CaixaBank, SA

and companies composing the CaixaBank Group

Condensed interim consolidated financial statements and management report for the six months ended June 30, 2012.

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

REPORT ON LIMITED REVIEW OF HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of CaixaBank, S.A.,
at the request of the Board of Directors:

We have performed a limited review of the accompanying half-yearly condensed consolidated financial statements ("the half-yearly financial statements") of CaixaBank, S.A. ("CaixaBank") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet at 30 June 2012 and the related condensed consolidated income statement, condensed consolidated statement of recognised income and expense, condensed consolidated statement of changes in total equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The directors of CaixaBank are responsible for the preparation of these half-yearly financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these half-yearly financial statements based on our limited review.

Our review was performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying half-yearly financial statements.

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying half-yearly financial statements for the six-month period ended 30 June 2012 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Without affecting our conclusion, we draw attention to Note 1 to the accompanying half-yearly condensed consolidated financial statements, which indicates that the aforementioned half-yearly financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying half-yearly financial statements should be read in conjunction with the Group's consolidated financial statement for the year ended 31 December 2011.

The accompanying interim consolidated directors' report for the first six months of 2012 contains the explanations which the directors of CaixaBank consider appropriate about the significant events that took place in that period and their effect on the half-yearly financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the half-yearly financial statements for the first six months of 2012. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

This report was prepared at the request of the Board of Directors of CaixaBank in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Francisco García-Valdecasas

31 July 2012

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAIXABANK GROUP FOR THE SIX MONTHS ENDED JUNE 30, 2012

- Condensed interim consolidated balance sheet at June 30, 2012 and December 31, 2011

- Condensed interim consolidated income statement for the six months ended June 30, 2012 and 2011

- Condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2012 and 2011

- Condensed interim consolidated statement of total changes in equity for the six months ended June 30, 2012 and 2011

- Condensed interim consolidated cash flow statement for the six months ended June 30, 2012 and 2011

- Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2012

CaixaBank Group

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2012 and December 31, 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	30/06/12	31/12/11 (*)
Cash and balances with central banks	**8,795,611**	**2,711,857**
Held-for-trading portfolio (Note 7)	**14,483,469**	**4,183,792**
Other financial assets at fair value through profit or loss (Note 7)	**208,388**	**210,654**
Available-for-sale financial assets (Notes 7 and 9)	**34,262,254**	**35,096,925**
Loans and receivables (Note 7)	**190,214,848**	**188,600,764**
Held-to-maturity investments (Note 7)	**7,377,041**	**7,784,058**
Adjustments to financial assets - macro-hedges	**10,057**	**122,947**
Hedging derivatives (Note 7)	**4,909,171**	**13,068,655**
Non-current assets held for sale (Note 8)	**2,503,333**	**1,778,917**
Investments (Note 9)	**9,345,405**	**8,882,326**
Associates	8,257,409	7,787,261
Jointly controlled entities	1,087,996	1,095,065
Insurance agreements related to pensions	**0**	**0**
Reinsurance assets	**8,461**	**7,416**
Property and equipment (Note 10)	**3,378,990**	**3,302,666**
Property and equipment	2,909,180	3,027,287
Investment property	469,810	275,379
Intangible assets (Note 11)	**1,192,034**	**1,175,506**
Goodwill	772,390	772,390
Other intangible assets	419,644	403,116
Tax assets	**3,172,922**	**2,736,747**
Current	869,283	474,356
Deferred	2,303,639	2,262,391
Other assets (Note 12)	**1,692,053**	**761,398**
Total assets	**281,554,037**	**270,424,628**
Memorandum items		
Contingent liabilities (Note 19)	**9,297,132**	**9,391,812**
Contingent commitments (Note 19)	**47,710,455**	**49,806,992**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated balance sheet at June 30, 2012.

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2012 and December 31, 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities and Equity

	30/06/12	31/12/11 (*)
Liabilities		
Held-for-trading portfolio (Note 13)	**14.452.052**	**4.117.233**
Other financial liabilities at fair value through profit or loss (Note 13)	**227.400**	**224.990**
Financial liabilities at amortized cost (Note 13)	**213.860.812**	**205.164.181**
Adjustments to financial liabilities - macro-hedges	**3.091.169**	**2.643.932**
Hedging derivatives	**1.399.517**	**9.688.073**
Liabilities associated with non-current assets held for sale	**0**	**0**
Liabilities under insurance contracts	**21.088.447**	**21.744.779**
Provisions (Note 14)	**2.500.425**	**2.806.974**
Tax liabilities	**1.665.342**	**1.831.001**
Current	299.952	243.957
Deferred	1.365.390	1.587.044
Welfare fund	**0**	**0**
Other liabilities	**1.809.097**	**1.488.956**
Capital having the nature of a financial liability	**0**	**0**
Total liabilities	**260.094.261**	**249.710.119**
Equity (Note 15)		
OWN FUNDS	**21.915.698**	**20.750.791**
Share capital	3.854.832	3.840.103
Share premium	9.381.085	9.381.085
Reserves	5.961.169	5.703.347
Other equity instruments	2.945.942	1.500.010
Less: Treasury shares	(393.270)	(270.017)
Profit attributable to the Parent	165.940	1.053.495
Less: Dividends and remuneration **(Note 3)**	0	(457.232)
VALUATION ADJUSTMENTS	**(474.619)**	**(55.197)**
Available-for-sale financial assets	(281.522)	452.444
Cash flow hedges	(2.273)	10.776
Hedges of net investment in foreign operations	0	0
Exchange differences	103.792	(49.094)
Non-current assets held for sale	0	0
Entities accounted for using the equity method	(294.616)	(469.323)
Other valuation adjustments	0	0
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT	**21.441.079**	**20.695.594**
NON-CONTROLLING INTERESTS	**18.697**	**18.915**
Valuation adjustments	707	744
Other	17.990	18.171
Total Equity	**21.459.776**	**20.714.509**
Total Equity and Liabilities	**281.554.037**	**270.424.628**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated balance sheet at June 30, 2012.

CaixaBank

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended June 30, 2012 and 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2012	2011 (*)
Interest and similar income	**4,150,908**	**3,691,671**
Interest expense and similar charges	**(2,365,166)**	**(2,148,806)**
Remuneration of capital having the nature of a financial liability	**0**	**0**
NET INTEREST INCOME	**1,785,742**	**1,542,865**
Return on equity instruments	**214,727**	**369,541**
Share of profit (loss) of entities accounted for using the equity method	**301,144**	**315,593**
Fee and commission income	**907,724**	**828,002**
Fee and commission expense	**(68,572)**	**(55,967)**
Gains/(losses) on financial assets and liabilities (net)	**201,156**	**71,343**
Exchange differences (net)	**47,133**	**5,398**
Other operating income	**388,438**	**1,496,880**
Other operating expenses	**(363,561)**	**(1,156,677)**
GROSS INCOME	**3,413,931**	**3,416,978**
Administrative expenses	**(1,412,230)**	**(1,587,297)**
Personnel expenses	(1,093,967)	(1,188,603)
Other general administrative expenses	(318,263)	(398,694)
Depreciation and amortization	**(153,304)**	**(184,266)**
Provisions (net)	**23,802**	**(26,616)**
Impairment losses on financial assets (net)	**(1,924,664)**	**(1,366,511)**
PROFIT/(LOSS) FROM OPERATIONS	**(52,465)**	**252,288**
Impairment losses on other assets (net)	**2,443**	**(14,799)**
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 9)	**122,937**	**633,468**
Negative goodwill in business combinations	**0**	**0**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations	**(70,752)**	**(542)**
PROFIT BEFORE TAX	**2,163**	**870,415**
Income tax	**163,596**	**(37,307)**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**165,759**	**833,108**
Profit from discontinued operations (net)	**0**	**0**
CONSOLIDATED PROFIT FOR THE PERIOD	**165,759**	**833,108**
Profit attributable to the Parent	**165,940**	**833,474**
Profit attributable to non-controlling interests	**(181)**	**(366)**
Earnings per share from continuing and discontinued operations		
Basic earnings per share (euros) **(Note 3)**	0.04	0.22
Diluted earnings per share (euros) **(Note 3)**	0.04	0.22

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated income statement for the six months ended June 30, 2012.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2012 and 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2012	2011 (*)
Consolidated profit for the period	**165,759**	**833,108**
Other comprehensive income/(expenses)	**(419,459)**	**(425,415)**
Available-for-sale financial assets	(1,078,592)	(207,552)
Revaluation gains (losses)	*(1,147,197)*	*(195,928)*
Amounts transferred to income statement	*68,605*	*(11,624)*
Other reclassifications	*0*	*0*
Cash flow hedges	(18,818)	2,083
Revaluation gains (losses)	*(19,186)*	*(3,615)*
Amounts transferred to income statement	*368*	*5,698*
Amount transferred to the initial carrying amount of hedged items	*0*	*0*
Other reclassifications	*0*	*0*
Hedges of net investment in foreign operations	0	0
Revaluation gains (losses)	*0*	*0*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Exchange differences	152,671	(137,542)
Revaluation gains (losses)	*152,671*	*(137,542)*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Non-current assets held for sale	0	0
Revaluation gains (losses)	*0*	*0*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Actuarial gains (losses) on pension plans	0	0
Entities accounted for using the equity method	174,707	(341,496)
Revaluation gains (losses)	*174,707*	*(341,496)*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Other comprehensive income	0	0
Income tax	350,573	259,092
Total comprehensive income/(expense)	**(253,700)**	**407,693**
Attributable to the Parent	(253,482)	409,255
Attributable to non-controlling interests	(218)	(1,562)

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2012.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2012 and 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent											
	Own funds											
CURRENT PERIOD	Share capital	Share premium	Accumulated reserves (losses)	Other equity instruments	Less: Treasury shares	Profit for the period attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Total	Non-controlling interests	Total equity
Opening balance at December 31, 2011	**3,840,103**	**9,381,085**	**5,703,347**	**1,500,010**	**(270,017)**	**1,053,495**	**(457,232)**	**20,750,791**	**(55,197)**	**20,695,594**	**18,915**	**20,714,509**
Adjustments due to changes in accounting policy								0		0		0
Adjustments made to correct errors								0		0		0
Adjusted opening balance	**3,840,103**	**9,381,085**	**5,703,347**	**1,500,010**	**(270,017)**	**1,053,495**	**(457,232)**	**20,750,791**	**(55,197)**	**20,695,594**	**18,915**	**20,714,509**
Total comprehensive income/(expense)						**165,940**		**165,940**	**(419,422)**	**(253,482)**	**(218)**	**(253,700)**
Other changes in equity	**14,729**	**0**	**257,822**	**1,445,932**	**(123,253)**	**(1,053,495)**	**457,232**	**998,967**	**0**	**998,967**	**0**	**998,967**
Reclassification of financial liabilities to other equity instruments				1,445,942				1,445,942		1,445,942		1,445,942
Reclassification of other equity instruments to financial liabilities								0		0		0
Payment of dividends			(159,603)					(159,603)		(159,603)		(159,603)
Transactions with own equity instruments (net)								0		0		0
Payments with equity instruments	14,729		581,534			(1,053,495)	457,232	0		0		0
Other increases/ (decreases) in equity			(164,109)	(10)	(123,253)			(287,372)		(287,372)		(287,372)
Final balance at June 30, 2012	**3,854,832**	**9,381,085**	**5,961,169**	**2,945,942**	**(393,270)**	**165,940**	**0**	**21,915,698**	**(474,619)**	**21,441,079**	**18,697**	**21,459,776**

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated statement of changes in equity for the six months ended June 30, 2012.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2012 and 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent											
	Own funds											
			Reserves									
PREVIOUS PERIOD (*)	Share capital	Share premium	Accumulated reserves (losses)	Other equity instruments	Less: Treasury shares	Profit for the period attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Total	Non-controlling interests	Total equity
Opening balance at January 1, 2011	**3,737,294**	**9,381,085**	**5,850,191**		**(43,466)**			**18,925,104**	**920,187**	**19,845,291**	**36,548**	**19,881,839**
Adjustments due to changes in accounting policy								0		0		0
Adjustments made to correct errors								0		0		0
Adjusted opening balance	**3,737,294**	**9,381,085**	**5,850,191**	**0**	**(43,466)**	**0**	**0**	**18,925,104**	**920,187**	**19,845,291**	**36,548**	**19,881,839**
Total comprehensive income/(expense)						**833,474**		**833,474**	**(424,219)**	**409,255**	**(1,562)**	**407,693**
Other changes in equity	**0**	**0**	**67,705**	**1,500,000**	**(234,010)**	**0**	**0**	**1,333,695**	**0**	**1,333,695**	**(16,516)**	**1,317,179**
Increase in other equity instruments				1,500,000				1,500,000		1,500,000		1,500,000
Payment of dividends			(35,230)					(35,230)		(35,230)	(412)	(35,642)
Other increases/(decreases) in equity			102,935		(234,010)			(131,075)		(131,075)	(16,104)	(147,179)
Final balance at June 30, 2011	**3,737,294**	**9,381,085**	**5,917,896**	**1,500,000**	**(277,476)**	**833,474**	**0**	**21,092,273**	**495,968**	**21,588,241**	**18,470**	**21,606,711**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated statement of changes in equity for the six months ended June 30, 2012.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

for the six months ended June 30, 2012 and 2011 (Notes 1 to 20), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2012	2011 (*)
A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**6,799,440**	**(2,481,667)**
Consolidated profit for the period	**165,759**	**833,108**
Adjustments to obtain cash flows from operating activities	**2,808,940**	**2,365,211**
Depreciation and amortization	153,304	184,266
Other adjustments	2,655,636	2,180,945
Net increase/(decrease) in operating assets and liabilities	**3,988,337**	**(5,717,293)**
Other operating assets	(7,988,977)	(1,712,947)
Other operating liabilities	11,977,314	(4,004,346)
Income tax (paid)/received	**(163,596)**	**37,307**
B) CASH FLOWS FROM INVESTING ACTIVITIES	**81,796**	**660,774**
Payments	**754,087**	**730,230**
Property and equipment	112,885	117,572
Intangible assets	70,288	29,190
Investments	493,543	42,223
Subsidiaries and other business units	0	0
Non-current assets and associated liabilities held for sale	77,371	513,953
Held-to-maturity investments	0	27,292
Other payments related to investing activities	0	0
Proceeds	**835,883**	**1,391,004**
Property and equipment	13,175	342,266
Intangible assets	0	603,106
Investments	439,514	60,366
Subsidiaries and other business units	103,021	0
Non-current assets and associated liabilities held for sale	256,156	385,266
Held-to-maturity investments	24,017	0
Other proceeds related to investing activities	0	0
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(798,091)**	**3,218,580**
Payments	**1,656,791**	**4,059,420**
Dividends	385,213	469,043
Subordinated liabilities	0	0
Buyback and cancellation of treasury shares	0	0
Acquisition of treasury shares	132,546	218,311
Other payments related to financing activities	1,139,032	3,372,066
Proceeds	**858,700**	**7,278,000**
Subordinated liabilities	0	0
Issue of own equity instruments	0	1,500,000
Disposal of own equity instruments	0	0
Other inflows related to financing activities	858,700	5,778,000
D) EFFECT OF EXCHANGE RATE CHANGES	**609**	**(2,875)**
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**6,083,754**	**1,394,812**
F) CASH AND CASH EQUIVALENTS AT JANUARY 1	**2,711,857**	**2,443,363**
G) CASH AND CASH EQUIVALENTS AT JUNE 30 (E+F)	**8,795,611**	**3,838,175**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT JUNE 30		
Cash	905,488	1,162,120
Cash equivalents at central banks	7,890,123	2,676,055
TOTAL CASH AND CASH EQUIVALENTS AT JUNE 30	**8,795,611**	**3,838,175**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 20 are an integral part of the condensed interim consolidated cash flow statement for the six months ended June 30, 2012.

Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2012

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Explanatory notes to the condensed interim consolidated financial statements for the six months ended June 30, 2012

CAIXABANK, SA
AND COMPANIES COMPOSING THE CAIXABANK GROUP

In accordance with prevailing regulations governing the content of condensed interim consolidated financial statements, these explanatory notes include the condensed interim consolidated balance sheet, income statement, statement of other comprehensive income, statement of total changes in equity and cash flow statement and comparative information with the annual consolidated financial statements, along with explanations of events and disclosures for an adequate understanding of the most significant changes in the first half of the year.

1. Corporate information, basis of presentation and other information

CaixaBank, SA and its subsidiaries compose the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group”). CaixaBank, SA (hereinafter “CaixaBank”) is the bank through which Caixa d'Estalvis i Pensions de Barcelona (”la Caixa”) carries on its business indirectly as a credit institution in accordance with article 5 of Royal Decree-Law 11/2010, of July 9, and article 3.4 of the consolidated text of the Catalan Savings Bank Law of March 11, 2008. ”la Caixa” is CaixaBank's majority shareholder, with a stake of 81.21% at June 30, 2012.

CaixaBank was created through the transformation of Criteria CaixaCorp, SA, as part of the reorganization of the ”la Caixa” Group. This reorganization culminated on June 30, 2011 with the entry of CaixaBank in the Bank of Spain’s Registry of Banks and Bankers (“*Registro Especial de Bancos y Banqueros*”) and its listing on the Spanish stock markets—as a bank—on July 1, 2011.

CaixaBank engages mainly in all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services. As a bank, it is subject to the oversight of the Bank of Spain.

CaixaBank is also a public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market and, therefore, is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV).

Basis of presentation

On February 23, 2012, the Board of Directors authorized for issue the CaixaBank Group's 2011 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU regulations, complying with Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and subsequent amendments thereto.

In the preparation of the 2011 consolidated financial statements, the consolidation principles, accounting policies and measurement bases described in note 2 therein were applied to give a true and fair view of the consolidated equity and financial position of the CaixaBank Group at December 31, 2011 and of the results of its operations, changes in consolidated equity and cash flows in the year then ended.

The accompanying condensed interim consolidated financial statements of the CaixaBank Group for the first half of 2012 were prepared in accordance with IFRSs, particularly IAS 34 *Interim Financial Reporting*. They were also drawn up taking into consideration Bank of Spain Circular 4/2004 and subsequent amendments, and the Spanish Securities Market Regulator (CNMV) Circular 1/2008. These condensed consolidated financial statements were authorized for issue by the Board of Directors of CaixaBank at its meeting of 26 July 2012.

According to IAS 34, the interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. Therefore, for an appropriate understanding of the information contained in the accompanying condensed interim consolidated financial statements, they should be read in conjunction with the CaixaBank Group's 2011 consolidated financial statements.

The accompanying condensed balance sheet, income statement, statement of other comprehensive income, statement of total changes in equity and cash flow statement are presented according to the formats provided for credit institutions in CNMV Circular 1/2008.

Standards and interpretations issued by the International Accounting Standard Board (IASB) that have become effective in 2012

At the date of authorization for issue of these condensed interim consolidated financial statements, the following standards and interpretations were effective, the adoption of which by the Group did not have a significant impact.

- **IFRS 7 *Financial Instruments:* Disclosures (Amendment)**
  This amendment clarifies and enhances the disclosure requirements in financial statements regarding transfers of financial assets.

Standards and interpretations issued by IASB but not yet effective

At the date of authorization for issue of these condensed interim consolidated financial statements, the following standards and interpretations had been issued by the IASB but were not yet effective, either because their effective date is subsequent to the date of the condensed interim consolidated financial statements or because they had not yet been endorsed by the European Union.

The Group has assessed the impacts that would arise from their adoption and has elected not to early adopt them, where possible, considering that it would have no significant impact.

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Approved for use in the EU		
Amendment to IAS 1	Presentation of Financial Statements	July 1, 2012
Amendment to IAS 19	Employee Benefits	January 1, 2013
Not approved for use in the EU		
Amendment to IAS 12	Taxes	January 1, 2012
Amendment to IFRS 1	First-time Adoption of International Financial Reporting Standards	January 1, 2013
Amendment to IFRS 7	Financial Instruments: Disclosures	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
Amendment to IAS 27	Separate Financial Statements	January 1, 2013
Amendment to IAS 28	Investments in Associates	January 1, 2013
Amendment to IAS 32	Financial Instruments: Presentation	January 1, 2014
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2015

- **IAS 1 *Presentation of Financial Statements (Amendment)***

  This amendment requires entities to present a total for “profit or loss” separately from “other comprehensive income,” distinguishing between those items that will be reclassified to profit or loss subsequently and those that will not be reclassified.

- **IAS 19 *Employee Benefits (Amendment)***

  The most relevant modifications, which primarily affect defined benefit plans, are as follows:

  - Elimination of the corridor approach, under which entities were able to defer a certain portion of their actuarial gains and losses. Following entry into force of this modification, all actuarial gains and losses must be recognized immediately.
  - Relevant changes in grouping and presenting cost components in the statement of other comprehensive income. The entire cost of the obligation shall be presented in three separate components: service cost, net interest component and revaluation gains and losses.

- **IAS 12 *Income taxes (Amendment)***

  The amendment includes an exception to the general principles of IAS 12 affecting deferred taxes on investment properties measured using the fair value model in IAS 40 *Investment Property*. In these cases, the amendment introduces, with respect to calculating deferred taxes, a presumption that recovery of the carrying amount will normally be through sale.

  This presumption is refuted when the investment property is depreciable and the business model entails holding the property to earn economic benefits through its future use rather than sale.

- **IFRS 1** ***First-time Adoption of International Financial Reporting Standards (Amendment)***
  This amendment addresses the initial recognition of government loans with a below-market rate of interest.

- **IFRS 7** ***Financial Instruments: Disclosures (Amendment)***
  This amendment introduces new disclosure requirements for financial assets and financial liabilities shown net on the balance sheet, as well as for those financial instruments subject to a net compensation or similar agreement, regardless of whether they have been offset in accordance with IAS 32: *Financial Instruments: Presentation*.

- **IFRS 10** ***Consolidated Financial Statements***
  This standard was issued in conjunction with IFRS 11, IFRS 12 and the amendments to IAS 27 and IAS 28 (see below), replacing the current standards governing consolidation and recognition of subsidiaries, associates and joint ventures, as well as disclosure requirements.

  Upon entry into force, this standard will replace the consolidation guidelines set out in the current IAS 27 *Consolidated and Separate Financial Statements* and in interpretation SIC 12 *Consolidation – Special Purpose Entities*.

  The standard primarily modifies the definition of control, eliminating the risks/rewards approach set out in SIC 12. Control is now defined through three required elements: power over the investee; exposure or rights to variable returns from the investee; and the ability to use the power over the investee to affect the amount of the investor's returns.

- **IFRS 11** ***Joint Arrangements***
  Upon entry into force, IFRS 11 replaces the current IAS 31 *Interests in Joint Ventures*. The fundamental change compared to the prevailing standard is the elimination of the proportionate consolidation option for jointly controlled entities. Under IFRS 11, these entities should be accounted for using the equity method. The standard also modifies certain nuances when analyzing joint arrangements, focusing on whether or not the arrangement is structured through a separate vehicle. The standard also defines two types of joint arrangements: joint operations and joint ventures.

- **IFRS 12** ***Disclosure of Interests in Other Entities***
  IFRS 12 groups together and extends the scope of all disclosure requirements regarding interests in subsidiaries, associates, joint ventures or other investees. The primary change with respect to current disclosure requirements is the new obligation to disclose interests in unconsolidated structured entities.

- **IFRS 13** ***Fair Value Measurement***
  IFRS 13 aims to provide the sole guidance for calculating the fair value of assets and liabilities when fair value measurement is required or permitted by other IFRS. The new standard does not modify the prevailing measurement criteria established in other standards, and is applicable to measurements of both financial and non-financial assets and liabilities.

  In addition, IFRS 13 modifies the current definition of fair value, introducing new considerations, and increases consistency and comparability in fair value measurement by adopting the "fair value hierarchy," which is conceptually similar to that set out for certain financial instruments in IFRS 7 *Financial Instruments: Disclosures*.

- **IAS 27** ***Consolidated and Separate Financial Statements (Amendment)***
  This modification reissues the standard, given that from its entry into force its content will only refer to separate financial statements.

- **IAS 28** ***Investments in Associates (Amendment)***
  This modification reissues the standard, which now includes guidance on how to account for joint ventures, indicating that they shall henceforth be accounted for as associates, i.e., using the equity method.

- **IAS 32** ***Financial Instruments: Presentation (Amendment)***
  This modification provides additional clarification regarding the requirements for offsetting financial assets and financial liabilities shown on the balance sheet.

- **IFRS 9** ***Financial Instruments: Classification and Measurement***
  In the future, IFRS 9 will substitute the section of IAS 39 that currently deals with classification and measurement. There are some major differences with respect to the current standard, such as approval if a new classification model based on only two categories (amortized cost and fair value), which entails the elimination of the current categories "Held-to-maturity investments" and "Available-for-sale financial assets". At the same time, impairment analysis will only be performed in regard to the assets measured at amortized cost. Additionally, it establishes non-separation of embedded derivatives in finance contracts.

Responsibility for the information and for the estimates made

The preparation of the condensed interim consolidated financial statements required senior executives of CaixaBank and consolidated companies to make certain judgments, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates relate primarily to:

- Impairment losses on certain financial assets
- The measurement of goodwill
- The useful life of and impairment losses on other intangible assets and property and equipment
- The measurement of investments in jointly controlled entities and associates
- Actuarial assumptions used to measure liabilities arising from insurance contracts
- Actuarial assumptions used to measure post-employment liabilities and commitments
- The fair value of certain financial assets and liabilities
- The income tax expense based on the income tax rate expected for the full year

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

Comparison of information and changes in scope of consolidation

IFRSs require that the information presented in the consolidated financial statements for different periods be consistent. In the first six months of 2012, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information (see note 2).

The information related to the first half of 2011 contained in these condensed interim consolidated financial statements is presented solely for purposes of comparison with the six months ended June 30, 2012. Comparisons between the condensed interim income statements are affected by the changes in the scope of consolidation that occurred in 2011, especially the sale of a 50% stake in SegurCaixa Adeslas, SA de Seguros y Reaseguros. The main items affected are “Other operating income” and “Other operating expenses.”

Changes in the consolidation scope in the first six months of 2012 are detailed in note 9.

Seasonality and materiality of transactions

The cyclical or seasonal nature of the operations of the companies composing the CaixaBank Group is not significant. Therefore, these explanatory notes to the condensed interim consolidated financial statements for the first six months of 2012 do not include specific disclosures in that regard.

In addition, in deciding what information to disclose in these condensed interim consolidated financial statements, materiality was assessed in relation to the interim period financial data.

Deposit guarantee fund of credit institutions

Following the enactment of Royal Decree-Law 19/2011, of December 2, the annual contribution to the Deposit Guarantee Fund of Credit Institutions was increased to 2 per thousand of the calculation basis of guaranteed deposits from 1 per thousand the previous year (set under Ministry of Economy and Finance Order EHA/3515/2009, of December 29, which has been repealed).

The annual contribution for 2012 amounts to €228,881 thousand. Payment, based on the new percentage, was made in the settlement carried out in February.

Meanwhile, Bank of Spain Circular 3/2011 established additional contributions to the Deposit Guarantee Funds for time or demand deposits whose remuneration exceeds the reference interest rates published quarterly by the Bank of Spain. Settlements by CaixaBank in this connection in the first half of 2012 amounted to €3,694 thousand.

The amounts accrued for contributions to the Deposit Guarantee Fund are recognized under “Other operating expenses” in the accompanying condensed interim consolidated income statement.

Restructuring of the financial sector. Requirements of Royal Decree-Laws 2/2012 and 18/2012

Royal Decree-Law 2/2012, of February 3, on the restructuring of the financial sector (hereinafter "RDL 2/2012"), and Royal Decree-Law 18/2012, of May 11, concerning the write-down and sale of real estate assets in the financial sector (hereinafter "RDL 18/2012"), require financial institutions to recognize additional provisions for the impairment of real estate assets at December 31, 2011.

The new provisions required for the impact on CaixaBank Group amount to €4,538 million. The detail of these provisions is as follows:

Coverage required by Royal Decree-Law 2/2012

(Millions of Euros)	Land	Development in progress: Substandard, halted and doubtful	Development in progress: Substandard in progress	Completed developments, homes and other	Financing without mortgage collateral	Total
Exposure	2,444	1,324	132	3,835	1,053	8,788
Current coverage	585	397	20	770	472	2,244
% current coverage with provisions	*24%*	*30%*	*15%*	*20%*	*45%*	*26%*
Additional provisions	900	292	12	189	88	1,481
General coverage for non-distressed developer risk (exposure to non-distressed assets: €13,650 million)						955
Total impact						**2,436**

Coverage required by Royal Decree-Law 18/2012

(Millions of Euros)	Balance at 31/12/11	% of additional provision	Additional provision required
Land	1,626	45%	732
Development in progress	1,671	22%	368
Completed development	9,624	7%	674
Uncollateralized	730	45%	328
Total	**13,651**		**2,102**

Regarding the repayment of gross debt with foreclosed assets managed by BuildingCenter, this company complied with the minimum requirements of RDL 2/2012 without the need to increase provisions.

As for the portfolio of real estate assets at December 31, 2011, the CaixaBank Group recognized €2,736 million of impairment losses in the first six months of 2012 in accordance with estimates based on internal models. However, the generation of income, coupled with the reduction in expenses and use of the loan-loss provision not made specifically for any risk (general allowance), of €1,835 million at December 31, 2011 (see note 6) enabled the CaixaBank Group to allocate this large volume of provisions, which covers the entire impact of RDL 2/2012 and part of the provisions required of the CaixaBank Group by RD 18/2012.

Meanwhile, the additional capital requirement in application of RDL 2/2012 was €745 million. The requirement was absorbed by the CaixaBank Group's surplus capital over the minimum principle capital requirement (see note 5).

With regard to the merger with Banca Cívica described in the following section, the impacts of RDL 2/2012 and RDL 18/2002 for Banca Cívica were estimated at €2,221 million of additional provisions. When the Merger Agreement was announced, CaixaBank estimated a gross €3,400 million of fair value adjustments to Banca Cívica's balance sheet prior to its integration, to be recognized net of taxes against the reserves of Banca Cívica. Given that these fair value adjustments, specifically those related to loans, far exceed the additional provisioning requirements mentioned above, CaixaBank does not expect these provisions to have an additional material impact on equity or on solvency with regard to that reported in the significant event notice of March 27, 2012 in which the details of the integration of Banca Cívica were reported.

In accordance with that stipulated in Article 3 of RDL 18/2012, the CaixaBank Group has a holding company, BuildingCenter, S.A., to manage the assets foreclosed or received in lieu of payment of debts.

Merger with Banca Cívica

On March 26, 2012, the Boards of Directors of Caixa d'Estalvis i Pensions de Barcelona (”la Caixa”), CaixaBank, Caja de Ahorros y Monte de Piedad de Navarra (“Caja Navarra”), Caja General de Ahorros de Canarias (“CajaCanarias”), Caja de Ahorros Municipal de Burgos y Monte de Piedad (“Caja de Burgos”), Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (“Cajasol”) and Banca Cívica, SA (“Banca Cívica”) (jointly ”the Parties”) agreed to enter into a merger agreement in order to lay down the essential terms and actions by the Parties regarding the integration of Banca Cívica into CaixaBank.

At that date, Banca Cívica was the central company (*sociedad central)* of the Institutional Protection Scheme (*Sistema Institucional de Protección*, or “SIP”) comprising Caja Navarra, CajaCanarias, Caja de Burgos and Cajasol (hereinafter “the Cajas”). Banca Cívica is the entity through which the Cajas carry on their financial activity indirectly under Royal Decree-Law 11/2010. In particular, the Cajas own 55.316% of the share capital and voting rights of Banca Cívica, distributed as follows:

(i) Caja Navarra: 16.097%
(ii) Cajasol: 16.097%
(iii) Caja Canarias: 11.782%
(iv) Caja de Burgos: 11.340%

Banca Cívica was the tenth largest entity in the Spanish financial system by asset volume, with a market share by offices of 3.2%. Although its business activity is distributed throughout Spain, Banca Cívica has a privileged position in the markets of the autonomous regions of Navarra, the Canary Islands, Andalusia and Castilla y León.

The geographic fit of CaixaBank and Banca Cívica will significantly enhance the CaixaBank Group's presence in major areas. In addition, the merger will bolster its competitive position, increase its profitability and allow for greater exploitation of economies of scale.

On April 18, 2012, the Boards of Directors of CaixaBank and Banca Cívica signed the Merger Plan, which was approved by their respective extraordinary general meetings held June 26, 2012. The merger was also approved at the Ordinary General Assembly of ”la Caixa” held May 22, 2012, at which authorization was also given for the stake held by ”la Caixa” in CaixaBank to decrease to 70% of share capital, but not below 60%.

The Merger Plan states that the date from which transactions of Banca Cívica will be deemed to have been carried out as Caixa Bank transactions on its financial statements for accounting purposes will be the date on which all the conditions precedent of the merger have been fulfilled. Once it complies with the conditions precedent, tentatively by the end of July 2012, CaixaBank will take control of Banca Cívica's assets and liabilities. Therefore, the acquisition cost (i.e. fair value of the consideration) will be established based on the market price of the 310,714,250 CaixaBank shares that will be delivered to the former shareholders of Banca Cívica at the date control is obtained.

The transaction will be carried out through the absorption of Banca Cívica (absorbed company) by CaixaBank (absorbing company). The absorbed company will be extinguished by dissolution without liquidation and block transfer of its total net assets to CaixaBank, which will acquire the rights and obligations of Banca Cívica through a universal succession.

Based on the financial, tax and legal review (due diligence) performed by independent experts and the valuation of CaixaBank and Banca Cívica, the parties have established an exchange ratio of five shares of CaixaBank for eight shares of Banca Cívica.

Taking the share capital of Banca Cívica at March 26, 2012 (the date of approval of the merger), which consisted of 497,142,800 shares, and the *exchange ratio*, these shares will be exchanged for 310,714,250 shares of CaixaBank.

CaixaBank will carry out the exchange of shares of Banca Cívica with treasury shares and newly issued shares. In accordance with commercial law, this exchange does not take into account the shares of Banca Cívica held by CaixaBank or Banca Cívica's treasury shares, which will be cancelled.

As stated in the Merger Plan, the preferred securities of Banca Cívica were the object of a repurchase offer at 100% of their face value subject to the irrevocable subscription of mandatorily convertible and/or exchangeable bonds for Banca Cívica shares. In a significant event notice filed on June 26, 2012, Banca Cívica said it had accepted for repurchase 97.36% of the preference shares targeted by the offer. Finally, the nominal value of the issue of mandatorily convertible and/or exchangeable bonds was €880,185,300 (see significant event notice filed by Banca Cívica dated July 3, 2012) which, when the merger is executed, will be converted into CaixaBank shares.

After the exchange of shares and conversion into shares of the convertible instruments of CaixaBank currently in circulation (see note 15) and the convertible and/or exchangeable bonds issued by Banca Cívica for the repurchase of the preferential shares, ''la Caixa'' will still have a controlling stake in CaixaBank representing greater than 60% of its share capital.

The fair value of the assets, liabilities and contingent liabilities of the business combination is currently being analyzed and evaluated. It will be added to the Group's equity in the first set of financial statements prepared once the merger is on record at the Mercantile Registry, tentatively on August 3, 2012.

At the date of authorization for issue of these condensed interim consolidated financial statements, the CaixaBank Group had not taken control of Banca Cívica as certain of the conditions precedent contained in the resolution adopted at the Extraordinary General Meeting of June 26 had yet to be met.

Note on the outcome of the independent stress tests

An external assessment of the resilience of Spanish Banks at the aggregate level under a severe stressed scenario for the Spanish economy was conducted in the first half of 2012. According to the reports published, the capital needs for the Spanish banking system to cover loans to the resident private sector, including real estate assets, are estimated at between €16,000 million and €26,000 million in the baseline macroeconomic scenario (with a minimum Core Tier 1 of 9%) and at between €51,000 million and €62,000 million in the adverse macroeconomic scenario (with a minimum Core Tier 1 of 6%). In addition, according to the results published by the Bank of Spain regarding these stress tests, Spain's three largest banking groups, which include CaixaBank, would not require any additional capital, even under the adverse scenario.

The stress tests considered the overall exposure of the CaixaBank Group and Banca Cívica.

Moreover, a bottom-up approach is being carried out to determine the individual capital requirements of each institution based on their individual risk profiles. The results of this exercise had not been released at the date of preparation of these condensed consolidated financial statements, but are expected to be published around the end of September.

Events after the reporting period

Between June 30, 2012 and the date these condensed interim consolidated financial statements were authorized for issue, no events occurred that had a significant effect on the statements.

2. Accounting policies and measurement bases

The accompanying condensed interim consolidated financial statements of the CaixaBank Group were prepared using the same accounting principles, policies and criteria as those used in the 2011 consolidated financial statements (see note 2 to the 2011 consolidated financial statements), taking into consideration new IFRSs, amendments and interpretations that became effective in the first half of 2012 (see note 1).

All accounting principles and measurement bases that could have a significant effect were applied in the preparation of the condensed interim consolidated financial statements.

3. Shareholder remuneration and earnings per share

Shareholder remuneration

CaixaBank's shareholder remuneration policy will continue to entail quarterly dividend payments, in March, June, September and December. A new Optional Scrip Dividend remuneration scheme was approved at the Annual General Meeting of May 12, 2011. Under this program, in certain quarters shareholders can choose between the following three options:

a) Receive shares via a scrip issue;
b) Receive cash from the market sale of the rights allocated in the issue; or
c) Receive cash from the sale to CaixaBank, at a price fixed by it, of the rights allocated during the capital increase.

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

Under this policy, shareholder remuneration in the first half of 2012 was as follows:

In March 2012, payment was made of an interim dividend out of 2011 profit as approved by the Board of Directors on December 15, 2011 for an amount of €0.06 per share up to a maximum of €230,406 thousand. The total amount paid in this connection, after taking into account treasury shares, was €225,610 thousand.

At the Ordinary General Meeting of April 19, 2012, to implement the aforementioned shareholder remuneration scheme, approval was given for two capital increases of up to €197,900 thousand and €273,900 thousand, respectively, and to delegate powers to the Board of Directors to establish the terms and conditions of the capital increase with authorization to delegate these powers in the Executive Committee.

At its meeting of May 24, 2012, the Executive Committee of CaixaBank resolved to initiate distribution of the dividend included under the CaixaBank Optional Scrip Dividend, resulting in the cash payment in June 2012 to shareholders opting to sell rights to CaixaBank at a fixed price of €0.05 per right for a total of €159,603 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on June 27, 2012, with the issuance of 14,728,120 shares of €1 par value each with a charge to restricted reserves made on April 19, 2012. These shares were admitted to trading on a regulated market on July 3, 2012.

At the Extraordinary General Meeting of June 26, 2012, shareholders approved two additional capital increases with a market value of up to €295,000 thousand each. With these increases, the Board of Directors can decide each quarter whether to remunerate shareholders with the traditional dividend or under the Optional Scrip Dividend program.

Shareholder remuneration in the first half of 2012 and 2011 can be summarized as follows:

Dividends paid in the first half of 2012

(Thousands of euros)	Euros per share	Amount	Date of announcement	Payment date
Dividends paid from reserves:				
Optional scrip dividend program (*)	0.050	192,005	24/05/12	20/06/2012
Dividends paid from profits:				
Second interim dividend - 2011	0.060	225,610	15/12/11	27/03/2012

(*) Includes cash paid to shareholders and the fair value of the shares delivered.

Dividends paid in the first half of 2011

(Thousands of euros)	Euros per share	Amount	Date of announcement	Payment date
Dividends paid from reserves:				
Dividends paid from reserves or share premium	0.060	201,099	25/02/2010	01/03/11
Optional scrip dividend program (*)	0.051	171,507	27/06/2011	20/07/11

(*) Includes cash paid to shareholders and the fair value of the shares delivered.

Earnings per share

Basic earnings per share are calculated by dividing consolidated net profit or loss for the period attributable to equity holders of the Group by the weighted average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding less treasury shares after adjusting for dilutive potential ordinary shares (share options, warrants and non mandatory convertible bonds).

At June 30, 2012, there were no transactions involving potential ordinary shares that would lead to a difference between basic and diluted earnings per share.

Calculation of basic and diluted earnings per share

(Thousands of euros)	2012	2011
Numerator		
Profit attributable to the Parent	**165,940**	**833,474**
Denominator		
Average number of shares outstanding (*)	3,755,044	3,351,545
Adjustment for scrip issue at June 30, 2011		374,404
Adjustment for capital increase at June 27, 2012	14,728	
Adjustment for issue of the mandatory convertible instruments	577,667	31,553
Adjusted number of shares (basic and diluted earnings per share)	**4,347,439**	**3,757,502**
Basic and diluted earnings per share (in euros)	**0.04**	**0.22**

(*) Number of shares outstanding at the beginning of the period, excluding the average number of treasury shares held during the period.

4. Risk management

Credit risk

NPL ratios of credit institutions continued to increase in the first half of 2012 due to the struggling economy and the loss in value of real-estate sector assets.

The CaixaBank Group's NPL ratio at June 30, 2012 stood at 5.58% (December 31, 2011: 4.90%). This compares favorably with the Spanish banking sector average of 8.95% at May 31, 2012, the latest available figure.

In the first half of 2012, the Group continued to carefully implement measures to recover distressed loans as soon as signs of any deterioration in debtor creditworthiness appeared, with constant monitoring. Meanwhile, the overall uptick in default levels throughout the economy is undermining credit quality, requiring banks to apply rigorous loan acceptance criteria.

In any event, the Group has continued to apply measures to cushion the impact of the crisis on its customers when, despite their intention to repay their debt obligations, they encounter temporary difficulties in doing so. Where possible, after an in-depth analysis, CaixaBank considers matching a debtor's short-term payments to their actual repayment capacity, confident that deferral will help the transactions be completed successfully. The best option for each customer (e.g. grace periods, deferment clauses, debt consolidation, payment moratorium) is studied individually. By continuing these policies in the first half of 2012, the Group helped interested individuals to meet their debt obligations.

Elsewhere, to minimize the impact of the downturn in the highly-cyclical real estate sector, the Group continued to acquire properties from real estate developer and construction customers with current or foreseeable difficulties in carrying out their businesses or remaining solvent, as a means of repaying their debt with CaixaBank. These transactions are approved individually, and prices are based on a valuation, at least by an approved appraiser included in the Bank of Spain's Official Registry in accordance with ministerial order ECO/805/2003, adjusted to reflect current market conditions as appropriate. The CaixaBank Group acquires, develops, manages and sells real estate assets through BuildingCenter, SAU, a holding company and property services specialist, with a view to efficiently managing the investment, pursuing recovery and adding value and profitability.

The underlying criterion guiding the CaixaBank Group’s management of problem assets in the real estate sector is to help borrowers meet their obligations.

First, with the commitment of shareholders and other companies within the borrower group, the Group studies the possibility of granting grace periods so that the financed land can be developed, ongoing property development can be finalized and finished units can be sold.

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

For completed projects, the CaixaBank Group analyzes the possibility of helping to sell the finished units, through BuildingCenter, SAU. In all cases, detailed purchaser quality checks are run to ensure the feasibility of providing loans to the end buyers.

Finally, when there is no reasonable possibility that the borrower can continue to maintain its position, the mortgaged asset is acquired. In cases where the price of the transaction is lower than the outstanding debt, the credit value is impaired in order to adjust it to the transfer value.

Regarding the criteria for risk acceptance, the main advances in the first half of 2012 were:

- New Risk structure: unification of the teams of CaixaBank and Banca Cívica. Regarding risk, the risk teams of CaixaBank and Banca Cívica will be combined under a single division (Risk Acceptance and Monitoring Division of each Region) and will work jointly under the same risk criteria to provide service to the branch network.

- The merger with Banca Cívica was undoubtedly the top priority in the period. Specific task forces were created at the four savings banks comprising Banca Cívica to analyze the key features of the merger. They carried out, *inter alia*, the following: the definition of authorization systems during the transitional periods, gaps in products in the technological integration, preparation of the unification of risk criteria and policies, the treatment of measurement tools and the planning of risk training in the Banca Cívica network.

- The transaction also entailed an organizational change. The regional structure was reorganized to adapt to the new situation that will arise from the integration of Banca Cívica's branch network into CaixaBank. The new regional structure will be composed of 12 Regional Divisions and 245 Business Area Divisions (BADs) to which the two banks' offices will report.

- The second major development was the opening up of the risk-adjusted return (RAR) tool to the corporate and business centers network. This tool is designed to achieve greater control over the balance between risk and returns. Its use can identify the factors determining the returns of each customer more easily and analyze customers and portfolios in accordance with their risk-adjusted returns. Based on this RAR measure, the division has been able to identify, together with the commercial area, specific actions to boost returns, and it will implement the first commercial action to improve and optimize this ratio.

- Third, a project to standardize risk metrics in the different areas in which they are used is being developed with the aim of achieving greater harmonization.

- In terms of loan acceptance procedures, new risk parameters were implemented for individuals and the pricing and scoring cut-off levels were adjusted. The models for acceptance of mortgage collateral for individuals were replaced with new ones that more accurately predict and classify borrowers.

- Regarding risk approval processes, pilot testing has begun in the province of Barcelona of a new circuit for arranging transactions with mortgage collateral in which documentation will no longer have to be notarized. Transaction data will generate a new digitalized version in an electronic file. The notary will receive an email notifying that he or she has been assigned a new transaction.

- Meanwhile, an internal procedure has been established to monitor whether a customer has applied to avail of the urgent measures to protect mortgagors without funds defined in the code of good practices included in Royal Decree-Law 6/2012.

- The commercial rate system for mortgages and consumer loans was extended and developed further: an additional spread to the risk-adjusted rate, affecting the commercial network's price acceptance levels. In addition, the cost of funding applied was updated to adapt to the prevailing financial situation.

Information regarding financing for property development, home purchasing, and foreclosed assets

In line with the CaixaBank Group's reporting transparency policy and Bank of Spain guidelines, the main data at June 30, 2012 and December 31, 2011 regarding financing for property development, home purchasing and foreclosed assets are discussed below.

The Group's policy regarding distressed real estate assets and the assets acquired in lieu of payment of debts are described in note 3.1 "Credit risk" to the 2011 consolidated financial statements.

Memorandum items: Data on the CaixaBank Group

(Thousands of euros)	Carrying amount	
	30/06/12	**31/12/11**
Total loans and advances to customers excluding public sector (businesses in Spain)	166,669,663	170,620,855
Total assets	281,554,037	270,424,628
Impairment and credit risk provisions. Total general provisions		1,834,746
General coverage of real estate assets	975,500	

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at June 30, 2012 and December 31, 2011. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

30/06/12

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**20,712,741**	**3,608,293**	**3,667,415**
Of which: doubtful	6,490,463	2,163,536	2,584,797
Mortgage	*5,534,314*	*2,163,536*	*2,114,722*
Personal	*956,149*		*470,075*
Of which: substandard	2,829,276	410,864	1,082,618
Mortgage	*2,701,686*	*410,864*	*1,052,171*
Personal	*127,590*		*30,447*
Memorandum items			
Asset write-offs	481,644		

31/12/11

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**22,437,714**	**3,718,048**	**2,244,955**
Of which: doubtful	5,798,451	1,781,529	1,793,369
Mortgage	*4,864,958*	*1,781,529*	*1,342,348*
Personal	*933,493*		*451,021*
Of which: substandard	2,989,357	510,153	451,586
Mortgage	*2,869,800*	*510,153*	*430,340*
Personal	*119,557*		*21,246*
Memorandum items			
Asset write-offs	364,065		

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the "la Caixa" Group's real estate companies, mainly the Servihabitat Group, which at June 30, 2012 and December 31, 2011 amounted to €3,031,786 and €3,128,993 thousand, respectively. This financing is in the form of loans and debt securities (see note 7).

As indicated in note 1, new provisions recorded in the first half of 2012 to cover real estate credit risk amounted to €2,736 million for the Group. In addition, for this, the general allowance for loan losses and contingent exposures, which stood at €1,835 million at December 31, 2011, was used.

The coverage levels for real estate developers and developments considering distressed assets at June 30, 2012 stood at 39.4% (25.5% at December 31, 2011). If mortgage collateral is taken into account, coverage at June 30, 2012 would be 128% (114% at December 31, 2011). Coverage of distressed assets in the property development sector is 50% considering the general provision recorded in the first half of 2012 on real-estate assets.

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

By type of collateral

(Thousands of euros)	Carrying amount	
	30/06/2011	**31/12/11**
Without mortgage collateral	**1,704,068**	**1,782,661**
With mortgage collateral	**19,008,673**	**20,655,053**
Completed buildings	12,772,998	13,459,382
Homes	*9,890,208*	*10,560,958*
Other	*2,882,790*	*2,898,424*
Buildings under construction	2,672,521	3,125,738
Homes	*2,409,740*	*2,862,443*
Other	*262,781*	*263,295*
Land	3,563,154	4,069,933
Built land	*1,905,488*	*2,353,301*
Other	*1,657,666*	*1,716,632*
Total	**20,712,741**	**22,437,714**

Financing for home purchases

The breakdown of home loans for buyers at June 30, 2012 and December 31, 2011 is as follows:

(Thousands of euros)	Gross amount	
	30/06/12	**31/12/11**
Without mortgage collateral	337,326	348,505
Of which: doubtful	*5,062*	*6,572*
With mortgage collateral	68,362,799	69,356,975
Of which: doubtful	*1,183,030*	*1,026,540*
Total home loans	**68,700,125**	**69,705,480**

Home purchase loans with a mortgage guarantee at June 30, 2012 and December 31, 2011, by the loan-to-value (LTV) ratio, based on the latest available appraisal, in accordance with Circular 4/2004, are as follows:

(Thousands of euros)	30/06/12		31/12/11	
LTV ranges	**Gross amount**	***Of which: doubtful***	**Gross amount**	***Of which: doubtful***
LTV ≤ 40%	11,000,561	*45,878*	10,766,926	*36,923*
40% < LTV ≤ 60%	20,192,537	*162,297*	19,829,651	*131,298*
60% < LTV ≤ 80%	29,705,032	*604,830*	30,782,636	*528,137*
80% < LTV ≤ 100%	6,960,820	*339,969*	7,473,974	*307,718*
LTV > 100%	503,849	*30,056*	503,788	*22,464*
Total home loans	**68,362,799**	***1,183,030***	**69,356,975**	***1,026,540***

Foreclosed assets

The table below shows foreclosed assets by source and type of property at June 30, 2012 and December 31, 2011.

Foreclosed real estate assets

(Thousands of euros)	30/06/12		31/12/11	
	Net carrying amount	**Of which: Allowances (*)**	**Net carrying amount**	**Of which: Allowances (*)**
Property acquired in loans to real estate developers	**1,477,341**	**(1,019,658)**	**872,400**	**(547,418)**
Completed buildings	1,041,922	(436,252)	669,540	(236,056)
Homes	*912,317*	*(372,701)*	*606,238*	*(210,635)*
Other	*129,605*	*(63,551)*	*63,302*	*(25,421)*
Buildings under construction	88,914	(93,864)	38,685	(40,506)
Homes	*74,266*	*(84,327)*	*38,647*	*(40,492)*
Other	*14,648*	*(9,537)*	*38*	*(14)*
Land	346,505	(489,542)	164,175	(270,856)
Built land	*163,368*	*(179,280)*	*51,302*	*(68,329)*
Other	*183,137*	*(310,262)*	*112,873*	*(202,527)*
Property acquired in mortgage loans to homebuyers (1)	**427,750**	**(223,193)**	**244,680**	**(89,854)**
Other property foreclosures	**69,759**	**(24,982)**	**22,660**	**(3,128)**
Equity instruments, investments and financing granted to unconsolidated companies holding these assets				
Total	**1,974,850**	**(1,267,833)**	**1,139,740**	**(640,400)**

(*) Allowance corresponds to the difference between the value of the cancelled gross debt and the net carrying amount.

(1) Does not include foreclosure rights deriving from auctions at June 30, 2012 and December 31, 2011, in the amounts of €406 million net and €392 million, net, respectively.

In the first half of 2012, the CaixaBank Group's portfolio of foreclosed assets did not require any additional provisions pursuant to the new requirements of RDL 2/2012.

Risk associated with debt securities

The balance of debt securities at June 30, 2012 and December 31, 2011, excluding where applicable any impairment losses recognized, is as follows, broken down by the Standard & Poor's ratings:

30/06/2012

(Thousands of euros)

	Held-for-trading portfolio	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA	3,744	229,444		233,188
AA+		269,900		269,900
AA		138,865		138,865
AA-		164,145		164,145
A+	1,555	424,756		426,311
A		274,592		274,592
A-	112,149	2,790,286		2,902,435
BBB+	924,531	20,412,660	5,579,492	26,916,683
BBB	223,107	1,243,531	1,394,599	2,861,237
BBB-	922	4,261,861	402,950	4,665,733
Investment grade	**1,266,008**	**30,210,040**	**7,377,041**	**38,853,089**
	98.8%	96.5%	100.0%	97.2%
BB+	1,147	640,600		641,747
BB		120,004		120,004
BB-				0
B+		49,563		49,563
B	2,352	3,693		6,045
B-		84,545		84,545
CCC		240		240
CCC-		7,459		7,459
CC		34,250		34,250
C		41		41
No rating	11,330	160,532		171,862
Non-investment grade	**14,829**	**1,100,927**	**0**	**1,115,756**
	1.2%	3.5%	0.0%	2.8%
Balance at 30/6/12	**1,280,837**	**31,310,967**	**7,377,041**	**39,968,845**

Details of debt securities included in the loan portfolio are not disclosed, since they relate to bonds issued by own securitization funds related to loans assigned prior to January 1, 2004 which were derecognized, and to debt securities issued by Servihabitat XXI, SAU ("la Caixa" subsidiary) acquired by CaixaBank (see Note 7).

31/12/11

(Thousands of euros)

	Held-for-trading portfolio	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA	16,451	2,939,755		2,956,206
AA+		1,570,679		1,570,679
AA	1,509	242,463		243,972
AA-	1,699,795	20,385,940	7,001,178	29,086,913
A+	247	1,180,144	399,230	1,579,621
A	104,737	2,049,657		2,154,394
A-		1,249,342		1,249,342
BBB+		910,579		910,579
BBB	622	319,253		319,875
BBB-		358,984		358,984
Investment grade	**1,823,361**	**31,206,796**	**7,400,408**	**40,430,565**
	99.0%	99.1%	94.7%	98.3%
BB+	102	25,591		25,693
BB		349		349
BB-	1,853	76,411		78,264
B+		8,652		8,652
B		65,047		65,047
B-		24,306		24,306
CCC-		5,423		5,423
CC			411,306	411,306
No rating	16,455	69,649		86,104
Non-investment grade	**18,410**	**275,428**	**411,306**	**705,144**
	1.0%	0.9%	5.3%	1.7%
Balance at 31/12/11	**1,841,771**	**31,482,224**	**7,811,714**	**41,135,709**

The Standard&Poor's short- and long-term sovereign credit ratings on the Kingdom of Spain at June 30, 2012, were A-2 and BBB+, respectively (A-1+ and AA-, respectively, at December 31, 2011).

Market risk

Average VaR (value at risk or the potential maximum daily loss with a 99% confidence level) in the first half of 2012 in treasury operations was €4.8 million.

The highest market risk levels (i.e. €9.4 million) were reached in the second quarter, mainly as VaR anticipates a potentially different movement in the daily market value of sovereign debt and repo positions compared to the derivative instruments used to manage interest-rate risk.

The VaR estimate is the highest amount obtained from applying parametric approaches to historical data of two different time horizons (75 and 250 trading days) and historical simulation of data for a calendar year. Monitoring of market risk is rounded off with in-depth analysis of the impact under extreme conditions (stress test) and verification of the model (back test).

The table below presents average estimated VaR attributable to the different risk factors. As shown, the amounts used are moderate and concentrated mainly in risk from fluctuations in interest rate curves and credit risk premiums, while the weight of the rest of the market positioning factors is much smaller.

(Thousands of euros)	Interest rate	Exchange rate	Share price	Inflation	Commodity price	Interest rate volatility	Exchange rate volatility	Credit spread volatility	Share price volatility	Share price correlation
Average VaR	**3,382**	**447**	**283**	**37**	**6**	**100**	**57**	**2,329**	**189**	**49**

Exchange rate risk arising from the balance sheet positions drawn up in foreign currency is minimized through market hedging of the risks assumed.

Structural balance sheet interest rate risk

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

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

Specifically, the Group uses fair value macro-hedges as a strategy to mitigate its exposure to interest rate risk. The management objective underlying this accounting hedge is to preserve the economic value of the hedged items, which comprise fixed-interest rate assets and liabilities with original maturities of over two years, embedded options or options linked to balance sheet products (caps and floors).

Following a criteria of efficient management, until 2012, interest rate derivatives sold to customers were also included in the fair-value macro-hedge and recognized under “Hedging derivatives” on both the asset and liability sides of the accompanying condensed interim consolidated balance sheet as collectively considered they were used to manage CaixaBank’s structural balance sheet interest rate risk (see note 7).

Given the increasing volume and diversity of the instruments used in these operations, the related risk is managed specifically and separately from the rest of the hedged items of the fair-value macro-hedge.

Specifically, the Group hedges the market risk related to derivatives arranged with customers by arranging symmetric derivatives on the market. In this way, position or market risk arising from these operations considered collectively is extremely moderate.

As a result, the Group has separated the related derivatives from the rest of the derivatives included in the fair-value macro-hedge to manage the structural balance sheet interest rate risk.

Consequently, in the second quarter of 2012, the Group reclassified €9,849 million from “Hedging derivatives” to “Held-for-trading portfolio – Trading derivatives” on the asset side and €9,522 million from “Hedging derivatives” to “Held-for-trading portfolio – Trading derivatives” on the liability side of the accompanying condensed interim consolidated balance sheet (see note 7).

This reclassification has not changed the nature, management focus or individual or global risk profile of these transactions.

It also has not affected the CaixaBank Group's equity or results as the change in the value of these derivatives was already recognized under “Gains/(losses) on financial assets and liabilities (net)” on the income statement.

Information on sovereign risk exposure

The CaixaBank Group’s general policy for accepting risk regarding the position in sovereign debt is explained in note 3.2 “Market Risk” to the ”la Caixa” Group’s 2011 consolidated financial statements.

In line with the Group's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at June 30, 2012 and December 31, 2011 are shown below. The information is presented to distinguish directly between the positions held by CaixaBank and those held by the insurance group, the most important entity of which is VidaCaixa, SA de Seguros y Reaseguros.

30/06/12 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Debt instrument trading portfolio	Short positions held for trading	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months (1)	225,621	(61,062)	1,968,285	1,321,971	
	Between 3 months and 1 year (2)	273,354	(961,388)	1,195,281	4,346,646	621,493
	Between 1 and 2 years	116,705	(142,356)	933,881	303,480	100,511
	Between 2 and 3 years	84,912	(90,531)	1,352,508	834,284	4,704,011
	Between 3 and 5 years	245,352	(130,823)	1,250,510	3,898,079	
	Between 5 and 10 years	126,881	(27,957)	524,549	2,268,087	
	Over 10 years	80,575	(78,544)	2	1,492,549	
	Total	**1,153,400**	**(1,492,661)**	**7,225,016**	**14,465,096**	**5,426,015**
Belgium	Between 1 and 2 years	1,093				
	Between 5 and 10 years	1				
	Over 10 years	462				
	Total	**1,556**	**0**	**0**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Less than 3 months	5,359				
	Between 3 months and 1 year	7,371	(36,054)			
	Between 1 and 2 years	22,604	(16,482)			
	Between 2 and 3 years	20,339				
	Between 3 and 5 years	34,686	(36,183)			
	Between 5 and 10 years	15,522	(61,817)			
	Over 10 years	83				
	Total	**105,964**	**(150,536)**	**0**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Between 3 months and 1 year	192			26,969	
	Between 1 and 2 years	99		765		
	Between 2 and 3 years	79				
	Between 3 and 5 years	1,678			9,866	
	Between 5 and 10 years	392				
	Over 10 years	1,303			2,987	
	Total	**3,743**	**0**	**765**	**39,822**	**0**
Total countries		**1,264,663**	**(1,643,197)**	**7,225,781**	**14,504,918**	**5,426,015**

(1) Loans and advances corresponds to positions held by CaixaRenting, SAU.

(2) The held-to-maturity portfolio corresponds to positions held by Invercaixa Gestión, SGIIC, SA.

30/06/12 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Debt instrument trading portfolio	Short positions held for trading	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			199,877		
	Between 3 months and 1 year			190,605		
	Between 1 and 2 years			474,178		
	Between 2 and 3 years			481,588		
	Between 3 and 5 years			576,479		
	Between 5 and 10 years			2,853,577		
	Over 10 years			10,559,434		
	Total	**0**	**0**	**15,335,738**	**0**	**0**
Belgium	Less than 3 months			27		
	Between 1 and 2 years			132		
	Between 3 and 5 years			5,063		
	Between 5 and 10 years			304		
	Over 10 years			72		
	Total	**0**	**0**	**5,598**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Between 3 months and 1 year			5,150		
	Between 1 and 2 years			1,800		
	Between 2 and 3 years			20,441		
	Between 3 and 5 years			39,057		
	Between 5 and 10 years			18,160		
	Over 10 years			601,041		
	Total	**0**	**0**	**685,649**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Between 3 months and 1 year			1,190		
	Between 1 and 2 years			145		
	Between 2 and 3 years			8,370		
	Between 3 and 5 years			5,418		
	Between 5 and 10 years			22,465		
	Over 10 years			69,703		
	Total	**0**	**0**	**107,291**	**0**	**0**
Total countries		**0**	**0**	**16,134,276**	**0**	**0**
Total CaixaBank Group		**1,264,663**	**(1,643,197)**	**23,360,057**	**14,504,918**	**5,426,015**

31/12/11 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Debt instrument trading portfolio	Short positions held for trading	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months	181,585	(1,893)	1,932,374	262,756	
	Between 3 months and 1 year (1	413,407	(741,960)	1,256,830	1,684,681	37,976
	Between 1 and 2 years	491,238	(381,762)	528,723	3,348,190	687,371
	Between 2 and 3 years	148,736	(41,762)	503,970	596,250	2,502,983
	Between 3 and 5 years	82,698	(204,250)	1,828,399	1,947,273	2,223,900
	Between 5 and 10 years	249,301	(155,189)	558,651	1,921,484	
	Over 10 years	130,769	(134,925)	12	1,428,309	
	Total	**1,697,734**	**(1,661,741)**	**6,608,959**	**11,188,943**	**5,452,230**
Belgium	Between 1 and 2 years	1,062				
	Over 10 years	447				
	Total	**1,509**	**0**	**0**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Less than 3 months	15,364				
	Between 3 months and 1 year	6,660				
	Between 1 and 2 years	13,949	(10,249)			
	Between 2 and 3 years	28,253	(16,017)			
	Between 3 and 5 years	20,206	(15,547)			
	Between 5 and 10 years	20,000	(34,292)			
	Total	**104,432**	**(76,105)**	**0**	**0**	**0**
Portugal	Between 3 months and 1 year			496		
	Total	**0**	**0**	**496**	**0**	**0**
Other	Less than 3 months	184		812		
	Between 3 months and 1 year	534		685	57,533	
	Between 1 and 2 years	461			21,822	
	Between 2 and 3 years	78				
	Between 3 and 5 years	584			11,043	
	Between 5 and 10 years	1,274				
	Over 10 years	13,336	(73,515)			
	Total	**16,451**	**(73,515)**	**1,497**	**90,398**	**0**
Total countries		**1,820,126**	**(1,811,361)**	**6,610,952**	**11,279,341**	**5,452,230**

(1) The held-to-maturity portfolio corresponds to positions held by Invercaixa Gestión, SGIIC, SA.

31/12/11 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Debt instrument trading portfolio	Short positions held for trading	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			331,539		
	Between 3 months and 1 year			489,345		
	Between 1 and 2 years			431,925		
	Between 2 and 3 years			268,704		
	Between 3 and 5 years			1,035,607		
	Between 5 and 10 years			2,433,374		
	Over 10 years			9,260,255		
	Total	**0**	**0**	**14,250,749**	**0**	**0**
Belgium	Between 3 months and 1 year			27		
	Between 2 and 3 years			132		
	Between 3 and 5 years			4,778		
	Between 5 and 10 years			147		
	Over 10 years			204		
	Total	**0**	**0**	**5,288**	**0**	**0**
Greece	Between 5 and 10 years					179,650
	Over 10 years					204,000
	Total	**0**	**0**	**0**	**0**	**383,650**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Between 1 and 2 years			6,889		
	Between 3 and 5 years			37,859		
	Between 5 and 10 years			37,539		
	Over 10 years			603,715		
	Total	**0**	**0**	**686,002**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Between 3 months and 1 year			10,261		
	Between 1 and 2 years			1,241		
	Between 2 and 3 years			4,729		
	Between 3 and 5 years			10,212		
	Between 5 and 10 years			140,542		
	Over 10 years			202,474		
	Total	**0**	**0**	**369,459**	**0**	**0**
Total countries		**0**	**0**	**15,311,498**	**0**	**383,650**
Total CaixaBank Group		**1,820,126**	**(1,811,361)**	**21,922,450**	**11,279,341**	**5,835,880**

The Standard&Poor's short- and long-term sovereign credit ratings on the Kingdom of Spain at June 30, 2012, were A-2 and BBB+, respectively (A-1+ and AA-, respectively, at December 31, 2011).

Short positions in debt securities mainly include hedges to manage long positions in Spanish public debt classified in the held-for-trading portfolio and available-for-sale financial assets.

Liquidity risk

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the ECB (including €460 million of assets in the process of being included) was €42,489 million and €20,948 million at June 30, 2012 and December 31, 2011, respectively.

The 2011-2014 Strategic Plan approved by the Board of Directors of the ”la Caixa” Group calls for a liquidity level of over 5% of CaixaBank's assets. This level was comfortably met in the first half of 2012, with a level of 15% at June 30, 2012. At December 31, 2011, the CaixaBank Group had a liquidity level of 7.7%.

This liquidity is sufficient to fund the Group's growth and future investment, and to refinance maturities of institutional issues in the years to come. As part of this approach to managing liquidity risk and to allow it to anticipate potential needs for lendable funds, the CaixaBank Group has a wide variety of financing programs covering a set of maturity periods. This allows the Group to maintain adequate levels of liquidity at all times.

Issuance capacity is as follows:

Issuance capacity

(Thousands of euros)

	30/06/12	31/12/11
Mortgage covered bond issuance capacity (Note 20)	2,822,395	18,460,037
Public-sector covered bond issuance capacity	6,203,898	3,683,545
Available issuances guaranteed by the state		

Total liquidity: €42,489 million (15% of the CaixaBank Group's assets) at June 30, 2012.
The CaixaBank Group has decided not to apply for guarantees issued by the Treasury for 2012.

At 30 June, 2012, customer deposits represented 71% of the CaixaBank Group’s funding structure (69% at December 31, 2011).

Adopting a prudent stance and to cope with potential liquidity pressures or crises in the markets, CaixaBank carried out a process in the first half of 2012 to optimize the guarantees available in the ECB. In May and June, it issued €19,250 million worth of mortgage covered bonds and €1,000 million of public-sector covered bonds. These issues were repurchased by CaixaBank and used to increase the liquid assets pledged to the ECB.

Meanwhile, to optimize the use of liquid assets on the balance sheet, certain securitization funds whose more senior tranches had been contributed as collateral for the ECB credit facility were settled early. The settlement of these funds has made room in the portfolio to issue mortgaged covered bonds, part of which was used to make the aforementioned issues.

The CaixaBank Group has €36,115 million in liquid assets as defined by the Bank of Spain in its liquidity statements. This amount can be readily converted, as it includes the haircuts required by the ECB.

Liquid assets (1)

(Thousands of euros)

	30/06/12	31/12/11
Liquid assets (nominal value)	46,312,985	32,032,003
Liquid assets (market value and ECB haircut)	36,115,020	23,471,951
of which: Central government debt	16,407,607	14,100,714

(1) Bank of Spain liquidity criteria.

Applying a conservative approach to liquidity management, the CaixaBank Group took part in two extraordinary ECB three-year actions, the first in 2011, obtaining through this source financing totaling €18,180,000 thousand at June 30, 2012. This has reduced financing costs and 2012 and 2013 wholesale maturities have been repaid early, in addition to providing further surplus liquidity. At June 30, the Group had €6,000,000 thousand invested in the ECB deposit facility.

In a tough environment, CaixaBank seized its opportunities, raising €1,000 million of funds from institutional investors through an issue of 5-year mortgage covered bonds in February 2012.

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

Wholesale issue maturities (net of treasury shares)

(Thousands of euros)

	2012	2013	2014	2015	> 2015	Total
Mortgage covered bonds	1,641,265	3,890,135	5,841,463	4,518,873	20,967,855	36,859,591
Public-sector covered bonds		1,194,000				1,194,000
Senior debt		993,800	997,500		30,000	2,021,300
Subordinated debt and preference shares					175,000	175,000
Securitizations sold to third parties					1,080,296	1,080,296
Total wholesale issue maturities	**1,641,265**	**6,077,935**	**6,838,963**	**4,518,873**	**22,253,151**	**41,330,187**

Counterparty risk

The first half of 2012 featured increased pressure in the market on debt instruments of peripheral countries in Europe, especially Spain, whose banking system was at the center of the crisis.

Highlights include:

- The Spanish 10 year bond yield reached 7% and its spread with Germany 585 basis points.
- The NPL ratio in January surpassed 8%, even though lending had been reduced back to 2006 levels.
- The new financial reform, carried out by the Spanish government, centered on an increase in general provisions for non-distressed assets in the real estate developer and development segment. The aim of these new provisions is to prepare the financial system to withstand an extremely adverse scenario and therefore dispel any doubts about its resilience.
- The need for a restructuring plan for Bankia led to its takeover by the Spanish government.
- According to estimates by independent appraisers Oliver Wyman and Roland Berger, the Spanish banking sector needs between €51,000 million and €62,000 million to deal with an adverse scenario. Individual estimates will not be known until September.

In this environment, the Spanish government sought financial aid to restructure the banking system, a decision that the Eurogroup has backed. The funds could add up to 100.000 million Euros, although the delay in this aid keeps punishing the Spanish risk premium.

In this high uncertainty context, rating agencies have been lowering Spain's credit risk rating down to levels of BBB+ (S&P), BBB (Fitch) and Baa3 (Moody's), transferring this downgrade to the financial entities in a way that, for both S&P and Moody's, most of them lost the investment grade rating.

Within this climate of distrust, the capital markets continue to be closed to most of the Spanish financial entities and the interbank market is almost inactive.

As for other dealings with banking counterparties, the Group maintained its policy of maximum prudence, only trading in currencies settled through CLS (Continuous Linked Settlement), a payment-versus-payment system designed to eliminate settlement risk. Trading in OTC derivatives was restricted to counterparties with existing cash collateral agreements on the market value of the related transaction portfolio.

Despite the slowdown in foreign trade in the first half of the year, sluggish domestic demand in Spain has driven higher exports, boosting documentary credit confirming and diversifying banking risks.

Exposure to credit institutions was a net of €5,489 million at June 30, 2012 including deposits and net exposure on derivatives (€7,293 million at December 31, 2011).

5. Capital adequacy management

Regulatory framework

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

The regulatory framework is currently in the midst of being reformed as the international financial crisis uncovered the need to amend and strengthen the regulations of the financial system. The new standards issued by the Basel Committee on Banking Supervision (BCBS), collectively known as the Basel III Accord, will become effective from January 1, 2013.

In addition, a number of measures have been adopted in Spain and abroad with the aim of strengthening the financial sector and making the banks more solvent.

In Spain, Royal Decree-Laws 2/2012 and 18/2012 establish new provisions and additional capital requirements to safeguard against the impairment of assets linked to the real estate sector (see note 1).

Internationally, in 2011, the European Banking Authority (EBA) set a deadline of June 30, 2012 for all banks suffering from systemic risk in the European Economic Area to achieve a Core Tier 1 capital ratio of 9%, applying additional stress to sovereign exposures.

The capital generation ability of CaixaBank, as well as that of the "la Caixa" Group itself, has enabled it to comfortably meet the EBA's Core Tier 1 capital requirements. CaixaBank's Core Tier 1 ratio at June 30, 2012 was 11.8%, with a capital surplus of €3,660 million.

At June 30, 2012, the "la Caixa" Group's Core Tier 1 stood at 10.9% after discounting the impact of the exposure to sovereign risk. This ratio implies a surplus of €2,717 million over the minimum 9% of risk-weighted assets required by the EBA.

Capital adequacy of CaixaBank

At June 30, 2012, having made significant write-downs, CaixaBank obtained profit €166 million, enabling it to maintain its organic capitalization rate despite the adverse backdrop.

Risk-weighted assets (RWA) amounted to €131,658 million at June 30, 2012. This figure is €5,697 million (or 4.2%) lower than at December 31, 2011, reflecting the slowdown in lending activity.

In addition, February 2012 featured the buy-back of 98.41% of the preference shares, of which 30% were converted into bonds mandatorily convertible into CaixaBank shares (€1,446 million). This led to a 111 basis point increase in Core Capital compared to December 2011, and 70% in subordinated debt, Tier 2 equity instrument (see note 15). Following the exchange of preference shares, as insufficient additional Tier 1 equity was available, virtually all Tier 1 deductions were taken to Core Capital. This partially pre-empts the impact of Basel II, covering the deduction of Tier 1 with Core Capital, thereby limiting the impact of the adoption of the new regulations.

CaixaBank has a strong solvency position within the Spanish financial system, with Core Capital and Tier 1 ratios of 13.0% and a Tier Total of 13.8%, with an excess of €7,640 million above the minimum requirement.

The CaixaBank Group's long-term ratings stand at BBB+ (Standard & Poor's), Baa3 (Moody's) and BBB (Fitch).

The composition of the CaixaBank Group's eligible capital is as follows:

(Thousands of euros)	30/06/12 (*)		31/12/11	
	Amount	**in %**	**Amount**	**in %**
+ Capital, reserves, profits and non-controlling interests	21,894,610		20,596,590	
- Goodwill, intangible assets and other	(4,820,854)		(3,419,009)	
Core Capital	**17,073,756**	**13.0%**	**17,177,581**	**12.5%**
+ Preference shares	65,036		4,897,586	
- Deductions of basic capital	(65,036)		(4,494,283)	
Basic Capital (Tier 1)	**17,073,756**	**13.0%**	**17,580,884**	**12.8%**
+ Subordinated financing	3,396,610		120,000	
+ Eligible general provisions and others	463,490		162,084	
- Deductions of Tier 2 capital	(2,761,483)		(282,084)	
Tier 2 capital	**1,098,617**	**0.8%**	**0**	**0.0%**
Total capital (Total tier)	**18,172,373**	**13.8%**	**17,580,884**	**12.8%**
Minimum capital requirements (Pillar 1)	**10,532,642**	**8.0%**	**10,988,385**	**8.0%**
Capital cushion	**7,639,731**	**5.8%**	**6,592,499**	**4.8%**
Memorandum items: risk-weighted assets	***131,658,026***		***137,354,818***	
Core Tier 1 EBA (**)	**15,508,723**	**11.8%**	**15,006,518**	**10.9%**

(*) Estimated data.

(**) Data at December 31, 2011 pro-forma post-exchange of preference shares.

6. Remuneration and other benefits paid to key management personnel and executives

Note 9 of the CaixaBank Group's 2011 consolidated financial statements provides details on remuneration and other benefits paid to directors and senior executives in 2011. The table below shows remuneration paid in the six months ended June 30, 2012 and 2011.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body as of June 30, 2012 and 2011 are as follows:

Remuneration

(Thousands of euros)	30/06/12		30/06/11	
	From the entity	From group companies	From the entity	From group companies
Total remuneration (fixed and variable) (*)	3,094	545	2,629	500
Contributions to pension plans			255	
Total	**3,094**	**545**	**2,884**	**500**

(*) This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to the directors. Variable remuneration is included in full in the first half. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the director in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

CaixaBank has a group third-party liability insurance policy to cover its Board members and executives. The premiums paid in this connection in the six months ended June 30, 2012 and 2011 were €277 thousand and €117 thousand, respectively.

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

Remuneration received in first half of 2012 and 2011 by the directors of CaixaBank in connection with their duties as representatives of CaixaBank on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies, excluding Group companies, for which attendance fees paid are shown in the preceding table, amounted to €607 thousand and €554 thousand, respectively, recognized in the companies' respective income statements. CaixaBank is understood to have a significant presence or representation in all the Group subsidiaries and, in general, all other companies in which it holds an ownership interest of 20% or more.

Remuneration of executives

In order to correctly interpret and compare the information, it should be taken into account that the reorganization of the "la Caixa" Group, involved the incorporation in 2011 of the banking business of "la Caixa" into CaixaBank, in turn involving a complete restructuring of senior management.

Following the Group's reorganization, CaixaBank's senior management at June 30, 2012 and December 31, 2011 comprised 11 people, holding the following positions: CEOs (5), Senior Executive Vice Presidents (5) and General Secretary (1). At June 30, 2011, the senior management of CaixaBank comprised 24 people.

The following table presents total remuneration paid to members of CaixaBank's senior management in the first half of 2012 and 2011 related to the periods in which they belonged to this group. This remuneration is recognized in “Personnel expenses” in CaixaBank’s consolidated income statement.

(Thousands of euros)	30/06/12	30/06/11
Short-term remuneration (*)	5,177	7,544
Post-employment benefits	827	1,968
Other non-current benefits	178	74
Total	**6,182**	**9,586**

(*) This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to the directors. Variable remuneration is included in full in the first half. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the executive in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

Remuneration received by senior executives of CaixaBank in the first half of 2012 and 2011 for representing the Parent on the boards of directors of listed companies and other companies in which the Parent has a significant presence or representation and that are included in CaixaBank’s scope of consolidation amounted to €343 thousand and €274 thousand, respectively, recognized in the companies’ respective income statements.

7. Financial assets

The breakdown of financial assets at June 30, 2012 and December 31, 2011 by nature and category, excluding "Cash and balances with central banks" and "Hedging derivatives" is shown in the following table. Where applicable, all assets are shown net of impairment provisions:

30/06/12
(Thousands of euros)

	Held-for-trading portfolio	Other assets at FV through profit and loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit institutions				6,007,940		6,007,940
Loans and advances to customers				181,416,335		181,416,335
Debt securities	1,280,837	93,749	31,310,967	2,790,573	7,377,041	42,853,167
Equity instruments	39,127	114,639	2,951,287			3,105,053
Trading derivatives	13,163,505					13,163,505
Total	**14,483,469**	**208,388**	**34,262,254**	**190,214,848**	**7,377,041**	**246,546,000**

31/12/11
(Thousands of euros)

	Held-for-trading portfolio	Other assets at FV through profit and loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit institutions				5,126,837		5,126,837
Loans and advances to customers				181,939,740		181,939,740
Debt securities	1,841,771	95,071	31,464,252	1,534,187	7,784,058	42,719,339
Equity instruments	57,689	115,583	3,632,673			3,805,945
Trading derivatives	2,284,332					2,284,332
Total	**4,183,792**	**210,654**	**35,096,925**	**188,600,764**	**7,784,058**	**235,876,193**

Held-for-trading portfolio

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

The increase in the fair value of trading derivatives is due mainly to the reclassification to the trading portfolio (asset and liabilities) of derivatives sold to customers and symmetric derivatives arranged on the market to cover risk relating to these operations. Following criteria of efficient management, until 2012 these derivatives were included in the fair-value macro-hedge with the rest of the derivatives entered into to cover structural interest risk on the CaixaBank Group balance sheet (see notes 4 and 13).

This reclassification has not changed the nature, management focus or individual or global risk profile of these transactions.

It also has not affected the CaixaBank Group's equity or results as the change in the value of these derivatives was already recognized under “Gains/(losses) on financial assets and liabilities (net)” on the income statement.

Available-for-sale financial assets

Financial assets classified as available-for-sale are measured at fair value, with any changes recognized, net of the related tax effect, in equity as valuation adjustments.

The breakdown of the balance of this heading in the accompanying condensed interim consolidated balance sheet by nature of the related transaction is as follows:

(Thousands of euros)	30/06/12	31/12/11
Debt instruments (*)	**31,310,967**	**31,482,224**
Spanish government debt securities	22,560,754	20,859,708
Treasury bills	*1,682,204*	*2,919,446*
Government bonds and debentures	*19,030,090*	*16,337,740*
Other issues	*1,848,460*	*1,602,522*
Foreign public debt (**)	799,302	1,062,742
Issued by credit institutions	6,173,371	1,388,562
Other Spanish issuers	715,658	3,936,796
Other foreign issuers	1,061,882	4,234,416
Equity instruments	**2,951,287**	**3,632,673**
Shares in listed companies (***)	2,795,043	3,362,641
Shares in unlisted companies	138,441	113,443
Ownership interests in investment funds and other	17,803	156,589
Subtotal	**34,262,254**	**35,114,897**
Less impairment losses:		
Debt securities		(17,972)
Total	**34,262,254**	**35,096,925**

(*) See ratings classification in Note 4 "Risk associated with debt securities."

(**) See Note 4 "Information relating to sovereign risk exposure."

(***) See Note 9 for shares of listed companies considered strategic.

In the face of the economic situation and the drop in share prices, the Group has reviewed the objective evidence of impairment of equity instruments classified as available-for-sale financial assets on a regular basis, and did not need to make any relevant significant provisions in the first half of 2012.

Loans and receivables

Loans and receivables include advances to customers, which at June 30, 2012 and December 31, 2011 are as follows:

Loans and advances to customers by loan type and status
(Thousands of euros)

	30/06/12	31/12/11
Public sector	14,378,273	11,233,987
Commercial loans	5,319,191	5,444,306
Secured loans	108,121,008	112,822,928
Reverse repurchase agreement (repos)	600,500	499,253
Other term loans	39,727,567	40,380,654
Finance leases	2,554,297	2,615,610
Receivables on demand and others	6,105,485	4,775,712
Doubtful assets	10,822,671	9,486,490
Total gross	**187,628,992**	**187,258,940**
Impairment losses	(6,498,851)	(5,638,211)
Accrued interest	661,357	709,816
Fees	(375,163)	(390,805)
Total valuation adjustments	**(6,212,657)**	**(5,319,200)**
Total	**181,416,335**	**181,939,740**

In the first half of 2012, loans to public administrations increased in the amount of the financing contributed by CaixaBank to the syndicated loan arranged by various credit entities with the *Fondo para la Financiación de Pago a Proveedores (Fund to Finance Payments to Suppliers).* At June 30, this contribution stood at €2,763 million, secured by the Spanish Treasury. The Fund for Financing Payment to Suppliers was set up by the government to channel the syndicated loan funds to pay outstanding debt owed by local and regional corporations.

The CaixaBank Group's NPL ratio at June 30, 2012, stood at 5.58%, which continues to compare favorably with the financial sector average of 8.95% (as at May 2012).

The following table shows the changes in doubtful loans and advances to customers in the first half of 2012:

(Thousands of euros)

	30/06/12
Balance at January 1	**9,486,490**
Plus:	
Additions	4,396,714
Less:	
Foreclosed assets	(1,415,853)
Standardized and other assets	(1,360,652)
Assets writen-off and derecognized	(284,028)
Balance at June 30	**10,822,671**

The detail of doubtful loans and advances to customers by type and counterparty is as follows:

(Thousands of euros)	30/06/12	31/12/11
Public sector	**67,088**	**45,354**
Private sector	**10,755,583**	**9,441,136**
Mortgage loans	8,131,690	7,076,041
Other loans	1,569,601	1,440,120
Credit accounts	657,447	541,311
Factoring	29,471	26,966
Commercial loans	81,088	101,086
Other credit	286,286	255,612
Total	**10,822,671**	**9,486,490**

Provisions for lending and risk contingencies at June 30, 2012 amounted to €6,540 million, €2,629 million more than at the end of 2011. The difference includes an allocation of €2,736 million for real estate credits at December 31, 2011, estimated based on CaixaBank's internal models. In addition, in the first half of 2012 the general loan-loss provision of €1,835 million existing at December 31, 2011 was used (see note 1). Provisions for contingent risk are recognized under "Provisions" on the liabilities side of the accompanying condensed interim balance sheet (see note 14).

Under 'Loans and receivables - Debt Securities' €1,350 million are included corresponding to plain vanilla bonds issued by Servihabitat XXI, SAU, a subsidiary of "la Caixa" (see note 4 'Risk management – Credit risk') and acquired by CaixaBank. Servihabitat XXI, SAU has used the proceeds from the issue to repay part of a loan taken out with CaixaBank.

The following table shows the movement in the first half of 2012 and 2011 in impairment provisions relating to "Loans and receivables."

(Thousands of euros)	Balance at 31/12/11	Net allowances	Amounts used	Transfers and other	Balance at 30/06/12
Specific allowance	**3,877,183**	**2,403,642**	**(472,631)**	**(285,046)**	**5,523,148**
Loans and advances to credit institutions	8	23			31
Loans and advances to customers	3,875,697	2,403,097	(472,631)	(285,047)	5,521,116
Public sector	*349*	*46*		*11*	*406*
Other sectors	*3,875,348*	*2,403,051*	*(472,631)*	*(285,058)*	*5,520,710*
Debt securities	1,478	522		1	2,001
General allowance for real estate assets	**0**	**1,255,000**	**(279,500)**	**0**	**975,500**
General allowance	**1,760,121**	**(1,760,121)**	**0**	**0**	**0**
Loans and advances to customers	1,760,121	(1,760,121)			0
Country risk allowances	**2,393**	**(8)**	**0**	**(150)**	**2,235**
Loans and advances to customers	2,393	(8)		(150)	2,235
Total	**5,639,697**	**1,898,513**	**(752,131)**	**(285,196)**	**6,500,883**

(Thousands of euros)	Balance at 01/01/11	Net allowances	Amounts used	Transfers and other	Balance at 30/06/11
Specific allowance	**3,194,751**	**1,320,601**	**(534,584)**	**(157,676)**	**3,823,092**
Loans and advances to credit institutions	4,901	1	(4,894)		8
Loans and advances to customers	3,189,068	1,320,632	(529,690)	(157,676)	3,822,334
Public sector	*338*	*(22)*		*22*	*338*
Other sectors	*3,188,730*	*1,320,654*	*(529,690)*	*(157,698)*	*3,821,996*
Debt securities	782	(32)			750
General allowance	**1,760,059**	**(180)**	**0**	**88**	**1,759,967**
Loans and advances to customers	1,760,059	(180)		88	1,759,967
Country risk allowances	**2,393**	**(2)**	**0**	**(10)**	**2,381**
Loans and advances to customers	2,393	(2)		(10)	2,381
Total	**4,957,203**	**1,320,419**	**(534,584)**	**(157,598)**	**5,585,440**

"Transfers and others" relates mainly to the transfer of provisions recognized to hedge against the risk of insolvency in connection with loan transactions by CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter to funds to hedge these assets.

The breakdown of assets which, based on the analysis carried out, are considered assets with substandard risk or doubtful assets for reasons other than customer default, by collateral at June 30, 2012 and December 31, 2011 is as follows:

30/06/12

Substandard and impaired assets determined individually (*)

(Thousands of euros)	Substandard		Doubtful	
Collateral	**Carrying amount**	**Provision**	**Carrying amount**	**Provision**
Personal	577,320	147,844	1,035,989	434,659
Mortgage	4,395,342	1,208,391	726,276	199,233
Other	262,942	3,445	20,330	4,195
Total	**5,235,604**	**1,359,680**	**1,782,595**	**638,087**

(*) Includes all assets classified as substandard and doubtful assets for reasons other than customer default.

31/12/11

Substandard and impaired assets determined individually (*)

(Thousands of euros)	Substandard		Doubtful	
Collateral	**Carrying amount**	**Provision**	**Carrying amount**	**Provision**
Personal	458,640	78,835	1,019,465	440,204
Mortgage	4,561,226	561,107	694,931	148,340
Other	274,932	59,782	15,260	5,462
Total	**5,294,798**	**699,724**	**1,729,656**	**594,006**

(*) Includes all assets classified as substandard and doubtful assets for reasons other than customer default.

Held-to-maturity investments

“Held-to-maturity investments” in the accompanying condensed interim consolidated balance sheet is primarily composed of Spanish government debt securities (see note 4) and government-backed debt securities instruments.

At December 31, 2011 the CaixaBank Group also held a position in Greek sovereign debt in this portfolio through its Insurance business. At the 2011 accounting close, the Group assessed whether there was objective evidence of impairment in this investment. Based on information available at that moment, it was estimated that objective evidence of impairment existed and, that, as recommended by the Euro Summit Statement of October 26, 2011, a haircut of 50% of the repayment value would give the best estimate available of the present value of the cash flows from this portfolio. As a result, the Group adjusted the carrying amount of its investment in Greek debt to €384 million, 50% of its nominal value.

On February 21, 2012 the Greek government reached an agreement with its private creditors. This agreement involved a bond swap implying a haircut of 53.5% with respect to the original redemption value, along with a reduction in the coupon interest rate and longer maturities. The estimated present value of the cash flows from this portfolio was €246 million. This amount was calculated by discounting estimated cash flows from the new issues at the effective interest rate of the portfolio at the time of their reclassification to held-to-maturity investments. Therefore, the CaixaBank Group recognized an additional impairment of €137 million (gross) in February 2012.

On March 6, 2012, days before the swap contemplated in the agreement, the CaixaBank Group sold a large part of this portfolio (nominal value of €465 million). This sale led to an additional loss for the CaixaBank Group of €45 million (gross).

On March 12, 2012, the Group voluntarily exchanged the rest of its Greek sovereign debt issues (nominal value of €302 million). At that date, the CaixaBank Group adjusted the value of its investment to the market value of the new bonds received (22% of the nominal value), recording a loss of €30 million (gross).

During the second half of March and early April, the Group sold its entire investment in Greek public debt, recognizing an additional loss of €6 million (gross).

The sale of Greek public debt securities classified as held-to-maturity was carried out to maximize the recoverable amount of the investment in face of an exceptional event, beyond the Company’s control. Bearing in mind that the amount of the sale was insignificant in relation to the total investments classified as held-to-maturity and original principal of the securities sold, the remainder of the investments recorded in this category of financial assets have not been reclassified.

At June 30, 2012, CaixaBank Group has no exposure to Greek public debt (see note 4).

8. Non-current assets held for sale

This item in the condensed interim consolidated balance sheet includes assets from purchases and foreclosures in payment of loans which are not included as assets for own use, investment property or inventories, and assets initially classified as investment property, once the decision to sell them has been made.

The changes in this condensed interim consolidated balance sheet heading in the first six months of 2012 and 2011 are as follows:

(Thousands of euros)	30/06/12		30/06/11	
	Foreclosed assets	Other assets	Foreclosed assets	Other assets
Balance at the beginning of the period	**1,665,263**	**301,101**	**330,411**	**362,193**
Plus:				
Additions in the period	1,399,940	77,371	283,959	229,994
Transfers	(191,342)		13,622	289
Less:				
Disposals due to sale	(270,336)	(9,411)	(11,854)	(364,476)
Disposals due to change in scope				
Balance at the end of the period	**2,603,525**	**369,061**	**616,138**	**228,000**
Less:				
Impairment losses	(466,926)	(2,327)	(66,830)	(3,585)
Total	**2,136,599**	**366,734**	**549,308**	**224,415**

At June 30, 2012 and June 30, 2011, “Foreclosed assets” comprises foreclosure rights deriving from auctions in the amount of €406 million and €349 million, net, respectively. Note 4, Risk management, provides details on the remaining foreclosed assets by source and type of property.

The foreclosed assets additions in the period include mainly real estate assets acquired from March, 2011. On the basis of the Framework Agreement related to the ”la Caixa” Group reorganization, the foreclosed assets prior to that date were acquired by Serbihabitat XXI, SAU (”la Caixa” subsidiary).

“Other assets” includes the value of onerous contracts to finance specific assets at Aris Rosen, SA, assets arising from the termination of operating leases and amounts awarded in judicial proceedings in asset foreclosures.

9. Business combinations, acquisition and disposal of ownership interests in subsidiaries, jointly controlled entities, associates and available-for-sale investments

Notes 2.1 and 2.2 of the CaixaBank Group's 2011 consolidated financial statements set out the criteria used to determine the classification of companies as subsidiaries, jointly controlled entities, associates or available-for-sale equity instruments, along with the consolidation and measurement bases used for each for the purpose of preparing the consolidated annual financial statements. Appendices 1, 2 and 3 in the notes thereto provide key information on subsidiaries, jointly controlled entities and associates.

For the preparation of these condensed interim consolidated financial statements for the first half of 2012, the same accounting principles, policies and criteria as those used in 2011 were used, taking into consideration, in any event, new IFRSs, interpretations and amendments that became effective in the first half of 2012.

Subsidiaries

The main changes which have occurred during the first half of 2012, in entities and businesses controlled by the Group are, as follows:

Transfer of the Depository business

Subsequent to a tender involving national and international entities, in January 2012 CaixaBank entered into an agreement to sell its investment fund, securities investment companies (SICAVs) and individual system pension fund depositary businesses to the Association of Spanish Savings Banks.

The initial total price of this transaction was set at €100 million, of which €96 million (€67 million after tax) were recognized in the first half of 2012 under "Gains (losses) on disposal of assets not classified as non-current assets held-for-sale" in the accompanying condensed interim consolidated income statement. At June 30, 2012, the corresponding payment for the transfer of the SICAV funds depository business is still pending.

An earn-out in two tranches has also been arranged, for a maximum of €50 million, payable as the objectives set for the next ten years are achieved. At the date of preparation of these condensed interim consolidated financial statements, sufficient reliable information is not available to make an estimate of the fair value of this item, and therefore no amount has been recognized.

Jointly controlled companies and associates

The main changes which have occurred during the first half of 2012 are as follows:

Banco BPI

On April 20, 2012 the Group acquired an 18.873% stake in Banco BPI from Banco Itaú for a total price of €93,420 thousand (€0.5 per share), subject to the pertinent authorization from the Bank of Portugal, which was obtained in May. Following this transaction, the CaixaBank Group owns a total stake of 48.972% in Banco BPI.

On May 7, 2012, an agreement was signed with Santoro Finance – Prestaçäo de Serviços, S.A. (hereinafter Santoro) to sell a 9.436% interest in Banco BPI for a total price of €46,710 thousand (€0.5 per share), plus the interest accrued on this amount at a rate of 2.5% until the execution of the agreement. The sale was conditional on Santoro obtaining a statement of non-opposition from the Bank of Portugal, which was obtained on June 28, 2012. Therefore, the transaction was considered closed at June 30, 2012, and did not have a significant impact on the Group's income statement.

At June 30, 2012 the Group's stake in Banco BPI stands at 39.536%.

Accounting aspects of the transaction

The price obtained in the purchase of the Banco BPI stake (€0.50 per share) is significantly lower than the carrying amount attributable to the net stake acquired (9.436%) due to the current economic situation and the high uncertainty surrounding the economies of non-core EU countries, in addition to the effect on the Portuguese financial system. So long as these uncertainties persist, the difference between the acquisition price and carrying amount, €128 million, is recognized as a reduction in the cost in the same heading.

On June 27, the recapitalization plan announced on June 4 was approved at Banco BPI's General Shareholders' Meeting. The recapitalization plan will allow the requirements contained in the European Banking Authority's Recommendation of December 8, 2011 to be met – including the need to attain a Core Capital Tier 1 ratio of 9% by June 30, 2012.

The amount of the recapitalization plan totals €1,500 million, including a €200 million capital increase, with the application of pre-emptive subscription rights for shareholders, to be completed by September 30, 2012, and an issue of contingent convertible bonds for an initial amount of €1,500 million. These bonds were subscribed the Portuguese state on June 29, and the amount will be reduced to €1,300 million once the afore-mentioned capital increase has been subscribed.

Repsol

On May 7, 2012 the Argentine Government nationalized YPF and expropriated Repsol, S.A.'s 51% stake in YPF and Repsol YPF Gas, S.A. Following this move, Repsol's stake in YPF, S.A. was reduced from 57.43% to 6.43%.

Repsol considers this measure to be illegal and has begun legal proceedings to preserve the value of its assets and protect the interests of all its stakeholders. Specifically, on May 10, 2012, Repsol began arbitration proceedings pursuant to the Treaty for Investment Promotion and Protection agreed between Spain and Argentina, as well claiming compensation from the Argentine Government in courts in both Argentina and New York. Given the exceptional nature of these events and the impossibility of making a reliable estimate of their impact, at June 30, 2012, the CaixaBank Group has not recorded any further impairment based on the best information available on Repsol's equity.

On May 31, 2012, Repsol notified the CNMV of the early termination of loan agreements signed between the Petersen Group and Repsol on February 21, 2008 and May 19, 2011 (Seller Credit Agreements I and II). These agreements stipulated, as collateral, a pledge over 21.2 million shares of YPF, S.A., raising Repsol's stake in the share capital of YPF, S.A. to 11.8%.

At June 30, 2012, the CaixaBank Group held a stake of 12.82% in Repsol.

Impairment losses on associates

The Group has a methodology in place (described in note 17 of the CaixaBank Group's 2011 consolidated annual financial statements) for performing half-yearly assessments of potential evidence of impairment in the carrying amounts of investments in associates.

Based on the analysis carried out to June 30, 2012, in which more prudent assumptions were used, there is no need to recognize any further impairment.

Available-for-sale financial assets

The main changes are as follows:

Telefónica

In the first half of 2012, CaixaBank increased its stake in Telefónica, SA by 0.31%, directly investing €357 million and adding the shares deriving from Telefónica's scrip dividend program, valued at €72 million. It also terminated the financial contracts that hedged 0.50% of the stake, for an amount of €318 million, with the delivery of shares.

The transactions performed aim to exploit market opportunities without changing the strategic nature of this interest for the CaixaBank Group, which has held a stake of more than 5% in this company for the last 10 years. As a result, they did not lead to any change in the classification as available-for-sale financial assets.

The CaixaBank Group's stake in Telefónica, SA at June 30, 2012 stood at 5.67%.

Market value of listed investees

The table below presents a breakdown of the percentage of ownership and market value of the main listed companies classified as associates, jointly controlled entities and available-for-sale equity instruments.

(Thousands of euros)		30/06/12		31/12/11	
Companies		**% stake**	**Market value**	**% stake**	**Market value**
Telefónica, SA (1)	(AFS)	5.67%	2,677,717	5.36%	3,275,507
Grupo Financiero Inbursa	(ASSOC)	20.00%	2,396,503	20.00%	1,895,452
Repsol, SA	(ASSOC)	12.82%	1,978,280	12.82%	3,714,752
The Bank of East Asia, LTD	(ASSOC)	17.10%	1,018,641	17.00%	1,032,320
Erste Group Bank AG	(ASSOC)	9.68%	570,837	9.77%	518,890
Banco BPI, SA	(ASSOC)	39.54%	210,579	30.10%	143,333
Boursorama, SA	(ASSOC)	20.72%	92,315	20.73%	100,873
Bolsas y Mercados Españoles SHMSF, SA	(AFS)	5.01%	66,565	5.01%	87,134
Market value			**9,011,437**		**10,768,261**

(JCE)= Jointly controlled entity; (ASSOC)= Associate; (AFS) = Available-for-sale

(1) In 2011, a 0.5% stake bears no market risk as it is hedged by financial derivatives.

Goodwill

The breakdown of goodwill at June 30, 2012 and December 31, 2011 arising from companies consolidated using the equity method is as follows:

(Thousands of euros)	**30/06/12**	**31/12/11**
Grupo Financiero Inbursa (1)	702,052	656,326
The Bank of East Asia, LTD (2)	613,842	592,013
SegurCaixa Adeslas, SA de Seguros y Reaseguros	388,850	388,850
Banco BPI, SA	350,198	350,198
Boursorama, SA	66,306	66,306
Comercia de la Caixa, Entidad de Pago, SL	53,410	53,410
Self Trade Bank, SA	16,317	16,317
Other	3,703	3,703
Total	**2,194,678**	**2,127,123**

(1) Equivalent value in euros recognized in Mexican pesos at each date.

(2) Equivalent value in euros recognized Hong Kong dollars at each date.

10. Property and equipment

This heading in the accompanying condensed interim consolidated balance sheet includes the acquired properties held to earn rentals or for own use.

Changes in the period

In the first half of 2012, investments were made under this heading totaling €113 million, mainly relating to assets for own use in the banking business.

On January 1, 2012, CaixaBank Group reclassified €125,854 million of assets leased under an operating lease, recognized under "Property and Equipment", to a finance lease. This was prompted by an analysis of the conditions and peculiarities of specific CaixaRenting, SA operations during the contract period, in the current economic climate, which suggested that the operations in question complied with the current legal requirements to be classified as finance leases at the date in question, or, where applicable, to the expected exercise of the purchase option in these operations. As a result, at June 30, 2012, the balance was recognized under "Loans and receivables" on the balance sheet, with no impact on the income statement.

In the first six months of 2012, there were no significant gains or losses on any individual sale. At June 30, 2012, the CaixaBank Group had no significant commitments to acquire items of property and equipment.

11. Intangible assets

Goodwill

The balance of this heading of the accompanying condensed consolidated balance sheet at June 30, 2012, was unchanged from the balance at December 31, 2011. The most significant existing goodwill derived from the acquisition in previous years of Morgan Stanley's businesses in Spain, €402,055 thousand, VidaCaixa, SA de Seguros y Reaseguros, €330,929 thousand, and Bankpime, SA, €39,406 thousand.

Impairment tests on the cash-generation units (CGUs) to which this goodwill is associated show no indication of impairment at June 30, 2012.

Other intangible assets

The change in this condensed interim consolidated balance sheet heading in the first six months of 2012 is as follows:

Other intangible assets
(Thousands of euros)

	30/06/12
Balance at the beginning of the period	**403,116**
Plus:	
Additions of software and others	70,288
Less:	
Amortization charged to results	(50,536)
Write-offs	(3,224)
Balance at the end of the period	**419,644**

12. Other assets

"Other assets" in the accompanying condensed interim consolidated balance sheet includes inventories and other assets relating to normal operations on financial markets and with customers.

"Inventories", which consists mainly of land and property under construction, are measured at the lower of cost, including financial charges, and realizable value, understood to be the estimated net selling price less estimated production and marketing costs.

The breakdown of "Inventories" is as follows:

(Thousands of euros)	30/06/12		31/12/11	
	Foreclosed assets	Other assets	Foreclosed assets	Other assets
Land and buildings	434,624	53,999	208,039	36,993
Other		2,034		2,188
Less:				
Impairment losses	(190,617)	(760)	(157,825)	(759)
Total	**244,007**	**55,273**	**50,214**	**38,422**

Note 4, "Risk management", provides details on foreclosed assets, classified into "Non-current assets held-for-sale" (see note 8) and "Other assets – Inventories" by source and type of property.

13. Financial liabilities

The detail of the balance of "Financial liabilities" in the accompanying condensed interim consolidated balance sheet by nature and category of the portfolio for measurement purposes at June 30, 2012 and December 31, 2011 is as follows:

30/06/12

(Thousands of euros)	Held-for-trading portfolio	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			19,796,033	19,796,033
Deposits from credit institutions			10,581,769	10,581,769
Customer deposits		227,400	124,751,388	124,978,788
Marketable debt securities			50,713,990	50,713,990
Trading derivatives	12,799,001			12,799,001
Subordinated liabilities			3,760,403	3,760,403
Short positions	1,653,051			1,653,051
Other financial liabilities			4,257,229	4,257,229
Total	**14,452,052**	**227,400**	**213,860,812**	**228,540,263**

31/12/11

(Thousands of euros)	Held-for-trading portfolio	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			13,579,787	13,579,787
Deposits from credit institutions			9,990,477	9,990,477
Customer deposits		224,990	128,988,715	129,213,705
Marketable debt securities			43,901,351	43,901,351
Trading derivatives	2,299,671			2,299,671
Subordinated liabilities			5,382,026	5,382,026
Short positions	1,817,562			1,817,562
Other financial liabilities			3,321,825	3,321,825
Total	**4,117,233**	**224,990**	**205,164,181**	**209,506,404**

At June 30, 2012, "Deposits from central banks" mainly includes €18,180,000 thousand relating to the financing obtained in the ECB three-year liquidity auctions, of which €6,080,000 thousand had been drawn down at March 1, 2012. The interest rate on these deposits is the rate applicable to all major Eurosystem financing operations.

The most significant movements in "Marketable debt securities," explaining the change in the balance of this item in the first half of 2012, are as follows:

- Net issue of €5,341,561 thousand of promissory notes.
- €3,000,000 thousand plain vanilla bond issue.
- Institutional market issue of €1,000,000 thousand in mortgage covered bonds, with maturities of €149,200 thousand and buy-backs for a nominal value of €408,046 thousand.
- Maturity of €200,000 thousand of public-sector covered bonds.
- Maturities of €567,604 thousand of mortgage covered bonds distributed through the branch network.

The buy-back of €408,046 thousand in mortgage securities had a positive result of €87,629 thousand, accounted for under "Gains/(losses) on financial assets and liabilities (net)" on the accompanying condensed interim consolidated income statement.

The increase in the fair value of trading derivatives is due mainly to the reclassification to the trading portfolio (assets and liabilities) of derivatives sold to customers and symmetric derivatives arranged on the market to cover risk relating to this operation. Following criteria of efficient management, until 2012 these derivatives were included in the fair-value macro-hedge with the rest of the derivatives entered into to cover structural interest risk on the CaixaBank Group balance sheet (see notes 4 and 7).

This reclassification has not changed the nature, management focus or individual or global risk profile of these transactions.

It also has not affected the CaixaBank Group's equity or results as a change in the value of these derivatives had already been recorded under "Gains/(losses) on financial assets and liabilities (net)" on the income statement.

With regard to subordinated liabilities, on January 31, 2012 the acceptance period ended for the repurchase of series A and B preference shares issued by Caixa Preference Limited (currently Caixa Preference, SAU) and series I/2009 shares issued by "la Caixa" (currently subrogated to CaixaBank) at 100% of their nominal value. The nominal amount of these issues totaled €4,897,586 thousand. The repurchase offer was accepted by 4,819,807 preference shares, 98.41% of the total.

On February 9, 2012 the repurchase operation was carried out, involving, in accordance with the subscription conditions, the issue of series I/2012 subordinated bonds for the amount of €2,072,363 thousand and series II/2012 subordinated bonds for the amount of €1,301,502 thousand, in addition to subordinated bonds mandatorily convertible to and/or exchangeable for CaixaBank shares for the amount of €1,445,942 thousand. The terms of this issue had changed at June 30, 2012 (see note 15).

On May 17, 2012 the first VidaCaixa, SA de Seguros y Reaseguros perpetual subordinated bond issue was redeemed for a nominal value of €150 million. The full redemption agreement was adopted by VidaCaixa's Board of Directors on March 7, 2012 and required authorization from the Directorate of Insurance and Pension Funds, which was obtained on April 4, 2012.

The Board of Directors also approved the redemption of VidaCaixa's second perpetual subordinated bond issue. This operation will not take place before December 30, 2014, the date from which the issue may be redeemed.

Details of issues, buy-backs or redemptions of debt securities

The table below provides a detail at June 30, 2012 and 2011 of the outstanding balance of debt securities at those dates issued by CaixaBank or any other CaixaBank Group company, along with the movement in the first six months of 2012 and 2011.

30/06/12

(Thousands of euros)

	Outstanding balance at 31/12/11	Issues	Buy-backs or redemptions	Adjustments for exchange rates and other	Outstanding balance at 30/06/12
Debt securities issued by a European Union member state that have required the filling of a prospectus	49,283,377	33,073,676	(26,909,251)	(973,409)	54,474,393
Total	**49,283,377**	**33,073,676**	**(26,909,251)**	**(973,409)**	**54,474,393**

30/06/11

(Thousands of euros)

	Outstanding balance at 31/12/11	Issues	Buy-backs or redemptions	Adjustments for exchange rates and other	Outstanding balance at 30/06/11
Debt securities issued by a European Union member state that have required the filling of a prospectus	51,099,414	5,875,961	(5,580,582)	(404,661)	50,990,132
Total	**51,099,414**	**5,875,961**	**(5,580,582)**	**(404,661)**	**50,990,132**

Other issues guaranteed by the Group

At June 30, 2012 and 2011, there were no debt securities issued by associates or third parties (outside the Group) guaranteed by CaixaBank or any Group company.

Individual details of certain issues, buy-backs or redemptions of debt securities

The main features of issues, buy-backs or redemptions made by CaixaBank Group in the first six months of 2012 and 2011 are as follows:

CaixaBank Group at 30/06/12

1 / 2

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2012									
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/S&P)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 30/06/12**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Parent	Spain	A3/AA+	ES0414970196	Mortgage covered bond	Buy-back		Eur	(175,000)	574,000	4.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970204	Mortgage covered bond	Buy-back		Eur	(127,700)	2,218,200	3.875%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970212	Mortgage covered bond	Buy-back		Eur	(400)	2,499,600	3.250%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970246	Mortgage covered bond	Buy-back		Eur	(12,300)	2,280,100	3.625%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970303	Mortgage covered bond	Buy-back		Eur	(30,200)	927,900	4.500%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970345	Mortgage covered bond	Buy-back		Eur	(5,000)	220,000	E3M+6bp	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970402	Mortgage covered bond	Buy-back		Eur	(15,265)	2,433,150	4.625%	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0414970428	Mortgage covered bond	Redemption	30/03/12	Eur	(567,604)			AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0414970493	Mortgage covered bond	Redemption	17/02/12	Eur	(149,200)			AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970519	Mortgage covered bond	Buy-back		Eur	700	1,136,000	3.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970535	Mortgage covered bond	Buy-back		Eur	(1,100)	920,900	3.500%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970576	Mortgage covered bond	Buy-back		Eur	(50)	41,950	3.500%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970642	Mortgage covered bond	Buy-back		Eur	(3,500)	70,500	4.977%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970659	Mortgage covered bond	Buy-back		Eur	(9,250)	1,881,900	5.000%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970667	Mortgage covered bond	Buy-back		Eur	2,900	1,124,300	4.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970634	Mortgage covered bond	Buy-back		Eur	(15,000)	520,000	4.706%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970683	Mortgage covered bond	Buy-back		Eur	(1,950)	1,144,850	5.125%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0440609040	Mortgage covered bond	Issue	16/02/12	Eur	1,000,000	858,700	4.000%	AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0440609073	Mortgage covered bond	Issue	24/05/12	Eur	1,000,000		4.900%	AIAF	Entity's capital
						Buy-back			(1,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609081	Mortgage covered bond	Issue	24/05/12	Eur	1,000,000		5.200%	AIAF	Entity's capital
						Buy-back			(1,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609099	Mortgage covered bond	Issue	24/05/12	Eur	2,000,000		5.300%	AIAF	Entity's capital
						Buy-back			(2,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609107	Mortgage covered bond	Issue	07/06/12	Eur	500,000		E6M+385bp	AIAF	Entity's capital
						Buy-back			(500,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609115	Mortgage covered bond	Issue	07/06/12	Eur	2,000,000		E6M+385bp	AIAF	Entity's capital
						Buy-back			(2,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609123	Mortgage covered bond	Issue	07/06/12	Eur	4,000,000		E6M+380bp	AIAF	Entity's capital
						Buy-back			(4,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609131	Mortgage covered bond	Issue	07/06/12	Eur	3,500,000		E6M+380bp	AIAF	Entity's capital
						Buy-back			(3,500,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609149	Mortgage covered bond	Issue	07/06/12	Eur	1,000,000		E6M+375bp	AIAF	Entity's capital
						Buy-back			(1,000,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609156	Mortgage covered bond	Issue	19/06/12	Eur	4,250,000		E6M+375bp	AIAF	Entity's capital
						Buy-back			(4,250,000)				
FTGENCAT 3, FTA	Subsidiary	Spain	Various	Various	Securitization bonds	Redemption	20/03/12	Eur	(9,087)	139,045	E3M+3bp	Barcelona Stock Exchange	Entity's capital
							20/06/12		(7,995)				
						Buy-back			(10,918)				
FTGENCAT 4, FTA	Subsidiary	Spain	Various	Various	Securitization bonds	Redemption	25/01/12	Eur	(7,794)	197,251	E3M+4bp	Barcelona Stock Exchange	Entity's capital
							25/04/12		(8,431)				
						Buy-back			(4,013)				
CaixaBank	Parent	Spain	-		Promissory notes (net)	Issue		Eur	5,341,561	8,300,753	Various	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0314970130	Structured debenture	Redemption	21/06/12	Eur	(200)				Entity's capital

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2012									
Company	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/S&P)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 30/06/12**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Parent	Spain	(*)	ES0340609033	Structured debenture	Buy-back		Eur	(1,650)	13,700	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	(*)	ES0340609041	Structured debenture	Buy-back		Eur	(1,150)	114,500	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	(*)	ES0340609074	Structured debenture	Issue	28/02/12	Eur	75,000	74,400	Variable (1)		Entity's capital
						Buy-back			(600)				
CaixaBank	Parent	Spain	(*)	ES0340609082	Structured debenture	Issue	17/02/12	Eur	16,400	16,400	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	(*)	ES0340609090	Structured debenture	Issue	19/04/12	Eur	13,050	13,050	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	(*)	ES0340609108	Structured debenture	Issue	11/05/12	Eur	1,950	1,950	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	(*)	ES0340609116	Structured debenture	Issue	20/06/12	Eur	1,850	1,850	Variable (1)		Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0414970550	Public-sector covered bond	Buy-back		Eur	(1,300)	842,000	2.500%	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0414970691	Public-sector covered bond	Redemption	23/05/12	Eur	(200,000)			AIAF	Entity's capital
CaixaBank	Parent	Spain	A3/AA+	ES0440609057	Public-sector covered bond	Issue	24/05/12	Eur	500,000		4.900%	AIAF	Entity's capital
						Buy-back			(500,000)				
CaixaBank	Parent	Spain	A3/AA+	ES0440609058	Public-sector covered bond	Issue	24/05/12	Eur	500,000		5.200%	AIAF	Entity's capital
						Buy-back			(500,000)				
CaixaBank	Parent	Spain	Baa3/BBB+	ES0314970163	Plain vanilla bond	Buy-back		Eur	(5,257)	968,800	3.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Baa3/BBB+	ES0314970171	Plain vanilla bond	Buy-back		Eur	(100,000)		E3M+110bp	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0313249007	Plain vanilla bond	Redemption	22/03/12	Eur	(187,800)			AIAF	Entity's capital
CaixaBank	Parent	Spain	Baa3/BBB+	ES0340609009	Plain vanilla bond	Buy-back		Eur	(2,400)	882,300	4.125%	AIAF	Entity's capital
CaixaBank	Parent	Spain	-/BBB+	ES0340609058	Plain vanilla bond	Issue	20/01/12	Eur	3,000,000	2,610,116	4.910%	AIAF	Entity's capital
						Buy-back			(5,723)				
									7,785,574				

(1) Variable interest rate at maturity in line with the performance of the underlying

(*) Issue not rated.

CaixaBank Group at 30/06/11

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2011									
Company	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/S&P)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 30/06/11**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Parent	Spain	Aaa / -	ES0414970139	Mortgage covered bond	Redemption	05/04/11	Eur	(2,249,600)		5.250%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / -	ES0414970162	Mortgage covered bond	Buy-back		Eur	(100)	1,394,300	4.500%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / -	ES0414970204	Mortgage covered bond	Buy-back		Eur	(15,800)	2,362,700	3.875%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970246	Mortgage covered bond	Buy-back		Eur	(6,000)	2,315,650	3.625%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970402	Mortgage covered bond	Buy-back		Eur	(15,108)	2,448,192	4.625%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970444	Mortgage covered bond	Redemption	09/05/11	Eur	(883,144)		E3M+55bp (1)	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970519	Mortgage covered bond	Buy-back		Eur	5,500	731,500	3.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970584	Mortgage covered bond	Buy-back		Eur	29,400	955,000	3.125%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970659	Mortgage covered bond	Issue	22/02/11	Eur	2,000,000	1,899,700	5.000%	AIAF	Entity's capital
						Buy-back			(4,350)				
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970667	Mortgage covered bond	Issue	18/03/11	Eur	1,250,000	1,136,350	4.750%	AIAF	Entity's capital
						Buy-back			(3,550)				
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970642	Mortgage covered bond	Issue	18/03/11	Eur	74,000	74,000	4.977%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970634	Mortgage covered bond	Issue	18/03/11	Eur	470,000	470,000	4.706%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970634	Mortgage covered bond	Issue (2)	30/03/11	Eur	100,000	100,000	4.706%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970683	Mortgage covered bond	Issue	27/04/11	Eur	1,250,000	1,163,950	5.125%	AIAF	Entity's capital
						Buy-back			(1,050)				
CaixaBank	Parent	Spain	Aaa / AAA	ES0414970675	Mortgage covered bond	Issue	13/05/11	Eur	180,000	82,000	4.471%	AIAF	Entity's capital
						Buy-back			(98,000)				
FTGENCAT 3, FTA	Subsidiary	Spain	Various	Various	Securitization bonds	Redemption	21/03/11	Eur	(18,111)	182,417	E3M+3bp	Barcelona Stock Exchange	Entity's capital
FTGENCAT 3, FTA	Subsidiary	Spain	Various	Various	Securitization bonds	Redemption	26/03/11	Eur	(19,111)	232,428	E3M+4bp	Barcelona Stock Exchange	Entity's capital
CaixaBank	Parent	Spain	-		Promissory notes (net)	Redemption		Eur	(2,162,030)	798,611	Various	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aa2 / AA-	ES0314970189	Structured debenture	Issue	15/02/11	Eur	1,961	1,961	Variable (3)	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aaa / -	ES0414970691	Public-sector covered bond	Issue	23/05/11	Eur	200,000	200,000	2.738%	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aa1 / AA-	ES0314970106	Plain vanilla bond	Redemption	21/04/11	Eur	(120,004)		E3M+240bp (1)	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aa2 / AA-	ES0314970163	Plain vanilla bond	Buy-back		Eur	(9,524)	965,476	3.750%	AIAF	Entity's capital
CaixaBank	Parent	Spain	-/A+	ES0314970197	Plain vanilla bond	Issue	09/03/11	Eur	200,000	200,000	E3M+45bp (1)	AIAF	Entity's capital
CaixaBank	Parent	Spain	Aa2/A+	ES0314970205	Plain vanilla bond	Issue	21/06/11	Eur	150,000	150,000	E3M+10bp (1)	AIAF	Entity's capital
									305,379				

(1) The margin is growing and is revised quarterly.
(2) This is a €470,000 increase on the issue dated 18/3/11.

(3) Variable interest rate at maturity in line with the performance of the underlying

Individual details of certain issues of subordinated liabilities

The main movements in subordinated liabilities issued by the CaixaBank Group in the first six months of 2012 are as follows:

CaixaBank Group at 30/06/12

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2012									
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/S&P)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 30/06/12**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Parent	Spain	BBB- (*)	ES0240609000	Subordinated debt	Issue Buy-back	09/02/12	Eur	2,072,363 (7,317)	2,065,047	4.000%	AIAF	Entity's capital
CaixaBank	Parent	Spain	BBB- (*)	ES0240609018	Subordinated debt	Issue Buy-back	09/02/12	Eur	1,301,502 (2,657)	1,298,847	5.000%	AIAF	Entity's capital
VidaCaixa	Subsidiary	Spain	-	ES0283691006	Subordinated debt	Redemption	17/05/12	Eur	(150,000)			AIAF	Entity's capital
Caixa Preference	Subsidiary	Spain	B2/BB+	KYG175471039	Preference shares	Redemption	09/02/12	Eur	(988,395)	11,605	E3M+6bp (1)	AIAF	Entity's capital
Caixa Preference	Subsidiary	Spain	B2/BB+	KYG175471112	Preference shares	Redemption	09/02/12	Eur	(1,972,124)	27,876	E3M+6bp (2)	AIAF	Entity's capital
CaixaBank	Parent	Spain	B2/BB+	ES0114970009	Preference shares	Redemption Buy-back	09/02/12	Eur	(1,859,288) (233)	38,065	E3M+350bp (3)	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0113249009	Preference shares	Buy-back		Eur	(10,000)		E6M+175bp	AIAF	Entity's capital
CaixaBank	Parent	Spain	-	ES0113249025	Preference shares	Buy-back		Eur	(5,000)	25,000	E6M+300bp	AIAF	Entity's capital
									(1,621,149)				

(1) Guaranteed minimum of 2.97% and maximum of 7.77% until 30/09/14.
(2) Guaranteed minimum of 2.97% and maximum of 7.77%.
(3) Guaranteed minimum of 3.94% and maximum of 7.77%.
(*) Credit rating by Fitch

CaixaBank at 30/06/11

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2011									
Company	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/S&P)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 30/06/11**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Parent	Spain	A-	ES0113249009	Preference shares	Buy-back		Eur	(10,000)	10,000	E6M+175bp	AIAF	Entity's capital
									(10,000)				

14. Provisions

The table below presents the balances at June 30, 2012 and December 31, 2011 and the nature of provisions recognized in the accompanying condensed interim consolidated balance sheet:

(Thousands of euros)	Balance at 31/12/11	Provisions net of releases charged to income	Other provisions	Amounts used	Transfers and other	Balance at 30/06/12
Provisions for pensions and similar obligations	**2,260,928**	**70,653**	**5,351**	**(113,656)**	**(56,688)**	**2,166,588**
Defined benefit post-employment plans	1,771,326		1,991	(41,333)	(52,536)	1,679,448
Other long-term defined employee benefits	489,602	70,653	3,360	(72,323)	(4,152)	487,140
Provisions for taxes and other legal contingencies	**109,332**	**7,845**	**0**	**(20,013)**	**(998)**	**96,166**
Provisions for taxes	96,648	716		(19,793)	(973)	76,598
Other legal contingencies	12,684	7,129		(220)	(25)	19,568
Provision for contingent liabilities and commitments	**119,806**	**(65,506)**	**0**	**0**	**(156)**	**54,144**
Country risk allowance	115				150	265
Allowance for identified losses	45,066	9,134	0	0	(321)	53,879
Contingent liabilities	*33,363*	*8,487*			*(327)*	*41,523*
Contingent commitments	*11,703*	*647*			*6*	*12,356*
Allowance for inherent losses	74,625	(74,640)			15	0
Other provisions	**316,908**	**(36,793)**	**0**	**(36,929)**	**(59,659)**	**183,527**
Losses from agreements not formalized and other risks	84,724	(43,519)		(5,489)	(1,706)	34,010
Onerous contracts to finance specific assets	156,292				(58,224)	98,068
Ongoing legal proceedings	42,564	(3,624)		(17,247)		21,693
Other	33,328	10,350		(14,193)	271	29,756
Total provisions	**2,806,974**	**(23,801)**	**5,351**	**(170,598)**	**(117,501)**	**2,500,425**

Provisions for pensions and similar obligations – Defined benefit post-employment plans

The Group has undertakings with certain employees or their rightholders to supplement public social security benefits for retirement, permanent disability, death of spouse or death of parents. These obligations were basically assumed by CaixaBank.

Pension funds and similar obligations – Other long-term defined employee benefits

The CaixaBank Group has funds covering the obligations assumed under its early retirement schemes. The funds cover the obligations with personnel who retire early – with regard to salaries and other welfare charges – from the date of early retirement to their actual retirement date. Funds are also in place covering obligations with personnel who are partially retired, and obligations assumed in relation to long-service premiums and other obligations with existing personnel.

On June 18, 2012, CaixaBank and workers' representatives signed an agreement to establish an extraordinary pre-retirement program valid until December 31, 2012 for CaixaBank and ”la Caixa” staff. Under this agreement, staff at each entity complying with a series of requirements can choose to adhere to the early retirement program. At June 30, 2012, the Group had allocated €67,000 thousand to the early retirement fund, in accordance with the present value of the estimated amount payable for this concept recognized under "Provisions (net)" on the accompanying interim consolidated income statement.

Provisions for contingent liabilities and commitments

The main change in this heading (for €75 million) corresponds to the drawdown of the general allowance for contingent exposures, used to provide coverage for financing property development, home purchasing and foreclosed assets (see note 1).

Other provisions

In the first half of 2012, the most significant movement was the €41 million reduction in provisions due mainly to risks or guarantees provided to the buyers of stakes or businesses sold in previous years. These obligations have mostly expired or have been classified at lower amounts than previously estimated.

15. Equity

Share capital

At December 31, 2011, CaixaBank had 3,840,103,475 shares in issue with a par value of €1 each. On June 27, 2012, a capital increase was carried out through the issue of 14,728,120 new shares with a par value of €1 each, which were officially admitted to trading on July 3, 2012. The capital increase is part of the Optional Scrip Dividend program (see note 3).

At June 30, 2012, CaixaBank's share capital comprised 3,854,831,595 shares, of €1 each. All shares have the same economic and voting rights.

Share premium

The balance at June 30, 2012 stood at €9,381,085 thousand, unchanged from December 31, 2011.

Reserves

The breakdown and the limits of unrestricted reserves of the parent company are as follows:

(Thousands of euros)	**30/06/12**	**31/12/11**
Reserves attributable to the parent company of the CaixaBank Group	4,009,999	4,117,309
Legal reserve	*756,411*	*672,578*
Restricted reserves related to the optional scrip dividend program	*343,804*	*47,748*
Restricted reserves for tax amortization	*124,140*	*106,575*
Restricted reserves for financing the acquisition of treasury shares	*72,208*	*85,727*
Unrestricted reserves	*2,629,503*	*2,873,240*
Others reserves assigned to the Parent	*83,933*	*331,441*
Reserves of fully-consolidated subsidiaries (*)	785,382	548,013
Reserves of subsidiaries accounted for using the equity method (**)	1,165,788	1,038,025
Total	**5,961,169**	**5,703,347**

(*) Reserves relating to fully-accounted subsidiaries correspond mainly to Vidacaixa, SA de Seguros y Reaseguros.

(**) Reserves relating to equity-accounted subsidiaries correspond mainly to Repsol, SA, Grupo Financiero Inbursa and Banco BPI, SA.

The decrease in "Accumulated reserves (losses)" in the first half of 2012 in the statement of total changes in equity for an amount of €164 million includes €75 million relating to changes in the reserves of investments in jointly controlled entities and associates, and €62 million relating to the coupon associated with the issue of mandatorily convertible bonds.

Other equity instruments

This includes the amount of compound financial instruments having the nature of equity. This heading increased by €1,445,942 thousand in the first half of 2012. The change corresponds to the conversion of preference shares in mandatorily convertible bonds into CaixaBank shares (see note 13). The balance at June 30, 2012 stood at €2,945,942 thousand.

At CaixaBank's Extraordinary General Meeting held on June 26, 2012, the terms and conditions of the aforementioned issue of subordinated mandatorily convertible and/or exchangeable bonds, consisting of:

- Replacement of a Partial Mandatory Conversion and/or Exchange Event (originally scheduled for June 30, 2012) for a Partial Voluntary Conversion and/or Exchange Event on June 30, 2012,
- Introduction of an additional Partial Voluntary Conversion and/or Exchange Event on December 30, 2012,
- Extension of the last Date of the Conversion and/or Exchange Event to December 30, 2015,
- Introduction of a Voluntary Total Conversion and/or Exchange Event exercisable on a six-monthly basis from January 1, 2013 to June 30, 2015, and
- 0.5% increase in the nominal annual interest rate on the bonds from July 1, 2012 (from 6.5% to 7%).

On June 28, 2012, these changes were approved by the Bondholders' General Assembly. During the voluntary partial conversion and/or exchange period which ended on June 30, 2012, 1,078 conversion and/or exchange requests were received, corresponding to 59,339 bonds. On July 3, 2012, on the basis of the conversion and/or exchange price (€3.862), a total of 1,536,034 CaixaBank shares were satisfied through the delivery of treasury shares.

Treasury shares

Following approval by the Annual General Meeting on April 19, 2012 and in compliance with article 146 of the Corporate Enterprises Act, CaixaBank has carried out transactions to buy treasury shares in the first half of 2012.

This caused a reduction in own funds in the period of €123,253 thousand, corresponding to the increase of a net 47,949,489 shares. At June 30, 2012 the number of treasury shares totaled 109,400,772, representing 2.84% of the share capital, reducing own funds by €393,270 thousand.

Losses on transactions involving treasury shares totaled €9,293 thousand, recognized in unrestricted reserves.

Valuation adjustments

Valuation adjustments mainly include the net amount of changes in the fair value of financial assets classified as available-for-sale, as well as the amounts of valuation adjustments recognized in the equity of associates.

The decrease in the valuation adjustments attributable to the Group in the first half of 2012 was €419,422 thousand and corresponds mainly to the loss of value caused by the share price performance of stocks such as Telefónica or Bolsas y Mercados. At June 30 the balance of this heading was a negative €474,619 thousand.

Non-controlling interests

"Non-controlling interests" represents the net portion of equity of subsidiaries attributable to equity instruments not owned, directly or indirectly, by CaixaBank, including the share of profit for the period.

16. Related-party transactions

According to the Regulations of the Board of Directors, the Board may issue a generic authorization for transactions by directors and related persons provided that they fall within the ordinary course of corporate business and are habitual or recurring in nature. Otherwise, they must be authorized by the Board of Directors except where they simultaneously meet the following three conditions: (i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients; (ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and (iii) the amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the parent.

Notwithstanding the above, according to prevailing legislation, express authorization by the Bank of Spain is required for the grant of loans, credits or guarantees to the Chairman, Vice-Chairman, Directors, Vice Presidents and similar.

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and senior executives is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement (see notes 2.9 and 35 of the Notes to the Financial Statements for 2011).

All other loan and deposit transactions or financial services arranged by the CaixaBank Group with "key management personnel and executives" (Board of Directors and Senior Executives), which are not subject to employment regulations, were approved under normal market conditions. None of these transactions involves any material amounts affecting the correct interpretation of the condensed interim consolidated financial statements.

Transactions between CaixaBank and its subsidiaries are carried out in the ordinary course of business, and under market conditions.

All material inter-company balances held by the consolidated entities at June 30, 2012 and 2011 and the effect of inter-company transactions were eliminated on consolidation. The details are provided below of the most significant balances with associates, jointly controlled entities in relation to the portion not eliminated on consolidation, Directors, Senior Executives and other related parties (relatives and companies with links to members of the Board of Directors, Control Committee and Senior Executives, to the best of the Group's knowledge), of CaixaBank, "la Caixa" and Criteria CaixaHolding, and those held with other related parties such as the employee pension plan. The table also shows the amounts recognized in the consolidated income statement as a result of the transactions carried out. To correctly interpret the data relating to Directors and Senior Executives and other related parties, the changes in the composition of these groups occurring between June 2011 and June 2012 should be taken into account (see note 6).

30/06/12

(Thousands of euros)	With the majority shareholder "la Caixa" and its Group (1)	Associates and jointly controlled entities	Directors and senior executives (2)	Other related parties (3)
ASSETS				
Loans and advances to credit institutions (2)	45,412	95,313		
Loans and advances to customers	3,545,183	566,732	8,396	101,478
Reverse repurchase agreement (repos)				
Mortgage loans	*487,421*		*7,264*	*61,781*
Other loans and credits	*3,057,762*	*566,732*	*1,132*	*39,697*
Total	**3,590,595**	**662,045**	**8,396**	**101,478**
LIABILITIES				
Deposits from credit institutions	257,733	71,076		
Customer deposits (4)	1,664,046	1,042,324	36,202	265,407
Off-balance sheet liabilities (5)			20,381	52,486
Total	**1,921,779**	**1,113,400**	**56,583**	**317,893**
PROFIT AND LOSS				
Interest expense and similar charges (6)	(24,949)	(13,351)	(445)	(2,752)
Interest and similar income	89,544	7,352	100	1,376
Total	**64,595**	**(5,999)**	**-345**	**(1,376)**
OTHER				
Contingent liabilities - Guarantees and other	300,494	89,199	51	19,040
Contingent commitments – Drawable by third parties (7)	1,568,633	412,118	5,246	73,393
Accrued defined benefit post-employment obligations			45,379	
Other transactions				
Total	**1,869,127**	**501,317**	**50,676**	**92,433**

(1) Includes transactions with "la Caixa", and its subsidiaries, jointly controlled entities and associates.
(2) Directors and senior executives referred to are those of "la Caixa", CaixaBank and Criteria CaixaHolding.
(3) Family members and entities related to members of the Board of Directors of "la Caixa," CaixaBank and Criteria CaixaHolding, the Control Committee of "la Caixa" and other related parties such as the employee pension plan.
(4) Includes deposits, marketable debt securities and subordinated debt.
(5) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.
(6) Does not include the finance cost relating to off-balance sheet liabilities.
(7) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

30/06/11

(Thousands of euros)	Significant shareholders	Associates and jointly controlled entities	Directors and senior executives	Other related parties (1)
ASSETS				
Loans and advances to credit institutions (2)		218,707		
Loans and advances to customers	0	267,038	10,584	185,474
Reverse repurchase agreement (repos)				
Mortgage loans		*6,904*	*9,176*	*69,093*
Other loans and credits		*260,134*	*1,408*	*116,381*
Total	**0**	**485,745**	**10,584**	**185,474**
LIABILITIES				
Deposits from credit institutions	633,256	1,010,585		
Customer deposits (3)		379,219	41,733	334,463
Off-balance sheet liabilities (4)			29,443	51,572
Total	**633,256**	**1,389,804**	**71,176**	**386,035**
PROFIT AND LOSS				
Interest expense and similar charges (5)		(4,299)	(477)	(3,925)
Interest and similar income		1,404	95	3,440
Total	**0**	**(2,895)**	**(382)**	**(485)**
OTHER				
Contingent liabilities – Guarantees		8,607	67	32,308
Contingent commitments – Drawable by third parties (6)		463,866	6,574	85,239
Accrued post-employment obligations			44,194	
Total	**0**	**472,473**	**50,835**	**117,547**

(1) Family members and entities related to members of the Board of Directors of "la Caixa" and CaixaBank, the Control Committee of "la Caixa" and senior executives and other related parties such as the employee pension plan.
(2) Includes loans, credits, debt securities and reciprocal accounts.
(3) Includes deposits, marketable debt securities and subordinated debt.
(4) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.
(5) Does not include the finance cost relating to off-balance sheet liabilities.
(6) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

NOTE: Amounts under "Significant shareholders" do not include balances held and operations carried out by CaixaBank with "la Caixa" Group companies and only show the balances held and operations carried out by CaixaBank with "la Caixa".

At June 30, 2012 and 2011, there was no evidence of impairment to the value of the financial assets or the indemnities or contingent commitments held with "key management personnel and executives".

The balances of loans at June 30, 2012 and 2011 arranged with serving Directors and Senior Executives at June 30, 2012 and 2011 have an average maturity of 23 years, in both periods, bear interest at an average rate of 2.39% and 1.84%, respectively.

Financing provided in the first half of 2012 and 2011 to serving Directors and senior executives occupying these posts at June 30, 2011 and 2010 amounted to €188 thousand and €160 thousand, respectively, with an average maturity period of 0.3, and 7.50 years, respectively, earning interest at an average rate of 0.34% and 0.30%.

Description of the relationship between ”la Caixa” and CaixaBank

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, ”la Caixa” and CaixaBank signed an internal relations protocol on July 1, 2011. The main lines of this protocol are as follows:

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

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

(iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with ”la Caixa” Group companies; as well as

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

According to the Protocol, which is publicly available at www.caixabank.com, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

17. Segment information

Segment reporting is carried out on the basis of internal control, monitoring and management of the CaixaBank Group's activity and results, and developed in accordance with the various areas of business established with regard to the Group's structure and organization. The business segments are defined bearing in mind the inherent risks and management characteristics of each. For the purposes of business segment reporting of activities and income, the core business units on which accounting and management figures are available are taken as a reference. The same general principles are applied as those used in Group management information, and the measurement, valuation bases and accounting principles applied are basically the same as those used to prepare the financial statements, with no asymmetric allocations.

CaixaBank's different business segments are:

Banking and insurance: This is the CaixaBank Group's core business and includes the entire banking business (retail banking, corporate banking, cash and markets) and insurance business, primarily carried out in Spain through the branch network and the other complementary channels. It encompasses the activity and the profits generated from the Group's customers, whether individuals, companies or institutions. It also incorporates the liquidity management and ALCO, and income from the financing of the equity investment business.

Investments: includes the results of investments in the international banking investee portfolio (G.F. Inbursa, The Bank of East Asia, Erste Bank, Banco BPI and Boursorama) and the investments in Repsol-YPF, SA and Telefónica, SA. Gross income in this business includes dividend income and income from the equity accounting of the respective investments, net of the related financing charge, equivalent to the opportunity cost of holding the investment over the long term. Segment operating expenses include both direct and indirect expenses, which are allocated in accordance with internal distribution methods.

Capital is assigned to the different business segments by distributing all CaixaBank Group equity, based on internal Group economic capital models, taking into account the risks assumed by each business segment.

Segment results of the CaixaBank Group for the six months ended June 30, 2012 and 2011 are as follows:

Consolidated income statement of the CaixaBank Group - By business segment

(Millions of Euros)	Banking and insurance		Investments		TOTAL CAIXABANK GROUP	
	January-June		January-June		January-June	
	2012	2011	2012	2011	2012	2011
Net interest income	**1,958**	**1,725**	**(172)**	**(182)**	**1,786**	**1,543**
Dividends and profits due to application of the equity method	36	19	480	667	516	686
Net fee and commission income	839	772			839	772
Gains/(loss) on financial assets and liabilities and other o	273	416			273	416
Gross income	**3,106**	**2,932**	**308**	**485**	**3,414**	**3,417**
Administrative expenses	(1,410)	(1,579)	(2)	(9)	(1,412)	(1,588)
Depreciation and amortization	(154)	(184)			(154)	(184)
Pre-impairment income	**1,542**	**1,169**	**306**	**476**	**1,848**	**1,645**
Impairment on financial and other assets	(1,900)	(1,393)			(1,900)	(1,393)
Operating profit	**(358)**	**(224)**	**306**	**476**	**(52)**	**252**
Gains/(losses) on disposal of assets and other	54	612		6	54	618
Profit before tax	**(304)**	**388**	**306**	**482**	**2**	**870**
Income tax	117	(88)	47	51	164	(37)
Attributable profit	**(187)**	**300**	**353**	**533**	**166**	**833**

(*) The net results corresponding to the different businesses in the six month period ending on June 30, 2011 according to the results published in the condensed interim consolidated Financial Statements at that date. However, in relation to the condensed interim consolidated income statement it should be remembered that the condensed interim consolidated financial statements for the six months ending June 30, 2011, non-recurring items are shown in aggregate and under one single heading.

Attributable profit

(Thousands of euros)	January-June	
	2012	**2011**
Banking and insurance	(186,956)	300,045
Investments	352,896	533,429
Total profit attributable to reporting segments	**165,940**	**833,474**
Unattributed results		
Elimination of internal results (between segments)		
Plus: other results (including result attributable to non-controlling interests)	(181)	(366)
Plus: income tax and/or gains/(losses) on discontinued operations	(163,596)	37,307
Total profit before tax	**2,163**	**870,415**

The income of the CaixaBank Group for the six months ended June 30, 2012 and 2011 by segment and geographical area is as follows:

Distribution of interest and similar income by geographical area

(Thousands of euros)	January - June			
	CaixaBank		CaixaBank Group	
	2012	2011	2012	2011
Domestic market	3,530,339	3,200,039	4,141,285	3,683,079
Export	9,482	8,361	9,623	8,592
a) European Union	8,380	7,451	8,521	7,682
b) OECD countries				
c) Other countries	1,102	910	1,102	910
Total	**3,539,821**	**3,208,400**	**4,150,908**	**3,691,671**

Ordinary income (*)

(Thousands of euros)	January - June					
	Ordinary income from customers		Ordinary income between segments (**)		Total ordinary income	
	2012	2011	2012	2011	2012	2011
Banking and insurance	5,684,114	6,105,470	0	0	5,684,114	6,105,470
Spain	*5,673,298*	*6,095,253*			*5,673,298*	*6,095,253*
Other countries	*10,816*	*10,217*			*10,816*	*10,217*
Investments	479,983	667,560	0	0	479,983	667,560
Spain	*337,032*	*526,383*			*337,032*	*526,383*
Other countries	*142,951*	*141,177*			*142,951*	*141,177*
Total	**6,164,097**	**6,773,030**	**0**	**0**	**6,164,097**	**6,773,030**

(*) Correspond to the following captions of the "la Caixa" Group's public income statement calculated pursuant to Bank of Spain Circular 6/2008.

1. Interest and similar income
4. Return on equity instruments
5. Share of profit (loss) of entities accounted for using the equity method
6. Fee and commission income
8. Gains/(losses) on financial assets and liabilities (net)
10. Other operating income

(**) No ordinary income between segments. Banking and insurance income generated from financing of the rest of the businesses has not been recognized as this segment's ordinary income.

18. Average number of employees

The following table shows the breakdown of average headcount by gender for the six months ended June 30, 2012 and 2011.

Average number of employees

(Number of employees)	30/06/12		30/06/11	
	CaixaBank	CaixaBank Group	CaixaBank	CaixaBank Group
Male	12,681	13,510	13,019	14,275
Female	12,202	13,219	12,171	13,997
Total	**24,883**	**26,729**	**25,190**	**28,272**

19. Contingent liabilities and commitments

The breakdown of "Contingent liabilities" and "Contingent commitments" in the accompanying condensed interim consolidated balance sheet are as follows:

Contingent liabilities
(Thousands of euros)

	30/06/12	31/12/11
Bank guarantees and other collateral deposited	7,829,845	8,126,286
Documentary credits	1,437,952	943,121
Assets assigned to third-party obligations	29,335	322,405
Total	**9,297,132**	**9,391,812**

Contingent commitments
(Thousands of euros)

	30/06/12		31/12/11	
	Limit	Drawable	Limit	Drawable
Drawable by third parties	118,149,501	44,598,371	122,248,282	46,584,246
Credit institutions	*337,092*	*62,131*	*440,106*	*96,198*
Public sector	*3,936,179*	*2,647,196*	*3,596,788*	*2,685,992*
Other sectors	*113,876,230*	*41,889,044*	*118,211,388*	*43,802,056*
of which: conditionally drawable		*4,672,890*		*5,274,854*
Other contingent commitments		3,112,084		3,222,746
Total	**118,149,501**	**47,710,455**	**122,248,282**	**49,806,992**

20. Other disclosure requirements

Disclosures required under the Mortgage Market Law

In accordance with regulations governing the mortgage market, issuers of mortgage covered bonds are required to disclose relevant information regarding their issues. Consequently, CaixaBank presents the following information regarding its total mortgage covered bond issues:

1. **Information on support and privileges available to holders of mortgage covered bonds issued by the Group**

   CaixaBank is the only Group entity that issues mortgage covered bonds.

   Mortgage covered bonds are securities in which the principal and interest are specially secured, with no need for registration, by mortgages on all those entered in the Entity's name, without prejudice to its unlimited liability.

   Mortgage-backed securities include the holder's financial claim on CaixaBank, secured as indicated in the preceding paragraphs, and may be enforced to claim payment from the issuer after maturity. Mortgage-backed bonds confer on the holders the status of special preferential creditors, as stipulated in section 3 of Article 1,923 of the Civil Code, vis-à-vis any other creditor, in relation to the total mortgage credits and loans registered in favor of the issuer. All holders of bonds, irrespective of their date of issue, have the same seniority over the loans and credits which guarantee them.

   The members of the Board of Directors certify that CaixaBank has express policies and procedures in place covering all activities carried on within the scope of its mortgage market issues, and that they guarantee strict compliance with the mortgage market regulations applicable to such activities. These policies and procedures cover issues such as:

   - Relationship between the sum of loans and credits and the appraisal value of the mortgaged asset.
   - Relationship between the borrower's debt and income and verification of the information provided by the borrower and its solvency.
   - Prevention of mismatches between flows from the hedging portfolio and those arising from payments on the securities issued.
   - Proper procedures for the selection of appraisers.

2. Information on mortgage market issues

The nominal value of mortgage covered bonds issued by CaixaBank and outstanding at June 30, 2012 and December 31, 2011 is as follows:

Mortgage covered bonds issues

(Thousands of euros)

	30/06/12	31/12/11
Mortgage covered bonds issued in public offers (debt securities)	**2,111,752**	**2,679,356**
Residual maturity up to 1 year		567,604
Residual maturity between 1 and 2 years		
Residual maturity between 2 and 3 years		
Residual maturity between 3 and 5 years	1,419,604	968,470
Residual maturity between 5 and 10 years	692,148	1,143,282
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**54,815,309**	**34,694,217**
Residual maturity up to 1 year	1,679,428	1,649,200
Residual maturity between 1 and 2 years	8,688,000	3,727,286
Residual maturity between 2 and 3 years	1,796,000	5,568,000
Residual maturity between 3 and 5 years	11,699,339	9,150,152
Residual maturity between 5 and 10 years	15,200,000	10,602,500
Residual maturity over 10 years	15,752,542	3,997,079
Deposits	**2,236,382**	**2,332,568**
Residual maturity up to 1 year	192,365	191,122
Residual maturity between 1 and 2 years	319,507	166,936
Residual maturity between 2 and 3 years	562,297	691,463
Residual maturity between 3 and 5 years	471,296	392,130
Residual maturity between 5 and 10 years	438,510	538,510
Residual maturity over 10 years	252,407	352,407
Total	**59,163,443**	**39,706,141**
Of which: not recognized under liabilities	**20,189,151**	**548,985**

The increase in the nominal value of the total mortgage covered bonds issued and those not recognized under liabilities, is due mainly to the prudent measures adopted by the ”la Caixa” Group in the first half of 2012 in order to deal with potential liquidity pressures or market crises. Specifically, in May and June 2012 CaixaBank issued €19,250 million in mortgage covered bonds. These issues were repurchased by CaixaBank and used to increase the liquid assets pledged to the ECB (see note 4).

The nominal value of mortgage participations issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2012 and December 31, 2011 is as follows:

Mortgage participations issued

(Thousands of euros)

	30/06/12	31/12/11
Mortgage participations issued in public offers	**0**	**0**
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage participations not issued in public offers	**70,324**	**556,860**
Residual maturity up to 3 years	317	6,977
Residual maturity between 3 and 5 years	4,075	10,488
Residual maturity between 5 and 10 years	697	52,852
Residual maturity over 10 years	65,235	486,543
Total	**70,324**	**556,860**

The nominal value of mortgage transfer certificates issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2012 and December 31, 2011, is as follows:

Mortgage transfer certificates issued

(Thousands of euros)

	30/06/12	31/12/11
Mortgage transfer certificates issued in public offers	**0**	**0**
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage transfer certificates not issued in public offers	**10,531,921**	**17,929,962**
Residual maturity up to 3 years	237,093	246,607
Residual maturity between 3 and 5 years	2,346,938	479,687
Residual maturity between 5 and 10 years	454,378	2,798,001
Residual maturity over 10 years	7,493,512	14,405,667
Total	**10,531,921**	**17,929,962**

In the first half of 2012, in order to optimize the use of the liquid assets on its balance sheet, securitization funds whose more senior tranches had been contributed as collateral for the ECB credit facility were settled early. The settlement of these funds reduces the mortgage participations and mortgage transfer certificates as shown in the tables above.

3. Information on mortgage loans and credits

The nominal value of all CaixaBank's mortgage loans and credits as well as those which are eligible, pursuant to applicable regulations, for the purposes of calculating the mortgage covered bonds issue limit, is as follows:

Mortgage loans. Eligibility and accountability in relation to the mortgage market

(Thousands of euros)

	30/06/12	31/12/11
Total loans	**116,598,545**	**119,928,336**
Mortgage participations issued	**1,482,370**	**2,048,837**
Of which: On balance sheet loans	*70,324*	*556,859*
Mortgage transfer certificates issued	**10,531,921**	**17,929,962**
Of which: On balance sheet loans	*10,531,921*	*17,929,962*
Mortgage loans pledged in guarantee for financing received	**0**	**0**
Loans backing mortgage bonds issues and covered bond issues	**104,584,254**	**99,949,537**
Non-eligible loans	28,028,725	48,239,349
Meet eligibility requirements, except for limits established in article 5.1. of Royal Decree 716/2009 of April 24	*8,962,819*	*9,174,350*
Other	*19,065,906*	*39,064,999*
Eligible loans	76,555,529	51,710,188
Non-computable amounts	351,225	147,932
Computable amounts	76,204,304	51,562,256
Loans backing mortgage bond issues		
Loans suitable for backing mortgage bond issues	*76,204,304*	*51,562,256*

Information is also provided on all pending mortgage loans and credits, and those that are eligible without taking into account the calculation limits set out in article 12 of Royal Decree 716/2009 of April 24:

Mortgage loans and credits

(Thousands of euros)

	30/06/12		31/12/11	
	Total portfolio of loans and credits	Total eligible portfolio of loans and credits	Total portfolio of loans and credits	Total eligible portfolio of loans and credits
By source	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Originated by the entity	104,308,567	76,325,856	99,648,258	51,574,004
Assumed from other entities	275,687	229,674	281,990	128,996
Other			19,289	7,188
By currency	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Euro	104,335,563	76,549,305	99,719,861	51,680,814
Other	248,691	6,224	229,676	29,374
By payment situation	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Normal	93,394,641	74,232,319	90,497,352	50,769,346
Past-due	11,189,613	2,323,210	9,452,185	940,842
By average residual maturity	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Up to 10 years	15,409,330	8,374,146	15,164,996	3,446,931
From 10 to 20 years	26,374,675	20,348,105	23,643,454	11,708,235
From 20 to 30 years	52,391,837	41,102,882	50,269,850	30,916,963
Over 30 years	10,408,412	6,730,397	10,871,237	5,638,059
By type of interest rate	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Fixed	666,614	327,585	634,328	116,284
Variable	103,559,522	75,938,752	98,949,243	51,364,545
Mixed	358,118	289,192	365,966	229,359
By holder	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Natural persons and business entities	29,855,580	15,349,961	31,472,698	7,321,001
Of which: Real estate developers	*15,099,251*	*8,417,810*	*16,834,726*	*4,109,456*
Other individuals and not-for-profit institutions	74,728,674	61,205,568	68,476,839	44,389,187
By collateral	**104,584,254**	**76,555,529**	**99,949,537**	**51,710,188**
Assets / finished buildings	**96,143,886**	**73,639,572**	**90,120,015**	**50,094,300**
Homes	87,911,755	69,041,693	81,974,507	49,505,932
Of which: Subsidized housing	*3,224,015*	*2,962,823*	*3,045,371*	*2,041,116*
Commercial	2,597,837	1,691,924	2,626,330	225,799
Other	5,634,293	2,905,954	5,519,178	362,569
Assets / buildings under construction	**4,364,819**	**2,252,593**	**5,205,936**	**753,336**
Homes	3,929,716	2,086,743	4,650,318	744,804
Of which: Protected housing	*367,363*	*158,158*	*457,445*	*18,838*
Commercial	48,235	27,703	51,945	1,234
Other	386,868	138,147	503,673	7,298
Land	**4,075,549**	**663,365**	**4,623,586**	**862,552**
Built	2,690,862	560,310	3,279,942	768,976
Other	1,384,687	103,055	1,343,644	93,576

CaixaBank's portfolio of eligible loans and credits for the purposes of calculating the limit for issues of mortgage covered bonds at December 31, 2011 totaled €51,710 million, and may be immediately increased by the Group to €72,708 million. Therefore, in the first half of 2012, the CaixaBank Group decided to take out a damage insurance policy on the guarantees for specific loans and credits which, at December 31, 2011, were considered non-eligible as they did not have the coverage specified by article 10 of Royal Decree 716/2009, of April 24. CaixaBank's portfolio of eligible loans and credits increased at June 30, 2012 due mainly to this measure. CaixaBank's portfolio of eligible loans and credits for the purposes of calculating the limit for issues of mortgage covered bonds at June 30, 2012 totaled €76,556 million, and may be immediately increased by the Group to €77,482 million.

The amounts available (undrawn committed amounts) of the entire portfolio of mortgage loans and credits pending payment at June 30, 2012 and December 31, 2011, are as follows:

Available mortgage loans and credits
(Thousands of euros)

	30/06/12	31/12/11
Potentially eligible	14,301,521	6,953,962
Other	3,970,302	10,753,321
Total	**18,271,823**	**17,707,283**

The nominal value of all non-eligible mortgage loans and credits pending repayment is provided below, along with an indication of those loans and credits that are not eligible because they do not comply with the limits set out in article 5.1 of Royal Decree 716/2009 but otherwise comply with the remaining requirements for eligible mortgage loans and securities, set out in article 4 of the aforementioned Royal Decree.

Non eligible mortgage loans and credits
(Thousands of euros)

	30/06/12	31/12/11
Not eligible: other criteria	8,962,819	9,174,350
Not eligible: for LTV	19,065,906	39,064,999
Total	**28,028,725**	**48,239,349**

The table below shows the breakdown of eligible mortgage loans and credits tied to CaixaBank's mortgage covered bond issues at June 30, 2012 and December 31, 2011 in accordance with the principal amount receivable on the loans and credits divided by the latest fair value of the corresponding collateral (LTV):

Eligible mortgage loans and credits
(Thousands of euros)

	30/06/12	31/12/11
Mortgage on home	**71,069,953**	**50,284,054**
Transactions with LTV below 40%	15,653,644	6,374,268
Transactions with LTV between 40% and 60%	24,839,422	16,384,966
Transactions with LTV between 60% and 80%	30,576,887	27,524,820
Transactions with LTV over 80%		
Other assets received as collateral	**5,485,576**	**1,426,133**
Transactions with LTV below 40%	2,407,823	367,591
Transactions with LTV between 40% and 60%	2,859,990	917,647
Transactions with LTV over 60%	217,763	140,895
Total	**76,555,529**	**51,710,187**

At June 30, 2012 and December 31, 2011, there were no replacement assets assigned to mortgage covered bond issues.

Changes in mortgage loans and credits, which back the issue of mortgage covered bonds, broken down into additions and reductions in the first half of 2012, are shown below:

Mortgage loans and credits. Changes in nominal value during the period.

(Thousands of euros)	Eligible loans	Non-eligible loans
Balance at January 1	**51,710,188**	**48,239,349**
Reductions in the year	**930,989**	**22,311,681**
Cancellations on maturity	7,699	208,748
Early cancellation	32,692	355,551
Assumed by other entities	1,615	5,207
Other	888,983	21,742,175
Additions in the period	**25,776,330**	**2,101,057**
Originated by the entity	8,600,079	1,825,301
Assumed by other entities	3,017	
Other	17,173,234	275,756
Balance at June 30	**76,555,529**	**28,028,725**

The reductions in non-eligible loans and credits and additions to eligible loans and credits classified as "Others" relate mainly to the classification as eligible of specific loans and credits, on the guarantees of which damage insurance has been taken out and which at December 31, 2011 were considered non-eligible as they did not have the appropriate coverage according to the provisions of article 10 of Royal Decree 716/2009, of April 24.

The calculation of the collateralization and overcollateralization of CaixaBank's mortgage covered bonds issued at June 30, 2012 and December 31, 2011 is as follows:

(Thousands of euros)		30/06/12	31/12/11
Non-bearer mortgage covered bonds		56,927,061	37,373,573
Bearer mortgage covered bonds placed as customer deposits		1,275,000	1,325,000
Bearer mortgage covered bonds issued by credit institutions		961,382	1,007,569
Mortgage covered bonds issued	**(A)**	**59,163,443**	**39,706,142**
Total outstanding mortgage loans and credits (**)		116,598,545	119,928,336
Mortgage participations issued		(1,482,370)	(2,048,837)
Mortgage transfer certificates issued		(10,531,921)	(17,929,962)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**104,584,254**	**99,949,537**
Collateralization:	**(B)/(A)**	**177%**	**252%**
Overcollateralization:	**[(B)/(A)]-1**	**77%**	**152%**

(**) Includes on and off balance sheet portfolio

The reduction in degree of collateralization of the mortgage bonds issued by CaixaBank is due to the prudent measures adopted by the CaixaBank Group to strengthen its liquidity position in order to face potential pressures or market crises.

Therefore, the increase in mortgage-covered bonds issued is due mainly to the issues carried out in May and June for the amount of €19,250 million. These issues were repurchased by CaixaBank and used to increase the liquid assets pledged to the ECB. The degree of collateralization at June 30, 2012, excluding the €19,250 million issued and repurchased by CaixaBank to strengthen the Group's liquidity, and which could be immediately redeemed if market tensions ceases, would be 262% (overcollateralization level of 162%).

Further, in order to optimize the use of liquid assets on the balance sheet, securitization funds whose more senior tranches had been contributed as collateral for the ECB credit facility, were settled early. The settlement of these funds caused a reduction in mortgage participations and mortgage transfer certificates issued, increasing the portfolio of loans and credits suitable as collateral in issues of mortgage covered bonds.

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the ECB (including €460 million of assets in the process of being included) increased from €20,948 million at December 31, 2011 to €42,489 million at June 30, 2012. The €21,541 million increase is due mainly to the application of the measures described above (see note 4).

INTERIM MANAGEMENT REPORT OF THE CAIXABANK GROUP

FOR THE FIRST HALF OF 2012

This report describes the key data and events of the first half of 2012 shaping the financial position of the CaixaBank Group (”CaixaBank” or “the Group”) and the development of its businesses, risks and outlook. The condensed interim consolidated financial statements for the first half of 2012 which this Management Report supplements were prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of December 22 and subsequent amendments.

CaixaBank, SA (“CaixaBank”), formerly Criteria CaixaCorp, SA, is the listed bank through which Caixa d'Estalvis i Pensions de Barcelona (”la Caixa”) carries on its business indirectly as a credit institution ”la Caixa” is CaixaBank's majority shareholder, with a stake of 81.21% at June 30, 2012.

CaixaBank follows a banking business model geared towards promoting savings and investments that has positioned it as a leader in Spain’s retail banking market. On July 1, 2011, following completion of the reorganization process led by “la Caixa,” CaixaBank was listed on stock markets as a credit institution. The Group's new structure, including Banca Cívica, makes CaixaBank a leading entity in the Spanish financial system.

Economic landscape

The economic situation in the second quarter of 2012 was marked by the slowdown in the leading world economies and the uncertainty surrounding the debt crisis in eurozone peripheral countries.

In the eurozone, there was zero growth in the first quarter, with the German economy compensating for the bad performance of Spain and Italy, along with other peripheral countries, where adjustments required to improve public finances are creating a downward spiral in economic growth. Furthermore, second quarter indicators suggest that the eurozone economy may have contracted. The pace of growth in the US also tapered off in the second quarter due to the sluggish recovery of the labor market.

Of note in the emerging economies were weaker-than-expected business activity indicators in China, while the downturn in Brazil is also greater than expected.

Inflation risks in the main economies have been held in check by falling oil prices.

As a result of lower growth in business activity and lower inflation figures, central banks are more willing to expand economic stimulus measures. For example, the US Federal Reserve agreed to extend “Operation Twist,” which involves buying long-term Treasury bonds while selling short-term bonds at the same time, until the end of this year. The European Central Bank (ECB) also cut its benchmark interest rate by 25 basis points to 0.75% at its July meeting. Lastly, the Chinese central bank cut its banks’ reserve ratio and twice reduced the one-year loan and deposit interest rates, to 6% and 3%, respectively.

Apart from lower economic growth, speculation over Greece's possible exit from the euro, together with suspicions over the health of the Spanish banking system and its ability to meet deficit targets, have created an extremely high level of uncertainty in the financial markets.

The result of the Greek elections, won by pro-euro parties, and the agreements reached by the European Council on June 28 and 29, temporarily assuaged market fears. Specifically, Eurogroup countries reached important agreements aimed at easing the sovereign debt crisis. On the one hand, the possibility of providing European rescue funds directly to banks without having to go through the respective States is being considered, once a single bank supervisory unit has been created. And on the other, it was agreed to allow rescue funds to operate with more flexibility, enabling them to buy debt on the secondary markets of countries that meet certain requirements. On top of these agreements, the European Council has shown itself to be clearly in favor of greater European integration and has committed to presenting a roadmap at the end of the year to address the bank, fiscal, economic and political integration process.

However, uncertainty over the effective implementation of these measures, in addition to the weakened economy, is still making for a highly unstable situation.

In this environment of high uncertainty, risk assets have been hit hard: investors have looked for investment options where safety prevails over profitability. The European and American equity markets sustained sizeable losses in the quarter, led by the European peripherals (EuroStoxx50 -8.58%, S&P500 -3.29%, IBEX-35 -11.31%), only partially recovering at the end of the quarter, following the Greek elections and helped by European accords.

The flight from risk assets has hit the public sector debt of peripheral countries particularly hard. The Spanish 10 -year bond yield peaked at 7% and its spread with Germany reached 585 basis points. In contrast, German and US bonds were the main winners, with yields near historical lows (10-year yields of 1.58% and 1.65%, respectively, at the end of the quarter).

In the currency market, the fall of the euro against its main cross currencies stood out. Specifically, the euro lost 5.1% in the quarter against the US dollar, closing at $/€1.27.

In Spain, the weakness of domestic demand, together with a significant slowdown in net trade as a result of the slowdown experienced by our main eurozone trading partners, was evidenced by the lower number of foreign tourist arrivals. As a result, the Spanish economy is expected to stay in recession in the second quarter. This makes it even more difficult to meet public deficit targets. The efforts being made to reduce the deficit are having a limited impact at the moment because of the decline in tax revenues.

On July 13, the Council of Ministers approved a raft of measures designed to reduce the deficit by €65,000 million in two and a half years. These include an increase in the general VAT rate to 21% and the reduced rate to 10%, the elimination of the extra salary payment at Christmas for civil servants, a reduction in unemployment and social benefits, and the elimination of tax relief on mortgage payments from 2013. These measures will go a long way to help achieve the new deficit target of 6.3% of GDP this year (changed from 5.3%). The deficit targets for 2013 and 2014 for the public sector as a whole have also been eased, from 4.5% and 2.8% of GDP, respectively.

The difficulties faced by the Spanish banking sector, now that the effect of the ECB liquidity injections at the beginning of the year has faded, finally forced the government to take drastic decisions. A new financial reform, centered on an increase in general provisions for non-distressed assets in the real estate development and building sector, has been drawn up. The aim of these new provisions is to prepare the financial system to withstand an extremely adverse scenario and therefore dispel any doubts about its resilience. According to the estimates of independent evaluators, the Spanish banking sector will need between €51 and €62 billion to deal with an adverse scenario. Individual estimates will not be known until September.

In this context, the Spanish government requested financial aid to restructure its banking system, a decision backed by the Eurogroup. Funds will be provided by the EFSF (the European Financial Stability Facility) and subsequently taken over by the ESM (European Stability Mechanism) without rank, and could reach as much as €100,000 million, although the final conditions have not yet been disclosed.

Integration of Banca Cívica

On March 26, 2012, the Boards of Directors of Caixa d'Estalvis i Pensions de Barcelona ("la Caixa"), CaixaBank, S.A., Caja de Ahorros y Monte de Piedad de Navarra ("Caja Navarra"), Caja General de Ahorros de Canarias ("CajaCanarias"), Caja de Ahorros Municipal de Burgos y Monte de Piedad ("Caja de Burgos"), Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla ("Cajasol") and Banca Cívica, SA ("Banca Cívica") agreed to enter into a merger agreement in order to lay down the essential terms and actions by the Parties regarding the integration of Banca Cívica into CaixaBank.

On June 26, in accordance with the calendar drawn up in the Integration Agreement to merge Banca Cívica with CaixaBank on March 26, 2012 and the Joint Merger Plan signed by the Boards of Directors of CaixaBank and Banca Cívica on April 18, 2012, the Extraordinary General Meetings held by CaixaBank and Banca Cívica approved the merger by absorption of Banca Cívica (absorbed company) by CaixaBank (absorbing company). The absorbed company would be extinguished by dissolution without liquidation and block transfer of its total net assets to CaixaBank, which would acquire the rights and obligations of Banca Cívica through universal succession.

The move was approved by the Ordinary General Assembly of "la Caixa" on May 22, 2012. At the same meeting, a resolution was passed to reduce the minimum stake held by "la Caixa" in CaixaBank from 70% to 60%.

The validity of the merger is subject to approval by the corresponding regulatory bodies and subsequent registration (scheduled for early August 2012). From the date on which all the conditions precedent relating to the merger have been met, operations performed by Banca Cívica will be considered for accounting purposes to be performed by CaixaBank.

Based on the financial, tax and legal review (due diligence) performed by independent experts and the valuation of CaixaBank and Banca Cívica, the parties have established an exchange ratio of five shares of CaixaBank for eight shares of Banca Cívica. CaixaBank will carry out the exchange of shares of Banca Cívica with treasury shares, newly issued shares or a combination of both.

The share exchange ratio offered values Banca Cívica at €977 million (€1.97 per share, as at March 23, 2012).

Following the merger, "la Caixa" will continue to exercise control over CaixaBank. Taking into account the Banca Cívica share exchange and the conversion into shares of the convertible instruments currently outstanding issued by CaixaBank and Banca Cívica, "la Caixa" would have a stake of close to 61% in CaixaBank. The free float would stand at 35.6%, with the remaining 3.4% held by the savings banks that currently comprise Banca Cívica.

The integration of Banca Cívica is part of the objectives defined in the Group's 2011-2014 Strategic Plan and creates value for all stakeholders: customers, society, shareholders of both entities, through the creation of a bank with sound growth potential.

Impact of Royal Decree-Laws 2/2012 and 18/2012

In response to the lack of confidence, credibility and strength of the Spanish banking system, in the first half of 2012 the government introduced more stringent provision requirements related to developer risk and exposure to real estate assets.

Following approval of Royal Decree-Law 2/2012 (RDL 2/2012) on the restructuring of the financial system, on February 7, 2012 CaixaBank reported its preliminary calculation of the greater write-downs necessary in connection with financing for the real-estate development sector and foreclosed property assets or assets received in lieu of payment for debts existing at December 31, 2011.

Estimated new allowances required to cover real estate assets amount to €2,436 million. Of this figure, €955 million relate to the general provision to cover 7% of performing assets. The provisions recognized in the first half of 2012 fully cover these requirements.

Furthermore, estimated capital requirements, over and above the increase in allowances upon application of Royal Decree-Law 2/2012, amount to €745 million. Given that the Group already had a capital excess of €6,376 million above the regulatory minimum at December 31, 2011, no capital shortfall has been generated.

In May, and pursuant to Royal Decree 18/2012 (RDL 18/2012), new measures were introduced relating to the restructuring and sale of financial sector property assets, CaixaBank reported that increased coverage required for non-distressed real estate loans at December 31, 2011, stood at €2,102 million. CaixaBank is required to have this coverage in place by June 30, 2013. The provisions recognized in the first half of 2012 cover €300 million of the coverage required under this RDL.

The Group considers that its significant capacity to generate operating profit and capital gains as a result of its balance sheet management will allow the additional allowances to be recognized in 2012 and 2013.

Business performance

CaixaBank's commercial strength, with 26,728 employees, the largest network in the Spanish financial system, with 5,151 branches, 7,989 ATMs and a leading position in on-line and e-banking (10.4 million cards), means that the Group is showing balanced and high quality growth in its banking and commercial businesses.

Banking business volume which combines customer deposits and loans in accordance with management criteria, amounted to €433,095 million in the first half of 2012, an increase of 1.4% from the same period last year.

In a context of strong price competition, growth in customer funds responds to the pro-active and efficient management of liquidity and financing sources. Total customer funds amounted to €246,822 million, an increase of €5,619 million or 2.3% on December 2011. At June 30, 2011, on-balance sheet funds were €201,948 million, up 2.9% or €5,636 million in the first half of 2012.

The high market share enjoyed by the CaixaBank Group in most deposit and insurance product segments are a reflection of its commercial strength. The Group's market share in pension plans increased by 13bp compared to 2011, standing at 16.4%; 17.5% in savings insurance products. Its market share in investment funds stands at 12% and remains at 10.4% in total deposits (demand and term).

Loans managed by the CaixaBank Group total €186,273 million, unchanged vs. December 2011. This stable performance reflects the Group's determination to support its customers' personal and business projects.

In a context of generalized credit contraction, the CaixaBank Group demonstrates its outstanding position in the sector through continuously increasing its product market share. Therefore, the Group's market share in consumer lending remains at 11.8% of the total system, while its share of the mortgage market is 11.1%. Its share of the factoring and reverse factoring market has increased by 141bp from last year to 16.8%. Its 16% share of the foreign trade market particularly stands out.

CaixaBank is one of the banks spearheading the arrangement of the syndicated loan secured by the Spanish Treasury to create a Fund for Financing Payment to Suppliers approved by the government to inject liquidity into the real economy. The contribution made by CaixaBank as of June 30, 2012 stood at €2,763 million. Also noteworthy is the reduction in exposure to developer risk (€1,725 million, down 7.7% compared to December 2011). The reduction in net risk, i.e. exposure less coverage, was €3,147 million (-15.6%).

At June 30, 2012, the Group had an NPL ratio of 5.58%, which compares very favorably to the sector average ratio of 8.95% in May 2012. This ratio is clearly better than the average for the Spanish banking system, and is due to the Group's successful and pro-active risk management, the high quality of its lending portfolio and the progressive reduction of financing to the developer sector.

Credit loss allowances increased to €6,540 million. At June 30, 2012, the coverage ratio stood at 60%, or 137% including mortgage collateral, one of the highest in the Spanish financial system.

At the end of the first half 2012, the foreclosed real estate assets available for sale amounted to €1,975 million, with a coverage ratio of 39.1%. The coverage ratio for foreclosed land stood at 58.6%.

Results

In the first half of 2012, the CaixaBank Group once again demonstrated its ability to deliver a profit, reporting income of €166 million (-80.1% yoy). Earnings were affected by the recognition of the extraordinary provisions on real estate assets that allowed CaixaBank to cover the requirements of Royal Decree 2/2012 and part of those required under Royal Decree-Law 18/2012, as well as the different period in which Telefónica dividends were recognized.

The CaixaBank Group's condensed consolidated income statement for the first half of 2012 and 2011 is shown in the table below:

Consolidated condensed income statement of the CaixaBank Group - Management report

(Millions of euros)	January-June		
	2012	**2011**	**% change**
Interest and similar income	4,151	3,692	12.4
Interest expense and similar charges	(2,365)	(2,149)	10.1
Net interest income	**1,786**	**1,543**	**15.7**
Dividends	215	370	(41.9)
Share of profit (loss) of entities accounted for using the equity method	301	316	(4.6)
Net fee and commission income	839	772	8.7
Gains/(losses) on financial assets and liabilities (net) and exchange differences (net)	248	76	223.5
Other operating income and expense	25	340	(92.7)
Gross income	**3,414**	**3,417**	**(0.1)**
Total operating expenses	(1,566)	(1,772)	(11.6)
Pre-impairment income	**1,848**	**1,645**	**12.3**
Impairment losses on financial and other assets (net)	(1,901)	(1,393)	36.4
Gains/(losses) on disposal of assets and other	55	618	(91.2)
Profit before tax	**2**	**870**	**(99.8)**
Income tax	164	(37)	
Profit for the period	**166**	**833**	**(80.1)**
Profit attributable to non-controlling interests			
Profit attributable to the Group	**166**	**833**	**(80.1)**

The CaixaBank Group's profits are underpinned by its strong capacity to generate operating revenues and its considerable efforts to reduce operating costs. Sound pre-impairment income of €1,848 million, in addition to the availability of the general loan-loss provision of €1,835 million, allowed the Group to cover the full impact of RDL 2/2012 on real estate loans (€2,436 million) and a partial amount of €300 million relating to the impact of RDL 18/2012 (estimated at €2,102 million).

Net interest income rose 15.7% year-on-year in the first half of 2012, maintaining the upward trend seen since the second half of 2011. This strong performance was largely due to favorable interest rate curves, which allowed for both a positive repricing of the loan portfolio and a reduction in the cost of funds, and to careful management of margins on new transactions and volumes.

Fees fared well, rising 8.7% amid an overall slowdown in activity. In this context, the CaixaBank Group made a great effort to maintain an intensive commercial activity and effectively manage the services offered to customers, specializing by segment and stepping up its banking and insurance activities.

The strength of the CaixaBank Group's portfolio, coupled with diversification in the international banking segment (20% of GF Inbursa, 39.5% of BPI, 17.1% of The Bank of East Asia, 9.7% of Erste Bank and 20.7% of Boursorama) and services (5.7% of Telefónica and 12.8% of Repsol), have enabled the Group to maintain high levels of income on its equity investments, of €516 million in the first half of 2012. The decrease compared to the first half of 2011 is due to the different period for recognizing the Telefónica dividend between 2012 and 2011, although this should be offset in the fourth quarter of 2012.

Gains on financial assets and liabilities and exchange differences totaled €248 million, mainly due to the active management of the Group's fixed income portfolio and the write-down of up to 21% of the nominal value of the investment in Greek debt held by the insurance group, which was sold in the first half of 2012. Additionally, other operating income and expense was affected by the increased contribution to the Deposit Guarantee Fund and the deconsolidation of SegurCaixa Adeslas from June 2011.

This left gross income of €3,414 million, in line with the figure for the first half of 2011.

Operating expenses fell 11.6% year-on-year thanks to the strict cost containment and rationalization policy adopted a few years ago and the impact of the deconsolidation of SegurCaixa Adeslas in June 2011. The fall from last year is heightened by the recognition in the first half of 2011 of the extraordinary costs relating to the "la Caixa" Group's reorganization. Stripping out this effect, operating expenses would be down 5.6%.

Pre-impairment income amounted to €1,848 million, up 12.3% compared to the first half of 2011, with a cost-to-income ratio of 48.2%, a 4.3 percent point improvement on last year.

The sustained capacity to generate income and strong cost reductions, in addition to the availability of the full general credit loss allowance of €1,835 million allowed the Group to absorb the hefty provisions required in the first half of 2012 pursuant to aforementioned measures adopted to restructure the financial system. In the first half of 2012, the considerable provisions recognized covered the full amount corresponding to the application of RDL 2/2012 and part of the impact of RDL 18/2012. Therefore, impairment losses on financial assets and other provisions stood at €1,901 million, an increase of 36.4% compared to the same period in 2011.

"Gains/(losses) on disposal of assets and other" includes the income statement items "Impairment losses on other assets (net)", "Gains (losses) on disposal of assets not classified as non-current assets held for sale" and "Gains/(losses) on non-current assets held for sale not classified as discontinued operations". In the first half of 2012, the CaixaBank Group reported net gains on disposals of assets and other of €55 million. In 2011, a capital gain of €609 million was recorded under this item, partly due to the sale of 50% of SegurCaixa Adeslas.

As for the income tax expense, virtually all revenue from investees is recognized net, as the tax is paid and any regulatory credits are applied at the investee.

Major write-downs left the CaixaBank Group with attributable profit of €166 million, 80.1% less than in the same period last year.

Capital management and liquidity

In an economic and financial context marked by slowdown and uncertainty, the CaixaBank Group shored up its solvency, with a (BIS II) Core Capital ratio of 13%, and increased liquidity to €42,489 million.

Eligible capital at the end of the first half of 2012 stood at €18,172 million, €591 million more than at December 31, 2011 (+3.4%), enabling CaixaBank to fully absorb the impact of RDL 2/2012 and partially absorb the impact of RDL 18/2012.

Risk-weighted assets (RWA) at June 30, 2012, stood at €131,658 million. This figure is €5,697 million (or 4.2%) lower than at December 31, 2011, reflecting the slowdown in lending activity.

Basel II Core Capital increased by 50 basis points compared to December 2011.

February 2012 featured the buy-back of 98.41% of the preference shares, 30% of which were converted into bonds mandatorily convertible for CaixaBank shares (€1,446 million). This led to a 110 basis point increase in Core Capital compared to December 2011, and 70% in subordinated debt, Tier 2 equity instrument. Following the exchange of preference shares, as insufficient additional Tier 1 equity was available, virtually all Tier 1 deductions were taken to Core Capital. This partially pre-empts the impact of Basel III (in place from January 1, 2012), covering the deduction of Tier 1 with Core Capital and thereby limiting the impact of the adoption of the new regulations.

The Total Tier ratio stands at 13.8%, 100 basis points more than at December 2011, with a capital cushion of €7,640 million.

In 2011, the European Banking Authority (EBA) set a deadline of June 30, 2012 for all systemic banks in the European Economic Area to achieve a Core Tier 1 capital ratio of 9%, applying additional stress to sovereign exposures. The CaixaBank's Group's capacity to generate capital has already enabled it to comply amply with the Core Tier 1 capital adequacy requirements established by the EBA, with a level of 11.8% and a surplus of €3,360. This ratio for the ”la Caixa", Group stands at 10.9%, with a surplus of €2,717 million.

The CaixaBank Group's long-term ratings stand at BBB+ (Standard & Poor's), Baa3 (Moody's) and BBB (Fitch).

Liquidity management is a strategic cornerstone at CaixaBank. Group liquidity stands at €42,489 million (15.1% of assets), almost all readily available. It is worth noting that dependence on the wholesale funding markets is minimal. This provides great stability and evidences the Group's strong sense of anticipation.

Adopting a prudent stance and to cope with potential liquidity pressures or crises in the markets, CaixaBank carried out a process in the first half of 2012 to optimize the guarantees available in the ECB. In May and June, it issued €19,250 million worth of mortgage covered bonds and €1,000 million of public-sector covered bonds. These issues were repurchased by CaixaBank and used to increase liquid assets pledged to the ECB.

Further, to optimize the use of liquid assets on the balance sheet, certain securitization funds whose more senior tranches had been contributed as collateral for the ECB credit facility were settled early. The settlement of these funds caused a reduction in mortgage participations and mortgage transfer certificates issued, increasing the portfolio of loans and credits suitable as collateral in issues of mortgage covered bonds.

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the ECB, increased from €20,948 million at December 31, 2011 to €42,489 million at June 30, 2012. This €20,635 million increase is due mainly to the application of the measures described above.

CaixaBank share price performance

At the close of the first half 2012, CaixaBank stock traded at €2.561 per share, down 32.5% YTD (or 29.6% including dividends paid). CaixaBank underperformed the IBEX 35 (-17.1%), the EURO STOXX 50 (-2.2%) and the STOXX Europe Banks (+0.2%) indices, as well as the Spanish banking sector (-19.1%). Despite the poor run in 2012, CaixaBank shares soared 26.9% in June, outperforming the three indices, which rose 16.6%, 6.9% and 9.7%, respectively.

Key CaixaBank share price indicators in the first half of 2012 are as follows:

	30/06/2012
Market capitalization (Millions of Euros) (*)	9,835
Share price (€/share)	
Share price at beginning of period	3.795
Share price at end of period	2.561
Maximum price (**)	4.100
Minimum price (**)	2.018
Trading volume *(number of shares, excluding special transaction)*	
Maximum daily trading volume	12,875,119
Minimum daily trading volume	671,691
Average daily trading volume	5,205,589
Market ratios	
Net profit (millions of euros)	386
Average number of shares outstanding - fully diluted (***)	4,211,576,693
Earnings per share (EPS) (€/share)	**0.09**
Equity (millions of euros)	21,916
Average number of shares outstanding at 12/31 - fully diluted (****)	4,405,384,345
Book value per share (€/share)	**4.97**
P/E ratio	**28.46**
P/B ratio	**0.51**
Dividend yield	**9.0%**

(*) Does not include the impact of the conversion of mandatorily convertible bonds issued in June 2011 into shares.

(**) Trading session closing price

(***) Includes the weighted number of shares to be issued on the conversion of the mandatorily convertible bonds issued in June 2011 and February 2012, as well as the deduction of the average number of treasury shares in the period.

(****) Includes shares outstanding on conversion of all the mandatorily convertible bonds issued in June 2011 and February 2012 and the deduction of treasury shares at June 30, 2012.

At the Annual General Meeting held on May 12, 2011, shareholders approved the Optional Scrip Dividend program, a new shareholder remuneration scheme under which in certain quarters shareholders can choose between the following three options: i) receive shares via a scrip issue, ii) receive cash by selling the subscription rights on the market, and iii) receive cash by selling the rights to Criteria at a price to be determined by CaixaBank. Shareholders may also choose to combine these three options in any way.

Within the scope of this remuneration policy, shareholder remuneration in the first half of 2012 was as follows:

In March 2012, payment was made of an interim dividend out of 2011 profit as approved by the Board of Directors on December 15, 2011 for an amount of €0.06 per share up to a maximum of €230,406 thousand. Considering treasury shares, the total dividend payment was €225,610 thousand.

To carry out the shareholder remuneration scheme, approval was given by shareholders at the Annual General Meeting held on April 19, 2012 to perform two capital increases, with market values of up to €197,900 thousand and €273,900 thousand, respectively. In addition, the Board of Directors was delegated powers to set the conditions of the capital increases and delegate these powers in the Executive Committee of CaixaBank.

On May 24, 2012, CaixaBank's Executive Committee approved the start of the Optional Scrip Dividend payment process, which ended in June with payment of €0.05 per share to shareholders choosing to sell their rights to CaixaBank. The total amount paid was €159,603 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on June 27, 2012, with the issuance of 14,728,120 shares of €1 par value each. These shares were admitted to trading on a regulated market on July 3, 2012.

At the Extraordinary General Meeting of June 26, 2012, shareholders approved two capital increases with a market value of up to €295,000 thousand each. In this way, the Board of Directors of CaixaBank may decide, each quarter, whether to remunerate shareholders through payment of the traditional dividend or the Optional Scrip Dividend program.

Shareholder remuneration in first half of 2012 can be summarized as follows:

Dividends paid from profits	€/share	Amount	Approval date	Payment date
2nd interim div. 2011	0.060	225,610	15/12/11	27/03/12
Dividends charged to reserves	**€/share**	**Amount**	**Approval date**	**Payment date**
Optional Scrip Dividend program (*)	0.050	192,005	24/05/2012	20/06/12

(*) Includes cash paid to shareholders and the fair value of the shares delivered

Outlook

World economic growth is slowing, in both developed and emerging nations. However, in the second half of 2012 the drop in oil prices and economic stimulus measures implemented by some countries could help maintain the pace of activity. The eurozone is set to suffer a recession that will make it difficult to resolve the sovereign debt crisis. The agreements reached at the June 29 summit meeting were in the right direction, but did little if anything to ease tension.

Turning to monetary policy, the US Federal Reserve has stated its intention of keeping benchmark interest rates low until the end of 2014. Furthermore, it extended "Operation Twist," the program that increases the average duration of its debt portfolio and reduces long-term interest rates, until the end of 2012. Meanwhile, the Bank of England has decided to expand its asset repurchase program. As for the ECB, the monetary authority cut its key rate to 0.75% in July, but has appeared reluctant to resume purchases of public debt. Monetary policy in emerging countries (e.g. China or Brazil) has maintained an expansionary basis.

The financial markets are experiencing a period of uncertainty, as short term conditions do not herald any increase in the gains seen in June and there are a great many unknown factors in the area of fundamentals. In the medium and long term, the global financial outlook may be more upbeat, underpinned by an institutional strengthening of the monetary union, the reactivation of the economy and the continuation of lax monetary conditions.

In Spain, the recession is expected to last until the start of 2013, with the unemployment rate rising to close to 26%. With depressed domestic demand, growth in foreign trade will also be affected by the unfavorable scenario affecting Spain's eurozone trading partners. The fiscal measures adopted to meet the public deficit targets (e.g. VAT hike, elimination of the deduction on the purchase of primary residences) should also do little to jump-start activity. EU aid to help recapitalize Spain's financial institutions, coupled with the ensuing restructuring, should help clear up the situation of the sector. Measures to raise Spain's competitiveness should help boost the economy's overall growth potential. The correct implementation of all these measures over the coming months, coupled with fiscal and financial progress at the European level, should make Spain's economic-financial outlook clearer.

The CaixaBank Group is facing this challenging environment for the banking business from a solid position thanks to its ability to generate results, the quality of its assets and its healthy financials (high liquidity and excellent degree of solvency). The integration of Banca Cívica will help it to meet its 2011-2014 Strategic Plan targets, while creating value for the stakeholders of both entities and greatly boosting the bank's potential for growth.

The comfortable liquidity position of €42,489 million at June 30, 2012 (15.1% of total assets), virtually all of which is readily available, reduces dependence on wholesale funding and provides a great deal of stability. The Group is thereby increasing its liquidity reserves to face any unforeseen future crisis.

The Group's excellent solvency levels, strengthened strategically in 2011 following the reorganization of the ”la Caixa” Group, will allow it to maintain its projected growth strategy and solid position within the Spanish banking system in terms of solvency. In this regard, the (Basel II) Core Capital ratio at June 30, 2012 stood at 13%, with a capital surplus of €7,692 million.

The Group will use these foundations to continue to drive forward with its customer-focused growth model, which has enabled it to lead the Spanish retail banking market. The main lines of this model are intensive commercial activity with a value proposal for specialist segments, active management of operating margins, volumes and returns, and continuous efforts to boost efficiency. This should lead to the generation of sufficient future profit to make up for the hefty credit-loss provisions required in the current recession.

To summarize, the Group is facing the future from a strong position thanks to its healthy financials, which will enable it to carry out its Strategic Plan and create Spain's leading financial group following the integration of Banca Cívica.