CaixaBank

BUSINESS ACTIVITY AND RESULTS

JANUARY - DECEMBER

[2014]

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Note: The financial information contained in this document is unaudited and, accordingly, is subject to change. The consolidated income statements and the consolidated balance sheets for the close of 2014 and 2013, and the corresponding breakdowns of income statement and balance sheet items provided in this report, are presented in accordance with International Financial Reporting Standards (IFRS-EU) and are compliant with Bank of Spain Circular 4/2004 and subsequent modifications. Figures stated in millions are expressed either as “€ million" or “€ M".

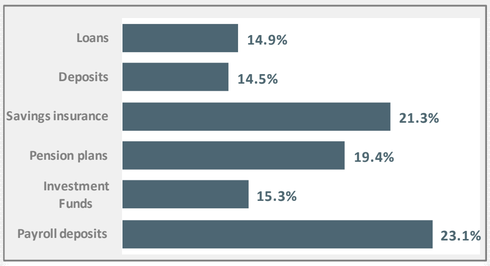
In accordance with IFRIC 21 and IAS 8, the 2013 income statement has been restated to reflect the expense associated with the non-recurring contribution for 2013 and the registration of the ordinary contributions in 2014 and 2013 paid to the Spanish Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) as an expense in 2013 and 2012, respectively. The total impact amounts to €-187 million net (€-267 gross reported in other operating income and expenses).
Moreover, equity at 31 December 2013 has been restated to reflect the aforementioned accounting treatment and amounts to €-553 million (€-387 million net), encompassing also the impact of the advance payment charged to equity at year-end 2012 of the ordinary contribution for 2013.
Accordingly, the financial and solvency ratios affected by the above restatement and included in the Group's financial statements for 2013 have been re-estimated.

LEADERSHIP IN RETAIL BANKING

	4Q14
Customer (individuals) penetration[1]	27.6%
Customer penetration (individuals) as preferred bank[1]	23.5%
Customers *(million)*	13.4
Total Assets *(€ million)*	338,623

Market shares[1]

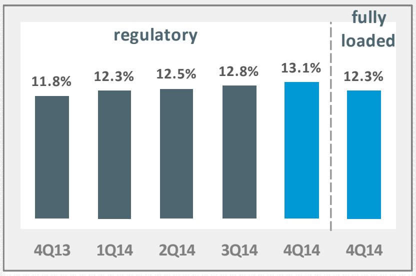
4Q14



FINANCIAL STRENGTH

Capital adequacy/ Common Equity Tier 1 BIS III

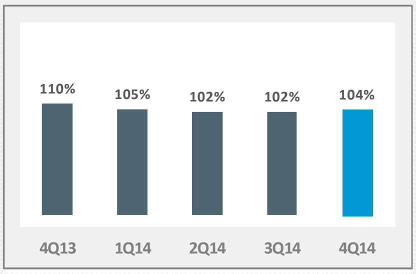
+128 bp 4Q13-4Q14



Liquidity/ Loan to deposits

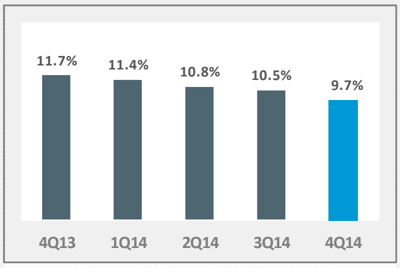
€56,665M liquid assets

-6 pp 4Q13-4Q14



Risk Management / NPL ratio

-2 pp 4Q13-4Q14

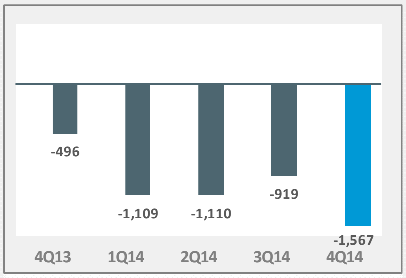


Change in NPL and net foreclosed available for sale assets

€ Million

NPL coverage: 55%
Coverage of foreclosed AFS: 55%

€-5,201M 4Q13-4Q14



SUSTAINED INCOME GENERATION CAPACITY

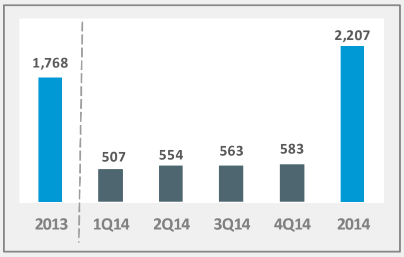
Core operating Income

(NII + fees and commissions - Recurring Expenses)

€ Million

Recurring cost to income ratio 54.4% (-5,1 pp)

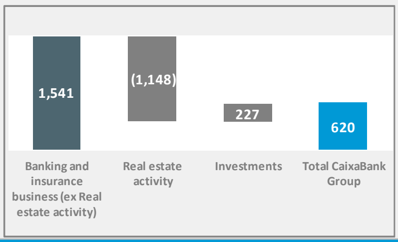
+24.8% 12M13-12M14



Net profit by segments

€ Million

2014



ROTE	10.7%	-	10.2%	3.4%

([1]) Latest information available. Source: data prepared in-house Bank of Spain, Social Security, INVERCO and ICEA. Lending and deposit market shares relate to other resident sectors. Pension plans, including insured and individualized pension plans. Market penetration shares: source FRS Inmark.

Note: The financial information has been restated to reflect the impact of the new accounting entries of the contributions to the Deposit Guarantee Fund, as per IFRIC 21 and IAS 8.

CaixaBank

Key figures

€ million	January - December 2014	2013	Change	4Q14	3Q14
INCOME STATEMENT HEADINGS					
Net interest income	4,155	3,955	5.1%	1,081	1,059
Gross income	6,940	6,365	9.0%	1,696	1,641
Recurring pre-impairment income[1]	3,167	2,685	18.0%	747	701
Pre-impairment income	3,167	1,579	100.5%	747	701
Profit attributable to the Group	620	316	96.3%	154	161

€ million	December'14	September'14	December'13	Quarterly change	Annual change
BALANCE SHEET					
Total assets	338,623	333,479	340,320	1.5%	(0.5%)
Equity	25,232	24,946	23,946	1.1%	5.4%
Customer funds	271,758	267,281	258,291	1.7%	5.2%
Customer loans, gross	197,185	194,447	207,231	1.4%	(4.8%)
EFFICIENCY AND PROFITABILITY (last 12 months)					
Cost-to-income ratio (Total operating expenses/ gross income)	54.4%	59.5%	75.2%	(5.1)	(20.8)
Recurring cost-to-income ratio[1]	54.4%	57.0%	59.5%	(2.6)	(5.1)
ROE (profit attributable to the Group/ average equity)	2.7%	1.4%	1.4%	1.3	1.3
ROA (net profit / average total assets)	0.2%	0.1%	0.1%	0.1	0.1
RORWA (net profit / risk-weighted assets)	0.5%	0.3%	0.2%	0.2	0.3
ROTE (attributable profit / average tangible equity)	3.4%	1.8%	1.7%	1.6	1.7
RISK MANAGEMENT					
Non-performing loans	20,110	21,440	25,365	(1,330)	(5,255)
Non-performing loan (NPL) ratio	9.7%	10.5%	11.7%	(0.8)	(2.0)
Non-performing loan (NPL) ratio stripping out real estate developers	6.4%	6.7%	6.8%	(0.3)	(0.4)
Provisions for non-performing loans	11,120	12,353	15,478	(1,233)	(4,358)
NPL coverage ratio	55%	58%	61%	(3)	(6)
NPL coverage ratio including collateral	132%	135%	140%	(3)	(8)
NPL coverage ratio stripping out real estate developers	54%	59%	63%	(5)	(9)
Foreclosed available for sale real estate assets	6,719	6,956	6,169	(237)	550
Foreclosed available for sale real estate assets coverage ratio	55%	53%	54%	2	1
of which: land coverage	*65%*	*63%*	*65%*	*2*	*0*
LIQUIDITY					
Liquidity	56,665	61,172	60,762	(4,507)	(4,097)
Loan to deposits	104.3%	102.4%	109.9%	1.9	(5.6)
CAPITAL ADEQUACY - BIS III					
Common Equity Tier 1 (CET1)	13.1%	12.8%	11.8%	0.3	1.3
Tier Total	16.2%	16.0%	14.6%	0.2	1.6
RWAs	139,519	141,764	152,502	(2,245)	(12,983)
Surplus CET1	12,011	11,823	11,178	188	833
Surplus Tier Total	11,489	11,275	10,073	214	1,416
Leverage ratio	5.8%	5.7%	5.4%	0.1	0.4
Common Equity Tier 1 (CET1) fully loaded	12.3%	12.3%	11.3%	0.0	1.0
SHARE INFORMATION					
Share price (€/share)	4.361	4.821	3.788	(0.460)	0.573
Market capitalization	24,911	27,233	19,045	(2,322)	5,866
Number of outstanding shares *(millions)*	5,712	5,649	5,025	63	687
Book value per share - fully diluted (€/share)	4.42	4.42	4.36	0.00	0.06
Tangible book value per share - fully diluted (€/share)	3.54	3.53	3.46	0.01	0.08
Number of shares - fully diluted *(millions)*	5,712	5,649	5,498	63	214
Net income attributable per share (EPS) (€/share) *(12 months)*	0.11	0.06	0.06	0.05	0.05
Average number of shares - fully diluted *(millions)*	5,712	5,648	5,416	64	296
PER (Price/ Profit)	39.65	80.35	64.96	(40.70)	(25.31)
Tangible PBV (Market value/ book value of tangible assets)	1.23	1.37	1.09	(0.14)	0.14
BANKING BUSINESS AND RESOURCES (Units)					
Customers *(millions)*	13.4	13.5	13.6	(0.1)	(0.2)
CaixaBank Group Employees	31,210	31,517	31,948	(307)	(738)
Branches in Spain	5,251	5,391	5,436	(140)	(185)
ATMs	9,544	9,659	9,597	(115)	(53)

([1]) Figures for 2013 do not include the €-267 million impact of the new accounting entry for the Spanish Deposit Guarantee Fund, nor €-839 million for Group restructuring costs.

Note: The financial information has been restated to reflect the impact of the new accounting entries of the contributions to the Deposit Guarantee Fund, as per IFRIC 21 and IAS 8.

CaixaBank

Key Group information for 2014

COMMERCIAL POSITIONING

LEADERSHIP

- **Leading financial group in Spain,** with a customer base of 13.4 million and 5,251 branches. **Market penetration of 27.6%** among retail customers (for 23.5%, CaixaBank is their preferred bank) [1].
- **The Bank's commercial prowess has enabled it to gain substantial market shares[2] among the main retail products and services.**
  - Market shares for loans and deposits stand at 14.9% and 14.5%, respectively, while its savings insurance, pension plan, and mutual fund market shares amount to 21.3%, 19.4% and 15.3%, respectively.
  - Market share in direct deposit of salary payment rose to 23.1% (+144bp), thanks to the securing of close to 600,000 additional payroll deposits in 2014 (+28% vs. 2013). The market share of direct pension payment deposits stood at 20.0%.
- Acquisition on 2 January 2015 **of Barclays Bank, SAU, the retail banking, asset management and corporate banking arms of Barclays Bank in Spain,** but excluding the investment banking and card businesses. The acquisition will enhance the competitive positioning of CaixaBank in key segments and regions.

SPECIALISED PRODUCTS AND SERVICES

- **Broad range of value proposals specialised by business segments.**
- **Caixafu[Tu]ro launched to help plan for retirement.** The new service offers customers advice and planning to map out a savings pension tailored to their needs, resulting in an increase in insurance saving products and pension plans.
- The ***CaixaNegocios*** commercial strategy launched in the first quarter of 2014, with the objective to attract and forge lasting relations with customers from the business segment[3], was a success with **257,700 businesses signed up.** The market penetration among self-employed individuals is 31.3%[1] (+141 basis points in 2013).
- **Commercial focus on promoting mutual funds**, keeping a leading position in terms of number of fund investors.

INNOVATION AND MULTI-CHANNEL MANAGEMENT

- **CaixaBank is a benchmark in the financial sector when it comes to innovation and new technologies.**
  - **Named the bank most committed to innovation at the Global Banking Innovation Awards** for 2013 and 2014 and awarded **best innovator in products and services** for its *Recibox* application.
  - **Euromoney award for best retail bank in innovation and technology** for both 2013 and 2014.
  - **Award for best innovation in technology channels from The Banker**, thanks to its stock market app for wearable devices.
- **Leader in electronic banking**, with upwards of 13.7 million cards (market share of 21.4%) **and in new channels**, with 5.5 million active customers using its online banking service and 3.4 million using mobile banking.

QUALITY AND CORPORATE RESPONSIBILITY

- **CaixaBank renewed its EFQM European Seal of Excellence for its management model**, scoring even better than two years ago.
- **CaixaBank remains a constant presence on the world's top sustainability indices:** Dow Jones Sustainability Index (DJS), FTSE4Good and Advanced Sustainable Performance Index (ASPI).

ACTIVITY

- **Total assets amounting to €338,623 million.**
- Growth in **customer funds,** which gained €13,467 million (+5.2%) to reach €271,758 million on the back of the increase in off balance sheet products.
- **Gross customer loans** totalled €197,185 million (-4.8%). Performance here was influenced by the sweeping deleveraging process and was mainly attributable to the reduction in the real estate development sector (-29.6%) and management of the NPL portfolio. The drop stood at just 1.7% for the performing loan portfolio ex-real estate developers (2.7% increase in the quarter).

([1]) Market penetration shares: source FRS Inmark.
([2]) Latest information available. Prepared in-house. Source: Bank of Spain, Social Security, INVERCO and ICEA. Lending and deposit market share corresponding to other resident sectors. Pension plans, including insured and individual pension plans.
([3]) Businesses, self-employed, professionals, micro-enterprises and farming activity.

RESULTS

Net profit attributable to the Group in 2014 amounted to €620 million

- **Increased core income from the banking arm** (net interest income up 5.1% and fees and commissions up +3.7%), with **recurring expenses** pared back (-4.4%).
- Recurring pre-impairment income climbed 18.0%[1]. **Improvement to 54.4% in the recurring cost-to-income ratio** (-5.1 percentage points in 2014).
- **Lower NPL charges to provisions (-48.4%).** Reduction in the cost of risk to 1.00% (1.86% in 2013).
- Allowances for the early retirement scheme, write-downs of real estate assets and non-recurring tax revenues.
- **Net profit in 2014: €620 million (+96.3%).** Net profit for 2013 came in at €316 million, following the new accounting entry for the payment to the Spanish Deposit Guarantee Fund (net impact of €-187 million).
- In 2014, profit from the banking and insurance business, excluding real estate activity, stood at €1,541 million.

FINANCIAL STRENGTHS

LIQUIDITY

- **Bank liquidity was €56,665 million**, all immediately available (16.7% of total assets).
- Robust retail lending structure; **loan to deposit (LTD) ratio stands at 104%.**
- Early repayment in 2014 of the entire LTRO totalling €15,480 million and a financing arrangement worth €6,868 million requested (TLTRO).

CAPITAL ADEQUACY

- Common Equity Tier 1 (CET1) of 13.1%; fully loaded CET1 of 12.3% and leverage ratio of 5.8%.
- **Successfully passed the asset quality review (AQR) and stress test conducted**, at the "la Caixa" Group level, by the European Banking Authority (EBA).[2]

RISK MANAGEMENT

Sustained drop in NPLs and in the NPL ratio combined with solid coverage

- **NPLs down €5,255 million in 2014.**
- **The NPL ratio fell for the fourth straight quarter to rest at 9.7%** (closing the year 2 pp lower).
- Provisions totalled €11,120 million, **with a coverage ratio of 55%**.

Relentless commercial drive in managing the real estate portfolio

- Net foreclosed real estate available for sale amounted to €6,719 million, with coverage of 55%.
- **Sales and rentals of foreclosed assets amounted to €2,512 million,** up 15.3% on 2013.

RATINGS

- **Standard & Poor's upgraded the Bank's rating to BBB (stable)** from BBB-, placing it on a par with the sovereign rating.

THE CAIXABANK SHARE

The Bank's share gained 15.1% in 2014.

- **Quoted price of €4.361 per share at 31 December 2014.** The share outperformed the average for the Spanish financial sector[3] (+2.5%) and the Eurostoxx Eurozone average (-4.9%).

([1]) Figures for 2013 do not include the €-267 million impact of the new accounting entry for the Spanish Deposit Guarantee Fund, nor €-839 million for Group restructuring costs.
([2]) See section on Significant Events in 2014. ([3]) Index created in-house with peers' daily share prices weighted by daily market capitalization (Bankia, Bankinter, BBVA, Popular, Sabadell and Santander).

Trends in results and business activity

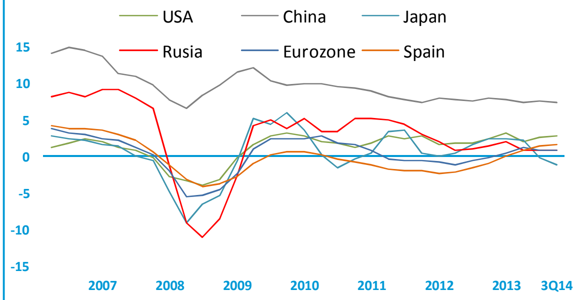
Macroeconomic trends

GLOBAL ECONOMIC CLIMATE AND MARKETS

- The global economic recovery remains on track, albeit with significant imbalances between regions
- Downside risk on the rise

In the fourth quarter of 2014, two separate trends could be spotted on the global landscape. While the global recovery process marched on and already embraced many of the main economies, the risk outlook took a turn for the worse. This perceived threat of downward risk sparked increased volatility within the financial markets, which reacted sharply to any flashpoints or perceived tension around the world, prime examples being the Russian crisis or the political uncertainty in Greece. All things said, underlying economic trends continued to point to increased levels of economic activity.

Growth in GDP
YoY change (%)



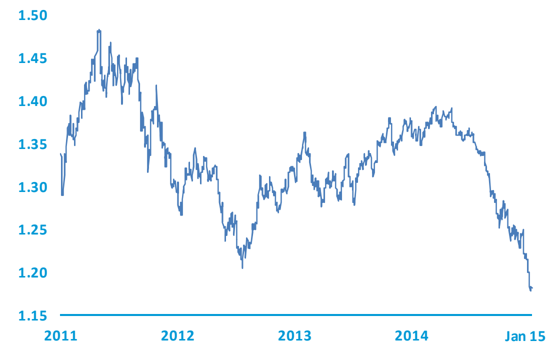
Source: "la Caixa Research", based on data from Thomson Reuters Datastream.

It is worth noting that Mexico and India closed out the year ahead of the other large emerging nations, according to the latest indicators available. How the Chinese economy ended the year is a more complex story, as the economic slow-down continues to cast its shadow. That said, indicators would suggest that the cool-down is a slow and steady process and it is reassuring that the country still has considerable leeway in setting its fiscal and monetary policy. It is essential to see the country through to a soft landing, as otherwise we may once again witness the near panic seen in the summer of 2014 in response to a hypothetical hard landing. Russia turned out to be the most notable exception to the growth seen among emerging nations. Falling oil prices, international sanctions and the geopolitical conflict with Ukraine have all pushed the country into a deep recession.

Turning to developed nations, the divide between the US economy and Japan's is an interesting one. While the United States showed clear signs of ramping up growth (GDP for the third quarter was upgraded and available indicators for the fourth quarter also appeared strong, particularly on the employment front), Japan was still struggling to shake off the recession. In an attempt to turn the tide, re-elected Prime Minister Shinzō Abe announced a new fiscal stimulus package; a decision that can be added to a raft of already well-publicised and similarly intentioned measures (picking up the pace of the Bank of Japan's monetary expansion policy and putting back the second VAT hike from 2015 to 2017).

Yet despite the upward turn in the global economy, we have witnessed a parallel increase in downward risks. Firstly, a steady entrenchment of geopolitical risks has pushed up levels of uncertainty, triggering episodes, so far contained, of heavy volatility in the financial markets. Secondly, slumping oil prices (and indeed prices for all other commodities) have had a number of major impacts but in different directions: falling prices generally favour developed nations and Asian countries (primarily India and China), while hurting Latin American countries and certain Eastern European countries as they tend to be net commodity exporters.

Changes in the dollar/euro exchange rate



Source: "la Caixa Research", based on data from Bloomberg.

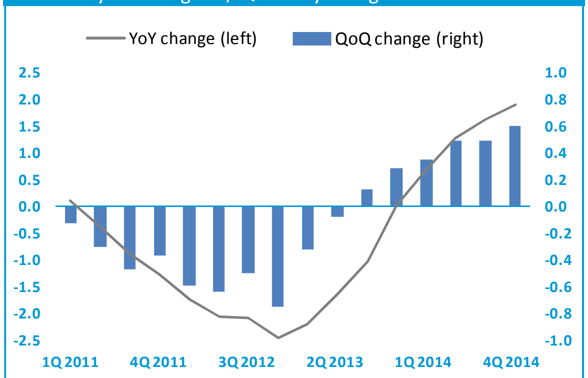
The eurozone saw an upturn in business over the final quarter, yet not all members saw it and it was hardly dazzling. The main concern remains the threat of deflation, which refuses to back down. Due to this and in view of the muted success of the initial measures taken (buying securitised loans and mortgage covered bonds, and awarding long-term loans at rock-bottom interest rates conditional on the granting of loans to non-financial corporations) and the uneasy build-up of macroeconomic pressure, the ECB announced the start of public debt purchases on an important scale. Any move of this kind would likely bring interest rates slightly down, thus helping to prop up the recovery of the credit markets. The impact on the exchange rate would surely be sizeable, and the euro could well lose considerable ground against the other main currencies.

THE SPANISH ECONOMY

- Promising end of the year for the Spanish economy
- Solid showing from the banking sector

Spain continues to enjoy a climate of positive growth. According to Bank of Spain figures, growth came in at 0.6% quarter on quarter for the last three months of the year, slightly up on the same figure at the close of September and bringing the country's average yearly tally to 1.4%. This healthy trend was driven mainly by internal demand, which remained high. This in turn was down largely to the greater levels of confidence in the Spanish economy's ability to generate growth.

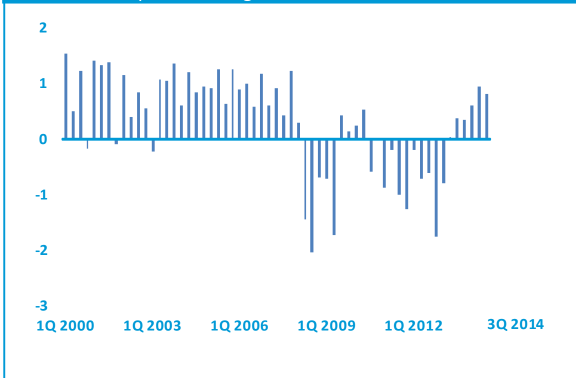
Growth in GDP
Year-on-year change % / Quarterly change %



Source: "la Caixa" Research, based on data from INE and ECB (forecast).

Household spending, the main catalyst of internal demand within the private sector, impressed in 2014 by continuing to grow above the historical average. Investment also fared well, especially towards the end of the year, as investment in capital goods picked up and investment in construction saw a mild improvement. Public spending remained in check as the government continued its painful yet necessary process of drawing in its budgets. In general, the role of internal demand became increasingly more apparent as the year progressed, while the growth contribution made by the external sector headed in the opposite direction. Part of this slow-down was certainly down to the poor showing from the export markets, particularly in the eurozone, although the fact that imports are highly sensitive to changes in internal demand shows just how important it is to work harder at boosting the competitiveness of the Spanish economy.

Household spending
Quarter-on-quarter change %



Source: "la Caixa" Research, based on data from INE.

The recovery of the Spanish economy in 2014 was also buoyed by the promising performance of the banking sector, which became subject to enhanced regulations and supervision. The Single Resolution Mechanism (SRM), the second pillar of the Banking Union, was approved in July and will essentially involve a single resolution fund and a new direct recapitalisation instrument intended for viable systemic financial institutions. The SRM provides for the orderly resolution of institutions while helping to lower the fiscal cost of future bank failures. In November, the ECB assumed the role of supervisor of all eurozone banks, thus marking a milestone in the process of forging the Banking Union. The published results of the asset quality reviews and stress tests conducted on 130 European banks by the ECB and the EBA confirmed that they were sufficiently resistant, especially in the case of Spanish institutions, and this has pushed up investor confidence in the European banking sector.

In short, the steadily improving macroeconomic and financial situation in 2014 helped to spur on the recovery process. Although imbalances must still be addressed, everything would appear to suggest that the Spanish economy has improved its growth capacity.

Results

Income statement

€ million	January-December 2014	2013	Change %
Financial income	8,791	9,301	(5.5)
Financial expenses	(4,636)	(5,346)	(13.3)
Net interest income	**4,155**	**3,955**	**5.1**
Dividends	185	107	73.4
Share of profit (loss) of entities accounted for using the equity method	306	339	(9.8)
Net fees and commissions	1,825	1,760	3.7
Gains on financial assets and exchange rate differences	640	679	(5.8)
Other operating income and expenses	(171)	(475)	(64.0)
Gross income	**6,940**	**6,365**	**9.0**
Recurring expenses	(3,773)	(3,947)	(4.4)
Extraordinary expenses		(839)	
Pre-impairment income	**3,167**	**1,579**	**100.5**
Recurring pre-impairment income [1]	***3,167***	***2,685***	***18.0***
Impairment losses on financial assets and others	(2,579)	(4,329)	(40.5)
Gains/(losses) on disposal of assets and others	(386)	1,770	
Pre-tax income	**202**	**(980)**	
Income tax	418	1,288	(67.6)
Profit for the period	**620**	**308**	**101.1**
Minority interest		(8)	
Profit attributable to the Group	**620**	**316**	**96.3**

Year-on-year performance

- Growth in core operating income (+24.8%):
  - Intense commercial management: net interest income up 5.1% and revenue from fees and commissions up +3.7%
  - Cost reduction: -4.4% in recurring expenses
- Recurring pre-impairment income[1] up 18.0%
- Cost of risk down to 1%

- **Net interest income stood at €4,155 million, up +5.1%**, driven by:
  - **Sound management of retail savings,** especially maturity deposits, which has brought down costs by 66 basis points (1.52% versus 2.18% in 2013).
  - **Lower revenues, primarily due to deleveraging** and to reduced returns on the lending portfolio on account of lower market interest rates.
- **Growth in fee and commission income (€1,825 million, up +3.7%).** The increase can largely be put down to the growth in mutual fund assets under management, the rise in insurance sales and a closer management of pension funds.
- **Income from the equity investments (€491 million, +10.2%)**, affected by one-off impacts in 2013 and 2014.
- **Gains on financial assets and foreign exchange differences of €640 million** come from market operations and the Group's management of its financial assets and liabilities.
- **Other operating income and expenses** included in 2013 the higher cost of the contribution to the Spanish Deposit Guarantee Fund, amounting to €267 million and relating primarily to the non-recurring contribution made in 2013.
- **Income generation capacity remains robust: gross income stood at €6,940 million (+9.0%).**
- **4.4% drop in recurring expenses** thanks to the cost streamlining process and the synergies obtained.
- **Total expenses** in 2013 included €839 million in non-recurring expenses, largely from the CaixaBank employee restructuring plan.
- **Recurring pre-impairment income saw 18.0% growth to reach €3,167 million. Improvement to 54.4% in the recurring cost-to-income ratio** (-5.1 percentage points in 2014).
- **Lower insolvency allowances needed (-48.4%), with a reduction in recurring provisioning charges.** In 2013 this included recognition of the €902 million

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to fully comply with the provisioning requirements set out under Royal Decree Law 18/2012.

- **Other charges to provisions includes** €-195 million relating to the early retirement scheme to be rolled out in 2015 under the terms of the employment agreement reached in 2014.
- **Gains (losses) on disposal of assets and others** includes results from asset sales as well as other real estate write-downs. In 2013, this heading includes, among other aspects, the negative goodwill generated on the acquisition of Banco de Valencia.
- With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees and gains or losses on corporate integrations (including the negative goodwill generated on Banco de Valencia in 2013).

  Following the approval of the tax reform in 2014 and the change in taxation of capital gains related to equity investments, bookings of certain deferred tax assets and liabilities totalling €+310 million and reported in previous years were cancelled. These items essentially arose from corporate actions relating to the reorganization of the "la Caixa" Group.
- **CaixaBank therefore posted attributable profit of €620 million in 2014.**

Quarterly performance

- Continued growth in net interest income (+2.1%)
- Increase in fees and commissions (+1.7%)
- Provisioning to cover the real estate portfolio

- **Gross income climbed to €1,696 million, up 3.4%:**
  - **Net interest income** was marked by the reduction in the cost of maturity deposits (-11bp). This allowed the company to absorb the impact of the reduction in the fixed income portfolio while continuing to enjoy positive quarterly growth.

    Improvement in the customer spread (up 8bp).
  - **Income from equity investments** was impacted by the seasonality of reporting in profits of investees and dividends.
  - **1.7% growth in fee and commission income, driven by increased mutual fund volumes.**
  - Impact on **other operating income and expenses** owing largely to the lower net expense seen in the quarter due to the Spanish Deposit Guarantee Fund.
- **6.5% growth in pre-impairment income to €747 million.**
- **Impairment losses on financial assets and others** marked by:
  - **Ongoing reduction in the cost of risk (insolvency allowances down 4.3%)**.
  - The heading **other charges to provisions includes** €-195 million relating to the early retirement scheme.
- **Gains/(losses) on disposal of assets and others** was affected in the quarter by the provisioning of €161 million to cover the real estate assets.
- **Corporate tax expense** for the fourth quarter includes the impact of writing off certain deferred tax assets and liabilities.
- **Attributable profit for CaixaBank amounted to €154 million.**

Quarterly income statement[1]

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Financial income	2,258	2,151	2,199	2,218	2,223
Financial expenses	(1,239)	(1,158)	(1,177)	(1,159)	(1,142)
Net interest income	**1,019**	**993**	**1,022**	**1,059**	**1,081**
Dividends	3	1	101	2	81
Share of profit (loss) of entities accounted for using the equity method	(126)	149	(27)	141	43
Net fees and commissions	440	454	476	444	451
Gains on financial assets and exchange rate differences	78	221	292	64	63
Other operating income and expenses	(325)	(49)	(30)	(69)	(23)
Gross income	**1,089**	**1,769**	**1,834**	**1,641**	**1,696**
Recurring expenses	(940)	(940)	(944)	(940)	(949)
Extraordinary expenses	(7)				
Pre-impairment income	**142**	**829**	**890**	**701**	**747**
Recurring pre-impairment income	***149***	***829***	***890***	***701***	***747***
Impairment losses on financial assets and others	(880)	(650)	(664)	(485)	(780)
Gains/(losses) on disposal of assets and others	(321)	(53)	(49)	(54)	(230)
Pre-tax income	**(1,059)**	**126**	**177**	**162**	**(263)**
Income tax	915	26	(24)	(1)	417
Profit for the period	**(144)**	**152**	**153**	**161**	**154**
Minority interest	(2)	0	0	0	0
Profit attributable to the Group	**(142)**	**152**	**153**	**161**	**154**

Quarterly returns on ATAs

Data expressed as % of ATAs (annualized)	4Q13	1Q14	2Q14	3Q14	4Q14
Financial income	2.63	2.63	2.67	2.66	2.66
Financial expenses	(1.44)	(1.42)	(1.43)	(1.39)	(1.37)
Net interest income	**1.19**	**1.21**	**1.24**	**1.27**	**1.29**
Dividends	0.00	0.00	0.12	0.00	0.10
Share of profit (loss) of entities accounted for using the equity method	(0.15)	0.18	(0.03)	0.17	0.05
Net fees and commissions	0.52	0.55	0.58	0.54	0.54
Gains on financial assets and exchange rate differences	0.09	0.27	0.35	0.08	0.08
Other operating income and expenses	(0.38)	(0.06)	(0.04)	(0.08)	(0.02)
Gross income	**1.28**	**2.15**	**2.22**	**1.98**	**2.04**
Recurring expenses	(1.10)	(1.14)	(1.14)	(1.14)	(1.14)
Extraordinary expenses	(0.01)	0.00	0.00	0.00	0.00
Pre-impairment income	**0.17**	**1.01**	**1.08**	**0.84**	**0.90**
Recurring pre-impairment income	***0.17***	***1.01***	***1.08***	***0.84***	***0.90***
Impairment losses on financial assets and others	(1.03)	(0.79)	(0.80)	(0.59)	(0.94)
Gains/(losses) on disposal of assets and others	(0.38)	(0.06)	(0.06)	(0.06)	(0.27)
Pre-tax income	**(1.24)**	**0.16**	**0.22**	**0.19**	**(0.31)**
Income tax	1.07	0.03	(0.03)	(0.00)	0.50
Profit for the period	**(0.17)**	**0.19**	**0.19**	**0.19**	**0.19**
Minority interest	(0.00)	0.00	0.00	0.00	0.00
Profit attributable to the Group	**(0.17)**	**0.19**	**0.19**	**0.19**	**0.19**
€ Million					
Average total net assets	341,242	331,202	329,994	330,401	331,080

([1]) The quarterly results for 2014 published prior to application of IFRIC 21 have not been re-estimated. Figures for the fourth quarter of 2014 reflect the entire ordinary contribution of €-293 million payable in 2015, net of the availability of the amounts provisioned in previous quarters.

Gross income

Gross income stood at €6,940 million, illustrating the Bank's ability to generate income through its network of branches.

NET INTEREST INCOME

- Net interest income grew to €4,155 million, up 5.1% for 2014 and 2.1% for the quarter
- Significant drop in the cost of new production of maturity deposits (0.48%), 10bp down on the same figure for the previous quarter
- 8bp improvement in the customer spread and 2bp increase in the balance sheet spread for the quarter

In a macro environment of very low interest rates, **net interest income stood at €4,155 million**, up 5.1% in 2014. The solid performance illustrates the Bank's approach to retail banking activity, with the sharp drop in the cost of maturity deposits enabling it to cushion the impact of the loan portfolio deleveraging and the lower returns on loans as interest rates continue to fall.

Quarter on quarter growth remains on track: up 2.1% in the fourth quarter (€1,081 million), with an increase in financial income and a reduction in costs.

Ongoing positive trend in the customer spread that began in the second half of 2013, with an 8 basis points rise over the quarter to 2.17%, mainly on the back of the active management of returns on the retail banking activity.

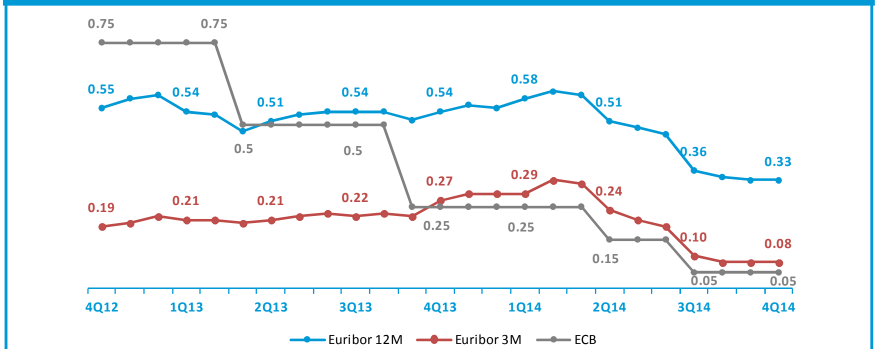
- The main improvement that stemmed from this commercial drive was the 8 basis points reduction in retail customer fund costs over the quarter, to 0.83%.
- Noteworthy is the intense management of maturity deposits in terms of both **volumes and profitability**, with a **continued improvement in the cost of new production (0.48% in 4Q)**. This drove the cost of maturity deposits down by 11 basis points during the quarter to rest at 1.52%.
- The return on lending stood at 3.0%, remaining flat for the quarter. One-off transactions in the fourth quarter affected interest rates on new loans (front book: 2.72%).

Part of the improvement in the customer spread fed through to the **balance sheet spread**, which reached 1.29% (up 2bp quarter on quarter).

- The ratio of financing income as a percentage of total average assets stands at 2.66% (stable in the quarter).
- The ratio of financing cost as a percentage of total average assets is 1.37% (-2bp in the quarter). The 8 basis point reduction in the cost of retail deposits was partially offset by the change in the financing mix (increased weight of other funds with cost and other liabilities).

The combined impact of all of these factors led to the **improvement in net interest income owing to the reduction in financial cost.**

Interest rates (%)



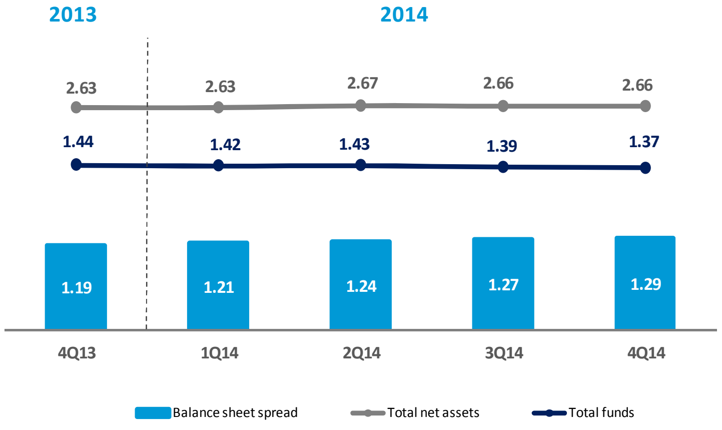
Quarterly cost and income

€ million		1Q14			2Q14			3Q14			4Q14		
		Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial Institutions		8,615	6	0.27	6,835	6	0.37	6,273	3	0.22	6,083	2	0.15
Loans	(a)	184,185	1,382	3.04	180,672	1,389	3.08	179,298	1,356	3.00	178,543	1,349	3.00
Fixed income securities portfolio		41,579	357	3.48	44,155	373	3.39	42,706	365	3.39	39,129	332	3.36
Other assets with returns[1]		35,631	404	4.60	36,477	428	4.70	40,814	491	4.78	42,564	539	5.02
Other assets		61,192	2		61,855	3		61,310	3		64,761	1	
Total average assets	**(b)**	**331,202**	**2,151**	**2.63**	**329,994**	**2,199**	**2.67**	**330,401**	**2,218**	**2.66**	**331,080**	**2,223**	**2.66**
Financial Institutions		35,338	(75)	0.87	28,704	(72)	1.01	29,673	(65)	0.87	26,662	(60)	0.89
Retail customer funds	(c)	164,176	(488)	1.21	168,659	(451)	1.07	169,452	(388)	0.91	166,887	(349)	0.83
Demand deposits		*76,854*	*(50)*	*0.26*	*82,300*	*(55)*	*0.27*	87,640	(53)	0.24	88,501	(49)	0.22
Maturity deposits		*87,322*	*(438)*	*2.04*	*86,359*	*(396)*	*1.84*	81,811	(335)	1.63	78,386	(300)	1.52
Time deposits		*81,881*	*(399)*	*1.98*	*81,091*	*(357)*	*1.76*	77,104	(301)	1.55	73,698	(267)	1.44
Retail repurchase agreements and marketable debt securities		*5,441*	*(39)*	*2.96*	*5,268*	*(39)*	*3.01*	4,708	(34)	2.90	4,688	(33)	2.83
Wholesale marketable debt securities & other		43,761	(235)	2.18	42,551	(234)	2.21	39,222	(238)	2.40	38,696	(218)	2.24
Subordinated liabilities		4,893	(37)	3.11	4,893	(39)	3.23	4,887	(39)	3.13	4,603	(35)	2.99
Other funds with cost[1]		36,302	(321)	3.59	39,156	(380)	3.89	42,690	(428)	3.98	46,893	(480)	4.06
Other funds		46,732	(2)		46,031	(1)		44,477	(1)		47,339		
Total average funds	**(d)**	**331,202**	**(1,158)**	**1.42**	**329,994**	**(1,177)**	**1.43**	**330,401**	**(1,159)**	**1.39**	**331,080**	**(1,142)**	**1.37**
Net interest income			**993**			**1,022**			**1,059**			**1,081**	
Customer spread (%)	**(a-c)**		**1.83**			**2.01**			**2.09**			**2.17**	
Balance sheet spread (%)	**(b-d)**		**1.21**			**1.24**			**1.27**			**1.29**	

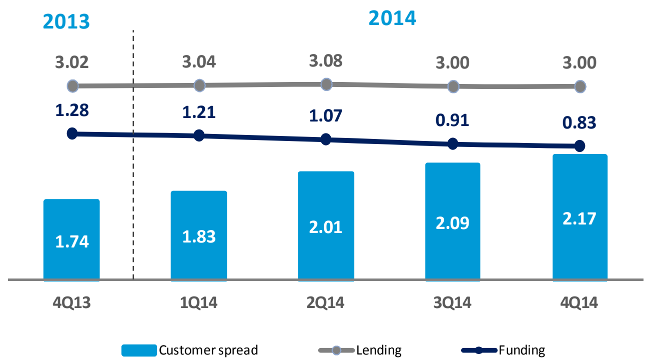
€ million		1Q13			2Q13			3Q13			4Q13		
		Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial Institutions		14,348	12	0.34	8,018	7	0.36	7,498	8	0.42	9,465	7	0.29
Loans	(a)	210,705	1,683	3.21	202,737	1,553	3.07	195,243	1,475	3.00	191,331	1,457	3.02
Fixed income securities portfolio		40,867	387	3.84	41,483	355	3.43	45,596	405	3.52	42,633	380	3.54
Other assets with returns[1]		29,640	385	5.27	33,282	381	4.60	32,664	383	4.65	34,464	411	4.73
Other assets		70,021	4		64,735	2		62,651	3		63,349	3	
Total average assets	**(b)**	**365,581**	**2,471**	**2.74**	**350,255**	**2,298**	**2.63**	**343,652**	**2,274**	**2.63**	**341,242**	**2,258**	**2.63**
Financial Institutions		57,763	(134)	0.94	51,943	(120)	0.92	46,822	(108)	0.92	46,076	(106)	0.91
Retail customer funds	(c)	158,189	(605)	1.55	158,369	(572)	1.45	161,006	(557)	1.37	162,448	(523)	1.28
Demand deposits		*68,639*	*(36)*	*0.21*	*70,777*	*(39)*	*0.22*	*72,949*	*(37)*	0.20	*75,156*	*(44)*	*0.23*
Maturity deposits		*89,550*	*(569)*	*2.58*	*87,592*	*(533)*	*2.44*	*88,057*	*(520)*	2.35	*87,293*	*(479)*	*2.18*
Time deposits		*80,367*	*(485)*	*2.45*	*80,355*	*(469)*	*2.34*	*82,356*	*(474)*	2.28	*81,386*	*(437)*	*2.13*
Retail repurchase agreements and marketable debt securities		*9,183*	*(84)*	*3.69*	*7,237*	*(64)*	*3.58*	*5,701*	*(46)*	3.28	*5,906*	*(42)*	*2.90*
Wholesale marketable debt securities & other		51,364	(324)	2.56	51,017	(259)	2.03	49,356	(272)	2.19	45,335	(248)	2.17
Subordinated liabilities		6,161	(82)	5.38	4,721	(55)	4.69	4,154	(43)	4.12	4,535	(35)	3.05
Other funds with cost[1]		33,407	(331)	4.02	33,598	(325)	3.88	32,809	(313)	3.79	33,819	(324)	3.81
Other funds		58,697	(3)		50,607			49,505	(4)		49,029	(3)	
Total average funds	**(d)**	**365,581**	**(1,479)**	**1.64**	**350,255**	**(1,331)**	**1.52**	**343,652**	**(1,297)**	**1.50**	**341,242**	**(1,239)**	**1.44**
Net interest income			**992**			**967**			**977**			**1,019**	
Customer spread (%)	**(a-c)**		**1.66**			**1.62**			**1.63**			**1.74**	
Balance sheet spread (%)	**(b-d)**		**1.10**			**1.11**			**1.13**			**1.19**	

([1]) Includes assets and liabilities of insurance subsidiaries.

Balance sheet spread as a % of ATAs

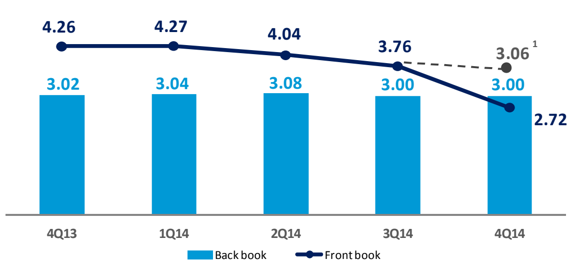


Changes in the customer spread (%)



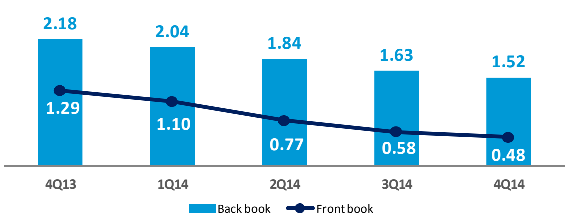
Note: Cost of demand deposits, term deposits, loans and repurchase agreements in connection with the retail banking activity. Does not include the cost of institutional issues and subordinated liabilities.

Loan rates (back versus front book)



([1]) Not including one-off transactions in 4Q14.

Maturity deposit rates[2] (back versus front book)



([2]) Includes: term savings, marketable debt securities and repurchase agreements.

FEES AND COMMISSIONS

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

- **Banking services, securities and other fees amounted to €1,266 million**. These include income from securities transactions and fees on other transactions, as well as fees relating to risk activities, fund management and payment methods.

  Income from one-off securities transactions increased in 2014. Conversely, income suffered somewhat due to the impact of Royal Decree Law 8/2014, which placed a cap on interchange fees, and to the reduction in transactional activity revenues.

- **Insurance and pension plan fees saw 21.2% growth to reach €315 million**, thanks to successful commercial campaigns and greater pension assets under management.

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

Fourth quarter figures reveal, among other aspects, the seasonality of the third quarter and the impact of non-recurring securities transactions reported in the second quarter of the year.

Fees and commissions

€ million	January - December 2014	January - December 2013	Change absolute	Change %
Banking services, securities and other fees	1,266	1,324	(58)	(4.4)
Insurance and pension plans	315	260	55	21.2
Investment funds	244	176	68	38.4
Net fees and commissions	**1,825**	**1,760**	**65**	**3.7**

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Banking services, securities and other fees	320	325	337	302	302
Insurance and pension plans	71	78	82	78	77
Investment funds	49	51	57	64	72
Net fees and commissions	**440**	**454**	**476**	**444**	**451**

INCOME FROM EQUITY INVESTMENTS

Income from equity investments totalled €491 million (+10.2%). The trend was impacted by the seasonality of investee results and of dividend payouts. Key factors influencing performance:

- Reporting of the non-recurring loss attributable to Erste Group Bank in the second quarter of 2014.
- 4Q 2013 figures included the impact on Repsol's contribution of the compensation agreed in relation to the nationalisation of 51% of YPF.
- Higher Telefónica dividend paid out in 2014.

Income from equity investments

€ million	January - December 2014	January - December 2013	Change absolute	Change %
Dividends	185	107	78	73.4
Share of profit (loss) of entities accounted for using the equity method	306	339	(33)	(9.8)
Income from equity investments	**491**	**446**	**45**	**10.2**

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Dividends	3	1	101	2	81
Share of profit (loss) of entities accounted for using the equity method	(126)	149	(27)	141	43
Income from equity investments	**(123)**	**150**	**74**	**143**	**124**

GAINS ON FINANCIAL ASSETS AND FOREIGN EXCHANGE

Gains on financial assets and foreign exchange stood at €640 million.

Market opportunities meant that a number of unrealised capital gains could materialise in 2014, most doing so in the first half of the year. These gains derived chiefly from available-for-sale financial assets and hedging of issues.

OTHER OPERATING INCOME AND EXPENSE

- The success of the ongoing commercial campaigns has pushed up **income from insurance activity by 49.6%**.
- On the subject of **contributions to the Spanish Deposit Guarantee Fund**, IFRC 21 has cleared up how these contributions should be reported, generating the following impacts:
  - The ordinary contribution of €293 million payable in 2015 and the availability of the amounts provisioned in previous quarters were all included in the last quarter of 2014.
  - Impact of €-267 million in the fourth quarter of 2013 due largely to the full recognition of the extraordinary contribution to the Deposit Guarantee Fund in 2013.
- **Other operating income and expenses** includes, among other items, rental income and expenses incurred from the management of the foreclosed real estate portfolio as well as operating income and expenses of non-real estate subsidiaries.

Other operating income and expense

	January - December		Change	
€ million	2014	2013	absolute	%
Income and expenses from insurance activity	149	99	50	49.6
Contribution to the Deposit Guarantee Fund	(293)	(570)	277	(48.6)
Other income and operating expenses	(27)	(4)	(23)	
Other operating income and expenses	**(171)**	**(475)**	**304**	**(64.0)**

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Income and expenses from insurance activity	20	32	34	35	48
Contribution to the Deposit Guarantee Fund	(355)	(83)	(83)	(83)	(44)
Other income and operating expenses	10	2	19	(21)	(27)
Other operating income and expenses	**(325)**	**(49)**	**(30)**	**(69)**	**(23)**

Pre-impairment income and expenses

- Recurring pre-impairment income up 18.0% to reach €3,167 million
- Improved recurring efficiency, down 5.1 percentage points in the year to 54.4%

The following drivers were behind the gains seen in pre-impairment income and efficiency:

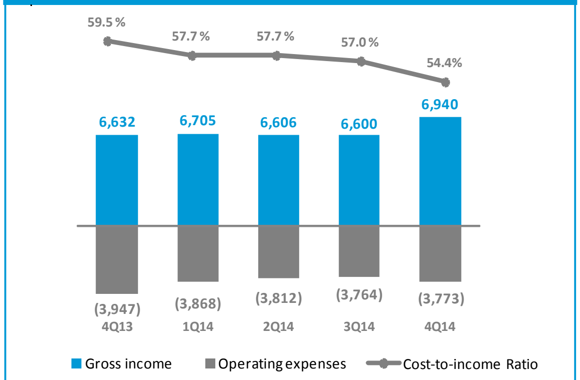
- **Strong income generation capacity**. Gross income totalled €6,940 million, with net interest income up 5.1% and fees and commissions up 3.7%.
- The drive to contain and streamline costs prompted a **4.4% drop in recurring operating expenses.**

Careful management, keeping costs stable in the quarter, excluding €10 million incurred from the process of acquiring Barclays Bank, SAU.

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

Managing efficiency was a strategic focal point in 2014. The recurring cost-to-income ratio[1] decreased 5.1 percentage points on the fourth quarter of 2013.

Recurring cost-to-income[1]



Pre-impairment income

€ million	January - December 2014	2013	Change absolute	%
Gross income	6,940	6,365	575	9.0
Of which: Impact of the Deposit Guarantee Fund		*(267)*	*267*	
Recurring expenses	(3,773)	(3,947)	174	(4.4)
Extraordinary expenses		(839)	839	
Pre-impairment income	3,167	1,579	1,588	100.5
Recurring pre-impairment income	*3,167*	*2,685*	*482*	*18.0*
Recurring cost-to-income ratio (%)	*54.4%*	*59.5%*	*(5.1)*	
Cost-to-income ratio (%)	*54.4%*	*75.2%*	*(20.8)*	

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Gross income	1,089	1,769	1,834	1,641	1,696
Recurring expenses	(940)	(940)	(944)	(940)	(949)
Extraordinary expenses	(7)				
Pre-impairment income	142	829	890	701	747
Recurring pre-impairment income	*149*	*829*	*890*	*701*	*747*
Recurring cost-to-income ratio (%) (last 12 months)	*59.5*	*57.7*	*57.7*	*57.0*	*54.4*
Cost-to-income ratio (%) (last 12 months)	*75.2*	*61.3*	*60.4*	*59.5*	*54.4*

([1]) Income and expense for the last 12 months are accumulated on to analyse quarter-on-quarter changes in the cost/income ratio.

Operating expenses

€ million	January - December 2014	2013	Change absolute	%
Personnel expenses	(2,578)	(3,422)	844	(24.7)
General expenses	(846)	(944)	98	(10.4)
General and administrative expenses	**(3,424)**	**(4,366)**	**942**	**(21.6)**
Depreciation and amortization	**(349)**	**(420)**	**71**	**(16.9)**
Total operating expenses	**(3,773)**	**(4,786)**	**1,013**	**(21.2)**
Total recurring expenses	***(3,773)***	***(3,947)***	***174***	***(4.4)***
Total extraordinary expenses		***(839)***	***839***	

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Personnel expenses	(630)	(638)	(653)	(642)	(645)
General expenses	(213)	(209)	(200)	(211)	(226)
General and administrative expenses	**(843)**	**(847)**	**(853)**	**(853)**	**(871)**
Depreciation and amortization	**(104)**	**(93)**	**(91)**	**(87)**	**(78)**
Total operating expenses	**(947)**	**(940)**	**(944)**	**(940)**	**(949)**
Total recurring expenses	***(940)***	***(940)***	***(944)***	***(940)***	***(949)***
Total extraordinary expenses	***(7)***				

Resources

	Dec. 31, 2014	Sep. 30, 2014	Quarterly change	Dec. 31, 2013	Annual Change
Branches in Spain[1]	5,251	5,391	(140)	5,436	(185)
Employees	31,210	31,517	(307)	31,948	(738)

(1) *Excludes delocated client support centres, attached to another branch, both at 31 December 2014 and previous quarters.*

Impairment losses on financial and other assets

- Reduction in the cost of risk to 1.0% (down from 1.86%)
- Reporting of non-recurring impacts in 2013

- **Impairment losses on financial and other assets** were €2,579 million (-40.5%).
- **Significant reduction in insolvency allowances: down 48.4% year-on-year.** Performance here was influenced by:
  - **Improved credit rating in 2014** sustained by a healthier economic climate.
  - **Reporting of non-recurring impacts in 2013:**

    - €902 million to fully comply with the provisioning requirements set out in Royal Decree Law 18/2012 in relation to real estate developer risk.

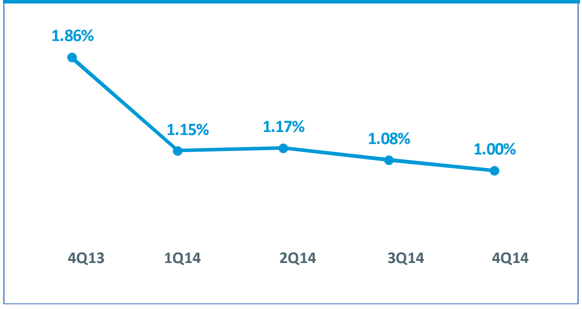
    - €375 million from applying the new refinancing criteria.

    - In accordance with criteria set out under RDL 18/2012, the Bank has posted €310 million from the general real-estate developer loan loss provision to cover potential losses in foreclosed properties. This required CaixaBank to recognise an income item due to the release of the provision under Impairment losses on financial assets and others, and higher allowances under Gains/(losses) on the disposal of assets and others.

- **Cost of risk down** 86 basis points over the last twelve months to 1.00%.
- **Other charges to provisions** primarily reflects coverage of future obligations and other asset impairment losses.

  The accounts for the fourth quarter of 2014 include, among other items, a provision of €195 million relating to the early retirement scheme to be rolled out in 2015 in line with the employment agreement reached in 2014.

Cost of risk [1]



Impairment losses

€ million	January-December 2014	2013	Change absolute	%
Allowance for insolvency risk	(2,084)	(3,139)	1,055	(33.6)
Extraordinary allowances (Royal Decree Law: 18/2012)		(902)	902	
Insolvency allowances	**(2,084)**	**(4,041)**	**1,957**	**(48.4)**
Other charges to provisions	(495)	(288)	(207)	71.0
Impairment losses on financial and other assets	**(2,579)**	**(4,329)**	**1,750**	**(40.5)**

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Allowance for insolvency risk	(744)	(611)	(610)	(441)	(422)
Insolvency allowances	**(744)**	**(611)**	**(610)**	**(441)**	**(422)**
Other charges to provisions	(136)	(39)	(54)	(44)	(358)
Impairment losses on financial and other assets	**(880)**	**(650)**	**(664)**	**(485)**	**(780)**

([1]) Ratio of total annualized loan-loss provisions for the year in progress to total gross customer loans and contingent risk.

Gains/Losses on the disposal of assets and others. Result attributable to the Group

Gains/(losses) on disposal of assets and others primarily comprises the results of non-recurring transactions completed during the period and results on sales and write-downs related to the real estate portfolio.

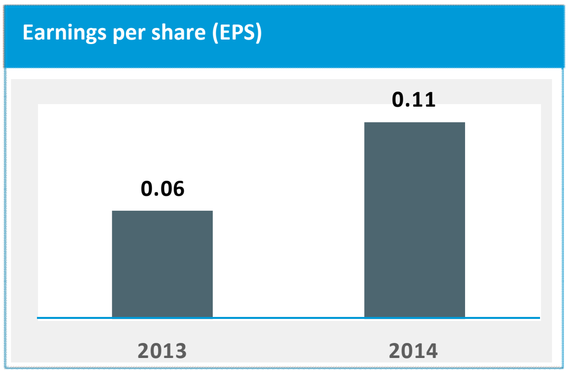
- The **intense commercial drive** helped push up sales of foreclosed assets to €1,380 million, up 28.5% on 2013.
- In the fourth quarter of 2014, CaixaBank made **allowances (€161 million) to cover the real estate assets**.

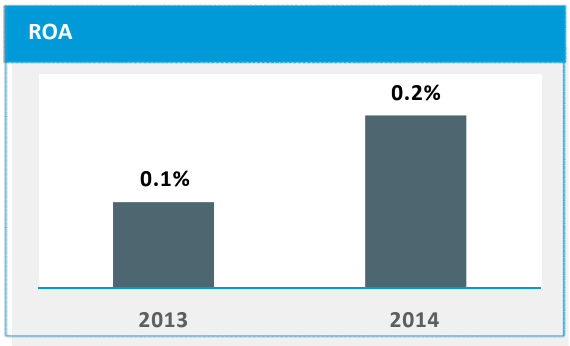
The year-on-year comparison is affected by certain **non-recurring items in 2013:**

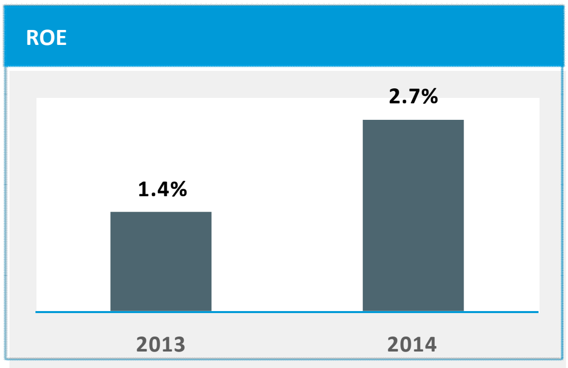
- €509 million written off the value of the real estate portfolio in the fourth quarter (including €310 million posted from the general real estate developer loan loss provision).
- Negative goodwill generated on the acquisition of Banco de Valencia (€2,289 million).
- Gains on the sale of part of the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

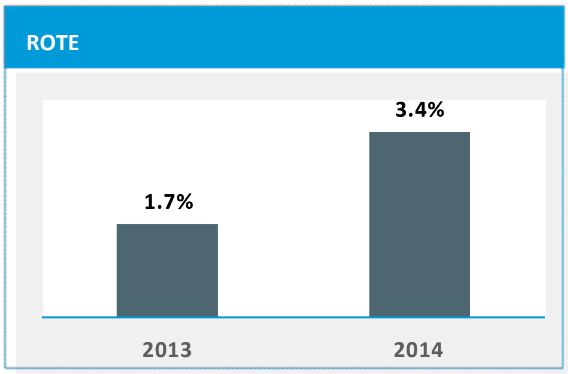
Net profit attributable to the Group totalled €620 million. The key drivers in 2014 were the ongoing improvements to efficiency and profitability, based on:

- **Intense commercial activity with increased income generation capacity:** Gross income of €6,940 million (+9.0%).
- Reduction in recurring expenses (-4.4%) **stemming from the cost streamlining process.**
- **Recurring pre-impairment income up 18.0%.**
- **Less allowances in 2014, and write-downs and one-off impacts in 2013.**









Business activity

Balance sheet

As of 31 December 2014, total assets stood at €338,623 million. Annual highlights include:

- **Balance sheet management with improvements in retail funding structure.** The loan-to-deposits ratio stood at 104.3% (-5.6 percentage points in 2014).
  - **Customer funds**[1] (mainly retail deposits, subordinated liabilities and marketable debt securities commercialized to clients) grew €4,177 million to €172,551 million (+2.5%).
  - **Gross customer lending fell**[1] **(-4.8% in 2014),** although this primarily related to lower loans in the real estate development sector and lower non-performing loans.
- Highlights in **balance sheet items associated with treasury and ALM activities** include:
  - Management of fixed income on-balance sheet assets.
  - Net reduction of €8,612 million in ECB financing.
  - Decreased wholesale funding, mainly because the Bank opted not to renew certain funding upon maturity.

Balance sheet

€ million	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Cash and Central Banks	6,968	3,032	2,583	2,139	4,157
Trading portfolio	10,002	8,724	10,147	9,470	12,257
Available-for-sale financial assets	56,450	59,802	65,496	70,062	71,101
Loans	206,846	199,728	199,497	192,472	195,731
Deposits at credit institutions	*5,891*	*5,983*	*5,990*	*5,137*	*4,377*
Customer loans	*198,079*	*190,885*	*190,610*	*184,776*	*188,762*
Debt securities	*2,876*	*2,860*	*2,897*	*2,559*	*2,592*
Investment portfolio at maturity	17,831	17,056	15,809	14,793	9,608
Non-current assets held for sale	6,215	6,876	7,133	7,841	7,248
Investment portfolio	8,774	8,901	8,791	9,105	9,266
Property and equipment	5,518	5,677	5,872	6,006	6,404
Intangible assets	3,629	3,632	3,626	3,635	3,635
Other assets	18,087	17,765	17,712	17,956	19,216
Total assets	**340,320**	**331,193**	**336,666**	**333,479**	**338,623**
Liabilities	**316,374**	**307,113**	**312,103**	**308,533**	**313,391**
Trading portfolio	7,891	7,791	9,687	8,577	11,975
Financial liabilities at amortized cost	263,201	251,823	253,432	249,015	247,539
Deposits by credit institutions and Central Banks	*41,232*	*28,333*	*27,832*	*25,779*	*25,919*
Customer deposits	*175,162*	*177,273*	*183,079*	*180,887*	*180,200*
Marketable debt securities	*37,938*	*37,695*	*33,382*	*33,819*	*32,920*
Subordinated debt securities	*4,809*	*4,820*	*4,832*	*4,579*	*4,396*
Other financial liabilities	*4,060*	*3,702*	*4,307*	*3,951*	*4,104*
Insurance liabilities	32,028	34,909	36,407	38,258	40,434
Provisions	4,321	4,180	4,098	4,076	4,371
Other liabilities	8,933	8,410	8,479	8,607	9,072
Equity	**23,946**	**24,080**	**24,563**	**24,946**	**25,232**
Shareholders' equity	23,259	23,324	23,282	23,376	23,373
Profit attributable to the Group	**316**	**152**	**305**	**466**	**620**
Equity adjustments by valuation	687	756	1,281	1,570	1,859
Total liabilities and equity	**340,320**	**331,193**	**336,666**	**333,479**	**338,623**

([1]) Business indicators defined under management criteria.

Loans and advances to customers

- Deleveraging and real estate sector loan management (-29.6%) underpinning yearly performance
- One-off impacts affecting figures for the fourth quarter

Gross customer loans and advances stood at €197,185 million (-4.8% in 2014). This was impacted mainly by the sector-wide deleveraging process, reduced exposure to the real estate development sector (-29.6%) and the NPL management. **The drop stood at just 1.7% for the performing loan portfolio (non real estate developers).**

By segment[1]:

- **Loans for home purchases** (-4.7% for the year and -1.3% for the fourth quarter) remain affected by the household deleveraging, with new loans trailing loan repayments.

  Mortgage market share[2] of 15.9%.

- **Other loans to individuals** down 7.3%. In the quarter, increased consumer loans on the back of commercial campaigns rolled out during the latter half of the year.

- Financing to **production sectors ex-real estate developers** fell 3.2% during the year owing to the economic cycle.

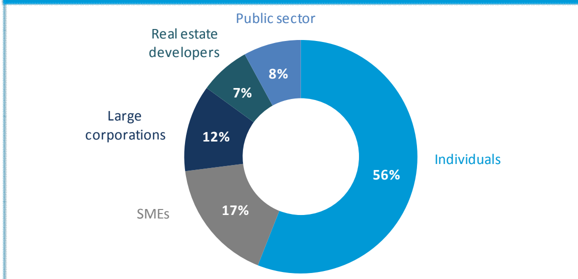
The **quarter-on-quarter comparison (+7.8%)** is affected by non-recurring transactions, the seasonal nature of commercial loans and the implementation of measures to unearth sound business opportunities and financing needs of corporate customers.

CaixaBank's strong market shares[2] for working capital financing products (18.4% for factoring and reverse factoring and 13.1% for commercial loans) illustrate its commitment to providing credit for the productive system.

- Real estate developer portfolio down €5,911 million (-29.6%; -9.9% for the last quarter) following the drive to clear up problematic assets.

- **Diversification is one of the key strengths of CaixaBank's portfolio, 73% of which is dedicated to retail financing (individuals and SMEs).**

Diversification of the loan portfolio
% of gross lending



Loans and advances to customers

€ million	Dec. 31, 2014	Sep. 30, 2014	Quarterly Change %	Dec. 31, 2013	Annual Change %
Loans to individuals	**111,350**	**112,917**	**(1.4)**	**117,760**	**(5.4)**
Home purchases	80,421	81,459	(1.3)	84,412	(4.7)
Other	30,929	31,458	(1.7)	33,348	(7.3)
Loans to business	**72,276**	**69,700**	**3.7**	**79,305**	**(8.9)**
Corporates and SMEs	56,793	52,708	7.8	58,667	(3.2)
Real estate developers	14,069	15,610	(9.9)	19,980	(29.6)
Criteria Caixaholding and "la Caixa" Banking Foundation	1,414	1,382	2.3	658	114.9
Public sector	**13,559**	**11,830**	**14.6**	**10,166**	**33.4**
Loans and advances, gross	**197,185**	**194,447**	**1.4**	**207,231**	**(4.8)**
Of which:					
Performing loans, ex-real estate developers	*171,111*	*166,621*	*2.7*	*174,144*	*(1.7)*
Provisions	(10,587)	(11,832)	(10.5)	(14,976)	(29.3)
Loans and advances, net*	**186,598**	**182,615**	**2.2**	**192,255**	**(2.9)**
Memorandum items:					
Contingent Liabilities	***10,242***	***10,063***	***1.8***	***10,299***	***(0.6)***

(*) As at 31 December 2014, 30 September 2014 and 31 December 2013, does not include other financial assets amounting to €2,164 million, €2,161 million and €5,824 million, respectively, comprising counterparty entities, assets under the asset protection scheme, and reverse repos registered on the public balance sheet under loans and advances to customers.

([1]) In 4Q14 roughly €3,000 million were reclassified as Loans to Individuals - Other purposes (originally classified as Loans to Individuals – Home purchases) , owing largely to financing awarded to individual customers who have made a further withdrawal for other financing needs under their "open-end mortgage" contract originally awarded for home purchase. Previous figures have been restated accordingly.

([2]) Latest information available. Source: in-house data, Bank of Spain (Infbal) and the Spanish Factoring Association(AEF).

Customer funds

- 5.2% growth in customer funds under management:
  - A wide range of products
  - Improved margins on transactions

Customer funds up €13,467 million (+5.2%) to reach €271,758 million, with lower associated transaction costs:

- **Demand and term deposits climbed to €166,265 million, up 2.8% in 2014.**
  - **Demand deposits** stood at €93,583 million, up 16.3% in 2014, driven by sound management of maturities and repayment of other retail customer funds. Fourth quarter figures reflected the seasonal effects of the year-end.
  - **Term deposits** totalled €72,682 million. The change seen here (-10.5%) is a product of the intense management of margins on new transactions and an increased client interest in off-balance sheet products.
- 4.7% growth in liabilities under insurance contracts. **Market share of 21.3% in insurance savings products**[1].
- **Sharp growth of €8,480 million in 2014 (+15.2%; +4.5% for the quarter) of off-balance sheet retail funds**:
  - **Mutual fund assets under management were up 34.1%.** CaixaBank has a market share of 15.3%[1], making it the market leader when it comes to number of fund investors.
  - Pension plans up +18.7% with a market share of 19.4%[1].
  - The performance of "Other accounts" mainly reflects the impact of the redemption of subordinated bonds issued by "la Caixa" (now "la Caixa" Banking Foundation) and third-party bond issues allotted to retail customers.

Customer funds

€ Million	Dec. 31, 2014	Sep. 30, 2014	Quarterly Change %	Dec. 31, 2013	Annual change %
Financial liabilities	**175,034**	**173,796**	**0.7**	**171,491**	**2.1**
Customer funds	**172,551**	**171,419**	**0.7**	**168,374**	**2.5**
Demand deposits	93,583	89,055	5.1	80,482	16.3
Time deposits	72,682	76,008	(4.4)	81,216	(10.5)
Debt securities (retail)	2,933	2,991	(1.9)	3,075	(4.6)
Subordinated liabilities (retail)	3,353	3,365	(0.4)	3,601	(6.9)
Reverse repurchase agreements and other accounts	**2,483**	**2,377**	**4.5**	**3,117**	**(20.3)**
Liabilities under insurance contracts	**32,275**	**31,791**	**1.5**	**30,831**	**4.7**
On-balance sheet funds *	**207,309**	**205,587**	**0.8**	**202,322**	**2.5**
Mutual funds, managed accounts and SICAVs	37,482	35,373	6.0	27,952	34.1
Pension plans	19,941	18,639	7.0	16,797	18.7
Other accounts **	7,026	7,682	(8.5)	11,220	(37.4)
Off-balance sheet funds	**64,449**	**61,694**	**4.5**	**55,969**	**15.2**
Total customer funds	**271,758**	**267,281**	**1.7**	**258,291**	**5.2**

(*) Does not include public sector counterparties or repurchase agreements (€1,898 million and €1,800 million at 31 December 2014).

(**) Includes, among other items, financial assets sold to retail customers, which embrace placements of subordinated debt issued by "la Caixa" (now "la Caixa" Banking Foundation).

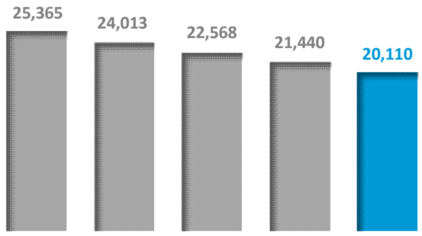
([1]) Latest information available. Source: in-house data, INVERCO and ICEA, pension plans includes Individualised pension plans and insured pension plans.

Risk management

Credit risk quality

NPLs *(€ million)* [1]

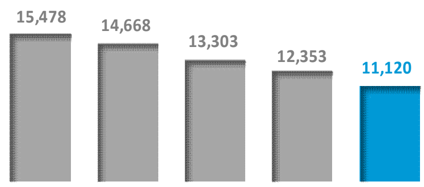
Non-performing loans



	4Q13	1Q14	2Q14	3Q14	4Q14
NPL ratio	11.7%	11.4%	10.8%	10.5%	9.7%
NPL ratio excluding real estate developers	6.8%	6.8%	6.7%	6.7%	6.4%

Coverage *(€ million)* [1]

Provisions



	4Q13	1Q14	2Q14	3Q14	4Q14
Coverage ratio	61%	61%	59%	58%	55%
Coverage ratio excluding real estate developers	63%	64%	61%	59%	54%

NPL PERFORMANCE

- Non-performing loan ratio continued to fall across all segments in 2014, to rest at 9.7%
- Drop in new NPL inflows, down 40% compared to 2013[2]

- **NPLs down €5,255 million in 2014** (€-1,330 million in the fourth quarter).
- **Ongoing drop in the NPL ratio: -2 percentage points to 9.7%.** This reduction was largely down to the sharp drop in impaired loans (-242bp), which helped offset the impact of the deleveraging process (+45bp).
- The NPL ratio fell in all risk segments.
- **Stripping out the impact of the real estate developer segment, the NPL ratio was 6.4%** (down 40bp for the year).

REFINANCING

At 31 December 2014, refinanced transactions totalled €20,653 million. Of this amount, €8,280 million (40% of the portfolio) is classified as non-performing and €2,101 million (10% of the portfolio) as substandard.

Provisions associated with these transactions total €3,759 million (€3,339 million for NPLs and €420 million for substandard loans).

([1]) Calculations factor in loans and contingent liabilities.

([2]) Excludes the impact of applying new classification criteria for refinanced transactions and Banco de Valencia, in 2013.

NPL ratio by segment

	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Loans to individuals	**5.5%**	**5.4%**	**5.3%**	**5.3%**	**5.3%**
Home purchases	4.3%	4.2%	4.1%	4.1%	4.1%
Other	8.6%	8.5%	8.2%	8.4%	8.3%
Loans to business	**23.1%**	**22.8%**	**21.8%**	**21.3%**	**18.9%**
Corporates and SMEs	10.9%	11.2%	11.3%	11.5%	10.6%
Real estate developers	59.4%	58.7%	57.8%	56.3%	54.6%
Public sector	**1.8%**	**1.4%**	**1.3%**	**1.0%**	**0.9%**
NPL Ratio (loans and contingent liabilities)	**11.7%**	**11.4%**	**10.8%**	**10.5%**	**9.7%**
NPL ratio ex-developers	***6.8%***	***6.8%***	***6.7%***	***6.7%***	***6.4%***

Non-performing assets (loans and contingent risks), additions and derecognitions

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Opening balance	**25,703**	**25,365**	**24,013**	**22,568**	**21,440**
Exposures recognized as non-performing (NPL-inflows)	4,021	1,913	2,435	1,899	1,966
Derecognitions from non-performing exposures	(4,359)	(3,265)	(3,880)	(3,027)	(3,296)
Of which written off	*(775)*	*(542)*	*(581)*	*(529)*	*(425)*
Closing balance	**25,365**	**24,013**	**22,568**	**21,440**	**20,110**

COVERAGE

- Robust coverage ratio: 55%
- Cautious risk coverage policies

NPL provisions totalled €11,120 million, with a solid coverage ratio of 55%.

NPL provisioning stems mainly from the cancellation of debt incurred through the acquisition and foreclosure of real estate assets and the reduction in provisions associated with written-off assets.

NPL provisioning

€ million	Total provisions
Balance at Dec. 31, 2013	**15,478**
Insolvency allowances	2,084
Amounts used	(5,321)
Transfers and other changes	(1,121)
Balance at Dec. 31, 2014	**11,120**

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Opening balance	**16,612**	**15,478**	**14,668**	**13,303**	**12,353**
Specific allowances	744	611	610	441	422
Amounts used	(1,592)	(1,144)	(1,659)	(1,149)	(1,369)
Transfers and other changes	(286)	(277)	(316)	(242)	(286)
Closing balance	**15,478**	**14,668**	**13,303**	**12,353**	**11,120**

Loans to real estate developers

- Exposure down 29.6% in 2014
- Strong collateral with 64% of the portfolio secured by completed buildings
- Total provisions place coverage ratio on non-performing balances at 57.1%

- In 2014, loans to real estate developers were cut by €5,911 million, or 29.6%.
- The weight of financing for this sector fell by 251 basis points in 2014, to 7.1% of the total loan portfolio.
- **Specific coverage for non-performing and substandard assets in this segment stands at 53.0%.**

Loans to real-estate developers

€ million	Dec. 31, 2014	Weight %	Sep. 30, 2014	Weight %	Quarterly Change	Dec. 31, 2013	Weight %	Annual change
Without mortgage collateral	1,699	12.1	1,831	11.7	(132)	2,097	10.5	(398)
With mortgage collateral	12,370	87.9	13,779	88.3	(1,409)	17,883	89.5	(5,513)
Completed buildings	**9,041**	**64.3**	**9,914**	**63.5**	**(873)**	**11,801**	**59.1**	**(2,760)**
Homes	*6,315*	*44.9*	*7,054*	*45.2*	*(739)*	*8,619*	*43.1*	*(2,304)*
Other	*2,726*	*19.4*	*2,860*	*18.3*	*(134)*	*3,182*	*15.9*	*(456)*
Buildings under construction	**1,068**	**7.6**	**1,329**	**8.5**	**(261)**	**2,100**	**10.5**	**(1,032)**
Homes	*923*	*6.6*	*1,134*	*7.3*	*(211)*	*1,815*	*9.1*	*(892)*
Other	*145*	*1.0*	*195*	*1.2*	*(50)*	*285*	*1.4*	*(140)*
Land	**2,261**	**16.1**	**2,536**	**16.2**	**(275)**	**3,982**	**19.9**	**(1,721)**
Developed land	*725*	*5.2*	*828*	*5.3*	*(103)*	*1,406*	*7.0*	*(681)*
Other	*1,536*	*10.9*	*1,708*	*10.9*	*(172)*	*2,576*	*12.9*	*(1,040)*
Total	**14,069**	**100**	**15,610**	**100**	**(1,541)**	**19,980**	**100**	**(5,911)**

NPLs and coverage for real estate development risk

€ million	Dec. 31, 2014				Dec. 31, 2013			
	Non-performing	Substandard	Provisions M€	Coverage %	Non-performing	Substandard	Provisions M€	Coverage %
Without mortgage collateral	1,111	36	1,018	88.8	1,564	68	1,526	93.5
With mortgage collateral	6,568	570	3,369	47.2	10,302	988	5,416	48.0
Completed buildings	**4,297**	**401**	**1,871**	**39.8**	**5,875**	**715**	**2,531**	**38.4**
Homes	*2,907*	*231*	*1,314*	*41.9*	*4,222*	*420*	*1,831*	*39.4*
Other	*1,390*	*170*	*557*	*35.7*	*1,653*	*295*	*700*	*35.9*
Buildings under construction	**603**	**58**	**384**	**58.1**	**1,317**	**79**	**799**	**57.2**
Homes	*531*	*56*	*347*	*59.1*	*1,165*	*76*	*710*	*57.2*
Other	*72*	*2*	*37*	*50.0*	*152*	*3*	*89*	*57.4*
Land	**1,668**	**111**	**1,114**	**62.6**	**3,110**	**194**	**2,086**	**63.1**
Developed land	*507*	*36*	*334*	*61.5*	*1,034*	*82*	*655*	*58.7*
Other	*1,161*	*75*	*780*	*63.1*	*2,076*	*112*	*1,431*	*65.4*
Total	**7,679**	**606**	**4,387**	**53.0**	**11,866**	**1,056**	**6,942**	**53.7**

Breakdown by type of collateral

Dec. 31, 2014

€ million	Gross amount	Excess over value of collateral[1]	Specific provisions	% provision of risk
Non-performing	7,679		4,176	54.4
Mortgage	*6,568*	*2,971*	*3,173*	*48.3*
Personal	*1,111*		*1,003*	*90.3*
Substandard	606		211	34.8
Total	**8,285**		**4,387**	**53.0**

Dec. 31, 2013

€ million	Gross amount	Excess over value of collateral [1]	Specific provisions	% provision of risk
Non-performing	11,866		6,597	55.6
Mortgage	10,302	4,315	*5,103*	*49.5*
Personal	1,564		*1,494*	*95.5*
Substandard	1,056		345	32.7
Total	**12,922**		**6,942**	**53.7**

([1]) In accordance with Spanish regulations, 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, previously weighted as follows: 80% completed homes, primary residence, 70% rural real estate and completed offices, premises and industrial buildings, 60% other completed homes, 50% other real estate mortgages.

Financing for home purchases

- Main risk segment with a well-diversified portfolio and solid collateral
- Enhanced risk quality with a drop in the NPL ratio

- Accounts for 41% of total gross loans.
- **Low NPL ratio (4.1%) at 31 December 2014.**
- Non-performing assets down €321 million in the year.

Financing for home purchases

	Gross amount				
€ million	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
Without mortgage collateral	888	830	806	791	775
Of which: non-performing	*8*	*8*	*8*	*7*	*7*
With mortgage collateral	83,524	82,521	81,609	80,668	79,646
Of which: non-performing	*3,612*	*3,484*	*3,407*	*3,368*	*3,292*
Total	**84,412**	**83,351**	**82,415**	**81,459**	**80,421**

Loan-to-value breakdown[1]

	Dec. 31, 2014					
€ million	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80<LTV≤100%	LTV>100%	TOTAL
Gross amount	15,286	27,359	30,212	6,119	669	**79,646**
Of which: non-performing	*201*	*674*	1,676	*609*	*132*	**3,292**

([1]) Loan-to-vale calculations based on appraisals available at the grant date. Updated for non-performing loans as per the criteria established in Bank of Spain Circular 4/2004.

Foreclosed real estate assets available for sale

- Intense commercial activity: a key component in managing the foreclosed real estate portfolio
- Coverage[1] stands at 55%

In 2014, total real estate marketed (sales and rentals) amounted to €2,512 million, **up 15.3% on the same period of 2013.**

The composition of the foreclosed real estate portfolio available for sale, **54% of which is completed buildings**, is a unique factor aiding in the sale of these properties on the market.

The underlying principle guiding CaixaBank's management of problematic assets is to help borrowers meet their obligations. When the borrower no longer appears to be reasonably able to fulfill these obligations, the mortgaged asset is acquired.

The acquisition price is calculated using the appraisal performed by a valuation company registered in the Bank of Spain official register. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

The net carrying amount of the Bank's foreclosed assets available for sale was €6,719 million at 31 December 2014, with a reduction in the fourth quarter of € 237 million. **The coverage ratio stands at 55.0%.**

The coverage ratio includes initial write-downs and the provisions reported after the properties are foreclosed.

In addition, CaixaBank real-estate assets held for lease (classified as investment property for accounting purposes) amounted to €2,771 million, net of provisions, at 31 December 2014.

The rental property portfolio has an occupancy ratio of 87%.

Foreclosed real estate assets available for sale and associated coverage

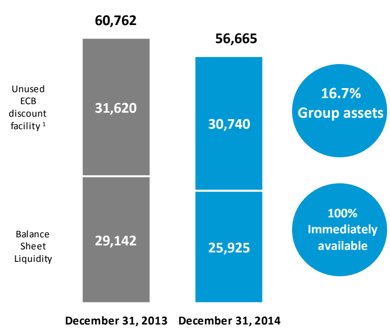
€ million	Dec. 31, 2014 Net carrying amount	Dec. 31, 2014 Coverage[1]	Dec. 31, 2014 Coverage %	Dec. 31, 2013 Net carrying amount	Dec. 31, 2013 Coverage[1]	Dec. 31, 2013 Coverage %
Property acquired related to loans to construction companies and real estate developments	**4,922**	**(6,592)**	**57.3**	**4,466**	**(5,585)**	**55.6**
Completed buildings	**2,519**	**(2,203)**	**46.7**	**2,601**	**(2,210)**	**45.9**
Homes	1,930	(1,699)	46.8	2,047	(1,756)	46.2
Other	589	(504)	46.1	554	(454)	45.0
Buildings under construction	**353**	**(560)**	**61.3**	**261**	**(391)**	**60.0**
Homes	306	(494)	61.8	204	(323)	61.3
Other	47	(66)	58.4	57	(68)	54.4
Land	**2,050**	**(3,829)**	**65.1**	**1,604**	**(2,984)**	**65.0**
Developed land	1,116	(1,768)	61.3	856	(1,225)	58.9
Other	934	(2,061)	68.8	748	(1,759)	70.2
Property acquired related to mortgage loans to homebuyers	**1,081**	**(909)**	**45.7**	**1,234**	**(1,050)**	**46.0**
Other foreclosed assets	**716**	**(705)**	**49.6**	**469**	**(480)**	**50.6**
Total	**6,719**	**(8,206)**	**55.0**	**6,169**	**(7,115)**	**53.6**

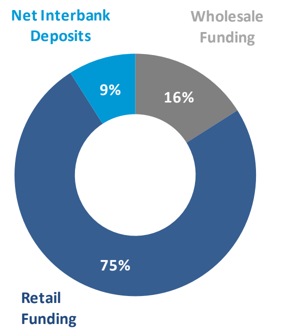
([1]) Difference between the cancelled debt and the carrying amount of the net real estate assets.

Liquidity and financing structure

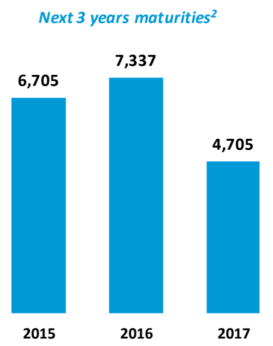
Excellent liquidity…	…with solid financing arrangements	Institutional maturities

(€ million)





(€ million)



Drawn down - ECB facility: €6,868 M	***Total financing: €230,797 M***	***2014 maturities: €8,300 M*** ***2014 issues: €1,300 M***
	Loan-to-deposits: 104%	***Total outstanding issues[2]: €38,024 M***

- Liquidity amounted to €56,665 million
- European Central Bank (ECB) funding down by €8,612 million in 2014

- **Bank liquidity stood at €56,665 million (down €4,097 million in 2014)**, among other aspects as a result of:
  - **Early repayment in 2014 of the entire balance** of ECB LTRO financing (€15,480 million). Since the beginning of 2013, taking into account the inclusion of Banco de Valencia, a balance of €34,084 million has been repaid.
  - In 2014, the Bank took up €6,868 million under the ECB's new TLTRO programme, maturing on 28 September 2018.
  - **Wholesale maturities of €8,300 million** versus new issuances of €1,300 million in mortgage-covered bonds[3].
  - Balance sheet liquidity (€25,925 million) is nearly four times greater than the amount drawn under the ECB facility (€6,868 million) and is sufficient to cover wholesale issue maturities for the next four years.
  - CaixaBank has brought its liquidity coverage ratio (LCR) well above 100%, despite the fact that no more than 60% is required until October 2015.
- **Institutional financing amounted to €38,024 million,** down 14.3% in 2014. Performance here was impacted by maturities for the year, which were not renewed.
  - Maturities in 2015 will amount to €6,705 million.
  - Available capacity to issue mortgage- and public sector-covered bonds currently stands at €5,733 million.
- **Robust retail lending structure, with a loan to deposit (LTD) ratio of 104%** (down 5.6 percentage points in 2014).

(1) As of 31 December 2013 and 2014, includes €3,636 million and €1,584 million, respectively, in assets to be contributed to the ECB facility. These assets were effectively contributed in January 2014 and 2015, respectively.
(2) Excluding treasury shares.
(3) See section on Significant Events in 2014.

Institutional financing

€ million	Dec. 31, 2014	Sep. 30, 2014	Quarterly change	Dec. 31, 2013	Annual change
Institutional Issuances*	38,024	39,272	(3.2)	44,360	(14.3)

(*) Includes: €1,116 million in subordinated bonds and €8,546 million in multi-issuer covered bonds classified on the public balance sheet under term savings at 31 December 2014, including valuation adjustments but not accruals.

Collateralisation of mortgage covered bonds

€ million		Dec. 31, 2014
Mortgage covered bonds issued	a	50,043
Loans and credits (collateral for covered bonds)	b	125,772
Collateralization	b/a	251%
Overcollateralization	b/a -1	151%
Mortgage covered bond issuance capacity*		4,211

(*) CaixaBank is also able to issue public-sector covered bonds totalling €1,522 million, based on the public sector portfolio with a 70% limit.

Performance of the LTD ratio

€ million	4Q13	1Q14	2Q14	3Q14	4Q14
Loans and advances, net	185,037	180,093	180,087	175,583	179,936
Loans and advances gross	207,231	201,357	199,572	194,447	197,185
Allowance for impairment losses	(14,976)	(14,145)	(12,790)	(11,832)	(10,587)
Brokered loans*	(7,218)	(7,119)	(6,695)	(7,032)	(6,662)
Customer funds	168,374	171,560	176,962	171,419	172,551
Demand deposits	80,482	82,090	91,061	89,055	93,583
Time deposits	81,216	82,907	79,281	76,008	72,682
Debt securities (retail)	3,075	2,959	3,016	2,991	2,933
Subordinated liabilities (retail)	3,601	3,604	3,604	3,365	3,353
Loan to Deposits	109.9%	105.0%	101.8%	102.4%	104.3%
Loan-deposit gap	(16,663)	(8,533)	(3,125)	(4,164)	(7,385)

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

Capital Management

- Basel III Common Equity Tier1 (CET1) of 13.1%
- Basel III fully-loaded CET1 of 12.3%

CaixaBank **has achieved a Common Equity Tier 1 (CET1) of 13.1% under Basel III** at December 2014, according to the progressive application approach in effect in 2014 and pursuant to the definitions contained in Bank of Spain Circular 3/2014, of 30 July. **Increase of 128 basis points in 2014 owing to capital generation,** after reporting the non-recurring contribution for 2013 to the Spanish Deposit Guarantee Fund and registration of the ordinary contribution to the same fund paid in 2014 and 2013, which were reported as an expense in 2013 and 2012, respectively.

Total eligible equity (Tier Total) stood at 16.2%, up 163 basis points from 1 January 2014.

Under the new Basel III standards, the CRR sets out a minimum CET1 ratio of 4.5%, under pillar 1 in 2014 and maintains the Tier Total at 8%. At the close of December, CaixaBank boasts a surplus over the minimum requirement of €12,011 million in Tier 1 capital (CET1) and of €11,489 million in Tier Total (up 14.1% since the beginning of the year).

Risk-weighted assets (RWA) amounted to €139,519 million. This is down €12,983 million on the same figure for December 2013, due largely to the drop in lending activity.

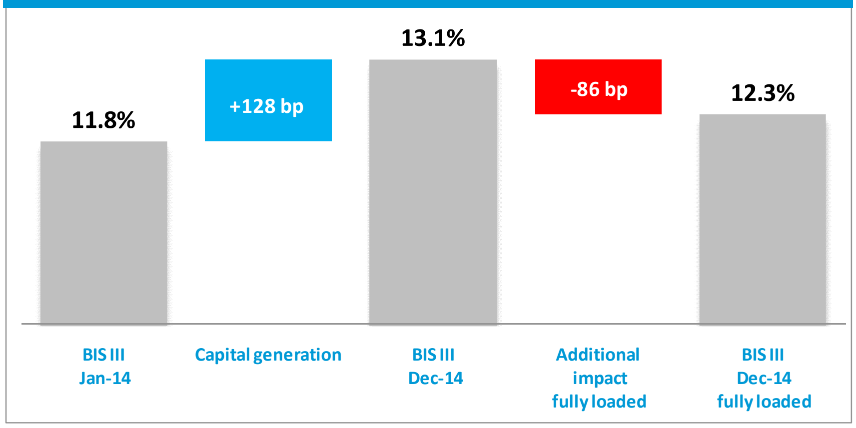
Applying the criteria expected for the end of the transitional period, CaixaBank had a **fully-loaded CET1 ratio of 12.3%**, implying a buffer of €7,232 million over the pillar 1 regulatory fully-loaded minimum requirement of 7%, which includes a 2.5% capital cushion.

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

In an internal assessment, the same methodology and adverse macroeconomic scenario was applied to CaixaBank, resulting in a Common Equity Tier 1 (CET1) ratio of 10.3%. The fact that CaixaBank's capitalisation exceeds that of the "la Caixa" Group can largely be explained by the contribution of the Bank's non-controlling shareholders, plus the impact on capital of the non-financial holdings of Criteria CaixaHolding, a subsidiary of the "la Caixa" Group.

CaixaBank's leverage ratio stood at 5.8% (5.4% fully loaded) at 31 December 2014.

Common Equity Tier 1 (CET 1), anual change



Solvency performance and key indicators

€ million	BIS III (Regulatory)					BIS III (Fully Loaded)				
	Jan. 01, 2014	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Jan. 01, 2014	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014
CET1 instruments	21,079	22,275	23,007	23,269	23,453	23,883	24,049	24,548	24,928	25,107
Deductions	(3,038)	(4,112)	(4,932)	(5,067)	(5,164)	(6,743)	(6,901)	(7,403)	(7,640)	(8,236)
CET1	**18,041**	**18,163**	**18,075**	**18,202**	**18,289**	**17,140**	**17,148**	**17,145**	**17,288**	**16,871**
TIER 1 additional instruments	1,886	738	-	-	-	-	-	-	-	-
Deductions	(1,886)	(738)	-	-	-	-	-	-	-	-
TIER 1	**18,041**	**18,163**	**18,075**	**18,202**	**18,289**	**17,140**	**17,148**	**17,145**	**17,288**	**16,871**
TIER 2 instruments	4,404	4,718	4,786	4,522	4,517	4,404	4,718	4,786	4,522	4,517
Deductions	(172)	(128)	(124)	(108)	(155)	-	-	-	-	-
TIER 2	**4,232**	**4,590**	**4,662**	**4,414**	**4,362**	**4,404**	**4,718**	**4,786**	**4,522**	**4,517**
Eligible capital (Tier Total)	**22,273**	**22,753**	**22,737**	**22,616**	**22,651**	**21,544**	**21,866**	**21,931**	**21,810**	**21,388**
Risk-weighted assets	**152,502**	**148,258**	**144,842**	**141,764**	**139,519**	**151,407**	**146,824**	**143,409**	**140,133**	**137,695**
CET1 Surplus[1]	**11,178**	**11,491**	**11,557**	**11,823**	**12,011**	**6,542**	**6,870**	**7,106**	**7,479**	**7,232**
Surplus Equity Funding[1]	**10,073**	**10,893**	**11,150**	**11,275**	**11,489**	**5,646**	**6,449**	**6,873**	**7,096**	**6,930**
CET1 Ratio	11.8%	12.3%	12.5%	12.8%	13.1%	11.3%	11.7%	12.0%	12.3%	12.3%
Tier 1 Ratio	11.8%	12.3%	12.5%	12.8%	13.1%	11.3%	11.7%	12.0%	12.3%	12.3%
Tier Total Ratio	14.6%	15.3%	15.7%	16.0%	16.2%	14.2%	14.9%	15.3%	15.6%	15.5%
Leverage Ratio	5.4%	5.6%	5.5%	5.7%	5.8%	5.2%	5.4%	5.3%	5.5%	5.4%

([1]) On pillar 1 minimum requirement.

NOTE: Data for previous quarters have been re-estimated to include the new booking corresponding to the 2013 charge against reserves for the Spanish Deposit Guarantee Fund.

The capital ratios includes retained results obtained within the fiscal year.

Segment reporting

For segment reporting purposes, CaixaBank's results are classified into two main businesses:

- The **banking and insurance business**, which includes all banking revenues (retail banking, corporate banking, cash management and market transactions) and all insurance-related revenues, as well as liquidity management and ALCO, and income from financing the equity investment business. This business is assigned all Group equity except the capital required by the equity investment business.

  In 2014, the capital was assigned to this business in accordance with new Basel III capital requirements, in line with Common Equity Tier 1 (CET1) BIS III fully loaded regulatory capital use. This takes into account both the consumption of capital by risk weighted assets at 10%, and the total deductions applicable to this business.

  The banking and insurance business finances the equity investment business according to a long-term rate plus a credit spread, adapted to market conditions.

- **The equity investment business,** which includes international banking investments (Erste Group Bank, Banco BPI, Bank of East Asia, Grupo Financiero Inbursa and Boursorama) and the investments in Repsol and Telefónica. It also encompasses other significant stakes in the sphere of the company's sector diversification, included following the Group's latest acquisitions.

  It includes dividend income and/or the share of profits from its different investees, net of financing costs.

Operating expenses for each business segment include both direct and indirect costs, assigned according to internal criteria.

Results for the Group's businesses at December 2014 and 2013 are shown below. Information for 2013, presented exclusively for comparison purposes, was restated by incorporating the modifications in preparation criteria defined in 2014, as well as the impact of the restatement in 2013 upon application of IFRIC 21 and IAS 8, in respect of the Spanish Deposit Guarantee Fund.

CaixaBank Group income statement, by business segment

	Banking & insurance			Investments			Total CaixaBank Group		
	January-December		%	January-December		%	January-December		%
€ million	2014	2013	Change	2014	2013	Change	2014	2013	Change
Net interest income	**4,463**	**4,446**	**0.4**	**(308)**	**(491)**	**(37.3)**	**4,155**	**3,955**	**5.1**
Dividends and share of profit (loss) of entities accounted for using the equity method	112	76	47.8	379	370	2.5	491	446	10.2
Net fees	1,825	1,760	3.7				1,825	1,760	3.7
Gains on financial assets and other operating income and expenses	396	198	99.3	73	6		469	204	129.5
Gross income	**6,796**	**6,480**	**4.9**	**144**	**(115)**		**6,940**	**6,365**	**9.0**
Recurring expenses	(3,770)	(3,944)	(4.4)	(3)	(3)		(3,773)	(3,947)	(4.4)
Extraordinary expenses		(839)						(839)	
Pre-impairment income	**3,026**	**1,697**	**78.2**	**141**	**(118)**		**3,167**	**1,579**	**100.5**
Recurring pre-impairment income	**3,026**	**2,803**	**8.0**	**141**	**(118)**		**3,167**	**2,685**	**18.0**
Impairment losses on financial assets and others	(2,579)	(4,329)	(40.5)				(2,579)	(4,329)	(40.5)
Gains/losses on disposal of assets and others	(404)	1,584		18	186		(386)	1,770	
Pre-tax income	**43**	**(1,048)**		**159**	**68**	**133.8**	**202**	**(980)**	
Income tax	350	1,136	(69.2)	68	152	(55.7)	418	1,288	(67.6)
Profit for the period	**393**	**88**	**346.6**	**227**	**220**	**3.2**	**620**	**308**	**101.1**
Minority interest		(8)						(8)	
Profit attributable to the Group	**393**	**96**	**310.4**	**227**	**220**	**3.2**	**620**	**316**	**96.3**
Average equity	*20,149*	*19,711*	2.2	*3,220*	*3,484*	(7.6)	*23,369*	*23,195*	0.7
Total Assets	327,331	329,459	(0.6)	11,292	10,861	4.0	338,623	340,320	(0.5)
ROE	2.0%	0.5%	1.5	7.0%	6.3%	0.7	2.7%	1.4%	1.3
ROTE	2.4%	0.6%	1.8	10.2%	9.0%	1.2	3.4%	1.7%	1.7
NIM / Assets	1.4%	1.3%	0.1	(2.7%)	(4.5%)	1.8	1.2%	1.2%	0.0
Recurring efficiency	55.5%	58.4%	(2.9)	--	--	--	54.4%	59.5%	(5.1)

Additionally in 2014, information for the banking and insurance business is presented separately from the **real estate business**, as these assets receive special treatment. The real estate business includes:

- Loans managed by a business unit operating mainly through specialized real estate loan centres.
- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
- Other real estate assets and interests.

A breakdown of the main banking and insurance business indicators at the 2014 year end is shown below:

Banking and insurance business income statement

	January-December 2014		
€ million	Banking & insurance ex real estate activity	Real estate activity	Total Banking & insurance
Net interest income	**4,462**	**1**	**4,463**
Dividends and share of profit (loss) of entities accounted for using the equity method	110	2	112
Net fees	1,818	7	1,825
Gains on financial assets and other operating income and expenses	562	(166)	396
Gross income	**6,952**	**(156)**	**6,796**
Recurring expenses	(3,665)	(105)	(3,770)
Pre-impairment income	**3,287**	**(261)**	**3,026**
Impairment losses on financial assets and others	(1,582)	(997)	(2,579)
Gains/losses on disposal of assets and others	(16)	(388)	(404)
Pre-tax income	**1,689**	**(1,646)**	**43**
Income tax	(148)	498	350
Profit attributable to the Group	**1,541**	**(1,148)**	**393**
Average equity	*18,333*	*1,816*	*20,149*
Total Assets	306,399	20,932	327,331
ROE	8.4%	(63.1%)	2.0%
ROTE	10.7%	(63.1%)	2.4%
NIM / Assets	1.5%	0.0%	1.4%
Recurring efficiency	52.7%	--	55.5%
Non-performing loan ratio	6.2%	58.7%	9.7%
NPL coverage ratio	55%	56%	55%

2014 quarterly business performance

	Banking & insurance ex real estate activity					Real estate activity				Investments			
€ million	1Q	2Q	3Q	4Q	4Q vs 3Q % change	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net interest income	**1,079**	**1,088**	**1,139**	**1,156**	**1.5**	**(10)**	**13**	**(4)**	**2**	**(76)**	**(79)**	**(76)**	**(77)**
Dividends and share of profit (loss) of entities accounted for using the equity method	20	35	43	12		(1)	2	(1)	2	131	37	101	110
Net fees	452	474	443	449	1.4	2	2	1	2				
Gains on financial assets and others	153	308	11	90		(33)	(41)	(42)	(50)	52	(5)	26	
Gross income	**1,704**	**1,905**	**1,636**	**1,707**	**4.3**	**(42)**	**(24)**	**(46)**	**(44)**	**107**	**(47)**	**51**	**33**
Recurring expenses	(913)	(917)	(914)	(921)		(26)	(27)	(25)	(27)	(1)		(1)	(1)
Pre-impairment income	**791**	**988**	**722**	**786**	**8.9**	**(68)**	**(51)**	**(71)**	**(71)**	**106**	**(47)**	**50**	**32**
Impairment losses on financial assets and others	(459)	(424)	(224)	(475)		(191)	(240)	(261)	(305)				
Gains/losses on disposal of assets and others	6	(6)		(16)		(59)	(61)	(54)	(214)		18		
Pre-tax income	**338**	**558**	**498**	**295**	**(40.8)**	**(318)**	**(352)**	**(386)**	**(590)**	**106**	**(29)**	**50**	**32**
Income tax	(76)	(155)	(126)	209		95	107	112	184	7	24	13	24
Profit attributable to the Group	**262**	**403**	**372**	**504**	**35.5**	**(223)**	**(245)**	**(274)**	**(406)**	**113**	**(5)**	**63**	**56**
ROE	5.7%	8.8%	8.0%	11.1%	3.1	(47.6%)	(54.8%)	(61.5%)	(90.5%)	15.3%	(0.7%)	7.6%	6.4%
ROTE	7.3%	11.2%	10.2%	14.1%	3.9	(47.6%)	(54.8%)	(61.5%)	(90.5%)	22.5%	(1.0%)	10.9%	9.1%
NIM / Assets	1.5%	1.4%	1.5%	1.5%	(0.0)	(0.2%)	0.2%	(0.1%)	0.0%	(2.9%)	(2.9%)	(2.7%)	(2.7%)
Efficiency	53.6%	48.2%	55.9%	54.0%	(1.9)	--	--	--	--	--	--	--	--

Banking and insurance (excl. real estate)

Profit attributable to the banking and insurance business (excluding the real estate business) totalled €1,541 million in 2014. Quarter highlights include:

- Strong performance of core revenues:
  - Net interest income rose 1.5% thanks to the continuous reduction in the cost of maturity deposits.
  - Fees and commissions grew 1.4% following the seasonal impact of the previous quarter, underpinned by the solid performance of off-balance sheet funds.
- ROF and other operating income and expense in the fourth quarter primarily reflect the lower net cost of the Deposit Guarantee Fund contribution.
- Operating expenses for the fourth quarter of 2014 remains stable, excluding €10 million incurred from the process of acquiring the business of Barclays Bank, SAU.
- Impairment losses on financial and other assets include NPL allowances and the €195 million provision for the early retirement scheme, as well as other charges.
- Income tax expense includes the reversion of certain deferred tax assets and liabilities already recognised, mainly generated through corporate actions relating to the reorganization of the "la Caixa" Group.
- The NPL ratio stood at 6.2% (down 30bp quarter on quarter), with a coverage ratio of 55%.

Real estate business

On the subject of real estate exposure, highlights include:

- Ongoing reduction in exposure to the real estate developer sector. Net loans managed by the real estate business totalled €8,890 million at 31 December, marking a drop of 31% in the year.
- The NPL ratio stood at 58.7%, with a coverage ratio of 56%.
- Foreclosed real estate assets available for sale were €6,719 million, net.
- BuildingCenter's commercial activity was particularly noteworthy during the year. The real estate subsidiary sold or rented properties for the amount of €2,512 million in 2014, an increase of 15.3% year on year.
- The coverage ratio for available for sale foreclosed assets rose to 55.0%.

  Real estate assets for rental were €2,771 million, net of provisions, with an occupancy rate of 87%.

Real estate business balance sheet at 31 December

€ million	Dec. 31, 2014
Assets	**20,932**
Loans to real estate developers, net	8,890
Loans to real estate developers, gross	*13,289*
Provisions	*(4,399)*
Foreclosed real estate assets available for sale	6,719
Rental portfolio	2,771
Other	2,552
Liabilities	**20,932**
Deposits by real estate developers and other liabilities	782
Intra-group financing	18,256
Assigned capital (regulatory criteria B3 FL)	1,894

In 2014, the real estate business generated a net loss of €1,148 million.

- The heading Gains/(losses) on disposal of assets and others, includes in the fourth quarter, gains on sales of assets and write-downs of real-estate assets, in the amount of €161 million.

Equity investment business

Profit attributable to the equity investment business stood at €227 million in 2014.

The CaixaBank share

Share price performance

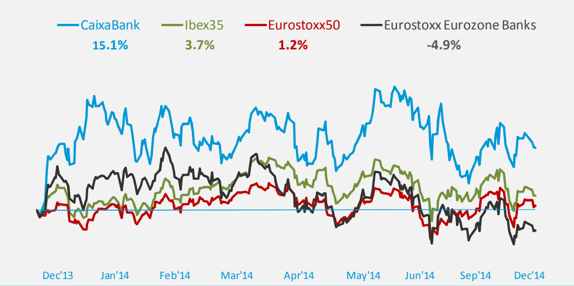
- Positive performance by CaixaBank shares in 2014 (+15.1%)

Most European stock markets closed 2014 with slight gains, awaiting the BCE´s plans in response to the risk of a slow-down in economic growth and the downgraded outlook for 2015. The EURO STOXX 50 gained 1.2% over the period, whilst the Ibex 35 rallied 3.7%. The Spanish index benefited particularly from the economic upturn of sorts, the restructuring of the country's banking system and the substantial drop in the sovereign risk premium, with the spread tightening to 113 basis points (-109bp) and Spanish bonds reaching all-time lows.

CaixaBank shares gained 15.1% during the period, closing the year at €4.361 per share. CaixaBank shares rallied faster than the Spanish financial sector average[1], which gained 2.5% during the period, and also outperformed the EUROSTOXX Eurozone Bank index, which fell 4.9%.

2014 saw further consolidation of the significant increase in trading volumes seen since November 2013 as a product of a larger free float and heightened investor interest in the shares.

CaixaBank shares versus the main Spanish and European indices in 2014



Shareholder returns

- Compelling shareholder returns

The CaixaBank Optional Scrip Dividend program entails remunerating shareholders through a bonus or scrip issue. This remuneration scheme allows shareholders to choose between three options: receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price determined by the latter. Shareholders may also choose to combine these three options in any way.

CaixaBank paid shareholders a total of €0.20 per share for the last 12 months, split into quarterly payments through the program.

The payout of €0.05 per share for 4Q14 was made effective on 12 December 2014.

In the latest Optional Scrip Dividend instalment, the bonus shares had a take-up of 94%, an indication of shareholder confidence in the Bank.

Details of shareholder returns for the past 12 months are as follows:

Concept	€/share	Listing date (1)	Payment date (2)
Optional Scrip Dividend	0.05	November 25, 2014	December 12, 2014
Optional Scrip Dividend	0.05	September 9, 2014	September 26, 2014
Optional Scrip Dividend	0.05	June 3, 2014	June 20, 2014
Optional Scrip Dividend	0.05	March 4, 2014	March 21, 2014

(1) Listing date for bonus suscription rights.
(2) Settlement date for rights sold to CaixaBank.

([1]) Index created in-house with peers' daily share prices weighted by daily market capitalization (Bankia, Bankinter, BBVA, Popular, Sabadell and Santander).

Key performance indicators for the CaixaBank share at December 31, 2014	
Market capitalization (€ M)	24,911
Number of outstanding shares[1]	5,712,299
Share price *(€/share)*	
Share price at the beginning of the period (December 30, 2013)	3.788
Share price at closing of the period (December 31, 2014)	4.361
Maximum price[2]	4.924
Minimum price[2]	3.757
Trading volume *(number of shares, excluding special transactions, in thousands)*	
Maximum daily trading volume	48,914
Minimum daily trading volume	1,308
Average daily trading volume	11,779
Stock market ratios	
Net Profit (€M)	620
Average number of outstanding shares - fully diluted[1]	5,712,093
Net income attributable per Share (EPS) (€/share)	**0.11**
Equity (€M)	25,232
Number of outstanding shares at December 31, 2014 - fully diluted[1]	5,712,299
Book value per share (€/share) - fully diluted	**4.42**
Tangible Equity (€M)	20,220
Number of outstanding shares at December 31, 2014 - fully diluted[1]	5,712,299
Tangible book value per share (€/share) - fully diluted	**3.54**
PER	**39.65**
P/BV (Market value/ book value) - fully diluted	**0.99**
TangibleP/BV (Market value/ book value) - fully diluted	**1.23**
Dividend Yield[3]	**4.6%**

([1]) Number of shares, in thousands, excluding treasury stock.

([2]) Price at close of trading.

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

Significant events in 2014

Acquisition of Barclays Bank SAU

On 2 January 2015, CaixaBank acquired 100% of the share capital of Barclays Bank, SAU, having already obtained full go-ahead from the authorities.

The deal extends to the entire retail banking, wealth management and corporate banking arms of Barclays Bank in Spain, excluding the investment banking and card businesses.

The acquisition will enable CaixaBank to improve its competitive standing in key segments and regions, cementing its leadership of the Spanish retail banking sector with the incorporation of roughly 550,000 new customers.

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

The “la Caixa” Group passes the ECB's comprehensive assessment with a CET1 capital ratio of 9.3% under the adverse scenario; CaixaBank would achieve 10.3%

The “la Caixa” Group has comfortably passed the comprehensive assessment conducted by the European Central Bank (ECB), which involves an in-depth review of asset quality (AQR) and a stringent stress test overseen by the European Banking Authority (EBA).

European authorities subjected the entire “la Caixa” Group to the test, including the industrial holdings and real estate assets of Criteria CaixaHolding and, according to the level of consolidation at 31 December 2013, Caja de Ahorros y Pensiones de Barcelona, which became a banking foundation in 2014. Under this scope, the “la Caixa” Group obtained a capital cushion of €6,777 million in the adverse scenario, with a Common Equity Tier 1 (CET1) ratio of 9.3%.

CaixaBank has conducted an internal assessment, applying this methodology and adverse macroeconomic scenario to itself. The result is a surplus capital of €7,706 million and a Common Equity Tier 1 (CET1) ratio of 10.3%. The fact that CaixaBank's capitalisation exceeds that of the “la Caixa” Group can largely be explained by the contribution of the Bank's non-controlling shareholders, plus the impact on capital of the non-financial holdings of Criteria CaixaHolding, a subsidiary of the “la Caixa” Group. If we factor in the conversion into shares of the mandatorily convertible bonds carried out during the first half of 2014, CaixaBank's CET1 ratio would have stood at 11.4% under the adverse scenario, more than double the minimum required ratio, with a surplus of €9,500 million according to internal estimates.

Turning to the asset quality review (AQR), the ECB has thoroughly assessed the quality of the assets making up the portfolios selected by the ECB itself (those comprising loans to SMEs, companies, large companies, corporate, real estate developers and real estate), all accounting for over €52,000 million of the risk-weighted assets of the “la Caixa” Group; more than 50% of the total credit risk. During the probe, files were assessed both collectively and individually, the latter requiring the ECB to sift through 935 different borrowers, selected from largest to smallest or by random sampling. All in all, over 18,000 contracts were assessed and the value of over 7,100 guarantees reappraised.

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

Other significant events

CaixaBank reinforces its strategic agreement with the Erste Foundation by raising its stake in Erste Group Bank to 9.9%

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

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

CaixaBank will appoint a second member to the Oversight Board of Erste Group Bank at its coming Annual General Assembly due to be held in the second quarter of 2015.

CaixaBank has also upped its stake in Erste Group Bank from 9.1% to 9.9% by acquiring 3.5 million shares from the Erste Foundation.

Completion of the process to convert “la Caixa” into a banking foundation and transfer its stake in CaixaBank to Criteria CaixaHolding

In accordance with Law 26/2013 on Savings Banks and Banking Foundations, and following approval on 22 May 2014 by the “la Caixa” Annual General Assembly, the public deed converting Caixa d’Estalvis i Pensions de Barcelona, “la Caixa”, into a Banking Foundation was recorded in the Registry of Foundations on 16 June 2014, giving rise to the company’s effective conversion and the consequent termination of indirect financial activity by “la Caixa” through CaixaBank, S.A.. The new Banking Foundation is called “la Caixa” Banking Foundation and is supervised by the Bank of Spain with regard to its shareholding interest in CaixaBank as set forth in the Law governing Savings Banks and Banking Foundations.

The conversion of “la Caixa” into a banking foundation was carried out as part of the restructuring of the “la Caixa” Group, which involved two processes. Firstly, the transfer to Criteria CaixaHolding – a wholly-owned subsidiary of “la Caixa” – of the stake previously held by the current “la Caixa” Banking Foundation in CaixaBank and of the debt instruments issued to date by “la Caixa”. As of 14 October 2014 the Banking Foundation will therefore hold an interest in CaixaBank through Criteria CaixaHolding.

Secondly, the dissolution and liquidation of the former “la Caixa” Foundation and the transfer of its assets and liabilities to the current “la Caixa” Banking Foundation (this liquidation was recorded in the Catalonian Registry of Foundations on 16 October 2014).

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

Mandatory conversion to CaixaBank shares of all Series I/2011 mandatorily convertible subordinated bonds

On 29 May 2014, CaixaBank's Board of Directors ratified the mandatory conversion of all such bonds (face value €741 million). The conversion, which was obligatory for all bondholders, took place on 30 June 2014.

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

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

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

Mandatory conversion to CaixaBank shares of all Series I/2012 mandatorily convertible subordinated bonds

On 27 February 2014, CaixaBank's Board of Directors ratified the mandatory conversion and/or exchange of all such bonds (face value €1,179 million). The conversion and/or exchange, which was obligatory for all bondholders, took place on 30 March 2014.

The reference price of CaixaBank shares for the purposes of the conversion/exchange was set at €3.65.

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

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

Issuance of €1,000 million in mortgage-covered bonds

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

The coupon rate was set at 2.625% and the issue cost (80bp over the mid-swap rate) meant CaixaBank was able to finance itself 67 basis points below the rate paid by the Spanish Treasury over the same period.

Sale of the stake in Bolsas y Mercados Españoles

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

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

Appendices

Investment portfolio

CaixaBank´s investment portfolio at 31 December 2014 is as follows (main investees only):

CaixaBank

LISTED - SERVICES

Telefónica	5.25%
Repsol	11.9%

SPECIALIZED FINANCIAL SERVICES

InverCaixa	100%
Finconsum	100%
Credifimo	100%
Nuevo Micro Bank	100%
CaixaCard	100%
CaixaRenting	100%
GestiCaixa	100%
Self Trade Bank	49.0%
Comercia Global Payments	49.0%
CaixaBank Electronic Money (EDE)	80%
Telefónica Consumer Finance	50%

INTERNATIONAL BANKING[1]

44.1%	Banco BPI
20.5%	Boursorama
9.0%	GF Inbursa
18.7%	The Bank of East Asia
9.9%	Erste Group Bank

INSURANCE

100%	VidaCaixa
100%	AgenCaixa
49.9%	SegurCaixa Adeslas

REAL ESTATE AND OTHER SERVICES

100%	BuildingCenter
49.0%	Servihabitat Serv. Inmob.
12.4%	SAREB
100%	SILK Aplicaciones
100%	e-la Caixa
100%	GDS Cusa
100%	Caixa Emprendedor XXI

([1]) *A breakdown of the carrying amount of banking investees is provided on the following page.*

Banking investees

Consolidated carrying amount of banking investees and share price at 31 December 2014:

€ million	% Participation	Consolidated carrying amount[1]	*Of which:* Goodwill[2]	€ / share
GF Inbursa	9.01	868	299	1.44
The Bank of East Asia	18.68	1,925	568	4.39
Erste Group Bank	9.92	870		20.41
Banco BPI	44.10	939		1.46
Boursorama	20.49	178	66	9.78
		4,780	**933**	

([1]) Consolidated carrying amount of equity of the different entities, attributable to the CaixaBank Group, net of write-downs.

([2]) Goodwill, net of write-downs.

Ratings

Agency	Long-Term	Short-Term	Outlook
Standard&Poor's	BBB	A-2	Stable
Fitch	BBB	F2	Positive
Moody's	Baa3	P-3	Stable
DBRS	A (low)	R-1 (low)	Negative

Recent actions by the rating agencies

Standard & Poor's upgraded the long-term rating from BBB- to BBB (stable outlook) on 27 November 2014.
Fitch confirmed the Bank's rating but upgraded its outlook from negative to positive on 1 July 2014.
Moody's confirmed the Bank's rating and outlook on 29 May 2014.
DBRS confirmed the Bank's rating and outlook on 5 September 2014.

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Financial information relating to investees is based mainly on estimates.

CaixaBank

THE GLOBAL COMPACT
WE SUPPORT

EQUATOR PRINCIPLES

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

ASPI
ADVANCED SUSTAINABLE PERFORMANCE INDICES

EUROMONEY
Awards for excellence
2014

Best Retail Bank for Technology Innovation in the World 2013 & 2014