	**53,890,062**

(*) See Note 1, "Comparison of information."

The table below shows the breakdown of eligible mortgage credits and loans in connection with mortgage covered bond issues by CaixaBank at December 31 and January 1, 2011 in accordance with the principal amount receivable on the credits and loans divided by the latest fair value of the guarantees concerned (LTV):

Eligible mortgage loans and credits

	Thousands of Euros	
	31/12/2011	01/01/2011 **(*)**
Mortgage on home	**50,284,055**	**50,403,092**
Transactions with LTV of up to 40%	6,374,268	5,750,709
Transactions with LTV between 40% and 60%	16,384,966	14,661,010
Transactions with LTV between 60% and 80%	27,524,820	29,991,373
Transactions with LTV over 80%	–	–
Other assets received as collateral	**1,426,133**	**1,698,958**
Transactions with LTV of up to 40%	367,591	560,229
Transactions with LTV between 40% and 60%	917,647	968,391
Transactions with LTV over 60%	140,895	170,338
Total	**51,710,188**	**52,102,050**

(*) See Note 1, "Comparison of information."

At December 31 and January 1, 2011, there were no substitution assets in connection with mortgage covered bond issues.

Changes in mortgages loans and credits, which back the issue of mortgage covered bonds, broken down into additions and reductions in 2011, are shown below:

Mortgage loans and credits. Changes in nominal value during the year

	Thousands of Euros	
	31/12/2011	
	Eligible loans	Non-eligible loans
Beginning balance	**52,102,050**	**53,890,062**
Reductions in the year	**4,477,357**	**10,884,268**
Cancellations on maturity	38,988	402,414
Early cancellation	120,480	566,516
Subrogated to other entities	7,786	11,911
Other	4,310,103	9,903,427
Additions in the year	**4,085,495**	**5,233,555**
Originated by the entity	3,894,586	4,249,303
Subrogated from other entities	46,886	29,055
Other	144,023	955,197
Ending balance	**51,710,188**	**48,239,349**

The degree of collateralization and overcollateralization of the mortgage covered bonds issued by CaixaBank at December 31 and January 1, 2011 is as follows:

		Thousands of Euros	
		31/12/2011	01/01/2011 **(*)**
Non-bearer mortgage covered bonds		37,373,573	36,115,668
Bearer mortgage covered bonds placed as customer deposits		1,325,000	1,495,000
Bearer mortgage covered bonds issued by credit institutions		1,007,569	1,103,214
Mortgage covered bonds issues	**(A)**	**39,706,142**	**38,713,882**
Total outstanding mortgage loans and credits **(**)**		119,928,336	124,144,175
Mortgage participations issued		(2,048,837)	(2,213,925)
Mortgage transfer certificates issued		(17,929,962)	(15,938,138)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**99,949,537**	**105,992,112**
Collateralization:	**(B)/(A)**	**252%**	**274%**
Overcollateralization:	**[(B)/(A)]–1**	**152%**	**174%**

(*) See Note 1, "Comparison of information."
(**) Includes on and off balance sheet portfolio.

APPENDIX 1

CaixaBank investments in subsidiaries of the CaixaBank Group

			Thousands of Euros			
Company name and activity	Registered office	% stake	Share capital	Reserves	Results	Cost of direct stake (net)
Aris Rosen, SAU Services	Av, Diagonal, 662 08034 Barcelona	100.00	15	615	4,391	5,021
BuildingCenter, SA Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	500,060	(24)	(44,864)	361,042
Caixa Capital Biomed, S.C.R de Régimen Simplificado, S.A. Venture capital management	Av, Diagonal, 613 08028 Barcelona	90.91	11,000	(6)	–	10,000
Caixa Capital Micro, SCR de Régimen Simplificado, SAU Venture capital management	Av, Diagonal, 613, 3er A 08028 Barcelona	100.00	8,000	(67)	(202)	7,839
Caixa Capital Pyme Innovación, SCR de Régimen Simplificado, SA Venture capital management	Av, Diagonal, 613, 3er A 08028 Barcelona	80.65	20,001	(3,550)	(907)	15,692
Caixa Capital Risc, SGECR, SA Venture capital management	Av, Diagonal, 613, 3er A 08028 Barcelona	99.99	1,000	1,616	(254)	2,314
Caixa Capital Semilla, SCR de Régimen Simplificado, SA Venture capital management	Av, Diagonal, 613, 3er A 08028 Barcelona	100.00	10,855	(1,095)	(456)	15,078
Caixa Corp, SA Holding company	Av, Diagonal, 621-629 08028 Barcelona	100.00	361	224	(5)	585
Caixa Emprendedor XXI, SA Development of business and entrepreneurial initiatives	Av, Diagonal, 613, 3er B 08028 Barcelona	100.00	10,000	(1,565)	(557)	7,976
Caixa Girona Gestió, SGIIC, SAU Investment fund management	Av, Diagonal, 621-629 08028 Barcelona	100.00	660	17,079	138	17,766
Caixa Girona Pensions, EGFP, SA Pension fund management	Creu, 31 17002 Girona	100.00	1,151	3,376	28	4,527
Caixa Preference, SAU Finance	Av, Diagonal, 621-629 08028 Barcelona	100.00	60	2,280	696	2,973
CaixaRenting, SAU Vehicle and machinery rentals	Gran Via de les Corts Catalanes, 130-136, pl, 5 08038 Barcelona	100.00	10,518	20,164	3,539	31,680
Centro Médico Zamora, SAU Rendering of medical services	Ronda de San Torcuato, 15 49006 Zamora	100.00	324	–	–	355
Corporación Hipotecaria Mutual, EFC, SA Mortgage credit	Av, Diagonal, 611, 2º A 08028 Barcelona	100.00	3,005	1,826	148	4,831
e-la Caixa 1, SA Electronic channel management	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	13,670	3,435	11,896	21,144
Estugest, SA Administrative activities and services	Av, Diagonal, 621-629 08028 Barcelona	100.00	661	1,635	(111)	2,260
FinanciaCaixa 2, EFC, SA Finance	Av, Diagonal, 621-629 08028 Barcelona	99.67	1,803	177	(8)	1,973
Finconsum, EFC, SA Consumer finance	Gran Via Carles III, 87, bajos 1ª B 08028 Barcelona	100.00	126,066	(6,851)	12,732	123,000
GDS-CUSA, SA Services	Gran Via de les Corts Catalanes, 130-136 08038 Barcelona	100.00	1,803	598	5,345	2,401

Company name and activity	Registered office	% stake	Thousands of Euros Share capital	Reserves	Results	Cost of direct stake (net)
GestiCaixa, SGFT, SA Securitisation fund management	Av, Diagonal, 621-629 Torre II, pl, 8 08028 Barcelona	91.00	1,502	300	2,717	2,630
HipoteCaixa 2, SL Mortgage loan management company	Av, Diagonal, 621-629 08028 Barcelona	100.00	3	200,838	242	173,843
Holret, SAU Real estate services	Av. Diagonal, 621-629 Torre II Pl. 8 08028 Barcelona	100.00	221,935	67,274	29,940	267,898
InverCaixa Gestión, SGIIC, SA Management of collective investment institutions	Av. Diagonal, 621-629 Torre II Pl. 7 08028 Barcelona	100.00	81,910	17,404	18,453	89,350
Inversiones Inmobiliarias Oasis Resort, SL Services	Av. Del Mar, s/n (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	8,356	9,402	(550)	10,655
Inversiones Inmobiliarias Teguise Resort, SL Services	Av. Del Jablillo, 1 (Hotel Teguise Playa) (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	7,898	10,798	(1,137)	11,218
Limpieza y Mantenimiento Hospitalario, SL Cleaning service for offices, businesses and hospitals	Perojo,6 35003 Las Palmas de Gran Canaria Gran Canaria	100.00	3	–	–	15
Nuevo Micro Bank, SAU Financing of micro-loans	Gran Via de les Corts Catalanes, 130-136 08038 Barcelona	100.00	90,186	19,630	12,894	90,186
PromoCaixa, SA Product marketing	Av. Carles III, 105, 1ª pl, 08028 Barcelona	99.99	60	1,584	116	1,644
Servicio de Prevención Mancomunado del Grupo la Caixa, CB Health and safety advisory and prevention service and development of preventive activities at companies	Gran Via Carles III, 103 08028 Barcelona	83.33	24	–	–	20
Silc Immobles, SA Real estate management and administration	Av. Diagonal, 621-629 08028 Barcelona	0.00	40,070	106,633	(694)	–
Silk Aplicaciones, SL Provision of IT services	Av. Diagonal, 621-629 08028 Barcelona	100.00	79,528	33,921	1,197	176,211
Suministros Urbanos y Mantenimientos, SA Project management, maintenance, logistics and procurement	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	1,803	1,871	388	2,052
Trade Caixa I, SA Administrative and advisory services	Av. Diagonal, 611, 2on B 08028 Barcelona	100.00	5,000	1,716	62	6,716
Valoraciones y Tasaciones Hipotecarias, SA Appraisal services	Av. Diagonal, 427 bis 429. 1a planta 08036 Barcelona	100.00	301	945	135	1,336
VidaCaixa Grupo, SA Holding company	Complex Torres Cerdà, Juan Gris, 20-26 08014 Barcelona	100.00	776,723	1,097,248	528,459	2,357,370

CaixaBank investments in associates of the CaixaBank Group

			Thousands of Euros						
Company name and activity	Registered office	% stake	Assets	Liabilities	Share capital	Reserves	Results	Incorne from ordinary activities	Cost of direct stake (net)
Banco BP, SA (C) Banking	Rua Tenente Valadim, 284 4100 476 Porto Porto - Portugal	30.10	42,936,028	41,588,912	990,000	1,191,079	101,534	2,121,231	441,258
Boursorama, SA (C) Direct Banking	18, Quai du Point du Jour 92659 Boulogne-Billancourt França	1.33	4,006,702	3,334,732	35,083	517,758	22,821	158,046	11,092
Cementiri de Girona, SA Funeral services	Plaça del Vi, 1 17004 Girona	30.00	1,927	809	613	523	12	99	217
Edicions 62, SA Book publishing	Peu de la Creu, 4 08001 Barcelona	30.13	55,112	33,783	20,277	(456)	988	37,815	6,161
Erste Group Bank AG (C) Banking	Graben, 21 01010 Viena Austria	9.77	216,094,000	200,653,000	2,514,000	10,794,000	(973,000)	8,731,700	965,886
GDS-Correduría de Seguros, SL Insurance brokerage	Av, Diagonal, 427 bis - 429 1ª pl. 08036 Barcelona	20.00	3,458	3,319	30	8	712	4,985	3,776
Girona, SA Integrated water distribution	Travesía del Carril, 2, 6º 2ª 17001 Girona	34.22	5,386	417	1,200	3,241	527	1,310	1,642
Grupo Financiero Inbursa, SAB de CV (C) Banking	Paseo de las Palmas, 736 11000 Lomas de Chapultepec México D.F. México	20.00	17,079,845	13,197,682	1,527,999	220,092	162,571	1,570,289	1,608,173
Polígon Industrial Girona, SA Real estate development	Farigola, 11 17457 Riudellots de la Selva Girona	38.98	17,364	8,844	6,712	1,560	248	3,569	2,697
Repsol YPF, SA (C) Operation in the oil and gas market	P. de la Castellana, 278-280 28046 Madrid	12.82	66,829,000	39,378,000	1,220,863	23,916,000	1,901,000	47,524,000	3,337,391
Self Trade Bank, SA Banking	Marqués de Urquijo, 5 28008 Madrid	49.00	154,543	79,216	86,658	(9,436)	(1,895)	7,697	38,175
Serveis Informàtics la Caixa, SA IT Services	Avinguda Diagonal, 615 08028 Barcelona	49.00	45,846	26,227	18,990	12	617	129,621	9,310
Telefónica Factoring do Brasil, LTDA Factoring	Av. Paulista, 1106 -13º andar CEP 01310 100 Bela Vista - São Paulo SP - Brazil	20.00	71,744	61,217	2,070	414	8,044	13,042	2,029
Telefónica Factoring EFC, SA Factoring	Zurbano, 76, pl, 8 28010 Madrid	20.00	77,930	65,490	5,205	1,643	5,592	7,378	2,525
The Bank of East Asia, LTD (C) Banking	10, des Voeux rd, Hong-Kong China	17.00	59,590,290	54,521,341	512,088	3,598,149	269,724	1,163,068	1,164,897

(C) Unlisted companies. Latest available public data at the time of preparation of the Notes to these financial statements.

Note: The information corresponding to unlisted 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 results have been standardized in the consolidated CaixaBank statements in accordance with IFRS.

Joint ventures (jointly controlled entities)

			Thousands of Euros			
Company name and activity	Registered office	% stake	Share capital	Reserves	Results	Cost of direct stake (net)
Comercia Global Payments Entidad de pago, SL Payment entity	Provençals, 39 (Torre Pujades) 08019 Barcelona	49.00	4,425	4,240	8,350	104,403

APPENDIX 2

Tax credit for reinvestment of extraordinary profit

Profit qualifying for the tax credits set forth in Article 42 of Royal Legislative Decree 4/2004 of March 5 approving the consolidated text of the Corporation Tax Law:

	Thousands of Euros					
	CaixaBank			Tax Group		
Year	Income received	Income used	Tax credit	Income received	Income used	Tax credit
2001 and prev.	520,828	520,828	88,541	561,374	561,374	95,434
2002	15,267	15,267	2,595	31,503	31,503	5,355
2003	61,000	61,000	12,200	75,070	75,070	15,014
2004	16,590	16,590	3,318	27,495	27,495	5,499
2005	335,975	335,975	67,195	416,220	416,220	83,244
2006	1,978,262	836,341	167,268	2,538,347	888,485	177,697
2007	18,684	617,639	70,495	22,401	749,813	149,963
2008	1,797	544,763	–	4,918	927,367	–
2009	12,458	12,458	–	14,129	14,129	–
2010	368,883	368,883	–	401,313	401,313	–

The total income obtained in the transfer of assets performed to December 31, 2005 and from the transfers performed in 2006, which gave rise to €167,268 thousand in tax credits for the reinvestment of extraordinary profit to be taken by "la Caixa" and €177,697 thousand by the companies included in the "la Caixa" Group's scope of tax consolidation, was reinvested in the period between the year prior to the date of transfer of the year of transfer.

In 2006, the companies included in the "la Caixa" Group's scope of tax consolidation carried out transfers giving rise to qualifying income of €2,538,347 thousand, of which €1,649,862 thousand were unused. Following the filing of the tax return for 2007, the investment carried out by companies within the Group's tax scope enabled €1,107,307 thousand in income qualifying for the tax credit for reinvestment of extraordinary profits to be reported in relation to 2006, and a tax credit of €221,461 thousand to be claimed. Of this amount, the consolidated tax payable stated on the 2007 tax return only gave rise to a deduction of €146,308 thousand.

In addition, the amounts reinvested in 2007 by the companies included in the "la Caixa" Group's scope of tax consolidation enabled €18,272 thousand to be applied, of the €22,401 thousand of qualifying income generated by the transfer of assets in 2007, to the 2007 tax return. The tax credit applied to the return amounted to €3,654 thousand.

In 2008, the companies included in the Group's scope of tax consolidation carried out pending reinvestment corresponding to all the qualifying income earned in the transfer of assets in 2006 and 2007, and that corresponding to all the qualifying income for 2008.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on property and equipment, intangible assets and investment property relating to the business activity.

APPENDIX 3

Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2011

(Article 155 of the Corporate Enterprise Act and article 53 of Spanish Securities Market Law 24/19998).

On January 24, 2011 notices issued by both "la Caixa" and CaixaBank (formerly Criteria CaixaCorp) were filed with the CNMV in order to update the entity's record of the "la Caixa" Group's holdings in Repsol-YPF, SA, although no threshold beyond which disclosure would be required, under Royal Decree 1362/2007, had technically been crossed. These notices relayed to the regulator that the sale by Repinves, SA, of its entire stake in Repsol-YPF, SA, and the subsequent acquisition by Criteria of 3.393% of Repsol-YPF, SA, had left the total stake held by Criteria CaixaCorp, SA in Repsol-YPF, SA at 14.599% (9.577% direct holding and 5.022% indirect holding) from a 12.972% direct stake.

On July 6, 2011 notices issued by both "la Caixa" and CaixaBank (formerly Criteria CaixaCorp) were filed with the CNMV reporting that, following the reorganization of the "la Caixa" Group, the direct and indirect stakes held by CaixaBank (formerly Criteria CaixaCorp) in Abertis had been transferred entirely to "la Caixa".

On July 8, 2011 a notice (jointly) issued by the "la Caixa" Group and the Repsol Group was filed with the CNMV reporting that, following the reorganization of the "la Caixa" Group, the direct and indirect stakes held by CaixaBank (formerly Criteria CaixaCorp) in Gas Natural SDG, SA had been transferred almost entirely to "la Caixa".

CaixaBank management report for 2011

This report describes the key data and events of 2011 shaping the financial position of CaixaBank and the evolution of its businesses, risks and likely outlook. The financial statements of CaixaBank for 2011, completed by this management report, have been prepared in accordance with the criteria set forth in Bank of Spain Circular 4/2004 of December 22, and subsequent amendments.

CaixaBank SA (hereinafter CaixaBank or the Bank), formerly known as Criteria CaixaCorp, SA, is the listed bank through which Caja de Ahorros y Pensiones de Barcelona (”la Caixa”) carries on its business indirectly as a credit institution. ”la Caixa” is CaixaBank's majority shareholder, with a stake of 81.52% at December 31, 2011.

CaixaBank follows a banking business model geared towards promoting savings and investments that has positioned it as a leader in Spain's retail banking market. On July 1, 2011, following completion of the reorganization process led by ”la Caixa”, it was listed on stock markets as a credit institution.

Reorganization of the ”la Caixa” Group: Transformation of Criteria into CaixaBank

The enactment of Royal Decree-law 11/2010 of July 9 on the governing bodies and other matters relating to the legal framework for savings banks, in addition to the approval of the consolidated text of the Catalan Savings Banks Law through Royal Decree-Law 5/2010, introduced the possibility for a savings bank to conduct its financial activities indirectly through a bank.

Under this legal framework, on January 27, 2011, the Boards of Directors of “la Caixa,” Criteria CaixaCorp, SA (“Criteria”, listed company) and MicroBank de ”la Caixa”, SA (“MicroBank“) entered into a framework agreement (the “Framework Agreement”) entailing the reorganization of the ”la Caixa” Group in order to adapt to the new demands of national and international regulations and, specifically, to the new requirements of the Basel Committee on Banking Supervision (Basel III).

Approval was issued at the Ordinary General Assembly of ”la Caixa” and the Annual General Meeting of Criteria held on April 28 and May 12, 2011, respectively, to all proposals set forth by the respective Boards of Directors regarding the reorganization of the ”la Caixa” Group. At that point, ”la Caixa” held 79.5% of the share capital of Criteria.

The structure adopted enables ”la Caixa” to indirectly carry out its financial activity through the listed bank CaixaBank while continuing to comply with its inherent social welfare purposes.

The transformation of Criteria into CaixaBank was successfully completed on June 30. The corporate transactions performed are exhaustively set forth in the “Reorganization of the ”la Caixa” Group” section of Note 1 to the Annual Accounts which are supplemented by this Management Report. In accordance with current regulations, accounting criteria have been applied retroactively at January 1, 2011.

Basically, the transactions led to an exchange of assets whereby ”la Caixa” transferred its banking business to Criteria in exchange for part of its industrial holdings (Abertis, Gas Natural, Aguas de Barcelona, Port Aventura Entertainment and Mediterranea Beach & Golf Community) and new shares in the company issued in a capital increase. By absorbing MicroBank, Criteria gained the status of a credit institution with the corporate name CaixaBank, SA.

Thus CaixaBank encompasses the banking business of ”la Caixa”, the holdings in international banks and insurance firms, and the holdings in Telefónica and Repsol.

With the restructuring now complete, the CaixaBank Group has the best capital adequacy profiles in the sector, with an excellent capital base, the best credit rating among the major Spanish financial groups, and the leading position in the Spanish retail banking market. The key objectives of the Group led by CaixaBank for the coming years are to strengthen its position in the national market, diversify its business, and increase its international presence.

Significant events in 2011

The most significant resolutions passed by CaixaBank, SA in 2011 are as follows:

- On June 30, following the fulfillment of various prerequisite clauses, CaixaBank formally sold 50% of SegurCaixa Adeslas, the group's non-life insurance company held by the subsidiary VidaCaixa Grupo, SA, to Mutua Madrileña. This operation generated extraordinary dividends of €500 million at CaixaBank

  The SegurCaixa Adeslas hospital group, headed by UMR, SL, was excluded from the agreement and was purchased in June 2011 by CaixaBank.

- In December 2011 CaixaBank sold 80% of UMR, S.L. to Goodgrower, S.A. The operation generated gross capital gains of €6 million at CaixaBank.

- On December 1, 2011 the transfer of Bankpime's fund management and banking business to CaixaBank was formalized, subsequent to obtaining approval from Bankpime's shareholders in a General Meeting on November 21, 2011, and authorizations from the corresponding regulatory bodies.

  The price paid by CaixaBank for the banking business was €9 million. On September 1, the date after which the purchase took economic effect, loans and advances to customers on the balance sheet totaled €309 million, and customer deposits €436 million.

- In December 2011, the CaixaBank Group recognized the sale of its 47% stake in GDS-Correduría de Seguros, S.L. The gross capital gains generated for the Bank were €13 million. Disposal of the remaining 20%, as stipulated in the sale agreement, will be through the sale and purchase of options that can be exercised over 3.5 years as from the third year after their acquisition date at a fixed price.

- On December 15, 2011, the Board of Directors agreed to issue subordinated bonds mandatorily convertible and/or exchangeable for CaixaBank ordinary shares totaling €1,469 million and two subordinated bond issues amounting to €3,428 million, offered exclusively to holders of preference shares as part of a deal to buy back the shares owned by them. The preference shares will be repurchased at 100% of their face value. The acceptance period ended on January 31, 2012, with the offer to buy back being accepted for 98.41% of the affected preference shares to which the offer was directed.

The economic and financial landscape

Throughout 2011 it became clear that recovery in the more developed economies would be slower and more uneven than expected. According to the International Monetary Fund (IMF), the more advanced economies saw a notable reduction in their growth rate, from 3.1% in 2010 to 1.6% in 2011. Emerging economies also saw growth ease: from 7.3% to 6.2%.

The greater-than-expected slowdown in developed economies responds to four major factors: 1) the private sector is taking longer than forecast to relieve the public sector as a driver of the economy; 2) the earthquake that ravaged the northeast of Japan in March severely disrupted supply chains, with a widespread international impact; 3) commodity prices peaked in early 2011, complicating recovery in import countries; and 4) the European debt crisis heightened during the year.

In this regard, the United States and the United Kingdom kept benchmark interest rates very low and even extended their unconventional monetary policies to continue to stimulate their economies. In contrast, the European Central Bank (ECB) raised its benchmark interest rate in April and June to 1.50% due to the risk of inflationary pressure, although at the end of the year the Bank cut it again to 1% as the risk of a slowdown in the euro zone became more evident and tensions surrounding European sovereign debt heightened. Emerging economies, meanwhile, put the brakes on the rate at which they have tightened their monetary policy, with some even cutting benchmark interest rates following signs of a moderate slowdown in economic growth.

Following on from their 2010 activity, financial markets were relatively calm until around the end of the first half of 2011. However, in mid-2011, several factors came together to shift this trend. In addition to the deepening of the

European sovereign debt crisis, the difficulties US lawmakers experienced in reaching an agreement on the debt ceiling, which prompted Standard & Poor's to cut the country's AAA credit rating, coupled with fears of a major loss of drive in business activity and even another recession dip, created a highly unstable environment in which markets became extremely volatile and premiums on risk-weighted assets soared.

As in 2010, the main factor triggering this market turbulence was undoubtedly the European sovereign debt crisis. Despite their efforts, governments were unable to sufficiently reassure markets and restore investor confidence. The main rating agencies placed Greek public debt at the highest possible risk level, which had a massive knock-on effect in Portugal and Ireland, and eventually Italy and Spain. In May, Portugal was forced to accept financial assistance of €78,000 million. In July, a second bailout was agreed for Greece, and an agreement was also reached to shore up the role of the European rescue fund (the European Financial Stability Facility). During the summer, however, financial turmoil reached maximum levels. Several eurozone countries were slow to ratify the area-wide agreements, Germany and other EU member countries were reticent to unconditionally support debt-troubled countries, and fear of another global recession once again took hold.

The Euro summit held in October 2011 to address these issues did little to ease tensions in the sovereign debt markets, and concerns grew deeper in Italy and Spain. In response, the ECB began buying Spanish and Italian government bonds on the secondary markets and reversed the benchmark interest rate hikes previously enacted.

European leaders met again on December 9, 2011, this time easing tensions. However, the decisions taken at the summit did not bring about the hoped-for definitive solution to the crisis. At the meeting, the majority of EU member countries (with the UK opting out) drafted an international agreement setting the basis for strict control of national budgetary policy. European leaders also agreed that the private sector would not automatically assume losses upon default of a member state, and that the European Stability Mechanism (ESM) will be rolled out on July 1, 2012, replacing the current bailout fund. At the same time, the ECB announced new extraordinary monetary policy measures, including two three-year liquidity auctions, the acceptance of new collateral for bank loans, and a reduction in the reserves ratio from 2% to 1%. Following these developments, risk premiums for those countries under scrutiny, i.e., Italy and Spain, relaxed somewhat.

The sovereign debt crisis was the single-most important factor affecting the performance and trends of the Spanish economy in 2011, followed by the bleaker international outlook. In fact, in the first months of 2011, most signs boded well for a recovery in business activity. However, growth lost steam over the course of the year, remaining stagnant in the third quarter and falling in the fourth. This downward trend was primarily a product of Spain's considerably weak internal demand, only partially offset by the positive contribution from the foreign sector. Household spending was soft throughout the year, as rising unemployment figures made household income even more uncertain. Public spending dried up also, as governmental running expenses were reined in with a view to reducing the public deficit. Corporate spending also remained flat, hampered by the weak internal market, bleaker outlooks for foreign markets and the credit clampdown. Lastly, public investments were cut and home purchases fell once again as a result of the slump in the real-estate market.

The adverse economic situation was closely mirrored in the job market, with over five million people out of work (above 20% of the working-age population). With respect to inflation, the consumer price index climbed to almost 4% in early 2011, spurred by rising commodity prices, although it eased back to 2.4% by year-end. The foreign deficit also improved, thanks to a favorable non-energy trade balance and a strong tourism season. In terms of public deficit, the frailty of income and insufficient efforts to curtail expenditure meant that the government could not meet its objective to reduce the burden to 6% of GDP. The administration estimates that the deficit was above 8% of GDP at the 2011 year end.

Amidst the economic slowdown and tensions regarding public debt, the Spanish financial system took a decisive step forward in its restructuring process, with the flotation of the leading savings banks (*cajas de ahorros*) and the establishment of capital-raising plans in those entities requiring additional funds. As a result of this process,

In 2012, the restructuring of the finance sector received a huge boost with the approval of Royal Decree-Law 2/2012, of February 3, which establishes more stringent requirements in terms of provisions and additional capital, in order to restructure the balance sheets of credit entities affected by the impairment of real estate assets.

Business performance

The financial statements, completed by this management report, include a balance sheet for the CaixaBank Group at January 1, 2011, the effective date of the reorganization for accounting purposes. Therefore, information relating to the main balance sheet headings and banking business of the CaixaBank Group in 2011 refers to that date.

CaixaBank's sales and marketing campaigns are aimed at securing the long-term loyalty of its 10.4 million customers. In particular, its network of 5,196 branches and 24,915 employees are actively focused on this task.

At year-end 2011, CaixaBank's balance sheet was solid and stable. Banking business volume, which combines customer deposits and loans in accordance with management criteria, amounts to €444,331 million.

Total customer funds amount to €256,641 million, up €643 million. The rise in customer funds reflects the Group's active management of its financing structure, with a view to maximizing net interest spreads and maintaining comfortable liquidity levels.

On-balance sheet funds were €190,236 million, falling by €6,124 million in 2011, 3.1% less, with a significant reduction in time deposits. Off-balance sheet customer funds increased by €6,767 million, with significant growth in investment funds and pension plans of 4.7% and 8.9% respectively, and also 8.9% growth in insurance contracts.

This change drove up the penetration in investment funds by 1.9 point to 12.5% of the market, while the share in the savings insurance market rose to 15.7% (+0.9% on 2010).

Looking at the outstanding debt balance, €6,450 million of institutional issues matured, while the Group placed €6,324 million of bonds, comprising Spanish mortgage covered bonds (*cédulas hipotecarias)* (€5,774 million), public-sector covered bonds (*cédulas territoriales*) (€200 million, net of repurchases) and plain vanilla bonds (€350 million). In retail banking, CaixaBank redeemed at maturity a subordinated debt issue of €1,500 million.

Loans managed amount to €187,690 million, down €1,284 million (0.7%) in 2011. This reduction was representative of the general shrinking of credit in the Spanish financial system.

CaixaBank remains committed to supporting its customers' private and business projects, having boosted market shares. This is evidenced by the rise in market share of consumer loans, reaching 11.5% of total loans in the system at November 2011 (+0.8% on 2010). The share of factoring and reverse factoring stands at 14.9% (+1.7 on 2010), while the market share of mortgage loans remained stable at 11.1% (at November 2011).

By segment, a significant reduction in exposure to developer risk can be observed (€3,846 million or 14.6% less compared to January 1, 2011). In contrast, loans to non-real estate businesses rose 1.2% in 2011, bolstering the diversity and fragmented nature of the loans portfolio, 66% of which comprise loans to retail businesses (individuals and SMEs).

Risk cover and management

CaixaBank's exposure to risk and its risk management model are described in detail in Note 3 "Risk management" of the accompanying financial statements.

Management of the CaixaBank credit risk is characterized by a prudent approvals policy and a high degree of anticipation to achieve one of the soundest equity positions on the Spanish financial market. Underpinned by its ample diversification, strong collateral and prudent risk coverage policy, CaixaBank keeps its credit risk among the lowest in the country.

The non-performing loan (NPL) ratio of CaixaBank at December 31, 2011 stood at 4.80% (3.58% at January 1, 2011), below the Spanish banking sector average (7.51% in November). Doubtful debtors (lending and contingent risks) amounts to €9,476 million.

NPL provisions at year end amounted to €5,605 million, covering 59% of doubtful assets. Including mortgage guarantees, NPL coverage was 136%. These provisions include €1,811 million of general allowances, unchanged from 2009, which reinforces financial soundness against future NPL effects. The general allowance covers 99.83% of the ratio defined in Appendix IX of Bank of Spain Circular 4/2004.

BuildingCenter, SA is the subsidiary responsible for managing the real estate assets acquired in lieu of debts when all reasonable methods of recovering the debts have been exhausted.

Section 3.1.1 "Customer credit risk" of Note 3 mentioned above, includes quantitative information regarding financing for property development, home purchases and assets foreclosed.

Results

Net profit attributable to CaixaBank in 2011 amounts to €838 million, an increase of 16.6% on 2010.

"la Caixa's" sincome statement for 2010, which is included for comparison purposes, reflects the estimate of CaixaBank's profit in 2010 if the Group's reorganization had been completed on January 1, 2010 (see "Comparison of information" in Note 1).

Condensed CaixaBank income statement – Management Report

	Millions of Euros		
	January-December		Change in %
	2011	2010 **(*)**	
Interest and similar income	6,736	6,012	12.1
Interest expense and similar charges	(3,917)	(2,918)	34.3
Net interest income	**2,819**	**3,094**	**(8.9)**
Dividend income	1,751	744	135.5
Net fee and commission income	1,545	1,371	12.7
Gains/(losses) on financial assets and liabilities and exchange differences	197	254	(22.3)
Other operating income and expense	(83)	(38)	117.3
Gross income	**6,229**	**5,425**	**14.8**
Total operating expenses	(2,963)	(2,893)	2.4
Operating margin	**3,266**	**2,532**	**29.0**
Impairment losses on financial and other assets	(2,295)	(2,248)	2.1
Gains/losses on disposal of assets and others	(459)	320	(243.3)
Profit before tax	**512**	**604**	**(15.3)**
Income tax expense	326	115	184.1
Profit after tax	**838**	**719**	**16.6**

(*) Combined CaixaBank income statement.

Net interest income has dropped by 8.9% to €2,819 million. The fall was due to an economic context of market instability, contained growth of managed assets, fierce competition to attract deposits, and the higher cost of issues on wholesale markets.

In this setting and bearing in mind the uncertain economic outlook and the ongoing market tensions, CaixaBank has conscientiously and proactively raised liquidity in the retail and institutional markets. This strategy caused a temporary negative impact in the second quarter, increasing the Group's financial expenses in that period. However, thanks to careful management of the margin on new term savings operations, as well as greater financial revenues through repricing of the mortgage portfolio and the tight control of margins on new credit transactions, these higher expenses were successfully offset in the second half of the year.

Total revenue (gross income) was €6,229 million, up 14.8% vs. 2010. This figure includes an extraordinary dividend of €500 million paid by VidaCaixa Grupo, SA and capital gains obtained from the sale of 50% of SegurCaixa Adeslas.

The strong performance of investee dividends and fees offset the reductions in net interest income, gains on financial transactions, exchange differences and other operating income and expense.

The growth in net fees (12.7%) was also noteworthy, totaling €1,545 million, up €174 million on 2010. This improvement was primarily a result of the intensive commercial activity, with segment-specific management driving a rise in banking activity, as well as mutual funds and insurance, underpinned by the exemplary management of services offered to customers. This is evidenced in CaixaBank's leading position in online banking, through Línea Abierta (6.9 million customers), mobile banking (2.3 million customers) and electronic banking (10.5 million cards).

A strict cost containment and streamlining policy resulted in a 1.1% decrease in recurring operating expenses (administration expenses + depreciation and amortization). This notable decrease is not evident in the comparison of the accompanying income statement summary, which shows an increase of 2.4%, as 2011 includes gross non-recurring expenses of €103 million deriving from the Group's reorganization and the integration of Bankpime.

The concerted effort to reduce expenses is still in line with fulfilling the CaixaBank's growth targets and objective to hold a leading market position, boasting the largest branch network in the Spanish banking sector (5,196 offices and 8,011 ATMs). At December 31, 2011 the CaixaBank workforce consisted of 24,915 employees, 365 fewer than at year-end 2010, after 491 employees had joined the CaixaBank early retirement schemes.

CaixaBank has leveraged its sustained generation of income to carry out a major provisioning effort, applying conservative credit risk and real estate assessment criteria.

On the one hand, "Impairment losses on financial and other assets,", which includes which includes the accompanying income statement captions "Provisions" and "Impairment losses on financial assets", shows net allowances of €2,295 million. The figure includes the capital gain of €10 million on the sale of part of the financial assets de-recognized from the balance sheet.

"Gains/(losses) on disposal of assets and other" includes the income statement captions "Impairment losses on other assets (net)", "Gains (losses) on disposal of assets not classified as non-current assets held for sale" and "Gains/(losses) on non-current assets held for sale not classified as discontinued operations". In 2011, a negative total of €459 million including €139 millionn in provisions against the impairment of the holding in BuildingCenter, SA and €416 million in write-downs on banking investee portfolios was recognized.

Gross gains were recognized for the sale of the hospital group Adeslas (€6 million) and GDS-Correduría de Seguros (€13 million). Active management of the investee portfolio contributed a gross gain of €108 million, of which €98 million related to the sale of a 0.69% stake in Telefónica, SA.

It should be considered that dividends from investees are exempt from corporate income tax since CaixaBank has already paid taxes at source.

In short, despite the adverse environment, the active management of net interest spreads, volumes and returns, coupled with the strict cost reduction and streamlining policy, allows CaixaBank to continue generating strong recurring profits and recognize a high volume of allowances.

Capital management

Capital and solvency

In 2011, the CaixaBank Group very significantly bolstered its already high levels of solvency.

The CaixaBank Group's eligible equity totaled €17,581 million at year-end 2011, up €4,164 million on the prior year (+31% vs. proforma 2010 figures). This sharp rise is mainly due to the ability to generate capital organically, with €1,503 million profit attributable to the Group, and to the non-recurring operations stemming from reorganization of the "la Caixa" Group, which includes the issue of €1,500 million of bonds mandatorily convertible into CaixaBank shares.

Risk-weighted assets totaled €137,355 million at December 31, 2011, down €13,064 million (–8.7%). This is primarily due to trends in lending, the full recognition of risk mitigation measures and the improvements in assessing credit risk.

CaixaBank's capital exceeds the regulatory minimum by 60%, implying a cushion of €6,592 million (up €5,208 million).

The core capital ratio (under Basel II) stood at 12.5%, compared to 8.9% at December 31, 2010, while total CAR reached 12.8% (up 390 basis points).

The new core capital ratio (defined in Royal Legislative Decree 2/2011) stands at 12.6%, compared with the 8% minimum. This implies a surplus of €6.376 million. The variation between this ratio and core capital is that the former takes into account valuation adjustments made in the available-for-sale portfolio.

These capital adequacy ratios bear up the CaixaBank Group's exemplary solvency level and its privileged position with respect to its sector peers.

Recapitalization needs required by the European Banking system

CaixaBank's robust solvency partly rests on the high capital adequacy of the "la Caixa" Group itself, as evidenced in the results of the European Banking Authority (EBA)'s assessment of recapitalization needs of banks with systemic impact in the euro area. In this regard, at September 30, 2011 the EBA established that the "la Caixa" Group required an additional €630 million in capital, which is significantly lower than the shortfall cited in the other four large Spanish financial groups.

The "la Caixa" Group's ability to generate capital has already enabled it to comply with the capital adequacy requirements of the EBA (9% of Core Tier 1 capital and a sovereign risk cushion), which becomes mandatory in June 2012.

Finally, "la Caixa" Group has other sources of capital that do not compute for EBA purposes that reinforce its solvency, notably including unused generic provisions (€1,835 million), bonds mandatorily convertible into CaixaBank shares in June 2011 (€1,500 million) and unrealized gains on its industrial investee portfolio (€1,030 million).

Basel III

The CaixaBank Group's capital structure also ensures that the bank can readily meet the higher regulatory requirements expected under the Basel III framework, which will gradually enter into force as from January 1, 2013. CaixaBank currently comfortably fulfills these requirements, without having to rely on the transitional period through 2019. At December 31, 2011, taking into account the impact of the buyback of preference shares carried out in January 2012, the CaixaBank Group's core capital ratio under Basel III would be approximately 9.5%, well above the minimum 7% required by the Basel Committee on Banking Supervision.

The main impact of Basel III on the CaixaBank Group relates to the tightening of the deductions scheme, as almost all deductions assigned to additional Tier 1 and Tier 2 under Basel II have been moved to Core Capital. In addition, new deductions are applicable, primarily in connection with deferred tax assets. Moreover, the CaixaBank Group's capital requirements are higher under Basel III, due to the treatment of counterparty risk and the equity investment portfolio.

Liquidity

Liquidity management continues to be a strategic cornerstone for CaixaBank. Group liquidity stood at €20,948 million at December 31, 2011, the vast majority of which can be monetized immediately. Total liquidity rose €1,310 million over the course of the year. CaixaBank has actively managed the growth, structure and yields of customer funds, especially bearing in mind the prevailing market competition for deposits.

New calls on the institutional markets, prompted by concerns about their performance, mainly arose in the first half of 2011. The 2011 closing balance comprised new issues of €6,324 million and maturities of €6,450 million. In any event, dependence on the wholesale funding markets is minimal, which provides great stability and evidences the Group's tremendously proactive refinancing strategy. Maturities forecast in 2012 amount to €2,327 million.

Applying a conservative approach to managing liquidity and financing sources, in December 2011 CaixaBank drew down €12,409 million of funds from the facility held with the European Central Bank. This will allow the cost of financing to be cut by improving its structure, repaying wholesale financing early in 2012, replacing financing using repos through clearing houses, and availing of additional surplus liquidity.

An additional capability to issue mortgage covered and public-sector covered bonds totaling €22,143 million also exists to finance lending.

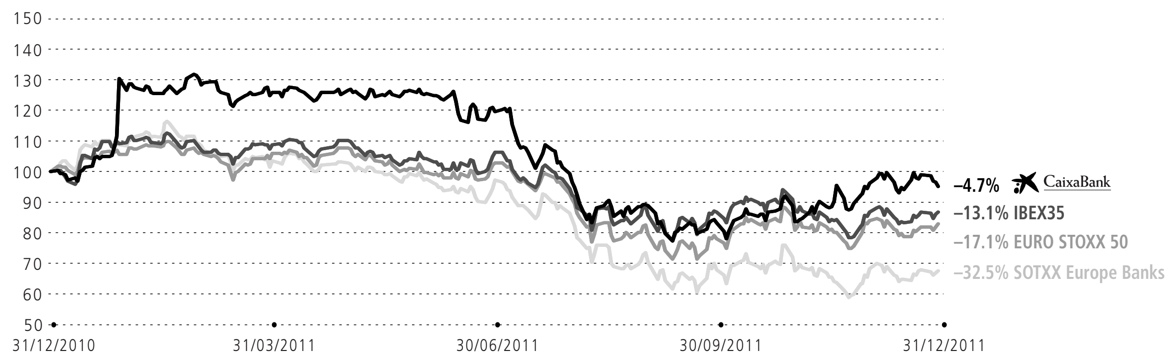
Key disclosures on CaixaBank shares

At December 31, 2011, CaixaBank stock traded at €3.795 per share, dropping 4.7% over the course of the year. The shares outperformed the main benchmark indexes, the Ibex 35 (losing 13.1%) and the EURO STOXX 50 (down 17.1%) during the same period. CaixaBank's share price performance is even more laudable when looking at the sector as a whole. The STOXX Europe Banks index lost 32.5% in 2011.

CaixaBank shares including dividends rose 3.1%, while the Ibex 35 including dividends slumped 8.3%.

CaixaBank stock was especially strong in the last quarter of the year, gaining 14.3% compared to the increases of 0.2% and 6.3% by the IBEX 35 and the EURO STOXX 50 and a 0.9% loss by the STOXX Europe Banks index.

CaixaBank shares vs. the main Spanish and European indexes (2011)



Key CaixaBank share price indicators in 2011

	2011
Market capitalization (Millions of Euros) **(*)**	14,573
Share price **(€/share)**	
Price at beginning of year	3.982
Price at year-end	3.795
Maximum price **(**)**	5.245
Minimum price **(**)**	3.087
Trading volume (shares, excluding special transactions)	
Maximum daily volume	41,254,172
Minimum daily volume	750,364
Average daily volume	3,695,893
Market ratios	
Consolidated net profit (millions of euros)	1,053
Average number of shares outstanding – fully diluted **(***)**	3,964,337,271
Consolidated earnings per share (EPS) (€/share)	**0.27**
Consolidated equity (millions of euros)	20,751
Number of shares outstanding at December 31 – fully diluted **(****)**	4,064,203,306
Consolidated carrying amount per share (€/share)	**5.11**
P/E ratio	**14.06**
P/B ratio (share price/book value)	**0.74**
Dividend yield	**6.1%**

(*) Excluding the impact of the conversion into shares of all the mandatorily convertible bonds issued in June 2011.
(**) Trading session closing price.
(***) Includes the weighted number of shares to be issued on conversion of the mandatorily convertible bonds issued in June 2011 and excludes the average number of treasury shares held in the year.
(****) Includes shares outstanding on conversion of all the mandatorily convertible bonds issued in June 2011 and excludes treasury shares held at December 31, 2011.

Shareholder remuneration

At the Annual General Meeting held on May 12, 2011, shareholders approved the CaixaBank Optional Scrip Dividend program, a new shareholder remuneration system entailing a share capital increase against retained earnings. Under the new scheme, shareholders can choose to: receive newly-issued bonus shares, receive cash by selling the subscription rights on the market, or receive cash by selling the rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

This program, rolled out in July 2011, was well received by shareholders, with a take-up rate of 95%. The success of this new endeavor evidences the confidence shareholders have in CaixaBank and its future.

The roll-out of the program coincided with the last dividend payment for 2010, bringing total remuneration for the year to €0.311 gross per share, as follows:

Dividends	**€/sh.**	**Approved**	**Paid**
Charged to reserves	0.06	19/05/2010	01/03/2011
3rd interim dividend 2010 **(*)**	0.08	02/12/2010	11/01/2011
2nd interim dividend 2010	0.06	04/11/2010	01/12/2010
1st interim dividend 2010	0.06	29/07/2010	01/09/2010
Scrip issue	**€/sh.**	**Approved**	**Paid**
Dividend/CaixaBank share	0.051	12/05/2011	30/06/2011 **(**)**

(*) Extraordinary dividend
(**) Listing date for bonus subscription rights. Rights sold to the company were paid on July 20, 2011.

As part of its shareholder remuneration commitment for 2011, CaixaBank will maintain the ordinary quarterly payments for a total minimum of €0.231 gross per share.

In September 2011, the bank distributed the first payment for 2011 under the second Optional Scrip Dividend, with reiterated success (98% take-up rate).

On December 27, 2011, CaixaBank distributed the cash payment for the first interim dividend for 2011 (€0.06 gross per share).

On December 15, 2011, the Board of Directors approved payment of a second interim dividend against 2011 profits. This interim dividend, also totaling €0.06 per share, will be paid on March 27, 2012.

Shareholder remuneration against 2011 profits approved and/or paid to date is as follows:

Dividends	**€/sh.**	**Approved**	**Paid**
2nd interim dividend 2011	0.06	15/12/2011	27/03/2012
1st interim dividend 2011	0.06	17/11/2011	27/12/2011
Scrip issue	**€/sh.**	**Approved**	**Paid**
Dividend/CaixaBank share	0.06	12/05/2011	27/09/2011 **(*)**

(*) Listing date for bonus subscription rights. Rights sold to the company were paid on October 18, 2011.

Leadership in resources and multi-channel management

CaixaBank boasts the largest branch network in Spain, comprising 5,196 branches. In 2011, the network shrank by 213 customer service points as part of the ongoing integration process. At December 31, the network comprised 5,182 branch offices in Spain and 14 abroad, of which 11 are representative offices (including a new office in Singapore). CaixaBank has fully operational offices in Poland, Romania and Morocco.

CaixaBank's commitment to new payment systems fits with the leadership of an innovating entity. CaixaBank is the leading electronic banking entity in Spain, with over 10.5 million cards and 8,011 ATMs – the largest ATM network in the country. It also leads in the development of new customer service channels such as online banking (through Línea Abierta) with 6.9 million customers, and mobile phone banking with 2.3 million users in Spain and more than 2 million financial app downloads.

In 2011, CaixaBank was the first financial institution in the world to offer the option to withdraw cash or check a balance using a mobile phone rather than a card. This service is available in six contactless ATMs.

It has also been a pioneer in offering its customers a new mobile phone payment system using NFC technology. CaixaBank was given the *Banking Technology* award for the best international mobile phone banking project in London. The roll-out of this system began in the Balearic Islands in 2011 and will be extended to other parts of Spain in 2012.

The services available through Línea Abierta have been extended to include CaixaWallet, aimed at strengthening the position in e-commerce. This is the first time a financial institution in Spain has entered the wallets sector; an area of innovation that has huge potential due to the possibilities of combining it with new contactless and smart phone payment methods. Customers can use CaixaWallet to make payments online using any of their cards or accounts without revealing the details thereof.

Research and development

Technology is transforming the financial sector and CaixaBank is therefore investing heavily in projects aimed at changing its business processes.

The market has recognized the CaixaBank Group's strategic commitment to technological innovation. In 2011, it was named the most innovative bank in the world at the *Global Banking Innovation Awards* organized by the Bank Administration Institute and Finacle presented in Chicago.

In order to consolidate CaixaBank's position as a leader in incorporating technology into the financial business, a strategic agreement has been entered into with IBM to jointly manage the IT infrastructure. IBM has become a technology partner, after CaixaBank sold it a 51% stake in Serveis Informàtics la Caixa, SA. This new arrangement enhances the ability to manage greater volumes of business, restrict costs, and jointly develop strategic projects, at the same time as providing access to new technologies, methodologies and innovation processes.

The agreement represents estimated savings to CaixaBank in excess of €400 million over the next 10 years. It also involves IBM collaborating with CaixaBank's Innovation Center in Barcelona through IBM's Technology and Innovation Lab in New York and the Innovation Centers serving the banking sector in Silicon Valley and New York.

Construction of the new cutting-edge data processing center (DPC) has also been completed. Thanks to its design and construction, this DPC has been classified as a Tier 3 facility in terms of reliability by the renowned Uptime Institute. It is equipped with the most advanced technological infrastructure for storing and processing data. The most innovative aspects of the new DPC are the energy efficiency and environmental solutions employed there, allowing it to apply for LEED certification from the Green Building Certification Institute, classifying it as a sustainable building. This center also boasts dynamic uninterrupted supply systems that do not require batteries.

At branch level, work continued during 2011 to develop the Financial Terminal, introducing new functionalities and transforming existing ones in order to optimize branch processes: the platform to achieving commercial efficiency. Work stations (PC, screen and operating system) were also replaced. This is a technological advance which allows us to keep up with new developments in the market and boost the mobility of work stations and virtualization of applications. Pursuant to our energy efficiency policy, this change will give rise to more than 15% energy savings compared to the previous equipment.

Other innovative projects include the roll-out of the management mobility platform using iPad tablets and the development of an internal social network to facilitate transversal collaboration, boost the implication of and foster participative innovation by all employees in the organization. Other social networking innovations include the effort to develop the Personal Banking service model to ensure the value proposal reaches all customers efficiently and effectively, uniting the personalization of the direct customer service with the efficiency and effectiveness of the multi-channel approach.

Another key aspect related to technological leadership and of vital importance is information security. In this regard, CaixaBank has introduced pioneering solutions to mitigate the risk of information leaks, thereby protecting its customers' data and that of its business. Systems and methodologies were also awarded international certification, and all employees received training and information on information security best practices.

Finally, CaixaBank obtained BS 25999 certification for its business continuity system from the British Standards Institution. This certification provides assurance to stakeholders that CaixaBank is able to respond to events that could affect business operations.

Environmental issues

The CaixaBank commitment to the environment extends to all its projects, services and products, and involves all employees, affiliates and associates. Environmental best practices are followed despite the financial activity performed not representing a significant risk to the environment.

This commitment led to the launch of an Environmental Management System, documented as per the European EMAS 1221/2009 standard and ISO 14001, covering the activities performed in the Central Services building in Barcelona.

The launch of an Environmental Management System provides assurance to all stakeholders that environmental requirements are met, and that prevailing legislation is adhered to. This ensures customers receive a more satisfactory service as part of the continuous improvements being made by the organization.

In 2011, the primary initiatives focused on boosting energy efficiency and raising awareness among personnel.

Energy efficiency actions included replacing PCs with more efficient equipment, changing power switches in the different peripherals, and substituting florescent tubes and installing LED lighting. Boosting staff awareness included sending out more than 5,000 emails to branches providing information on energy consumption and reminders about recommended heating and air conditioning settings. 2,500 visits were also made outside working hours to ensure that equipment had been switched off.

The annual environmental statement is available on the website (http:/www.lacaixa.es).

Outlook for 2012

2012 kicked off with widespread uncertainty about continuing growth of the international economy. While the United States presents a relatively robust, albeit modest, growth profile, the eurozone is exposed to a high risk of recession, while emerging economies are experiencing a gradual slowdown. Although the causes of these changes are varied, the sovereign debt crisis in the eurozone is seen as the main cause of tensions and the lack of confidence, since its impacts are not limited to members of the single currency. Resolving this crisis will be critical to dispelling these uncertainties, while any worsening thereof could give result to a complex situation in Europe and globally.

After posting a positive GDP growth rate for close to two years, the Spanish economy will suffer a slight recession at the end of 2011 and beginning of 2012, meaning that annual GDP will only grow by 0.2%. This downturn could worsen if the European sovereign debt crisis is not contained and the world economy grows less than expected.

Jobs will continue to be lost in the labor market, albeit at a less pronounced rate, driving unemployment to new record highs. Prices will remain stable thanks to the containment of oil and other commodity prices. Exports are forecast to increase slightly, although the Spanish economy will continue to draw on external financing. In terms of public deficit, the new government has announced a sharp rise in taxes and a significant effort to cut spending to stabilize public finances, although it is expected that it will be difficult to reach the target of reducing the deficit to 4.4% of GDP, given the low rate of growth and non-compliance in 2011. Debt will amount to approximately 75% of GDP.

Market forecasts are conditioned by a high degree of uncertainty in 2012, although the mid- to long-term outlook is more favorable, given the confidence that the developed economies' fiscal and monetary policies will be successful and that global economic growth will recover in the medium term.

CaixaBank in 2012

The macroeconomic outlook for 2012 is once again poor. Moderate global growth is expected, with European countries showing especially weak growth and the prospect of a minor recession in Spain.

Efforts to regulate the financial sector will also continue, leading to its permanent transformation and the imposition of increasingly demanding requirements, especially regarding capital adequacy and balance sheet restructuring. Royal Decree-Law 2/2012 of February 3 on the restructuring of the finance sector establishes more stringent requirements in terms of provisions and additional capital to safeguard against the impairment of real estate exposures at December 31, 2012. The amount of provision varies depending on the situation of assets and the types of underlying collateral, and additional cover is introduced for normal lending.

On February 7, 2012 CaixaBank announced, as a significant event, preliminary calculations of requirements for restructuring real estate assets. Estimated new allowances required to cover real estate assets amount to €2,436 million.

This consideration is earmarked entirely to bolstering loans portfolio provisions, €955 million of which come from the general provision covering 7% of assets classified as normal. No additional allowance for foreclosed assets is required.

An excellent capacity to generate recurring operating income and the general provision of €1,835 million at December 31, 2011 will enable CaixaBank to comfortably absorb the impact of the new provisioning requirements.

Furthermore, estimated capital requirements, over and above the increase in allowances, amount to €745 million. CaixaBank has €6,376 million of surplus capital over and above the core capital requirement at December 31, 2011 to cover these requirements, registering a core capital ratio of 12.6% over the required minimum of 8%.

Efforts to redress the accumulated imbalances in the Spanish economy, which are exerting a direct impact on growth, more stringent regulatory requirements, and a highly competitive environment, are putting increasing pressure on the Spanish financial system's ability to generate results.

The CaixaBank Group is facing this challenging environment for the banking business from a solid position thanks to its ability to generate results, the quality of its assets and its healthy financials (high liquidity and excellent degree of solvency).

The comfortable liquidity position of €20,948 million, 7.9% of total assets, and the wide customer funds base ensures stable growth and limits reliance on the wholesale markets. This means the Group can easily settle wholesale market debt maturities, amounting to €2,327 million, less than 1% of the balance sheet.

The Group's robust solvency position, strategically reinforced in 2011, also provides it with security and guarantees moving forward. In this regard, the BIS core capital ratio of 12.5% produces a capital surplus of €6,592 million. Furthermore, at year-end 2011 and pursuant to the current regulations, the CaixaBank Group comfortably fulfills the BIS III requirements without needing to rely on the transitional period through 2019. The "la Caixa" Group's solid capital position also allows it to already cover the requirements of the European Banking Authority (EBA) regarding the need to recapitalize European systemic banks.

CaixaBank will use these foundations to continue to drive forward with its customer-focused growth model, which has enabled it to lead the Spanish retail banking market. The cornerstones of this model are an intense sales and marketing campaign, consolidating the value proposal for specialized segments, and the proactive management of margins, expenses and NPLs to further bolster its financials.

Against the backdrop of economic slowdown, there is little scope for business growth in 2012, although the Group's market shares in the main banking products and services look set to rise thanks to the intense commercial efforts of the branch network.

CaixaBank will continue with its intense and proactive management of margins on new transactions, collections for providing services of the utmost quality, and cutting costs.

Our commitment to continuously improving service quality will strengthen the relationship with our customers, the foremost guarantee of future growth.

The foundational values that are part of the "la Caixa" trademark –leadership, trust and social commitment– should continue to guide the activities conducted by the CaixaBank.

In summary, the Group will begin 2012 with a solid foothold enabling it to push forward with its Strategic Plan, which sets forth 11 major aims: Underpin leadership in retail banking; 2) Diversify towards corporate banking; 3) Balance regional distribution; 4) Grow through internationalization; 5) Maintain a distinctive investee portfolio; 6) Protect financials; 7) Improve returns; 8) Push towards organizational efficiency and flexibility; 9) Nurture and motivate talent; 10) Reaffirm the social commitment; and 11) Communicate the Institution's objectives.

Events after the reporting period

- On January 31, 2012, CaixaBank notified the CNMV (the Spanish securities and exchange commission) through a significant event notice of the agreement to sell its investment fund, security investment companies and individual system pension plan business to the Association of Spanish Savings Banks. A fixed selling price of approximately €100 million was set forth in a global agreement. An additional earn-out of up to €50 million may also be accrued depending on the performance of the custody business.

  It is envisaged that this transaction will be completed in the first half of 2012, and it is subject to the normal conditions and authorizations required for this type of transaction.

- On February 1, 2012 CaixaBank issued a significant event notice to the CNMV announcing the percentage of preference shares at which a repurchase offer was directed and the exchange of these shares for subordinated bonds mandatorily convertible and/or exchangeable for CaixaBank ordinary shares and newly issued subordinated bonds after the expiry of the acceptance period commencing December 29, 2011 and ending January 31, 2012. The repurchase offer was accepted for 98.41% of the preference shares at which it was directed, a total of 4,819,807.

  It was also made public that the conversion and/or exchange price of the convertible/exchangeable bonds had been established at €3.862, which is 100% of the average quotation price of the CaixaBank share during the last fifteen trading days of the repurchase offer acceptance period.

- In its communication of a significant event on February 7, 2012 CaixaBank announced preliminary calculations of the new restructuring requirements arising from Royal Decree-Law 2/2012 concerning the restructuring of the finance sector. The impact of this event is set out above in "CaixaBank in 2012".

- Following the downgrade to Spain's sovereign rating, on February 13, 2012, Fitch and Standard & Poor's awarded CaixaBank the following ratings:

  – Fitch: Long-term rating A–, short-term rating F2. Negative outlook.
  – Standard & Poor's: Long-term rating BBB+, short-term rating A–2. Stable outlook.

- On February 23, 2012 the Board of Directors authorized for issue the financial statements and management report of the CaixaBank Group for the year ended December 31, 2011.

Note 1 "Corporate and other information – Events after the reporting period" in the accompanying financial statements contains more information on these actions.

2011 Annual Corporate Governance Report

Law 16/2007 of July 4, reforming and adapting Spanish corporate accounting legislation for its international harmonization based on European legislation, regulations, redrafted Article 49 of the Commercial Code regulating the minimum content 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 word-processed copy of the full text of CaixaBank's 2011 Annual Corporate Governance Report approved by CaixaBank's Board of Directors on February 23, 2012 is provided hereunder. The original report, prepared in the statutory format and pursuant to prevailing legislation, is available on the websites of the bank and the CNMV.

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED LIMITED COMPANIES

Issuer's particulars

YEAR ENDED: 31/12/2011
Company Tax ID No.: A-08663619

Corporate name
CAIXABANK, SA

Annual corporate governance report for listed limited companies

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

A. Ownership structure

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

DATE OF LAST MODIFICATION	SHARE CAPITAL (€)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS
21/10/2011	3,840,103,475.00	3,840,103,475	3,840,103,475

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

YES [ ] NO [X]

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

NAME OR CORPORATE NAME OF SHAREHOLDER	NUMBER OF DIRECT VOTING RIGHTS	NUMBER OF INDIRECT VOTING RIGHTS (*)	% OF TOTAL VOTING RIGHTS
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	3,130,386,377	0	81.518

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

NAME OR CORPORATE NAME OF SHAREHOLDER	DATE OF THE TRANSACTION	DESCRIPTION OF THE TRANSACTION
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	30/06/2011	It holds over 80% of the share capital

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

NAME OR CORPORATE NAME OF DIRECTOR	NUMBER OF DIRECT VOTING RIGHTS	NUMBER OF INDIRECT VOTING RIGHTS (*)	% OF TOTAL VOTING RIGHTS
ISIDRO FAINÉ CASAS	584,229	0	0.015
JUAN MARÍA NIN GÉNOVA	241,910	0	0.006
ALAIN MINC	10,294	0	0.000
FRANCESC XAVIER VIVES TORRENTS	2,670	0	0.000
IMMACULADA JUAN FRANCH	10,260	0	0.000
ISABEL ESTAPÉ TOUS	280,092	0	0.007
JAVIER GODÓ MUNTAÑOLA	0	1,266,247	0.033
JOHN S. REED	10,000	0	0.000
JORGE MERCADER MIRÓ	3,089	0	0.000
JUAN JOSÉ LÓPEZ BURNIOL	16,668	0	0.000
JUAN ROSELL LASTORTRAS	0	33,158	0.001
LEOPOLDO RODÉS CASTAÑÉ	9,985	0	0.000
MARIA DOLORS LLOBET MARIA	2,670	0	0.000
MIQUEL NOGUER PLANAS	3,665	0	0.000
SALVADOR GABARRÓ SERRA	7,209	0	0.000
SUSANA GALLARDO TORREDEDIA	0	60,430	0.002

% of total voting rights held by the Board of Directors	0.066

Complete the following charts on share options held by the company's board members.

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

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

Type of relationship:
COM CON SOC

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

RELATED NAME OR CORPORATE NAME
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

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

YES [ ] NO [X]

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.

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

YES [X] NO [ ]

NAME OR CORPORATE NAME
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

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

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

At year-end:

NUMBER OF SHARES HELD DIRECTLY	NUMBER OF SHARES HELD INDIRECTLY (*)	% OF TOTAL SHARE CAPITAL
61,451,283	0	1.600

(*) Through:

Total	**0**

Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007.

DATE NOTIFIED	TOTAL SHARES HELD DIRECTLY ACQUIRED	TOTAL SHARES HELD INDIRECTLY ACQUIRED	% OF TOTAL SHARE CAPITAL
28/06/2011	58,590,086	0	1.743
06/07/2011	1,193,715	0	0.031
28/07/2011	7,067,945	0	0.187
27/10/2011	15,766,394	0	0.413

Gain/(loss) on treasury shares during the year (In thousand €)	8,882

A.9. Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting authorizing the Board of Directors to purchase and/or transfer the treasury shares.

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

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

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

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

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

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

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

YES [ ] NO [X]

Maximum percentage of legal restrictions on voting rights a shareholder can exercise	0

Indicate whether there are any restrictions included in the bylaws on exercising voting rights.

YES [ ] NO [X]

Maximum percentage of restrictions under the company's bylaws on voting rights a shareholder can exercise	0

Indicate if there are any legal restrictions on the acquisition or transfer of share capital.

YES [ ] NO [X]

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

YES [ ] NO [X]

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

B. Company management structure

B.1. Board of Directors

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

Maximum number of directors	22
Minimum number of directors	12

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

NAME OR CORPORATE NAME OF DIRECTOR	REPRESENTATIVE	POSITION ON THE BOARD	DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	ELECTION PROCEDURE
ISIDRO FAINÉ CASAS	–	CHAIRMAN	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN MARÍA NIN GÉNOVA	–	DEPUTY CHAIRMAN & CHIEF EXECUTIVE	21/06/2007	21/06/2007	VOTE AT SHAREHOLDERS' MEETING
ALAIN MINC	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
DAVID K. P. LI	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
FRANCESC XAVIER VIVES TORRENTS	–	DIRECTOR	05/06/2008	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
IMMACULADA JUAN FRANCH	–	DIRECTOR	26/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
ISABEL ESTAPÉ TOUS	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
JAVIER GODÓ MUNTAÑOLA	–	DIRECTOR	02/05/2005	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JOHN S. REED	–	DIRECTOR	03/11/2011	03/11/2011	CO-OPTION
JORGE MERCADER MIRÓ	–	DIRECTOR	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN JOSÉ LÓPEZ BURNIOL	–	DIRECTOR	12/05/2011	12/05/2011	VOTE AT SHAREHOLDERS' MEETING
JUAN ROSELL LASTORTRAS	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
LEOPOLDO RODÉS CASTAÑÉ	–	DIRECTOR	30/07/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARIA DOLORS LLOBET MARIA	–	DIRECTOR	07/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MIQUEL NOGUER PLANAS	–	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SALVADOR GABARRÓ SERRA	–	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SUSANA GALLARDO TORREDEDIA	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING

Total number of directors	17

Indicate any Directors who left during this period:

NAME OR CORPORATE NAME OF DIRECTOR	STATUS OF THE DIRECTOR AT THE TIME	LEAVING DATE
CARLOS SLIM HELÚ	OTHER EXTERNAL DIRECTOR	03/11/2011
GONZALO GORTÁZAR ROTAECHE	EXECUTIVE	28/12/2011

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

Executive directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	POST HELD IN THE COMPANY
JUAN MARÍA NIN GÉNOVA	APPOINTMENTS AND REMUNERATION COMMITTEE	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER

Total number of executive directors	1
% of the board	5.882

External proprietary directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER REPRESENTED OR PROPOSING APPOINTMENT
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
IMMACULADA JUAN FRANCH	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JAVIER GODÓ MUNTAÑOLA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JORGE MERCADER MIRÓ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
MARIA DOLORS LLOBET MARIA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
MIQUEL NOGUER PLANAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

Total number of proprietary directors	9
% of the board	52.941

Independent external directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
ALAIN MINC	He has been a member of the Board of Directors of CaixaBank since 2007. In 1991, he founded his own consultancy firm, AM Conseil. Born in 1949, he is a graduate of the École des Mines de Paris and the École Nationale d'Administration (ENA) in Paris. He is currently a director at Prisa, FNAC and Direct Energie. He was Chairman of the Supervisory Board of French daily Le Monde and deputy chairman to Compagnie Industriali Riunite International and has held the position of general manager of Cerus Compagnies Européennes Réunies. He was also a finance inspector and CFO at Saint-Gobain. He has also written over 30 books since 1978, many of them best-sellers which include *Une histoire de France*, *Dix jours qui ébranleront le monde*; *Un petit coin de paradis*; *Une sorte de diable, les vies de John M. Keynes*; *Le crépuscule des petits dieux*; *Ce monde qui vient*; *Les prophètes du bonheur: histoire personnelle de la pensée économique*; *Epitre à nos nouveaux maitres*; *Rapport sur la France de l'an 2000*; *Le nouveau Moyen Age*; *Les vengeances des nations*; *La machine égalitaire*; y *Rapport sur l'informatisation de la société*.
FRANCESC XAVIER VIVES TORRENTS	He has been a member of the Board of Directors of CaixaBank since 2008. He is a Professor of Economics and Finance and academic director of the Public-Private Research Centre at the IESE Business School. He also holds a PhD in Economics from the University of California, Berkeley. He was also a Professor of European Studies at INSEAD in 2001-2005; Director of the Institute of Economic Analysis at the High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, Pennsylvania and New York (King Juan Carlos I Chair 1999-2000), as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra. He has published numerous articles in international journals and directed the publication of various books as well as advising the World Bank, the Inter-American Development Bank, the European Commission and various international companies. Mr. Vives Torrents has also received several Spanish research awards including the King Juan Carlos I Prize for Research into Social Sciences in 1988; the Catalan Society for Economics Prize in 1996; the Narcís Monturiol Medal from the Catalonia regional government in 2002 and the Catalonia Economics Prize in 2005. He also served as Chairman of the Spanish Economic Association (2008) and Deputy Chairman of the Spanish Energy Economics (2006-2009). He is the recipient of a European Research Council Advanced Grant (2009-2013). He is currently a director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992 and a member of the CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia. In May 2011, he was appointed Special Advisor to the Vice-President of the EU and Commissioner of Competition, Joaquín Almunia.

Independent external directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
ISABEL ESTAPÉ TOUS	Isabel Estapé Tous has been a member of the Board of Directors of CaixaBank since 2007. She holds a degree in Economics and Business where she graduated summa *cum laude* from the University of Barcelona (1981) and is a qualified auditor. In 1982 she joined the Stock Exchange as a broker, working as such until 1989. She served on the Boards of Directors of both the Barcelona (1989-1991) and Madrid (1990-1995) Stock Exchanges. In 2007 she was awarded the "Women Together" prize by the United Nations. Since 2000 she has been a Notary Public of Madrid. She is also an Academic Director, member of the Advisory Board of the Institute of Market Studies (Instituto de Estudios Bursátiles) and member of the Spanish Directors' Association (A.E.D) and of the Royal Academy of Economics and Finance.
JOHN S. REED	John Shepard Reed has been a member of the Board of Directors of CaixaBank since 2011. He was born in Chicago in 1939 and raised in Argentina and Brazil. He completed his university studies in the United States, where he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree program. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science. For thirty-five years, he worked at Citibank/Citicorp and Citigroup, sixteen as chairman. He retired in April 2000. From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and is now the Chairman of the MIT Corporation. Mr. Reed is a member of the board of directors of MDRC, the Isabella Stewart Gardner Museum and the NBER. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society.
JUAN ROSELL LASTORTRAS	Juan Rosell Lastortras has been a member of the Board of Directors of CaixaBank since 2007. He is also Chairman of OMB, Sistemas Integrados para la Higiene Urbana and Congost Plastic. Born in 1957, he is an Industrial Engineering graduate from the Polytechnic University of Barcelona and has studied Science and Politics at the Complutense University of Madrid. He has been awarded numerous decorations including, the Gold Medal of Merit from the Feria Oficial e Internacional de Muestras de Barcelona; the Silver Medal of the Barcelona Chamber of Industry, Commerce and Navegation; the Keys to the City of Barcelona and was named Commendatore al Merito della Repubblica Italiana. He currently serves on the Boards of Directors of Port Aventura Entertainment, Gas Natural Fenosa, Ecoarome Alimentaria and is Chairman of the Investment Committee of Miura Private Equity. He is also Chairman of the Confederación Española de Organizaciones Empresariales (CEOE), Fomento de Trabajo Nacional, and the Instituto de Logística Internacional. He is also Chairman of the Fundación ANIMA and member of the Mont Pelerin Society. He has served as Managing Director of Juguetes Congost and has been Chairman of Enher (1996-1999), Fecsa-Enher (1999-2002) and Corporación Unliand (2005-2006). He has also been a board member of Agbar, Endesa, Endesa Italia SPA, Siemens España, and Applus Servicios Tecnológicos.

Independent external directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
SUSANA GALLARDO TORREDEDIA	She has been a member of the Board of Directors of CaixaBank since 2007. Born in Barcelona in 1964, she holds a degree in Politics and Economics from Oxford Brookes University (UK) and in Banking and Finance from the City of London Polytechnic. She also completed the Senior Management Program (PADE) at the IESE Business School in 2007-2008. Throughout her professional career, she has completed an internship at First Interstate Bank of California, has worked on the trading desk at the Bank of Europe, and Financial Advisor for REVELAM S.L. She is currently a board member of the Landon Group and is a member of its Investment Committee. Susana is on the Family Business Advisory Committee of the Family Firm Institute, and is Deputy Chair of Pronovias. She also holds a place on the Global Advisory Board of Babson College, Boston, MA. She also chairs the Bienvenido Foundation, and is a trustee of the Casa Teva Foundation, the Aurea Foundation, the Hospitalitat Mare de Déu de Lourdes Foundation, and Africa Viva.

Total number of independent directors	6
% of the board	35.294

Other external directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT
DAVID K. P. LI	–

Total number of other external directors	1
% of the board	5.882

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

Name or corporate name of director
DAVID K. P. LI

Company, executive or shareholder with whom the relationship is maintained
THE BANK OF EAST ASIA, LIMITED

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

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

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

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

YES [ ] NO [X]

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

YES [X] NO [ ]

Name of director
CARLOS SLIM HELÚ

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

Name of director
GONZALO GORTÁZAR ROTAECHE

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

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

Name or corporate name
JUAN MARÍA NIN GÉNOVA

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

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

NAME OR CORPORATE NAME	NAME OF GROUP COMPANY	POSITION
JUAN MARÍA NIN GÉNOVA	VIDACAIXA GRUPO, SA	DIRECTOR
IMMACULADA JUAN FRANCH	VIDACAIXA GRUPO, SA	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	VIDACAIXA GRUPO, SA	DIRECTOR
JORGE MERCADER MIRÓ	VIDACAIXA GRUPO, SA	DEPUTY CHAIRMAN
MARIA DOLORS LLOBET MARIA	NUEVO MICRO BANK, SAU	DIRECTOR
MIQUEL NOGUER PLANAS	NUEVO MICRO BANK, SAU	DIRECTOR
MIQUEL NOGUER PLANAS	VIDACAIXA GRUPO, SA	DIRECTOR

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

NAME OR CORPORATE NAME	NAME OF LISTED COMPANY	POSITION
ISIDRO FAINÉ CASAS	TELEFÓNICA, SA	DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS, SA	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL-YPF, SA	2ND DEPUTY CHAIRMAN
JUAN MARÍA NIN GÉNOVA	REPSOL-YPF, SA	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GAS NATURAL, SDG, SA	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES, SA (GRUPO PRISA)	DIRECTOR
JORGE MERCADER MIRÓ	MIQUEL & COSTAS & MIQUEL, SA	CHAIRMAN
JUAN ROSELL LASTORTRAS	GAS NATURAL, SDG, SA	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	ABERTIS INFRAESTRUCTURAS, SA	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL, SDG, SA	CHAIRMAN

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

YES [X] NO [ ]

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

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

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

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

a) In the reporting company:

CONCEPT	IN THOUSAND €
Fixed remuneration	4,340
Variable remuneration	0
Per diems	0
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0
Total	**4,340**

OTHER BENEFITS	IN THOUSAND €
Advances	0
Loans	2,484
Funds and pension plans: contributions	271
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

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

CONCEPT	IN THOUSAND €
Fixed remuneration	1,094
Variable remuneration	0
Per diems	0
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0
Total	**1,094**

OTHER BENEFITS	IN THOUSAND €
Advances	0
Loans	0
Funds and pension plans: contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

c) Total remuneration by type of director:

TYPE OF DIRECTOR	BY COMPANY	BY GROUP
Executive	1,618	94
External Proprietary	1,923	1,000
External Independent	634	0
Other external directors	165	0
Total	**4,340**	**1,094**

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

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

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

NAME OR CORPORATE NAME	POSITION
GONZALO GORTÁZAR ROTAECHE	GENERAL MANAGER OF FINANCE
ANTONIO MASSANELL LAVILLA	GENERAL MANAGER OF MEDIA
TOMÁS MUNIESA ARANTEGUI	GENERAL MANAGER OF INSURANCE AND ASSET MANAGEMENT
MARCELINO ARMENTER VIDAL	GENERAL MANAGER OF RISK
JUAN ANTONIO ALCARAZ GARCIA	GENERAL MANAGER OF BUSINESS
JAUME GIRÓ RIBAS	DEPUTY GENERAL MANAGER OF COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND CSR
IGNACIO ÁLVAREZ-RENDUELES VILLAR	DEPUTY GENERAL MANAGER OF INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	DEPUTY GENERAL MANAGER OF CAPITAL MARKET AND TREASURY
ALEJANDRO GARCÍA-BRAGADO DALMAU	SECRETARY GENERAL AND SECRETARY OF THE BOARD
JOAQUIN VILAR BARRABEIG	DEPUTY GENERAL MANAGER OF AUDIT, INTERNAL CONTROL AND COMPLIANCE
FRANCESC XAVIER COLL ESCURSELL	DEPUTY GENERAL MANAGER OF HUMAN RESOURCES

Total remuneration received by senior management (in thousand €)	10,913

B.1.13. Identify, in aggregate terms, any indemnity or "golden parachute" clauses that exist for members of the senior management (including executive directors) of the company or of its group in the event of dismissal or changes in control. Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group.

Number of beneficiaries	**12**

	BOARD OF DIRECTORS	GENERAL SHAREHOLDERS' MEETING
Body authorizing clauses	YES	NO

Is the General Shareholders' Meeting informed of such clauses?	NO

B.1.14. Describe the procedures for establishing remuneration for board members and the relevant provisions in the bylaws.

PROCEDURES FOR ESTABLISHING BOARD MEMBERS' REMUNERATION AND RELEVANT PROVISIONS IN THE BYLAWS
Article 4 of the Regulations of the Board of Directors of CaixaBank states that the Board shall approve, subsequent to a report from the Appointments and Remuneration Committee, the remuneration of directors, as well as, in the case of executive directors, additional remuneration for their executive duties and other conditions which their contracts must respect. Further, article 23 of the Regulations of the Board stipulates that the Company strives to ensure that remuneration is moderate and commensurate with market conditions. Such policy shall be under the system and within the limits of article 34 of the Bylaws and in accordance with any indications by the Appointments and Remuneration Committee.

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

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

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

YES [X] NO [ ]

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

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

YES [X] NO [ ]

ISSUES COVERED IN THE REMUNERATION POLICY REPORT

Based on a proposal by the Appointments and Remuneration Committee, CaixaBank prepares a report containing the Company remuneration policy for members of its Board of Directors, subject to the principles of transparency and information.

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

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

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

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

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

- The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions.
- In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of the Committees, conforms to the following guidelines:
  - External directors must be remunerated according to their effective dedication; and
  - The amount of external Directors' remuneration must be calculated such that it offers incentives for dedication without undermining their independence.

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

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

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

ROLE OF THE REMUNERATIONS COMMITTEE

Article 14 of the Regulations of the Board of Directors stipulates that it is the responsibility of the Appointments and Remuneration Committee to propose to the Board the system for and the amount of directors' and senior executives' annual compensation and the individual remuneration and other contractual conditions for executive officers.

In all its decision-making processes, the Appointments and Remuneration Committee has been able to check all significant data against corresponding market data or those of comparable companies, taking into account the size, characteristics and activities of the Company.

Have external consultancy firms used?

Identity of external consultants

B.1.17. List any board members who are likewise members of the boards of directors, or executives or employees of companies that own significant holdings in the listed company and/or group companies.

NAME OR CORPORATE NAME OF DIRECTOR	CORPORATE NAME OF SIGNIFICANT SHAREHOLDER	POSITION
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	GENERAL MANAGER
IMMACULADA JUAN FRANCH	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	THIRD DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	SECOND DEPUTY CHAIRMAN
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MIQUEL NOGUER PLANAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	FIRST DEPUTY CHAIRMAN

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

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

YES [X] NO [ ]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) when they depart the executive positions to which their appointment as director was associated;

b) when they are subject to any of the cases of incompatibility or prohibition provided by law;

c) when they are prosecuted for an allegedly criminal action or are subject to disciplinary proceedings for serious or very serious fault initiated by the supervisory authorities;

d) when their remainder on the Board may put the company's interests at risk or when the reasons for which they were appointed no longer exist. In particular, in the case of stakeholding external directors, when the shareholder they represent sells its stakeholding in its entirety. They must also do so when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external stakeholding directors;

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

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

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

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

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

YES		NO	X

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

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

YES [ ] NO [X]

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

YES [X] NO [ ]

BUSINESS IN RELATION TO WHICH A CASTING VOTE MAY BE USED
Article 35.(iv) of the Bylaws and article 16.4 of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

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

YES [ ] NO [X]

AGE LIMIT FOR CHAIRMAN	AGE LIMIT FOR CEO	AGE LIMIT FOR DIRECTORS
0	0	0

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

YES [X] NO [ ]

Maximum number of years in office	12

B.1.27. If there are few or no female directors, explain the reasons and describe the initiatives adopted to remedy this situation.

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

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

YES [X]   NO [ ]

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

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

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

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

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

Number of Board meetings	15
Number of board meetings held in the absence of its chairman	0

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

Number of Executive Committee meetings	11
Number of Audit Committee meetings	14
Number of Appointments and Remuneration Committee meetings	9
Number of Appointment Committee meetings	0
Number of Remuneration Committee meetings	0

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

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

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

YES		NO	X

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

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

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

- to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor;
- to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;
- to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management.

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

YES		NO	X

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

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.

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

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

YES	X	NO	

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

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

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

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

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

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

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

YES		NO	X

OUTGOING AUDITOR	INCOMING AUDITOR

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

YES [ ] NO [X]

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

YES [X] NO [ ]

	COMPANY	GROUP	TOTAL
Amount for other non-audit work (in thousand €)	473	168	641
Amount of other non-audit work as a % of total amount billed by audit firm	11.950	16.200	12.830

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

YES [ ] NO [X]

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

	COMPANY	GROUP
Number of consecutive years	11	11

	COMPANY	GROUP
Number of years audited by current audit firm /Number of years the company accounts have been audited (%)	100.0	100.0

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

NAME OR CORPORATE NAME OF DIRECTOR	CORPORATE NAME OF THE COMPANY IN QUESTION	% SHARE	POST OR DUTIES
ISIDRO FAINÉ CASAS	GRUPO FINANCIERO INBURSA SAB DE CV	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO BPI, SA	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO SANTANDER, SA	0.000	N/A
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	CITIGROUP	0.000	N/A
ISIDRO FAINÉ CASAS	THE ROYAL BANK OF SCOTLAND, PLC	0.000	N/A
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	GENERAL MANAGER
JUAN MARÍA NIN GÉNOVA	DEUTSCHE BANK, AG	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO SANTANDER, SA	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BILBAO VIZCAYA ARGENTARIA, SA	0.000	N/A
JUAN MARÍA NIN GÉNOVA	GRUPO FINANCIERO INBURSA SAB DE CV	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BNP PARIBAS	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BPI, SA	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	ERSTE GROUP BANK	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BARCLAYS BANK, PLC	0.000	N/A
DAVID K. P. LI	THE BANK OF EAST ASIA, LIMITED	2.606	CHAIRMAN
IMMACULADA JUAN FRANCH	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	THIRD DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	SECOND DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE CRÉDITO DE LOS INGENIEROS, SOCIEDAD COOPERATIVA DE CRÉDITO, BARCELONA	0.000	N/A
JORGE MERCADER MIRÓ	BANCO SABADELL, SA	0.000	N/A
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	GRUPO FINANCIERO INBURSA SAB DE CV	0.000	DIRECTOR
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	DIRECTOR
MIQUEL NOGUER PLANAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	DIRECTOR
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	0.000	FIRST DEPUTY CHAIRMAN
SUSANA GALLARDO TORREDEDIA	BALEMA INVERSIONES, SICAV, SA	97.500	DIRECTOR
SUSANA GALLARDO TORREDEDIA	INVERSIONES AGRIPPA, SICAV, SA	4.520	N/A
SUSANA GALLARDO TORREDEDIA	PRONOVIAS, SL	0.000	ALTERNATE DIRECTOR
SUSANA GALLARDO TORREDEDIA	PERCIBIL, SL	100.000	N/A
SUSANA GALLARDO TORREDEDIA	SUSANVEST, SL	100.000	N/A
SUSANA GALLARDO TORREDEDIA	PRONOVIAS INTERNATIONAL GROUP, SL	0.000	ALTERNATE DIRECTOR
SUSANA GALLARDO TORREDEDIA	LANDON INVESTMENTS, SCR DE RÉGIMEN SIMPLIFICADO	6.630	DIRECTOR

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

YES	X	NO	

DETAILS OF PROCEDURE

Article 22 of the Regulations of the Board of Directors expressly covers the possibility that external directors may request that external advisors be hired at the expense of the company for specific relevant and complex problems which arise in carrying out their duties.

The decision to contract must be reported to the Chairman of the company and may be vetoed by the Board of Directors, provided that it accredits:

- it is not necessary for the proper performance of the duties entrusted to the external directors;
- the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
- the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
- it may entail a risk to the confidentiality of the information that must be handled.

Also, article 13.8 of the Regulations of the Board of Directors stipulates that in order to best comply with its functions, the Audit and Control Committee may avail itself of the advice of external experts, when it deems necessary for the adequate fulfillment of its duties.

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

YES	X	NO	

DETAILS OF PROCEDURE

Article 21 of the Regulations of Board of Directors stipulates that the director has the duty of diligently informing himself with regard to the running of the company. For such purpose, the director may request information on any aspect of the company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.

The request for information must be addressed to the Chairman of the Board, if he holds executive status, and otherwise, to the Chief Executive Officer who will forward the request to the appropriate person. If such executives consider the information to be confidential, they shall notify the director of this circumstance, as well as his duty of confidentiality.

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

YES	X	NO	

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

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

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.

YES [ ] NO [X]

DECISION	EXPLANATION

B.2. Committees of the Board of Directors

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

Appointments and remuneration committee

NAME	POSITION	TYPE
JUAN ROSELL LASTORTRAS	CHAIRMAN	INDEPENDENT
ISABEL ESTAPÉ TOUS	MEMBER	INDEPENDENT
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY

Audit and control committee

NAME	POSITION	TYPE
FRANCESC XAVIER VIVES TORRENTS	CHAIRMAN	INDEPENDENT
ALAIN MINC	MEMBER	INDEPENDENT
SALVADOR GABARRÓ SERRA	MEMBER	PROPRIETARY

Executive committee

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

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

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

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

Committee name

AUDIT AND CONTROL COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

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

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

1.2) Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

1.2) Responsibilities

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

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

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

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

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

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

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

Committee name
EXECUTIVE COMMITTEE

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

1.1) Organization and operation

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

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

1.2) Responsibilities

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

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

Committee name
AUDIT AND CONTROL COMMITTEE

Brief description
See point B.2.3 above.

Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description
See point B.2.3 above.

Committee name
EXECUTIVE COMMITTEE

Brief description
See point B.2.3 above.

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

Committee name
AUDIT AND CONTROL COMMITTEE

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

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

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

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

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

Committee name

EXECUTIVE COMMITTEE

Brief description

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

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

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

YES	X	NO	

C. Related-party transactions

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

YES	X	NO	

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

NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER	NAME OR CORPORATE NAME OF THE COMPANY OR ITS GROUP COMPANY	NATURE OF THE RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT (IN THOUSANDS €)
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	CAIXABANK, SA	Dividends paid to shareholders	Dividends and other profits distributed	696,332
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	CAIXABANK, SA	Issue of Promissory Note	Financing of loans and capital contributions (borrower)	1,644,341

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

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

Corporate name of the group company
BUILDINGCENTER, SAU

Amount (in thousands €)
1,419,567

Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
BUILDINGCENTER, SAU

Amount (in thousands €)
366,927

Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
CAIXA PREFERENCE, SAU

Amount (in thousands €)
3,000,000

Brief description of the transaction
Subordinated deposit with CaixaBank

Corporate name of the group company
CAIXA RENTING, SA

Amount (in thousands €)
382,615

Brief description of the transaction
Loan granted by CaixaBank

Corporate name of the group company
CAIXA RENTING, SA
Amount (in thousands €)
154,724
Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
CAIXA RENTING, SA
Amount (in thousands €)
310,388
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
FINCONSUM, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, SA
Amount (in thousands €)
122,837
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
FINCONSUM, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, SA
Amount (in thousands €)
583,983
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
FONCAIXA EMPRESAS 1, FTA
Amount (in thousands €)
679,895
Brief description of the transaction
Term deposit with CaixaBank

Corporate name of the group company
FONCAIXA EMPRESAS 2, FTA
Amount (in thousands €)
682,075
Brief description of the transaction
Term deposit with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, SAU
Amount (in thousands €)
254,592
Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, SAU
Amount (in thousands €)
493,625
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, SAU
Amount (in thousands €)
2,000,000
Brief description of the transaction
Loan granted by CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, SAU
Amount (in thousands €)
1,420,000
Brief description of the transaction
Capital increase

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS
Amount (in thousands €)
633,500
Brief description of the transaction
Dividends paid to CaixaBank

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS
Amount (in thousands €)
600,000
Brief description of the transaction
Other term deposits with CaixaBank

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS
Amount (in thousands €)
10,317,710
Brief description of the transaction
Repurchase agreement with CaixaBank

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS
Amount (in thousands €)
1,513,550
Brief description of the transaction
Mortgage certificates and Bonds

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS

Amount (in thousands €)
9,093,621

Brief description of the transaction
Term deposit with CaixaBank

Corporate name of the group company
VIDACAIXA, SA DE SEGUROS Y REASEGUROS

Amount (in thousands €)
1,240,880

Brief description of the transaction
Reverse repurchase agreement with CaixaBank

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

YES [X] NO [ ]

Name or corporate name of director
DAVID K. P. LI

Description of the conflict of interest
He abstained in vote on the resolution concerning the shareholding in BEA.

Name or corporate name of director
IMMACULADA JUAN FRANCH

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

Name or corporate name of director
ISABEL ESTAPÉ TOUS

Description of the conflict of interest
She abstained in voting on the resolution concerning transactions of senior executives subject to approval of the Board, providing details of the conditions, terms and guarantees thereof.

Name or corporate name of director
ISIDRO FAINÉ CASAS

Description of the conflict of interest
He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and the signing of new Internal Protocol of Relationships with "la Caixa" and matters relating to his post.

Name or corporate name of director
JAVIER GODÓ MUNTAÑOLA

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

Name or corporate name of director
JORGE MERCADER MIRÓ

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

Name or corporate name of director
JUAN JOSÉ LÓPEZ BURNIOL

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

Name or corporate name of director
JUAN MARÍA NIN GÉNOVA

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

Name or corporate name of director
LEOPOLDO RODÉS CASTAÑÉ

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

Name or corporate name of director
MARIA DOLORS LLOBET MARIA

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

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

Name or corporate name of director
MIQUEL NOGUER PLANAS

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

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

Name or corporate name of director
SALVADOR GABARRÓ SERRA

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

Name or corporate name of director
SUSANA GALLARDO TORREDEDIA

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

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

Directors and Executives

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

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

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

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

Significant shareholders

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

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

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

i) to develop the basic principles that should govern relations between "la Caixa" and CaixaBank, in that the latter is the instrument through which the former indirectly carries on its financial activities;
ii) to delimit CaixaBank's main fields of activities, taking into account its nature as the bank through which "la Caixa" indirectly carries on its financial activities;
iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with "la Caixa" Group companies; and, particularly, owing to their importance, the provision of property services by one or more companies of "la Caixa" to the company or property companies of CaixaBank.

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

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

YES		NO	X

Identify the listed subsidiaries in Spain.

D. Risk control systems

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

Introduction

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

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

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

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

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

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

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

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

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

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

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

Risk management policy: main executive responsibilities

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

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

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

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

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

- Risk Aggregation and Economic Capital: aggregation of all risks, taking into account typologies and studying the interactions between them.

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

Risk management committees

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

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

Credit risk measurement and assessment

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

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure at default

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

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

Probability of default

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

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

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

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

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

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

Loss given default

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

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

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

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

Risk-adjusted return

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

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

Unexpected loss and economic capital

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

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

Traditionally, two concepts have been distinguished:

- Economic capital is that which an entity ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity's own estimate, adjusted according to the level of tolerance to risk, volume and type of activity. In this respect, it is the responsibility of the entity's Board of Directors and Senior Executives to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.97%. This responsibility was emphasized in Basel II's Pillar 2.
- Regulatory capital is that which an entity must maintain to cover the requirements of the supervisory body. The aim is also to avoid bankruptcy at the entity while protecting the interests of customers and holders of senior debt, thus preventing any major systemic impact.

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

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

Market risk of treasury positions

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

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

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

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

- For interest rate and inflation risk, the change in the present value of each of the future flows (actual or forecast) is calculated based on changes of one basis point (0.01%) at all stages of the curve.
- For exchange rate risk, the change in the equivalent value of each currency flow is calculated according to variations of one percentage point (1%) in the exchange rate.
- For risk involving the price of shares or other equity instruments arranged by the Treasury Desk and for commodity price risk, the change in the current value of the position or portfolio is calculated according to a variation of one percentage point (1%) in the prices of its components.
- For volatility risk (variability of rates or prices), which includes operations with option characteristics (interest rate caps and floors and foreign currency or equity options), the change in the current value of each future flow is calculated according to the variations of the volatilities listed on all sections of the curve, in interest rates and/or in the prices of the asset.
- For risk involving share correlation (dependence between prices) contracted by the Treasury Desk, the current value of the portfolio position is calculated based on a change in the correlation of one percentage point (1%) in the prices of its components. This risk is present solely in exotic equity options. These sensitivity analyses provide information about the impact of an increase in interest rates, foreign exchange rates, prices and volatilities on the economic value of the positions, but they do not provide information on the probability of such changes.

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

Two methodologies are used to obtain this measurement:

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

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

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

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

- Net backtesting, which relates the portion of the daily marked-to-market result (in other words, that arising from the change in market value) of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology used to quantify risk.
- Gross back testing, which compares the total result obtained during the day (therefore including any intraday transactions) with the VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

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

- Systematic stress testing: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling), changes at various points of the slope of the interest rate curve (steepening and flattening), increased and decreased spread between the instruments subject to credit risk and government debt securities (bond-swap spread), parallel shifts in the dollar and euro curves, higher and lower volatility of interest rates, appreciation and depreciation of the euro with respect to the dollar, the yen and sterling, increases and decreases in exchange rate volatility; increases and decreases in share prices, and, lastly, higher and lower volatility of shares and commodities.
- Analysis of historic scenarios: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt crisis and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 or the Spanish debt crisis in 2011.

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

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

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

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

YES	X	NO	

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

Risks occurring in the year
Balance sheet interest rate risk

Circumstances responsible for this occurrence
No critical risks occurred in 2011.

Operation of control systems
No critical risks occurred in 2011.

Risks occurring in the year
Credit risk

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

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

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

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

Control systems have worked correctly and enabled these risks to be managed adequately. The Group's Board of Directors has been informed of their performance.

Risks occurring in the year

Market risk

Circumstances responsible for this occurrence

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

Operation of control systems

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

Risks occurring in the year

Liquidity Risk

Circumstances responsible for this occurrence

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

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

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

Operation of control systems

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

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

YES	X	NO	

If so, please explain its duties.

Name of the Committee or Body

AUDIT AND CONTROL COMMITTEE

Description of duties

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

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

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

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

The Regulatory Compliance and Audit Departments are detailed below:

Regulatory Compliance

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

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

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

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

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

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

Internal Audit Department

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

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

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

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

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

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

E. General shareholders' meetings

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

YES [ ] NO [X]

	QUORUM % OTHER THAN THAT ESTABLISHED IN ARTICLE 102 OF THE LSA FOR GENERAL CASES	QUORUM % OTHER THAN THAT ESTABLISHED IN ARTICLE 103 OF THE LSA FOR THE SPECIAL CASES DESCRIBED IN ARTICLE 103
Quorum required for first call	0	0
Quorum required for second call	0	0

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

YES [ ] NO [X]

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

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

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

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

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

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

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

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

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

The company's Bylaws and, more specifically, the Regulations of the General Meeting, guarantee and facilitate the exercise of the shareholders' rights regarding the General Meeting; shareholders may, among other matters, request information about the Agenda prior to or at the Meeting; they have access to the General Meeting documents through the company's website; they can benefit from simultaneous interpretation services at the General Meeting and have the possibility of delegating their right to vote on proposed resolutions pertaining to the items included on the agenda or exercising this right by postal, electronic correspondence or any other remote communications means.

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

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

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

YES [X] NO [ ]

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

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

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

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

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

ATTENDANCE FIGURES

DATE OF GENERAL MEETING	% ATTENDING IN PERSON	% BY PROXY	% REMOTE VOTING		TOTAL
			ELECTRONIC MEANS	OTHER	
12/05/2011	79.657	12.264	0.003	0.217	92.141

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

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

1) Individual and consolidated annual financial statements and management reports for the year 2010 - 98.8740%;
2) Board of Directors' management - 98.8496%;
3) Proposed appropriation of profit - 98.8748%;
   - 4.1) Capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8421%;
   - 4.2) Second capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8409%;

5) Third capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8396%;
6) Modification of corporate Bylaws to adapt them to recent regulatory changes - 98.8707%.
7) Other modifications of corporate Bylaws - 98.8019%;
8) Participation in the "la Caixa" Group's reorganization: swap, capital increase and merger - 98.6801%.
9) Spin-off of microcredit business from Microbank - 98.8540%;
10) Amendments to the Regulations of the General Shareholders' Meeting - 98.8536%;
11) Information on amendments to the Regulations of Board of Directors - No voting as it is an information item;
12) Authorization to increase capital via monetary contributions and for a maximum nominal amount of €1,681,444,918.5 - 98.6639%;
13) Delegation of powers to issue convertible and/or exchangeable securities, warrants or other analogous securities - 98.7077%;
14) Delegation of powers to issue fixed income securities or similar debt instruments - 98.8417%;
    15.1) Setting the number of members of the Board of Directors at eighteen (18) - 97.0810%;
    15.2) Appointment of D. Juan José López Burniol - 97.0987;
16) Authorization for the derivative acquisition of treasury stock - 98.8271%;
17) Authorization to the members of the Board in accordance with article 230 of the Corporate Enterprise Act - 98.6796%;
18) Reappointment of the Auditors of the Accounts of the company and its consolidated group for 2012 - 98.8307%;
19) Advisory vote on the report on directors' remuneration policy - 97.9654%;
20) Authorization and delegation of powers in favor of the Board of Directors in order to execute the above resolutions - 98.8707%.

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

YES [X] NO [ ]

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

E.10. Indicate and explain the policies pursued by the company with reference to proxy voting at the General Shareholders' Meeting.

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

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

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

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

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

YES		NO	X

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

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

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

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

F. Degree of compliance with corporate governance recommendations

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

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

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

COMPLIANT	X	EXPLAIN	

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

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

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

See sections: C.4 and C.7

COMPLIANT	X	EXPLAIN	

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

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

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

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	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.

See section: E.8

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.

See section: E.4

COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	EXPLAIN	

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

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

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

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

b) The following decisions:

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

See section: B.1.14

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

See section: B.1.14

- iii) The financial information that all listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

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

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

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

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

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

See sections: C.1 and C.6

COMPLIANT [X] EXPLAIN [ ]

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

See section: B.1.1

COMPLIANT [ ] EXPLAIN [X]

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

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

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

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

COMPLIANT [X] EXPLAIN [ ]

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

See section: B.1.3

COMPLIANT [X] EXPLAIN [ ]

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

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

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

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

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

COMPLIANT [X] EXPLAIN [X]

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

See section: B.1.3

COMPLIANT [X] EXPLAIN [ ]

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

See sections: B.1.3 and B.1.4

COMPLIANT [X] EXPLAIN [ ]

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

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

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

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

COMPLIANT [X] EXPLAIN [ ]

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

See section: B.1.42

COMPLIANT [X] EXPLAIN [ ]

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

See section: B.1.21

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

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

b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;

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

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

See section: B.1.34

COMPLIANT	X	EXPLAIN	

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

See section: B.1.29

COMPLIANT	X	EXPLAIN	

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

See sections: B.1.28 and B.1.30

COMPLIANT		PARTIALLY COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	EXPLAIN	

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

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

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

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

See section: B.1.19

COMPLIANT	X	EXPLAIN	

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

See section: B.1.42

COMPLIANT	X	EXPLAIN	

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

See section: B.1.41

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

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

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

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

COMPLIANT	X	EXPLAIN	

27. 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: B.1.2

COMPLIANT	X	EXPLAIN	

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

a) Professional experience and background;

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

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

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

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

COMPLIANT	X	EXPLAIN	

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

See section: B.1.2

COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	EXPLAIN	

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

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

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

COMPLIANT	X	EXPLAIN	

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

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

See sections: B.1.43 and B.1.44

COMPLIANT	X	EXPLAIN	

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

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

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

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

See section: B.1.5

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

a) The amount of the fixed components, itemized where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;

b) Variable remuneration components, in particular:

i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of the benefits (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:

i) Duration.

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

COMPLIANT	X	EXPLAIN	

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

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

See sections: A.3 and B.1.3

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

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

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

See section: B.1.16

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

a) A breakdown of the compensation obtained by each company director, to include where appropriate:

- i) Participation and attendance fees and other fixed director payments;
- ii) Additional compensation for acting as chairman or member of a board committee;
- iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
- iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
- v) Any severance packages agreed or paid;
- vi) Any compensation they receive as directors of other companies in the group;
- vii) The remuneration executive directors receive in respect of their senior management posts;

viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemized by:

i) Number of shares or options awarded in the year, and the terms set for their execution;

ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;

iv) Any change in the year in the exercise terms of previously awarded options.

c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of the company's results.

COMPLIANT	X	EXPLAIN	

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

See sections: B.2.1 and B.2.6

COMPLIANT	X	EXPLAIN	

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

COMPLIANT		EXPLAIN	X

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

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

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

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

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

c) Committees should be chaired by an independent director.

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

e) The minutes for the meetings should be written up and a copy sent to all board members.

See sections: B.2.1 and B.2.3

COMPLIANT		PARTIALLY COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

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

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

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

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

See section: D

COMPLIANT	X	EXPLAIN	

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

   a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

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

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

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

2. With respect to the external auditor:

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

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

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

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

      ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence.

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

d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

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

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

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

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

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

See sections: B.2.2 and B.2.3

COMPLIANT	X	EXPLAIN	

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

See section: B.1.38

COMPLIANT	X	EXPLAIN	

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

See section: B.2.1

COMPLIANT	X	EXPLAIN	

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

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

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

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

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

See section: B.2.3

COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	EXPLAIN	

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

a) Make proposals to the Board of Directors regarding:

   i) The remuneration policy for directors and senior officers;

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

   iii) The standard conditions for senior officer employment contracts.

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

See sections: B.1.14 and B.2.3

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

G. Other information of interest

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

NOTES:

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

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

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

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

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

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

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

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

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

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

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

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

- On June 30, Mr. Nin became CEO of CaixaBank.
- Mr. Gortázar held the post of CEO at Criteria CaixaCorp until June 30, 2011. He tendered his resignation from the Board of Directors of CaixaBank on December 28, 2011.

- Mr. López Burniol was appointed as director by the General Shareholders' Meeting of May 12, 2011.
- Mr. Slim resigned his directorship on November 3, 2011, and this vacancy was filled on the same date by the appointment of Mr. Reed.
- A number of changes were made to the various committees after the General Shareholders' Meeting of May 12, 2011. The annual remuneration per director and/or committee, however, has not been increased.

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

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

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

Internal validation

The New Basel Capital Accord focuses on determining the minimum capital requirements for each entity based on its risk profile.

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

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

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

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

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

Regulatory compliance activities comprise:

- Validation cycles, a set of regular reviews used to conduct an annual analysis on each IRB approach in terms of its performance and integration within the risk management processes. This guarantees an updated opinion on the state of the internal models and their uses.
- Exhaustive reviews following major modifications to IRB models that require a preliminary opinion by Internal Validation.
- Regulatory reporting (IRB Monitoring Dossier, Internal Validation Report).

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

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

Operational risk

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

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

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

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

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

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

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

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

- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database.
- Active management of the Group's risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making aimed at mitigating risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring of the main qualitative risks and real losses through remedial steps and action plans is the key to moving forward to achieve this management goal.

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

Management of structural balance sheet interest rate risk

Balance sheet interest rate risk is inherent to all banking activity. The balance sheet consists of clusters of assets and liabilities with different maturity dates and interest rates. Interest rate risk arises when changes in the curve structure of market rates affect these clusters, leading to their renewal at rates that differ from the previous ones with effects on their economic value and on net interest income.

This risk is managed and controlled directly by CaixaBank Management, through the Asset-Liability Committee (ALCO).

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

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

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

The CaixaBank Group actively manages liquidity risk and, with a view to pre-empting possible lending funds requirements, it has several ordinary finance programs that cover the different maturity dates in order to guarantee the proper levels of liquidity at all times. These programs are the promissory notes scheme, the Framework Program for the Issue of Securities involving simple fixed-income and, additionally, as another prudent measure to prepare for potential stress on liquid assets or market crises, the CaixaBank Group has a series of guarantee deposits at the European Central Bank which it can use to obtain high levels of liquidity on short notice (ECB facility).

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

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

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

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

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

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

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

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

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

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

Binding definition of independent director:

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

YES		NO	X

Date and signature:

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on: February 23, 2012

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

YES		NO	X

Appendix to the CaixaBank, S.A. annual corporate governance report for 2011

Objective of the Appendix

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

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

Additional information

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

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

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

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

Nor does CaixaBank have legal restrictions or restrictions set forth in the By-Laws on voting rights. Nevertheless, as explained in Note Section G.1, A.10, of the ACGR, CaixaBank's By-Laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend.

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

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

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

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

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

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

i) By far the largest group of persons who perform services at the Institution are its employees. In general, employees (excluding executives) have ordinary, standard labor contracts. Their contracts do not contain clauses of this nature in the event of a termination of employment, and it is quite exceptional for one of them to have such a guarantee in the event their employment with the Company is ended. Almost no employees have clauses of this nature.

ii) Some executives have such an agreement with the Company. Obviously this is a very small minority, whose professional performance and responsibilities are highly important. All of the persons in the Company with such clauses have agreements on which reports are issued. Specifically, 23 persons render services that are considered more important and have such clauses in their contracts. Eleven of them currently belong to the Management Committee.

iii) We are not certain that the directors systematically have such clauses; consequently, it would be up to the CEO to determine if such clauses apply.

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

Financial information internal control

1. Entity's Control Environment

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

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

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

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

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

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

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

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

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

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

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

  The ***CaixaBank Code of Business Conduct and Ethics***, which has been approved by the Board of Directors, sets out the core ethical values and principles that guide its conduct and govern the actions of all employees, executives and officers. The Code is available to all employees in the Compliance section of the Entity's intranet.

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

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

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

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

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

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

  The following aspects are covered in the Regulation:

  – Scope of application and control and compliance structure.

  – Securities dealings for their own account by concerned persons.

  – Treatment of privileged information and material information. general duties and separate areas.

  – General duties and separate areas.

  – Market abuse and suspicious operations.

– Conflicts of interest.

– Treasury shares.

– Depository of collective investment institutions and pension funds.

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

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

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

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

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

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

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

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

  – Accounting

  – Audit

  – Internal control

  – Legal/Fiscal

  – Risk management

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

2. Assessment of Financial Information Risk

The company should report on the following at least:

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

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

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

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

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

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

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

3. Control activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The fair value of certain financial assets and liabilities

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

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

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

Specifically there are policies regarding:

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

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

  – CaixaBank's commitment to continuity.

  – The existence of business continuity management best practices.

  – The existence of a cyclical process aimed at continuous improvement.
- Segregation of duties: A number of employees with clearly defined and segregated duties participate in developing and operating the financial information systems. Personnel in the financial department are responsible for defining requirements and final validation tests before any system can be rolled out. The IT department is responsible for the following duties:

  – The project leaders are in charge of functional analysis, project management, operations and ongoing management and integration tests.

  – The development teams comprise personnel from collaborating companies who design, build and test the IT systems while at all times following the development methodologies defined by the Entity. Requests to access information to resolve incidents must be authorized internally.

  – The IT systems business area operates those IT systems which require prior authorization to access the systems managed. This access, which is only granted for a few hours along with a password, upholds the unequivocal relationship with the real user who has requested it and any action carried out is duly audited.
- Changes management: the Entity has in place various mechanisms and policies to avoid any possible failures caused by updates or changes to IT systems. The Changes Committees ensure that the change management regulations are complied with and the process objectives are met. These include being in possession of all information regarding changes (planning, nature, parties affected, implementation plan) to assess and determine how the service will be affected. They must also be in possession of global information regarding any changes to be carried out and identify any risk conflicts.
- Fault management: the main objective of the policies and procedures in place is to resolve any incidents in the shortest time possible.

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

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

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

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

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

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

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

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

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

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

4. Information and communication

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

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

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

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

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

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

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

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

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

5. Monitoring

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

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

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

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

These activities include:

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

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

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

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

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

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

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

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

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

Internal Audit reports are sent to Senior Management.

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

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

6. External auditor's report

A report is issued on:

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

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

Barcelona, February 23, 2012.

Deloitte.

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AUDITORS' REPORT FOR 2011 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 Caja de Ahorros y Pensiones de Barcelona ("the Institution") and in accordance with our proposal-letter dated 25 January 2012, we have applied certain procedures to the "Information relating to the system of ICFR" contained in section 6 of the Appendix to the Institution's 2011 Annual Corporate Governance Report, which summarises the internal control procedures of the Institution 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 Institution 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 Institution was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Institution'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 Institution's annual financial reporting for 2011 described in the accompanying Information relating to the system of ICFR. Therefore, had procedures additional to those provided for in the engagement letter been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Institution in relation to the system of ICFR - disclosure information included in the directors' report- and assessment of whether this information addresses all the required information in accordance with the reference documents on the system of ICFR issued by the Spanish National Market Securities Commission (CNMV).

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 Institution.

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 Control Committee.

4. Comparison of the information detailed in point 1 above with the Institution'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 Committee and of other Institution committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the system of ICFR did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco García-Valdecasas

29 February 2012

PROPOSED APPROPRIATION OF PROFIT OF CAIXABANK

The proposed appropriation of profit for 2011 of CaixaBank which the Board of Directors will submit for approval at the Annual General Meeting is as follows:

Appropriation of CaixaBank's profit

	Euros
	31/12/2011
Basis of appropriation	
Profit for the year	838,331,600.10
Appropriation:	
To interim dividends (Note 6)	**457,232,383.69**
Interim dividend approved on November 17, 2011	*226,826,175.19*
Interim dividend approved on December 15, 2011 (maximum amount) **(*)**	*230,406,208.50*
To reserves (Note 23)	**381,099,216.41**
Legal reserves	*83,833,160.01*
Restricted due to goodwill **(**)**	*17,565,297.23*
Other reserves (minimum amount) **(*)**	*279,700,759.17*
Net profit for the year	**838,331,600.10**

(*) Maximum distributable amount: €0.06 per share for a total of 3,840,103,475 shares outstanding. This amount will be reduced according to the number of treasury shares outstanding at the time the dividend is paid, and the different will be recognized in freely-distributable reserves.
(**) In accordance with article 273.4 of the Corporate Enterprise Act.

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CaixaBank

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