CaixaBank

STATUTORY DOCUMENTATION

for 2012

Management report, financial statements and appropriation of CaixaBank profit that the Board of Directors, at a meeting held on February 21, 2013, agreed to submit to the Annual General Meeting.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

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

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
CaixaBank, S.A.:

We have audited the financial statements of CaixaBank, S.A. (the Company), which comprise the balance sheet at 31 December 2012 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors of CaixaBank, S.A. are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2012 present fairly, in all material respects, the equity and financial position CaixaBank, S.A. at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

The accompanying directors' report for 2012 contains the explanations which the directors of CaixaBank, S.A. consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2012. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

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

Francisco García-Valdecasas

28 February 2013

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2013 Núm. 20/13/00891
CÒPIA GRATUÏTA

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

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CaixaBank management report

for 2012

This report describes the key data and events of 2012 shaping the financial position of CaixaBank and the evolution of its businesses, risks and likely outlook. The financial statements of CaixaBank for 2012, completed by this management report, have been prepared in accordance with the criteria set forth in Bank of Spain Circular 4/2004 of December 22, and subsequent amendments.

CaixaBank SA (hereinafter CaixaBank or the Bank) is the listed bank through which Caja de Ahorros y Pensiones de Barcelona (”la Caixa”) carries on its business indirectly as a credit institution. ”la Caixa” is CaixaBank’s majority shareholder, with a stake of 72.76% at December 31, 2012.

Integration of Banca Cívica in CaixaBank

On August 3, 2012, the merger by absorption of Banca Cívica into CaixaBank was officially entered in the Barcelona Companies Register. As part of the merger, Banca Cívica shareholders swapped their equity interests for 71 million CaixaBank shares held as treasury shares and 233 million newly-issued shares. All shares have a par value of €1 each.

The merger is effective for accounting purposes as from July 2012, when control was assumed. Banca Cívica's balance sheet at June 30, 2012 and its income statement as from July 1, 2012 have been incorporated in the Group's accounts.

CaixaBank is taking great strides to integrate Banca Cívica into its commercial, technological and organizational structure as quickly and as effectively as possible. In that regard, following the regional restructuring, the standardization of services and products, and the careful management of each entity's customer base, Banca Cívica's business is now fully integrated in CaixaBank's commercial structure.

Integration of the technological platforms is progressing rapidly, with the Caja Navarra and Cajasol platforms (approximately 80% of integrated assets) incorporated within six months of the formal merger date. The technological integration of Caja Canarias and Caja Burgos is expected to be completed within the first four months of 2013.

As a result of the integration, fair-value valuation adjustments were made to assets and liabilities in Banca Cívica's separate balance sheet for a net negative amount of €2,719 million, mainly to provide cover through provisions for the loan and real estate portfolio.

See Note 7 for a more in-depth description.

Acquisition of Banco de Valencia

On November 27, 2012 CaixaBank signed a share purchase agreement to acquire for one euro the shares of Banco de Valencia held by the Governing Committee of the Fund for Orderly Bank Restructuring (FROB).

Pursuant to the terms of this agreement, the purchase of Banco de Valencia ("BdV") shares shall take place subsequent to the payment by the FROB of €4,500 million in a capital increase in December 2012. After the transaction, CaixaBank will own approximately 99%, and at least 90%, of BdV's stock. The agreement establishes that prior to the transaction, BdV's distressed assets will be moved to Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (hereinafter, the SAREB), and BdV's hybrid instruments and subordinated debt will be carefully managed.

The award entails a series of financial support measures structured through an asset protection scheme. To that end, within a 10-year period, the FROB will assume 72.5% of losses incurred in BdV's SME/self-employed portfolio and contingent risks (guarantees), after application of provisions already made for those assets.

The acquisition, slated for the first quarter of 2013, is subject to the corresponding Spanish and European administrative approvals and authorizations.

Significant developments in 2012

- **Stress tests in the Spanish banking sector: no additional capital requirements for "la Caixa"**

In order to boost market confidence in the Spanish banking sector and ensure transparency, the capital requirements of several Spanish banking institutions in a baseline macroeconomic scenario and an adverse scenario were assessed by independent consultants.

The individual resiliency analysis entailed a detailed evaluation of possible losses in loan and foreclosed assets portfolios and the ability of the entities to absorb these hypothetical losses in a three-year period in the two scenarios.

The baseline scenario entailed a capital requirement of 9%, a cumulative contraction in GDP from 2012 to 2014 of 1.7%, an unemployment rate of 23.4% in 2014 and a 9.9% fall in housing prices. The adverse scenario features capital requirements of 6%, with an accumulated drop of 6.5% in GDP from 2012 to 2014, a 27.2% unemployment rate in 2014, and a 26.4% fall in housing prices. The likelihood of this scenario occurring is 1%.

The results, released on September 28, 2012, indicate that the "la Caixa" Group does not require additional capital. The Group's Core Tier 1 ratio at December 2014 was projected to be 9.5% in the adverse scenario, with a capital cushion of €5,720 million over the minimum requirements. In the baseline scenario, Core Tier 1 was projected to be 14.4%, with a capital surplus of €9,421 million. These figures confirm, yet again, the excellent solvency levels of both the "la Caixa" Group and the CaixaBank Group.

Transactions with businesses/investees

- **Sale and lease-back of branch offices**

On December 18, 2012, CaixaBank announced the sale of 439 proprietary branch offices to a Spanish subsidiary of the Mexico-based Inmobiliaria Carso, S.A., for €428 million. Immediately following this transaction, CaixaBank and the buyer agreed to a long-term lease with purchase option, whereby CaixaBank will continue to occupy, as lessee, the property sold.

Gross gains (before tax and transaction costs) on this operation amounted to €204 million.

- **Sale of the depository business**

On January 31, 2012, CaixaBank entered into an agreement to sell its mutual funds, SICAV security investment companies and individual system pension funds depository business to the Association of Spanish Savings Banks (Confederación Española de Cajas de Ahorros, CECA).

- **Interest in Banco BPI, SA**

On May 3, 2012, and after receiving notice from the Central Bank of Portugal that it would not oppose the transaction, CaixaBank acquired an 18.87% stake in the Portuguese bank, Banco BPI, whose indirect owner was Itaú Unibanco Holding (Banco Itaú). This acquisition brought CaixaBank's stake in Banco BPI, SA to 48.97%.

After reviewing the information available to it, the Portuguese securities market commission (CMVM) deemed that the obligation to launch a takeover bid was not applicable in this case, as CaixaBank had duly evidenced that it would not obtain control of Banco BPI, SA with this percentage ownership.

On May 7, 2012, CaixaBank announced that it had signed an agreement with Santoro Finance for the sale of a 9.44% stake in Banco BPI, SA. The sale was finalized on June 30, 2012 following authorization from the Bank of Portugal. As a result of this transaction, CaixaBank's holding in Banco BPI, SA was reduced to 39.54%.

On August 10, 2012, CaixaBank reported that it had subscribed 251 million registered shares in Banco BPI, with a par value of zero, for a total of €125 million (€0.50/share). The shares were subscribed in a capital increase forming part of Banco BPI's recapitalization process. Following the subscription, CaixaBank held a 46.22% interest in Banco BPI, SA's capital.

Other significant developments

- **Additional provisioning needed to cover real-estate risks (Royal Decree Laws 2/2012 and 18/2012)**

To address waning investor confidence in the Spanish banking system, in the first half of 2012 the government introduced more stringent provisioning requirements (RDL 2/2012 and RDL 18/2012) in connection with financial entities' exposure to the real-estate sector and the real-estate assets held on their books.

Total additional provisions required for CaixaBank (including Banca Cívica) stand at €6,759 million (€4,538 million CaixaBank and €2,221 million Banca Cívica). At December 31, 2012, CaixaBank had met 87% of the new provisioning requirements set out in the new regulations, with €902 million pending coverage before June 30, 2013.

- **Mandatory partial conversion of mandatorily convertible subordinated bonds, series 1/2011 (Criteria CaixaCorp capital increase)**

On December 10, 2012, CaixaBank announced the mandatory partial conversion (50%) foreseen in the issue terms of the mandatorily convertible subordinated bonds issued by Criteria CaixaCorp in May 2011 (€1,500 million). The benchmark price for the new CaixaBank shares issued on the conversion is €5.03 per share.

- **Mandatory full conversion and/or exchange of series A/2012 mandatorily convertible and/or exchangeable subordinated bonds (issued by Banca Cívica in May 2012)**

The mandatory full conversion and/or exchange for all bondholders took place on December 30, 2012. The conversion and/or exchange was set at €2.65 per share. The transaction increased equity by €278 million.

- **Preference share swap**

January 31, 2012 marked the end of the period for accepting the swap of preference shares for subordinated bonds and mandatorily convertible and/or exchangeable subordinated bonds, at a total nominal value of €4,820 million, with a final take-up of 98.41%.

On February 9, 2012, CaixaBank acquired the preference shares needed to carry out the swap, and the subordinated bonds and mandatorily convertible and/or exchangeable subordinated bonds were settled in the amounts of €3,374 million and €1,446 million, respectively.

On May 22, 2012, the CaixaBank Board of Directors resolved to modify certain terms and conditions of the mandatorily convertible and/or exchangeable subordinated bonds. The modifications were intended to make the conversion more flexible, enable its deferral every six months to December 30, 2015 and increase the nominal rate of interest from 6.5% to 7% per annum.

In the first partial voluntary swap/conversion period (June 15 - June 29), CaixaBank received 1,078 applications for conversion and/or swap, corresponding to 59,339 bonds. Based on the bond conversion and/or exchange price (€3.862), this equals a total of 1,536,034 CaixaBank shares.

In view of the bonus share issues carried out through the CaixaBank Scrip Dividend Program, and in application of the anti-dilution mechanism provided for in the issue prospectus, on November 29, 2012 CaixaBank announced the modification of the conversion and/or swap price to €3.70 per share. This rate will be applied in the second partial voluntary swap and/or conversion period opened on December 13, 2012.

- **Participation in Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB)**

On December 13, 2012, CaixaBank submitted a significant event filing, reporting that it has signed an agreement to invest in the SAREB, together with the FROB, Santander, Banco Sabadell, Banco Popular and KutxaBank.

Under the agreement, CaixaBank undertook to invest €606 million in the SAREB (25% in capital and 75% in subordinated debt), amounting to a 12.34% ownership interest in the company. As of December 31, 2012, CaixaBank had paid out €118 million through the subscription and payment of a capital increase and €354 million through subordinated debt subscriptions. The remainder will be paid out in various tranches.

The subordinated debt issue, backed by the Spanish government, will be structured so that it can be both accepted as collateral by the European Central Bank (ECB) and freely tradable.

The economic and financial landscape

There were two main sources of concern at the beginning of 2012: the rapid slowdown of growth in emerging economies and a deepening of the sovereign debt crisis in Europe. After the risks of an emerging market slump proved unfounded, the European sovereign debt crisis was the main factor threatening global stability. Heightened tension in the financial markets of non-cure euro area countries, not to mention the reticence of Europe's leaders to take decisive action, caused the gap in economic growth between the euro area and other advanced economies to widen.

The sovereign debt crisis intensified in the first half of the year. Wariness of the ability of the countries in the periphery to recover became so widespread that Europe's financial system began to crumble. To relieve the pressure, the European Central Bank (ECB) began injecting large volumes of liquidity through special 3-year long-term refinancing operations (LTRO).

Meanwhile, the Spanish government passed two Royal Decree-Laws, one in February and one in May, to help speed up the restructuring of the country's financial system and shore up confidence in the international investor community. February's reform was aimed at raising coverage of distressed real estate loans; i.e. increase the cover of potential losses in the event of further declines in prices of real estate assets, while the May law focused on raising provisions of non-distressed real estate developer and construction loans.

At the same time, financial institutions continued to consolidate and streamline operations, a process that began in 2008. Between 2008 and 2012, the number of banks in Spain dwindled from 55 to 19, while the number of branch offices was slashed by 15%. Although Spain's banking sector made progress in its consolidation, financial stress persisted, undermining economic activity in general and domestic demand in particular. The ongoing deterioration of the job market, with unemployment of over 25%, coupled with tax hikes caused private consumption to contract even faster. Had it not been for the efforts of Spanish companies to expand internationally, above all SMEs, the country would not have been able to boost net trade and, to some extent, help cushion the economic downturn. In these circumstances, it became increasingly clear that the sovereign debt crisis could not be resolved by an expansive monetary policy, let alone a rebalancing of public accounts of the European periphery, although both were essential. A guarantee of the euro area's long-term unity was needed and for this a 'refounding' of the European Economic and Monetary Union (EMU).

In this respect, the agreements adopted at the European Council meeting of June 29 marked a major step forward by developing a road map to the creation of banking and fiscal union. Specifically, the leaders agreed on the creation of a single supervisory mechanism for banks as a first steps towards recapitalizing banks directly through the European Stability Mechanism (ESM). While initially it was agreed that the single supervisory mechanism should be fully operational by early 2013, this is now expected to happen in 2014.

While the European institutional agenda was on track, mounting financial pressures in Spain prompted the Spanish government on July 9 to request European aid of up to €100,000 million for the restructuring of the Spanish banking system. The Memorandum of Understanding signed on July 20 sets out the details of the financial aid agreement, imposing strict conditions and a tight deadline on receipt of the aid. Since them, important steps have been taken in the Spanish bank restructuring process. After June's top-down stress tests, which revealed total capital requirements in the adverse economic scenario of between €51,000 and €62,000 million, a bottom-up analysis was carried out to determine each bank's individual capital requirements. Spain's banking groups were classified in accordance with the degree of public aid required. Alongside the restructuring of the Spanish banking system, another major factor was the ECB's decision to do whatever was needed to keep the euro intact. For instance, on August 2, European policy makers agreed to an unlimited bond-purchase program on secondary markets, provided the countries requested aid from the Europe's rescue fund and fulfilled their conditions.

The ECB's announcement prompted a considerable decline in financial stress and help confidence over the Spanish economy to be restored gradually despite the country's struggling economy. By September, Spanish banks were able to tap financial markets again, reducing their reliance on the European Central Bank for funds and stemming the capital drain plaguing Spain's economy. The Spanish government acted on the improved financing conditions and after covering its funding requirement for 2012, continued to issue public debt to pre-finance the following year's borrowing needs.

Although international financial markets were opening up again gradually, economic activity in Spain not only remained weak in the latter part of the year, but the pace of contraction accelerated. Spain's fourth-quarter GDP fell 0.7% from the third quarter (four tenths more than in the third quarter from the second) and 1.8% from the year-earlier period. Output for the whole of 2012 fell 1.4%.

The ECB's interventions helped keep financing conditions in the private sector from becoming tougher, yet bank loans for households and businesses continued to dry up. This decline in private sector lending reflected in part the deleveraging process of private agents, which has now be going on for two years and will probably continue until debt levels become sustainable over the long run. In this respect, the banking sector restructuring must be completed before funding sources of the real economy are restored.

In December, the first disbursement of €39,500 million of funds from the ESM to Spain was made. The Fund for Orderly Bank Restructuring (FROB) used nearly €37,000 million to recapitalize the four nationalized banks. In addition, Spain's "bad bank", the Sareb, has commenced operations, with over 50% of its capital coming from private shareholders. Accordingly, the public contribution will not be accounted for as public debt. In December, the Sareb received distressed assets from the nationalized financial entities, and in February 2013 it will receive toxic assets from entities showing capital shortfalls and that have not been able to generate the funds privately.

In all, the bank restructuring process appears to be on track with 2013 looking set to be a crucial year for its completion. Moreover, progress in Europe towards a banking union with the creation of the Single Supervisory Mechanism is essential to achieve greater financial integration, thereby guaranteeing access to credit under similar terms and conditions for all euro area countries. 2012 ended with the government leaders at the European Council meeting expressing their firm commitment to implementing the road map to banking and fiscal union, enabling us to look forward with a certain degree of optimism.

Business performance

In 2012, CaixaBank certified its status as the Spanish leader in retail banking products and services, significantly boosting its market shares. It ended the year with €335,675 million of total assets and a 26.1% retail banking share, or 22.2% considering customers whose main bank is CaixaBank. Banking business volume, which combines customer deposits and loans in accordance with management criteria, amounts to €529,502 million.

Total customer funds managed amounted rose €44,921 million to €301,562 million in 2012, driven mainly by the integration of Banca Cívica on June 30, 2012.

On-balance sheet funds ended the year at €227,110 million, increasing by 19.4% or €36,874 million from 2011. Off-balance sheet customer funds increased by €8,047 million.

The increase in CaixaBank's market share across the majority of deposit and insurance products underscores its commercial strength. The bank boasts market shares of 13.7% in total deposits (up 327 basis points), 16.4% in pension plans and 14.0% in mutual funds (an increase of 172 basis points).

As for wholesale financing, €1,200 million of mortgage covered bonds were issued.

Loans managed amounted to €227,940 million, 21.4% or €40,249 million more than in 2011. The integration of Banca Cívica's business, together with CaixaBank's continued commitment to support the personal and business endeavors of its customers, have allowed it to maintain its leading position at the forefront of the sector, boosting its market shares in the main investment products across many segments. According to data as of November 2012, CaixaBank had market shares of 13.4% in total system lending (up 300 basis points), 14.4% in mortgages (up 337 basis points) and 13.8% in consumer lending (up 338 basis points).

Risk cover and management

CaixaBank's exposure to risk and its risk management model are described in detail in Note 3 "Risk management" of the accompanying financial statements.

Credit risk management is characterized by a prudent approvals policy and appropriate coverage.

Doubtful loans amounted to €19,871 million and €9,476 million at December 31, 2012 and 2011 respectively. The increase was caused by the general economic downturn and the application of prudent loan scoring criteria, as well as the integration of Banca Cívica's portfolio, resulting in a non-performing loans ratio (doubtful loans and contingent liabilities as a percentage of total risk) of 8.32% at December 31, 2012 (4.80% at December 31, 2011). The ratio is still lower than the ratio for the Spanish financial system as a whole (which, according to the figures for November 2012, stood at 11.38%).

Credit loss allowances were €11,711 million, representing a doubtful assets coverage ratio of 59%, or 142% taking into account mortgage collateral. Credit loss allowances at December 31, 2011, were €5,605 million, representing a doubtful assets coverage ratio of 59%, or 136% taking into account mortgage collateral.

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

Section 3.1.1 "Customer credit risk" of Note 3 mentioned above includes quantitative information regarding financing for property development, home purchases and assets foreclosed or acquired in lieu or payment of debts.

Results

Net profit for CaixaBank in 2012 amounted to €273 million, 67.5% lower than in 2011.

CaixaBank condensed income statement - Management report

(Millions of euros)	January - December		Change
	2012	**2011**	**in %**
Interest and similar income	7,961	6,736	18.2
Interest expense and similar charges	(4,383)	(3,917)	11.9
Net interest income	**3,578**	**2,819**	**26.9**
Dividends	1,467	1,751	(16.2)
Net fee and commission income	1,622	1,545	5.0
Gains/(losses) on financial assets and liabilities and exchange differences	390	197	97.4
Other operating income and expense	(271)	(83)	225.0
Gross income	**6,786**	**6,229**	**8.9**
Total operating expenses	(3,277)	(2,964)	10.6
Net operating income	**3,509**	**3,265**	**7.5**
Impairment losses on financial and other assets	(3,664)	(2,295)	59.7
Gains/(losses) on disposal of assets and other	(10)	(458)	(97.8)
Profit before tax	**(165)**	**512**	**(132.3)**
Income tax	438	326	34.1
Profit for the period	**273**	**838**	**(67.5)**

Net interest income increased by 26.9% to €3,578 million. This strong performance was underpinned by the bank's policy to efficiently manage returns on asset and liability operations, the positive impact of the upward repricings in the mortgage portfolio in the first half of 2012, management of financing sources, and the inclusion of Banca Cívica in the second half of 2012.

Gross income was €6,786 million, up 8.9% from the year earlier. This high level of income was underpinned by the inclusion of Banca Cívica, a strong net interest income, higher fees and commissions and gains on financial assets and liabilities.

Net fees and commissions performed well, climbing 5.0% in the year to €1,622 million. CaixaBank strove to maintain an intense commercial activity and effectively manage the services offered to customers, applying a segment-specialized approach.

Gains on financial transactions and exchange gains increased by €193 million, primarily comprising gains generated on exchange differences, hedging transactions and on the active management of CaixaBank's financial assets. However, this increase was offset partly by the decline of €188 million in other operating income and expense caused by the higher contribution to the deposit guarantee fund (from 1‰ to 2‰ of the calculation base, in compliance with prevailing legislation).

Operating expenses in 2012 were largely affected by the integration of Banca Cívica. As synergies obtained from the fast-tracked integration process only partially offset this impact, expenses rose by 10.6% in the year.

Despite the adverse environment, CaixaBank's solid business was able to bring in pre-impairment income of €3,509 million (+7.5%).

Impairment losses on financial and other assets increased by 59.7% to €3,664 million owing to the impact of the additional provisioning requirements to cover real estate risks. This includes the use of the €1,811 million general loan-loss provision.

"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." 2012 included gains on the sale and lease back of branch offices and the sale of the depository business, as well as write-downs of the investment in BuildingCenter, SAU. Figures for 2011 included, *inter alia*, write-downs of the banking investee portfolio.

As a result, net profit stood at €273 million (-67.5%).

Capital management

- **Capital and solvency**

Following the integration of Banca Cívica, CaixaBank has a core capital ratio of 11.0%.

The integration caused core capital to drop 252 basis points, primarily due to the incorporation of Banca Cívica assets that pushed risk-weighted assets up by approximately €37,000 million.

CaixaBank's total eligible equity amounted to €18,641 million at December 31, 2012, up €1,060 million on 2011 (+6.0%), despite the sizeable allowances made to cover all requirements set by RDL 2/2012 and part of those set by RDL 18/2012.

However, risk-weighted assets (RWAs) stood at €161,200 million, €6,065 less than in the previous quarter, due to the decline in lending activity in the current economic context.

The total capital ratio was 11.6%, 124 basis points less than at December 2011, entailing a 44.5% surplus (€5,745 million) above and beyond the minimum regulatory requirement.

The principal capital ratio (under Royal Decree Law 2/2011) stands at 12.4%. CaixaBank had a €7,103 million surplus above the principal capital required at December 31, 2012.

Additionally, on January 1, 2013, Circular 7/2012 came into force, modifying both the principal capital requirement level (putting it at 9%) and its definition, bringing it into line with the definition used by the EBA for Core Tier 1. At year-end 2012, CaixaBank amply met this new requirement.

These capital adequacy ratios bear out the Group’s strong solvency level and its privileged position with respect to its sector peers, even after the integration of Banca Cívica.

CaixaBank also stands apart in the sector due to its high resilience. This resilience was evidenced by the ”la Caixa” Group’s satisfactory results in the recent bottom-up stress tests of the Spanish banking sector, coordinated and supervised by the Bank of Spain and international organizations (the ECB, the EC and the IMF). In that regard, in the adverse scenario projected, the ”la Caixa” Group’s Core Tier 1 would be 9.5% at the end of December 2014, with a capital surplus of €5,720 million above the minimum 6% capital ratio required. This result confirms the financial soundness of both CaixaBank and the ”la Caixa” Group.

Recapitalization required by the European Banking Authority (EBA)

The capital generation ability of CaixaBank, as well as that of the ”la Caixa” Group, enabled the entities to comfortably meet the EBA’s Core Tier 1 capital requirement of 9% set for June 2012. In that regard, the Group's Core Tier 1 stood at 11.1%, absorbing the impact of €358 million related to sovereign risk, in accordance with the EBA methodology.

Further, in the fourth quarter of the year, the mandatory conversion of half of the bond convertible into CaixaBank shares issued in June 2011 was carried out, significantly strengthening the Core Tier 1 ratio under EBA methodology of both CaixaBank and the ”la Caixa” Group.

CaixaBank’s Core Tier 1 at December 31 stood at 10.4%

Liquidity

Liquidity management remains a strategic cornerstone for CaixaBank. The Bank’s liquidity at December 31, 2012 stood at €53,092 million (15.8% of CaixaBank’s total assets and 15.2% of the Group’s consolidated assets), the vast majority of which can be monetized immediately.

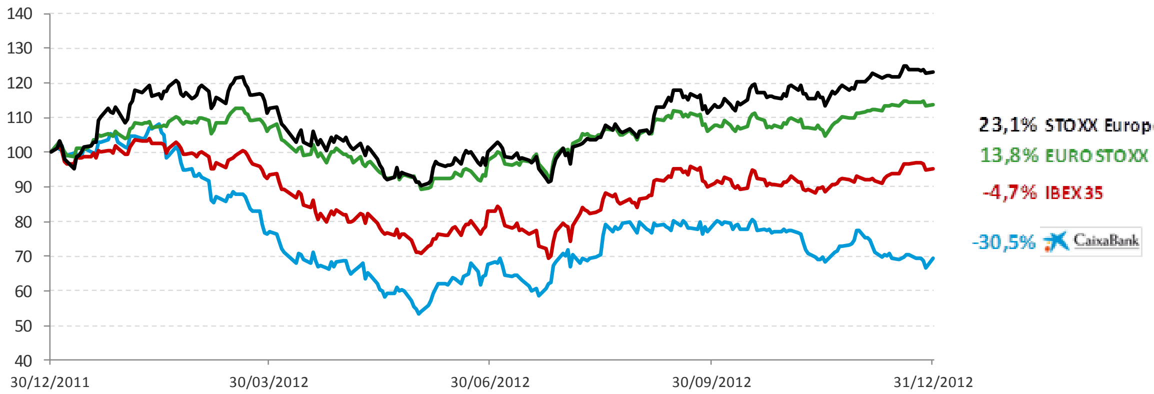
Drawing from the bank's active efforts to increase and maximize on-balance sheet liquid assets eligible to serve as collateral for the ECB policy and the inclusion of Banca Cívica balances in the second half of the year, liquidity increased by €32,144 million. As a result, CaixaBank has higher liquidity reserves in order to overcome any potential adverse situations in the future.

CaixaBank has actively managed the growth, structure and yields of retail customer funds, especially bearing in mind the prevailing market competition for deposits. Maturities slated for 2013 amount to €7,334 million. Thanks to its strong liquidity position, CaixaBank should be able to easily meet maturities on wholesale market funds, which provides great stability and evidences its strong proactive approach.

Key disclosures on CaixaBank shares

CaixaBank shares closed 2012 at €2.637 per share, down 30.5% (down 24.5% when taking into account the dividend paid). The Spanish financial sector, and primarily those banks operating in the domestic market, were hard hit by the widespread market mistrust following news of the precarious situations of a number of entities. Therefore, CaixaBank’s share price performance is in line with the general trend marked by Spanish financial institutions, which on average lost 29.7% in 2012.

CaixaBank shares vs. the main Spanish and European indexes (2012)



(*) Arithmetic mean of share price variations for Santander, BBVA, Banesto, Bankia, Bankinter, Banco Popular and Banco Sabadell.

However, CaixaBank's shares were outperformed by the benchmark indices, such as the IBEX 35 (down 4.7%), the EURO STOXX 50 (gains of 13.8%), and the STOXX Europe Banks (up 23.1%).

Key CaixaBank share price indicators in 2012*:

	2012
Market Capitalization (euro million) [1]	11,839
Number of shares outstanding at 31/12/2012 (excluding treasury shares)	4,450,742,716
Share price (€/share)	
Share price at beginning of the year	3.795
Share price at the end of the year	2.637
High price [2]	4.100
Low price [2]	2.018
Trading volume *(number of shares, excluding special transactions)*	
Highest daily trading volume	12,875,119
Lowest daily trading volume	431,174
Average daily trading volume	3,010,371
Market ratios	
Net profit (Millions of euros)	230
Average number of shares in circulation - fully diluted [3]	4,711,293,829
Earnings per share (EPS) (€/share)	**0.05**
Adjusted equity (Millions of euros) [4]	23,395
Number of shares in circulation at 31/12 - fully diluted [5]	5,164,642,090
Book value per share (€/share)	**4.53**
P/E ratio	**54.02**
P/B ratio	**0.58**
Dividend yield	**8.7%**

([1]) Number of shares at 04/01/13, including the conversion of Series A of the convertible bond issued by Banca Cívica.

([2]) Trading session closing price.

([3]) Includes the weighted number of shares issued on conversion of the mandatorily convertible bonds issued in June 2011 and February 2012, and excludes the average number of treasury shares held in the year.

([4]) Own funds on balance sheet (€22,793) plus Banca Cívica subordinated liabilities mandatorily convertible and/or exchangeable classified as subordinated liabilities (€602 million).

([5]) Includes shares outstanding at conversion of all the mandatorily convertible bonds issued in June 2011 and February 2012, the deduction of treasury shares at 31/12/2012 and shares outstanding at conversion of all Banca Cívica's mandatorily convertible and/or exchangeable bonds issued in July 2012 calculated at the weighted average price of the last 15 trading days.

(*) Stock market multiples based on publicly reported scope of consolidation.

Shareholder remuneration

CaixaBank announced its intention to keep total 2012 remuneration in line with the 2011 payout, at €0.23 per share.

In addition, at the extraordinary general meeting held on June 26, 2012, the Board of Directors was authorized to perform two capital increases in addition to those approved at the ordinary general meeting, boosting the bank's capacity to offer shareholders scrip dividends instead of traditional cash payments.

As part of CaixaBank's Scrip Dividend shareholder remuneration program, the bank performs a capital increase against retained earnings. Under the scheme, shareholders can choose to receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

Shareholder paid in 2012 profits is as follows:

Item	€/share	Approval date	Payment date
Optional Scrip Dividend	0.06	29/11/2012	27/12/2012 [1]
Optional Scrip Dividend	0.06	06/09/2012	28/09/2012 [2]
Optional Scrip Dividend	0.05	24/05/2012	20/06/2012 [3]
Second interim dividend - 2011	0.06	15/12/2011	27/03/2012
Total	**0.23**		

([1]) Settlement date of rights sold to the company. At 06.12.2012, listing date for bonus subscription rights.

([2]) Settlement date of rights sold to the company. At 11.09.2012, listing date for bonus subscription rights.

([3]) Settlement date of rights sold to the company. At 30.05.2012, listing date for bonus subscription rights.

In the latest scrip dividend issue carried out in December, the bonus shares had a take-up rate of 93%, demonstrating the confidence shareholders place in the Institution.

Leadership in resources and multi-channel management

At December 31, 2012, CaixaBank served over 12.9 million customers through a cohesive and unified branch network, the largest in the Spanish financial sector in terms of offices (6,342) and automated teller machines (9,696).

Thanks to its ongoing focus on innovation, CaixaBank is also the leader in online banking (8.5 million Línea Abierta customers) and e-banking (12.5 million cards).

Electronic channels enable CaixaBank to offer its customers a quality, accessible bank available to them anywhere, anytime. CaixaBank offers customers a host of products and services using all available technology in order to build a lasting, quality relationship with them. These channels help to expand the customer base and act as a tool for strengthening customer loyalty.

In 2012, CaixaBank developed and implemented new apps for devices such as tablets. It set up its own social networks and 2010 and 2011 and in 2012 began working on online TV. Also in the year, efforts were focused on mainstreaming these channels through a new model of interaction between office and customers whereby the offices prepare the transaction and the customer signs it using the channel that suits them best. Meanwhile, in the areas of private and personal banking, the Wall was added. This is a new communication channel between the manager and the customer, similar to the Facebook wall. In 2012, over 175,000 customers activated their wall, with nearly 50,000 interactions.

Elsewhere, with the Alertas CaixaMóvil service, the Institution provides customers with all types of information and communication through SMS or email. In 2012, it sent over 25 million messages to the cell phones of CaixaBank customers.

Work continued during the year in the field of social media and included the creation of the PremiaT community to connect buyers and businesses. Together with Online Community CaixaEmpresa and Club Ahora, there are now some 75,000 active users on the social networks of “la Caixa.”

Research and development

A cornerstone of CaixaBank's future strategy it its commitment to R&D. In keep with this strategy, a number of strategic initiatives with a strong element of innovation were launched in 2012. These projects include: *SmartBanking*, aimed at making information available to all, so amateurs have access to key information on the business without having to resort to user-unfriendly tools or brokers; *Cloud Computing*, which allows for technological resources to be used more efficiently; *Social Networks*, the epitome of the new customer relationships; and *Mobility*, designed to provide access to apps and corporate services via mobile devices (tablets and smartphones) in a virtual environment.

As for the energy usage of IT equipment, noteworthy was the increase in machine virtualization. This led to a 30% saving on electricity usage and offset the impact of the growth in IT infrastructure in the last three years, with consumption in the year in line with 2009 levels.

Finally, amid increasing threats, the Institution made progress in 2012 on a number of initiatives included in the 2011-2014 IT Security Management Strategic Plan aimed at mitigating information leaks. The main initiatives were:

- The rollout of advanced information leak prevention solutions to safeguard customer data and the Institution’s image.
- The rollout of cutting-edge measures in the face of external security threats to protect the services offered to customers and the Institution’s image.
- A thorough review of security policies to adapt them to the Group’s new structure and new security threats.
- The design of a course to raise awareness on security among all employees. This course is scheduled to be held during the first four months of 2013.
- Renewal of ISO 27001 certification of the Information Security Management System.

Environmental information

As part of its policy of continuous improvement in its environmental performance, CaixaBank has implemented an environmental management system in accordance with European regulation EMAS 1221/2009 and ISO standard 14001 to guide its environmental protection and preservation actions.

Mainstreaming an EMS is the best way to ensure that the environmental requirements of all our stakeholders are met and prevailing legislation is complied with, providing a better service to customers to guarantee the continuous improvement of our Organization.

CaixaBank’s new environmental policy, drafted and approved in February 2012 following the Institution’s restructuring in 2011, is instrumented through its Environment Committee, which ensures that all business is conducted in due consideration of the environment, and actively encourages awareness and participation among the Institution’s stakeholders. The main differences from the previous environmental policy include CaixaBank’s embracement of the Equator Principles and the United Nations Global Compact, the commitment to promote environmentally-friendly technologies, the inclusion of environmental criteria in its products and services and the support of initiatives to combat climate change.

In 2012, a number of initiatives were undertaken that directly affect efficiency in consumption and employee awareness raising.

Efficiency actions included completing the replacement of PCs with higher-efficiency equipment, changing power switches for different peripherals, installing condenser batteries or moving the Data Processing Center from the headquarters to a new site with more efficient installations.

Regarding paper usage, the "Ready to Buy" service was reinforced and extended in the branch network, whereby customers can sign contracts though Línea Abierta rather than having to go to the office and sign the related paper copies. Other milestones in 2012 include the reduction of paper usage at our headquarters.

In addition to these efforts and aware that our business has an impact on the environment, CaixaBank offset the CO2 emissions generated through five institutional events: the 2012 Managers Convention, the CaixaBank 2012 Extraordinary Shareholders' Meeting, the CaixaBank Annual General Meeting, the Bondholders' General Assembly, and Employees 25-35 years Event, participating in two projects involving the substitution of fuel for biomass in Brazil, with a total of 382.77 Tn of CO2 offset.

Further information is available in the environmental statement released annually and posted on the CaixaBank website.

Outlook for 2013

2012 will go down as a year of negative events, centering on the euro area crisis and the worrisome slowdown of global growth. The economic and monetary policies adopted are beginning to bear fruit, but there it still a long way to go. Both the international financial and macroeconomic scenes have calmed down, enabling confidence to be restored gradually and leading to improvements in short-term indicators. We hope these trends will gather momentum in 2013.

The biggest question marks concern certain structural efforts that have been going on for some time now and for which there is every reason to believe they will continue. Broadly speaking, these concerns mean headwinds for developed and tailwinds for emerging economies. The biggest issue is the ongoing deleveraging process in a number of advanced economies, e.g. the US, the UK and several euro area countries. Families, governments and financial institutions need to reduce debt and this puts a brake on growth in spending and lending in these countries.

For Europe's financial sector, deeper reforms are needed on both a national and a European scale for deleveraging to be carried out faster. Conversely, emerging countries have little debt, not to mention a number of growth drivers: demographics, the adoption of technological advances, market liberalization and increasing political and social stability.

Against this backdrop, central GDP forecasts for 2013 point to modest growth for developed countries (1.9% for the US, 0.1% for the euro area and -1.3% for Spain), but satisfactory performances in emerging economies (8.1% for China and 3.5% for Brazil).

The list of factors that could lead forecasts to be over- and undershot is long, but the main ones include economic policy and institutional action, and the calibration of their impact. In the euro area, the austerity versus stimulus debate continues to shape fiscal policy decisions. Another risk factor in the euro area relates to progress in the refounding of the EMU with respect to banking, fiscal and, ultimately, policy union. It certainly will not be a bed of roses, but the path to integration appears to be on track.

In Spain, a key factor is meeting the announced budgetary adjustment commitments thereby restoring the confidence of the international investment community. A better than expected performance in this area would benefit the country as a whole, building on the significant advances already achieved to correct imbalances in the balance of payments and competitiveness.

The ongoing decline of the labor market, with the unemployment rate hitting 26% in the last quarter of 2012, and higher taxes, are causing internal demand to weaken. In this context, foreign trade remains the Spanish economy's sole driver of growth, reflecting how the efforts being made by Spanish companies, particularly SMEs, to expand overseas, are paying off. CaixaBank has therefore stepped up its efforts to accompany its customers on their overseas ventures and this strategy will remain a priority in the short and medium term. Along these lines, loans and credits granted to non-resident companies have increased and branch offices opened in various countries to attend to customers. In 2013, CaixaBank's objective is to continue to expand abroad and embark on new international projects with its partners.

The challenges facing the Spanish financial sector in 2013 are considerable. After several years of focusing on restructuring and recapitalizing, in 2013 the sector faces the two-fold challenge of continuing to deleverage (also applicable to households and companies) and completing the capacity adjustments required within the framework of sector restructuring. All in a context of lower interest rates, which will continue to keep profits down. Furthermore, the default rate is expected to rise and the need for further provisioning will bring the income statement under even more pressure.

On a more positive note, the re-opening of the international financial markets has fuelled the Spanish financial sector, which has taken advantage of the improved debt market conditions to make a comeback. The first entities to tap the market did so via products of mass distribution such as senior debt. Accordingly, in the first few weeks of 2013, CaixaBank issued €1,000 million in 3-year senior debt with huge success. This renewed confidence has also extended to the mortgage market, where issues of mortgage covered bonds have been well-received by investors (mainly international investors).

Additionally evidencing this confidence, the financial sector and CaixaBank have paid back a part of the 3-year loans granted by the ECB (LTRO) earlier than scheduled, thereby reducing its dependence on central bank liquidity. At the close of January 2013, a balance of €4,500 million from the LTRO had been repaid to the ECB. The restructuring of the system, coupled with the gradual re-opening of the international markets, is expected to reduce the pressure to compete for deposits.

2013 has started on a more optimistic note, which could mark a turning point in the Spanish economy and would clearly be reinforced by the structural measures undertaken to improve competitiveness. If there are no last-minute surprises and the reforms are true to their course, 2013 could see the start of the recovery - although this will not be free of risk.

Against this backdrop, CaixaBank has confirmed its commitment to support all its customers and the business sector as a whole to help the economy get back on the growth path. It is essential to restore confidence and gain the financial strength needed to help all customers succeed in their projects. To do this, in 2013-2014, CaixaBank will develop two strategic plans:

- Prioritize its reputation and service quality on the basis of sound values (leadership, trust and social commitment) and business principles.

- Maintain a position of commercial leadership thanks to its strong and reinforced financial position.

CaixaBank in 2013

CaixaBank is approaching 2013 from a reasonably comfortable position, thanks to its sustained capacity to generate income, excellent solvency levels and high liquidity.

In a context of historically low interest rates and high financing costs, the trend marked by pre-impairment income shows CaixaBank’s capacity to generate recurring profit. All this was made possible thanks to the integration of Banca Cívica, strong commercial activity and the efficient management of assets and liabilities. Further, the broader franchise has enabled the growth targets set down in the “la Caixa” Group’s 2011-2014 Strategic Plan to be met ahead of time.

The Group’s capital position is also excellent, with a Core Capital ratio of 11% (BIS II) following the integration of Banca Cívica. The bottom-up stress testing carried out on Spanish banks also reflects the Group’s soundness.

In 2012, it improved its liquidity position via a strategy to optimize the liquid assets on its balance sheet, improving its financing structure. At December 2012, liquidity totaled €53,092 million (15.8% of CaixaBank’s assets), almost all of which is immediately available. This, coupled with the gradual reduction in the commercial gap and recent re-opening of the institutional market have allowed the Group to comfortably meet the wholesale market debt maturities falling due in 2013, accounting for around 2% of the balance sheet (excluding ECB financing).

Given this sound financial base, in 2013 CaixaBank will aim to strengthen its leadership position, achieving profitable growth and the highest quality standards. The Group will have to complete the integration of its recent acquisitions. And, in a context marked by restructuring, deleveraging and loss of reputation in the banking sector, continue to gain market share through intense commercial activity and remaining true to its traditional customer-centric growth model. A model based on working closely with customers to address their segment-specific needs and confirms the Group's values: leadership, trust and social commitment. These are the pillars that allow the Institution to progress even in times of turmoil such as the present, ultimately guaranteeing its sustainability over the longer term.

Events after the reporting period

On February 21, 2013 the Board of Directors authorized for issue the financial statements and management report of the CaixaBank Group for the year ended December 31, 2012 (see "Events after the reporting period" in Note 1).

2012 Annual Corporate Governance Report

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

A word-processed copy of the full text of CaixaBank's 2012 Annual Corporate Governance Report approved by CaixaBank's Board of Directors on February 21, 2013 is provided hereunder. The original report, prepared in the statutory format and pursuant to prevailing legislation, is available on the websites of the bank and the CNMV.

ANNUAL CORPORATE GOVERNANCE REPORT

PUBLIC LIMITED LISTED COMPANIES

ISSUER'S PARTICULARS

YEAR ENDED: 31/12/2012

Company Tax ID No.: A-08663619

Corporate name: CAIXABANK, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED LIMITED COMPANIES

For a better understanding of the model and its subsequent preparation, please read the instructions provided at the end before filling it out.

A. - OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
28/12/2012	4,402,803,690.00	4,402,803,690	4,402,803,690

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

NO

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

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	3,257,368,897	0	73.984

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	03/08/2012	It now holds less than 80% of the share capital
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	12/12/2012	It now holds less than 80% of the share capital

A.3 Complete the following charts on company directors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ISIDRO FAINÉ CASAS	631,003	0	0.014
JUAN MARÍA NIN GÉNOVA	306,483	0	0.007
ALAIN MINC	10,985	0	0.000
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	51,060,000	0	1.160
CAJASOL	50,015,625	0	1.136
EVA AURÍN PARDO	1,206	0	0.000
FRANCESC XAVIER VIVES TORRENTS	2,847	0	0.000
ISABEL ESTAPÉ TOUS	306,417	4,552	0.007
JAVIER GODÓ MUNTAÑOLA	0	1,351,383	0.031
JAVIER IBARZ ALEGRÍA	558	0	0.000
JOHN S. REED	10,672	0	0.000
JUAN JOSÉ LÓPEZ BURNIOL	20,134	0	0.000
JUAN ROSELL LASTORTRAS	0	35,385	0.001
LEOPOLDO RODÉS CASTAÑÉ	10,654	0	0.000
MARIA DOLORS LLOBET MARIA	762	0	0.000
MARÍA TERESA BASSONS BONCOMPTE	3,527	0	0.000
SALVADOR GABARRÓ SERRA	7,693	0	0.000
SUSANA GALLARDO TORREDEDIA	0	60,430	0.001

% of total voting rights held by the Board of Directors	2.359

Complete the following charts on share options held by directors.

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

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

Type of relationship:
COM CON CORP
Brief description: CaixaBank, S.A. is the bank through which Caja de Ahorros y Pensiones de Barcelona, 'la Caixa' indirectly carries on its financial activity and, therefore, is part of the group of companies controlled by 'la Caixa' and, hence, its corporate relationship. There are also commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Protocol of Relationships between CaixaBank and 'la Caixa' submitted to the CNMV on July 1, 2011. Following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad's activity to CaixaBank, ´la Caixa´ and CaixaBank resolved to amend the Internal Protocol of Relationships signed on July 1, 2011, to remove reference to the exceptionality of Monte de Piedad's indirect activity. Said amendment was submitted to the CNMV on August 1, 2012.

Related name or corporate name
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'

A.6 Indicate whether any shareholders' agreements have been notified to the company pursuant to article 112 of the Securities' Market Act (Ley del Mercado de Valores). Provide a brief description and list the shareholders bound by the agreement, as applicable.

YES

% of share capital affected: 80.597

Brief description of the agreement:
Following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 the shareholders Caja de Ahorros y Pensiones de Barcelona, (hereinafter ´la Caixa´), Caja Navarra, Cajasol, Caja Canarias and Caja de Burgos (hereinafter ´the Savings Banks´) entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal

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

Participants in shareholders’ agreement
CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
CAJA DE AHORROS MUNICIPAL DE BURGOS
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA
CAJA GENERAL DE AHORROS DE CANARIAS
CAJASOL

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

NO

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

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

YES

Name or corporate name
CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’

Remarks
Caja de Ahorros y Pensiones de Barcelona, “la Caixa” exercises control over CaixaBank as established by Article 4 of the Spanish Securities Market Act (Ley de Mercado de Valores).
CaixaBank is the bank through which ´la Caixa´ indirectly carries on its financial activity, and therefore is part of the group of companies controlled by ´la Caixa´. In order to foster the Company’s transparency, autonomy and good governance, and in accordance with Recommendation 2 of the Unified Good Governance Code, CaixaBank and “la Caixa”, as controlling shareholder, signed an Internal Protocol of Relationships. The initial Protocol which was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market was replaced by a new Protocol when a number of reorganization transactions were carried out

at the ´la Caixa´ Group, as a result of which CaixaBank became the bank through which ´la Caixa´ indirectly carries on its financial activity. Thereafter, following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad’s activity to CaixaBank, the Protocol was amended by means of a novation agreement to remove reference to the exceptionality of Monte de Piedad’s indirect activity.

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

A.8 Complete the following tables on the company’s treasury shares.

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
38,816,996	19,816	0.882

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
VIAJES CAJASOL, S.A.	14,183
INICIATIVAS TURÍSTICAS DE CAJAS, S.A.	4,599
GESTIÓN INFORMÁTICA EN TURISMO, S.L.	517
META PRINT, S.L.	517

Total	19,816

Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007.

Date notified	Total shares held directly acquired	Total shares held indirectly acquired	% of total share capital
05/04/2012	41,660,100	0	2.360
28/06/2012	26,401,288	0	2.840
03/08/2012	6,376,564	37,088	0.954
05/10/2012	9,348,903	0	1.005
12/12/2012	11,919,144	0	1.163
28/12/2012	7,453,875	402	1.294

Gain/(loss) on treasury shares during the year (In thousand €)	- 94,272

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting authorizing the Board of Directors to purchase and/or transfer the treasury shares.

On April 19, 2012, shareholders at the Annual General Meeting rendered null the unused portion of the authorization for treasury stock derivative acquisition granted on May 12, 2011, and agreed to grant the Company's Board of Directors powers for the derivative acquisition of treasury stock, directly or through group companies for the purpose of either disposals, redemption or for remuneration schemes specified in paragraph 3, section a of article 146 of the Corporate Enterprises Act, under the following terms:

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

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

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

This authorization is valid for five years from the approval of this resolution at the Company’s General Meeting on April 19, 2012.

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

A.10 Indicate, as applicable, any restrictions imposed by Law or the company’s bylaws on exercising voting rights, as well as any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on exercising voting rights.

NO

Maximum percentage of legal restrictions on voting rights a shareholder can exercise	**0**

Indicate whether there are any restrictions included in the bylaws on exercising voting rights.

NO

Maximum percentage of restrictions under the company's bylaws on voting rights a shareholder can exercise	0

Indicate if there are any legal restrictions on the acquisition or transfer of share capital.

NO

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

NO

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

B – COMPANY MANAGEMENT STRUCTURE

B.1 Board of Directors

B.1.1. List the maximum and minimum number of directors included in the by-laws.

Maximum number of directors	22
Minimum number of directors	12

B.1.2. Complete the following table with board members' details.

Name or corporate name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
ISIDRO FAINÉ CASAS	--	CHAIRMAN	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN MARÍA NIN GÉNOVA	--	DEPUTY CHAIRMAN & CHIEF EXECUTIVE	21/06/2007	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
ALAIN MINC	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	JOSÉ ANTONIO ASIÁIN AYALA	DIRECTOR	20/09/2012	20/09/2012	CO-OPTION
CAJASOL	GUILLERMO SIERRA MOLINA	DIRECTOR	20/09/2012	20/09/2012	CO-OPTION
DAVID K. P. LI	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
EVA AURÍN PARDO	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
FRANCESC XAVIER VIVES TORRENTS	--	DIRECTOR	05/06/2008	05/06/2008	VOTE AT SHAREHOLDERS' MEETING

ISABEL ESTAPÉ TOUS	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
JAVIER GODÓ MUNTAÑOLA	--	DIRECTOR	02/05/2005	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JAVIER IBARZ ALEGRÍA	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
JOHN S. REED	--	DIRECTOR	03/11/2011	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
JUAN JOSÉ LÓPEZ BURNIOL	--	DIRECTOR	12/05/2011	12/05/2011	VOTE AT SHAREHOLDERS' MEETING

Name or corporate name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
JUAN ROSELL LASTORTRAS	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
LEOPOLDO RODÉS CASTAÑÉ	--	DIRECTOR	30/07/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARIA DOLORS LLOBET MARIA	--	DIRECTOR	07/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARÍA TERESA BASSONS BONCOMPTE	--	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
SALVADOR GABARRÓ SERRA	--	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SUSANA GALLARDO TORREDEDIA	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING

Total number of directors	19

Indicate any Directors who left during this period.

Name or corporate name of director	Status of the director at the time	Leaving date
IMMACULADA JUAN FRANCH	PROPRIETARY	26/06/2012
MARÍA TERESA BARTOLOMÉ GIL	PROPRIETARY	26/06/2012
JORGE MERCADER MIRÓ	PROPRIETARY	26/06/2012
MIQUEL NOGUER PLANAS	PROPRIETARY	26/06/2012
ANTONIO PULIDO GUTIERREZ	PROPRIETARY	20/09/2012
ENRIQUE GOÑI BELTRÁN DE GARIZURIETA	PROPRIETARY	20/09/2012

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

EXECUTIVE DIRECTORS

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

Total number of executive directors	1
% of the board	5.263

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA NAVARRA, CAJASOL, CAJA CANARIAS & CAJA DE BURGOS
CAJASOL	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA NAVARRA, CAJASOL, CAJA CANARIAS & CAJA DE BURGOS
EVA AURÍN PARDO	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
JAVIER GODÓ MUNTAÑOLA	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
JAVIER IBARZ ALEGRÍA	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’
MARIA DOLORS LLOBET MARIA	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, ‘LA CAIXA’

Name or corporate name of director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
MARÍA TERESA BASSONS BONCOMPTE	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATIONS COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'

Total number of proprietary directors	11
% of the board	57.895

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director

ALAIN MINC

Profile

Member of the Board of Directors of CaixaBank since 2007.

In 1991 Mr. Minc founded his own consultancy firm, AM Conseil. Born in 1949, he is a graduate of the École des Mines de Paris and the École Nationale d'Administration (ENA) in Paris.

He is currently a director at Prisa and Direct Energie.

He has been Chairman of the Supervisory Board of French newspaper *Le Monde*, Deputy Chairman of Compagnie Industriali Riunite International and General Manager of Cerus Compagnies Européennes Réunies.

He was also a finance inspector and CFO at Saint-Gobain.

He has written over 30 books since 1978, many of them best-sellers, including *Une histoire de France, Dix jours qui ébranleront le monde; Un petit coin de paradis; Une sorte de diable, les vies de John M. Keynes; Le crépuscule des petits dieux; Ce monde qui vient; Les prophètes du bonheur: histoire personnelle de la pensée économique; Epitre à nos nouveaux maitres; Rapport sur la France de l´an 2000; Le nouveau Moyen Age; Les vengeances des nations; La machine égalitaire;* and *Rapport sur l´informatisation de la société*.

Name or corporate name of director

FRANCESC XAVIER VIVES TORRENTS

Profile

Member of the Board of Directors of CaixaBank since 2008.

He is a Professor of Economics and Finance and academic director of the Public-Private Research Centre at the IESE Business School. He also holds a PhD in Economics from the University of California, Berkeley.

He was also a Professor of European Studies at INSEAD in 2001-2005; Director of the Institute of Economic Analysis at the High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, Pennsylvania and New York (King Juan Carlos I Chair 1999-2000), as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra.

He has published numerous articles in international journals and directed the publication of various books as well as advising the World Bank, the Inter-American Development Bank, the European Commission and various international companies. Mr. Vives Torrents has also received several Spanish research awards including the King Juan Carlos I Prize for Research into Social Sciences in 1988; the Catalan Society for Economics Prize in 1996; the Narcís Monturiol Medal from the Catalonia regional government in 2002; the Catalonia Economics Prize in addition to the IEF Award for academic excellence for his professional career in 2012. He also served as Chairman of the Spanish Economic Association (2008) and Deputy Chairman of the Spanish Energy Economics (2006-2009). He is the recipient of a European Research Council Advanced Grant (2009-2013).

He is currently a director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992 and a member of the CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia. In 2011, he was appointed Special Advisor to the Vice-President of the European Commission and Competition Commissioner, Joaquín Almunia.

Name or corporate name of director

ISABEL ESTAPÉ TOUS

Profile

Member of the Board of Directors of CaixaBank since 2007.

Isabel Estapé Tous holds a degree in Economics and Business, graduating cum laude from the University of Barcelona in 1981 and receiving an extraordinary award.

She joined the Stock Exchange as a broker in 1982, working as such until 1989. She served on the Boards of Directors of both the Barcelona (1989-1991) and Madrid (1990-1995) Stock Exchanges.

She has been a Notary Public of Madrid since 2000 and is a Member of the Royal Academy of Economics and Finance.

She is a member of the Spanish Directors' Association (AED), the Spanish Confederation of Directors and Executives (CEDE) and the International Women's Forum. She is also a qualified auditor.

In 2007, she won the "Women Together" award by the United Nations.

In March 2011, she received the "Master de Oro Estatutario de Alta Dirección" award conferred by the Forum de Alta Dirección.

She is Deputy Chair of Panel Cívico de los Cien.

Name or corporate name of director

JOHN S. REED

Profile

Member of the Board of Directors of CaixaBank since 2011.

John Shepard Reed was born in Chicago in 1939 and raised in Argentina and Brazil. He completed his university studies in the United States, where he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree program. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science.

He worked at Citibank/Citicorp and Citigroup for 35 years, 16 of those as chairman before retiring in April 2000.

From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and is now the Chairman of the MIT Corporation.

Mr. Reed is a member of the board of directors of MDRC, the Isabella Stewart Gardner Museum and the NBER. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society.

Name or corporate name of director

SUSANA GALLARDO TORREDEDIA

Profile

Member of the Board of Directors of CaixaBank since 2007.

Born in Barcelona in 1964, she holds a degree in Politics and Economics (BSc Degree) from Oxford Polytechnic (now Brookes University (UK) and in Banking and Finance from the City of London Polytechnic. She also completed the Senior Management Program (PADE) at the IESE Business School in 2007-2008.

Throughout her professional career, she has completed an internship at First Interstate Bank of California, has worked on the trading desk at the Bank of Europe, and Financial Advisor for REVELAM S.L.

She is currently a board member of the Landon Group and is a member of its Investment Committee. Susana is on the Family Business Advisory Committee of the Family Firm Institute, and is Vice Chair of Pronovias. She also holds a place on the Global Advisory Board of Babson College, Boston, Massachusetts.

Susana chairs the Bienvenido Foundation, and is a trustee of the Casa Teva Foundation, the Aurea Foundation and the Hospitalitat Mare de Déu de Lourdes Foundation.

Total number of independent directors	5
% of the board	26.316

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee proposing appointment
DAVID K. P. LI	APPOINTMENTS AND REMUNERATIONS COMMITTEE
JUAN ROSELL LASTORTRAS	APPOINTMENTS AND REMUNERATIONS COMMITTEE

Total number of other external directors	2
% of the board	10.526

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

Name or corporate name of director

JUAN ROSELL LASTORTRAS

Company, executive or shareholder with whom the relationship is maintained

CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'

Reasons

Mr. Rosell Lastortras is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary Director. Mr. Rosell became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, following his appointment as a general director at the General Assembly of Caja de Ahorros y Pensiones de Barcelona, la Caixa, the Appointments and Remuneration Committee reviewed Mr. Rosell's position and proposed that the CaixaBank Board change his status to other external Director. This was agreed by the Board at its meeting on June 26, 2012.

Name or corporate name of director

DAVID K. P. LI

Company, executive or shareholder with whom the relationship is maintained

THE BANK OF EAST ASIA, LIMITED

Reasons

David K. P. Li is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary Director. Mr. Li became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, once CaixaBank's stake in The Bank of East Asia exceeded 5%, the Appointments and Remuneration Committee reviewed Mr. Li's position and decided – at the Annual General Meeting on June 5, 2008 – to change his status from independent Director to other external Director in accordance with the stipulations of article 16.4 of Criteria CaixaCorp's International Offering Memorandum.

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

Name or corporate name of director	Date of change	Previous category	Current category
JUAN ROSELL LASTORTRAS	26/06/2012	INDEPENDENT	OTHER EXTERNAL DIRECTORS

B.1.4 Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Name or corporate name of shareholder

CAJA NAVARRA, CAJASOL, CAJA CANARIAS & CAJA DE BURGOS

Reason

SEE SECTION A.6 ABOVE FOR A DESCRIPTION OF THE SHAREHOLDERS' AGREEMENT SIGNED BY LA CAIXA, CAJA NAVARRA, CAJASOL, CAJA CANARIAS AND CAJA DE BURGOS

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

NO

B.1.5 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board his/her reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

YES

Name of director

ANTONIO PULIDO GUTIERREZ

Reasons for resignation

He resigned due to application of the Ministry of Economy's Order limiting remuneration received by directors and executives of credit institutions who have received State aid from the FROB. This is also applicable to directors and executives from any entity involved in a merger and which has received State aid.

Name of director

ENRIQUE GOÑI BELTRÁN DE GARIZURIETA

Reasons for resignation

He resigned due to application of the Ministry of Economy's Order limiting remuneration received by directors and executives of credit institutions who have received State aid from the FROB. This is also applicable to directors and executives from any entity involved in a merger and which has received State aid.

Name of director

IMMACULADA JUAN FRANCH

Reasons for resignation

She resigned following her removal as a member of the Board of Directors of la Caixa.

Name of director

JORGE MERCADER MIRÓ

Reasons for resignation

He resigned following his removal as a member of the Board of Directors of la Caixa.

Name of director

MARÍA TERESA BARTOLOMÉ GIL

Reasons for resignation

She resigned following her removal as a member of the Board of Directors of la Caixa.

Name of director

MIQUEL NOGUER PLANAS

Reasons for resignation

He resigned to avoid the presence of a board member holding public office at the same time.

B.1.6 Indicate what powers, if any, have been delegated to the Chief Executive Officer.

Name or corporate name

JUAN MARÍA NIN GÉNOVA

Brief description

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

B.1.7 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group.

Name or corporate name	Name of group company	Position
JUAN MARÍA NIN GÉNOVA	VIDACAIXA GRUPO. S.A.	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	VIDACAIXA GRUPO. S.A.	DIRECTOR
MARIA DOLORS LLOBET MARIA	NUEVO MICRO BANK. S.A.U.	DIRECTOR

B.1.8 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.
:

Name or corporate name	Name of listed company	Position
ISIDRO FAINÉ CASAS	TELEFONICA. S.A.	DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS. S.A.	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL YPF. S.A.	2ND DEPUTY CHAIRMAN
JUAN MARÍA NIN GÉNOVA	REPSOL YPF. S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GAS NATURAL. S.D.G..S.A.	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES. S.A. (GRUPO PRISA)	DIRECTOR
JUAN ROSELL LASTORTRAS	GAS NATURAL. S.D.G. S.A.	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	ABERTIS INFRAESTRUCTURAS. S.A.	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL. S.D.G. S.A.	CHAIRMAN

B.1.9 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit.

YES

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

B.1.10 In relation to Recommendation 8 of the Unified Code, indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

Investment and financing policy	YES
Design of the structure of the corporate group	YES
Corporate Governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan, management targets and annual budgets	YES
Remuneration and evaluation of senior officers	YES
Risk control and management, and the periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury stock	YES

B.1.11 Complete the following tables on the aggregate remuneration paid to directors during the year.

a) In the reporting company:

Concept	Thousands of euros
Fixed remuneration	4,721
Variable remuneration	350
Attendance fees	0
Statutory compensation	0
Options on shares and/or other financial instruments	0

Concept	Thousands of euros
Other	350

Total	5,421

Other benefits	Thousands of euros
Advances	0
Loans	3,210
Funds and pension plans: Contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

b) For company directors sitting on other governing boards and/or holding senior management posts within group companies:

Concept	Thousands of euros
Fixed remuneration	1,090
Variable remuneration	0
Attendance fees	0
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0

Total	1,090

Other benefits	Thousands of euros
Advances	0
Loans	0

Other benefits	Thousands of euros
Funds and pension plans: Contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

c) Total remuneration by type of director:

Type of director	By company	By group
Executive directors	2,592	90
External proprietary	2,053	1,000
External independent	586	0
Other external directors	190	0
Total	5,421	1,090

d) Remuneration as percentage of profit attributable to the parent company:

Total remuneration received by directors (in thousand €)	6,511
Total remuneration received by directors/profit attributable to parent company (%)	2.8

B.1.12 List any members of senior management members who are not executive directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position
IGNACIO ÁLVAREZ-RENDUELES VILLAR	HEAD OF INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	HEAD OF CAPITAL MARKETS AND TREASURY
JOAQUIN VILAR BARRABEIG	HEAD OF AUDIT, INTERNAL CONTROL AND REGULATORY COMPLIANCE
MARCELINO ARMENTER VIDAL	CHIEF RISK OFFICER

ANTONIO MASSANELL LAVILLA	CHIEF MEDIA OFFICER
FRANCESC XAVIER COLL ESCURSELL	HEAD OF HUMAN RESOURCES
TOMÁS MUNIESA ARANTEGUI	CHIEF INSURANCE AND ASSET MANAGEMENT OFFICER
ALEJANDRO GARCÍA-BRAGADO DALMAU	SECRETARY GENERAL AND SECRETARY OF THE BOARD
JAUME GIRÓ RIBAS	HEAD OF COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND CORPORATE RESPONSIBILITY
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER
GONZALO GORTÁZAR ROTAECHE	CHIEF FINANCIAL OFFICER

Total remuneration received by senior management (in thousand €)	12,018

B.1.13 Identify, in aggregate terms, any indemnity or “golden parachute” clauses that exist for members of the senior management (including executive directors) of the company or of its group in the event of dismissal or changes in control. Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group.

Number of beneficiaries	**12**

	Board of Directors	General Shareholders’ Meeting
Body authorizing clauses	NO	NO

Is the General Shareholders’ Meeting informed of such clauses?	NO

B.1.14 Describe the procedures for establishing remuneration for board members and the relevant provisions in the bylaws.

Procedures for establishing board members' remuneration and relevant provisions in the bylaws
Article 4 of the Regulations of the Board of Directors of CaixaBank states that the Board in full shall approve directors' remuneration. Further, article 23 of the Regulations of the Board of Directors stipulates that the Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. Such policy shall be under the system and within the limits of article 34 of the By-laws and in accordance with any indications by the Appointments and Remuneration Committee.

Indicate whether the board has reserved for plenary approval the following decisions:

At the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.	YES
Directors' remuneration and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the points included.

YES

The amount of the fixed components, itemized where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to.	YES
Variable components	YES
The main characteristics of pension systems, including an estimate of their amount of annual equivalent cost.	YES
The conditions that the contracts of executive directors exercising executive functions shall respect	YES

B.1.16 Indicate whether the board submits a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. Explain the points of the report regarding the remuneration policy as approved by the board for forthcoming years, the most significant departures in those policies with respect to that applied during the year in question and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration Committee and whether external consultancy services have been procured, including the identity of the external consultants.

YES

Issues covered in the remuneration policy report
Based on a proposal by the Appointments and Remuneration Committee, CaixaBank prepares a report containing the Company remuneration policy for members of its Board of Directors, subject to the principles of transparency and information. This report includes the general principles applicable to Directors' remuneration, the remuneration structure established in the corporate documentation, the Company's remuneration policy for the year in course and a global summary of how the remuneration policy was applied in the previous year, with a breakdown of individual directors' remuneration. The Company's remuneration policy has been developed in accordance with its By-laws and the Regulations of the Board of Directors. Pursuant to article 4.3 b) of the Regulations, the Board of Directors in full is responsible for approving, within the system called for in the By-laws, directors' remuneration.. According to article 14 of this Regulation, the Appointments and Remuneration Committee shall propose to the Board of Directors the system and amount of annual remuneration of Directors, the individual remuneration of executive Directors and the further conditions of their contracts. Article 23 of the Regulations of the Board of Directors establishes the principles on which remuneration of the Board of Directors shall be set: . The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. . In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of the Committees, conforms to the following guidelines: . external Directors must be remunerated according to their effective dedication; and . the amount of external Directors' remuneration must be calculated such that it offers incentives for dedication without undermining their independence. The remuneration of Directors, as established in the corporate By-laws and Regulations of the Board of Directors, shall be in line with the basic rules governing director remuneration set down in article 218 of the Corporate Enterprises Act. In this regard, article 34 of the By-laws states that the Board of Directors will receive remuneration of 4% of consolidated profit, net of general expenses, interest, tax and other amounts allocated to writedowns and D&A and after a 4% dividend has been paid out to shareholders. Directors carrying out executive duties will be entitled to receive remuneration for these duties, which may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In the event of departure not caused by a breach of their functions, directors may be entitled to compensation. Additionally, with prior approval from the Annual General Meeting, directors may receive compensation in the form of company shares or shares in another publicly traded group company, options or other share-based instruments.

Issues covered in the remuneration policy report
.

Role of the Remunerations Committee
Pursuant to article 14 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee shall propose to the Board of Directors the system and amount of annual remuneration of Directors, the individual remuneration of executive directors and further conditions of their contracts. In all its decision-making processes, the Appointments and Remuneration Committee has been able to check all significant data against corresponding market data or those of comparable companies, taking into account the size, characteristics and activities of the Company.

Have external consultancy firms used?	**NO**

Identity of external consultants

B.1.17 List any board members who are likewise members of the boards of directors, or executives or employees of companies that own significant holdings in the listed company and/or group companies.

Name or corporate name of director	Corporate name of significant shareholder	Position
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CEO
EVA AURÍN PARDO	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	SECOND VICE PRESIDENT
JAVIER IBARZ ALEGRÍA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR

Name or corporate name of director	Corporate name of significant shareholder	Position
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	FIRST VICE PRESIDENT

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

B.1.18 Indicate whether any changes have been made to the Regulations of the Board of Directors during the year.

YES

Changes made
The Regulations of the Board of Directors of CaixaBank, the revised text of which is available at the websites of the Company and of the CNMV, is the result of a revised wording of the following articles of the Regulations of the Board: 1 (´Origin and duties´), 15 (´Meetings of the Board of Directors´) and 34 (´Relations with shareholders´). These amendments were agreed at the Board Meeting of March 8, 2012 in order to bring the Regulations into line with the Corporate Enterprises Act. Shareholders were notified of these amendments at the General Shareholders' Meeting on April 19, 2012 which were subsequently registered in the Barcelona Mercantile Register on April 18, 2012 and filed with the CNMV.

B.1.19 Indicate the procedures for the appointment, re-electing, appraising and removing directors. List the competent bodies and the processes and criteria to be followed for each procedure.

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

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

The Board will also strive to ensure that the group of external directors includes stable significant shareholders of the Company or their representatives (stakeholder Directors) and persons of recognized experience who have no relationship with the executive team or significant shareholders (independent Directors). The above definitions of Directors' profiles shall be interpreted in line with the recommendations of good corporate governance which are applicable at any given time.

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

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

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

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

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

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

In the event of the conditions described in B.1.20 below, directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation.

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

B.1.20 Indicate the cases in which directors must resign.

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

a) when they depart the executive positions with which their appointment as Director was associated;

b) when they are subject to any of the cases of incompatibility or prohibition provided by law;

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

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

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

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

B.1.21 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

NO

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

YES

Explanation of rules
Articles 15 and 36.1 of the Regulations of the Board of Directors and the By-laws stipulate that the Board of Directors must meet when requested to do so by at least two (2) of its members or one of the independent Directors. In this case, the meeting will be called by the Chairman, through any written means, addressed personally to each director, to be held within fifteen (15) days following the request at the registered office. No director is expressly entrusted with the task of coordinating external directors. This task is considered to be unnecessary given the qualitative composition of CaixaBank's Board where nearly all directors are external (18 out of the 19 members). The Board, as a plenary body, shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the Company; and the functioning of the Committees.

B.1.22. Are qualified majorities, other than legal majorities, required for any type of decisions?

NO

Describe how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions.

B.1.23 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman.

NO

B.1.24. Indicate whether the Chairman has the casting vote.

YES

Business in relation to which a casting vote may be used
Articles 35. (iv) and 16.4 of the By-laws and of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

B.1.25. Indicate whether the bylaws or the regulations of the Board of Directors set any age limit for directors.

NO

Age limit for Chairman	Age limit for CEO	Age limit for directors
0	0	0

B.1.26 Indicate whether the by-laws or the regulations of the Board of Directors set a limited term of office for independent directors.

YES

Maximum number of years in office	**12**

B.1.27 If there are few or no female directors, explain the reasons and describe the initiatives adopted to remedy this situation.

Explanation of reasons and initiatives
At December 31, 2012 women comprised 26.3% of the Board of Directors. Women comprise 40% of the independent Directors and 43% of the members of the Executive Committee. This percentage, though not equal, and which could increase at any time, is higher than the average for companies on the IBEX 35. It is therefore deemed to be neither few nor non-existent.

In particular, indicate whether the Appointments and Remunerations Committee has established procedures to ensure the selection processes are not subject to implicit bias that will make it difficult to select female directors, and make a conscious effort to search for female candidates who have the required profile.

YES

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

B.1.28 Indicate whether there are any formal processes for granting proxies at board meetings. If so, give brief details.

Article 16 of the Regulations of the Board of Directors stipulates that directors will do everything possible to attend the Board meetings. When they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The proxy shall be granted by any postal, electronic means or by fax, provided that the identity of the director is assured.

However, proxies are not usually granted with specific instructions so that proxies may adhere to the matters under discussion by the Board.

B.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance.

Number of Board meetings	16
Number of Board meetings held in the absence of its chairman	0

Indicate how many meetings of the various board committees were held during the year.

Number of meetings	22
Number of Audit Committee meetings	11
Number of Appointments and Remuneration Committee meetings	10
Number of meetings	0
Number of meetings	0

B.1.30 Indicate the number of board meetings held during the year without the attendance of all members. Non-attendance will also include proxies granted without specific instructions.

Number of non-attendances by directors during the year	24
% of non-attendances of the total votes cast during the year	8.276

B.1.31 Indicate whether the individual and consolidated financial statements submitted for approval by the board are certified previously.

NO

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for preparation by the board.

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

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

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

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

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

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

B.1.33 Is the Secretary of the board also a director?

NO

B.1.34 Explain the procedure for appointing and removing the Secretary of the board, indicating whether his/her appointment and removal have been notified by the Appointments Committee and approved by the board in plenary session.

.

Appointment and removal procedure
Article 4 of the Regulations of the Board of Directors stipulates that the Secretary shall be appointed, and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments and Remuneration Committee.

Does the Appointments Committee propose appointments?	YES
Does the Appointments Committee advise on dismissals?	YES
Do appointments have to be approved by the board in plenary session?	YES
Do dismissals have to be approved by the board in plenary session?	YES

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

YES

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditors, of financial analysts, of investment banks and of rating agencies.

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

In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must contain an opinion of the provision of the aforementioned services.

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

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

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

B.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the new audit firm and the previous firm.

NO

Outgoing auditor	Incoming auditor

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

NO

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

YES

	Company	Group	Total
Amount for other non-audit work (in thousand €)	903	479	1,382
Amount of other non-audit work as a % of total amount billed by audit firm	23.479	26.089	24.320

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

NO

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

	Company	Group
Number of consecutive years	12	12
Number of years audited by current audit firm /Number of years the company accounts have been audited (%)	100.0	100.0

B.1.40 List any equity holdings of the members of the company's Board of Directors in other companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its group, and which have been reported to the company. Likewise, list the posts or duties they hold in such companies.

Name or corporate name of director	Corporate name of the company in question	% stake	Post or duties
ISIDRO FAINÉ CASAS	CITIGROUP	0.000	N/A
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	CHAIRMAN
ISIDRO FAINÉ CASAS	BANCO SANTANDER, S.A.	0.000	N/A
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	THE ROYAL BANK OF SCOTLAND, PLC	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.000	N/A
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	CEO
JUAN MARÍA NIN GÉNOVA	ERSTE GROUP BANK	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BARCLAYS BANK, PLC	0.000	N/A
JUAN MARÍA NIN GÉNOVA	DEUTSCHE BANK, AG	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BNP PARIBAS	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BPI, S.A.	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GRUPO FINANCIERO INBURSA S.A.B DE C.V.	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BANCO SANTANDER, S.A.	0.000	N/A
DAVID K. P. LI	THE BANK OF EAST ASIA, LIMITED	3.200	CHAIRMAN
EVA AURÍN PARDO	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
EVA AURÍN PARDO	BANCO SANTANDER, S.A.	0.000	N/A
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	SECOND VICE PRESIDENT

JAVIER IBARZ ALEGRÍA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	GRUPO FINANCIERO INBURSA S.A.B DE C.V.	0.000	DIRECTOR
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	BANCO SANTANDER, S.A.	0.000	N/A
MARÍA TERESA BASSONS BONCOMPTE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.000	N/A
MARÍA TERESA BASSONS BONCOMPTE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	DEUTSCHE BANK, AG	0.000	N/A
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	0.000	FIRST VICE PRESIDENT
SUSANA GALLARDO TORREDEDIA	INVERSIONES AGRIPPA, SICAV, S.A.	1.390	N/A
SUSANA GALLARDO TORREDEDIA	BALEMA INVERSIONES, SICAV, S.A.	98.670	DIRECTOR
SUSANA GALLARDO TORREDEDIA	HERPRISA	0.000	CHAIRMAN
SUSANA GALLARDO TORREDEDIA	GESPRISA INVERSIONES, SICAV, S.A.	1.770	DEPUTY CHAIRMAN
SUSANA GALLARDO TORREDEDIA	RED ROCK INVEST, SICAV, S.A.	99.990	CHAIRMAN
SUSANA GALLARDO TORREDEDIA	LANDON INVESTMENTS, SCR DE RÉGIMEN SIMPLIFICADO	0.820	DIRECTOR
SUSANA GALLARDO TORREDEDIA	PRONOVIAS, S.L.	0.000	ADMINISTRATOR
SUSANA GALLARDO TORREDEDIA	PERCIBIL, S.L.	100.000	N/A
SUSANA GALLARDO TORREDEDIA	SUSANVEST, S.L.	100.000	N/A
SUSANA GALLARDO TORREDEDIA	PRONOVIAS INTERNATIONAL GROUP, S.L.	0.000	ADMINISTRATOR

B.1.41 Indicate and give details of any procedures through which directors may receive external advice.

YES

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

B.1.42 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies.

YES

Details of procedure
Article 21 of the Regulations of Board of Directors stipulates that Directors have the duty of diligently informing themselves on the running of the Company. For such purpose, they may request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and otherwise, to the Chief Executive Officer who will forward the request to the appropriate party in the Company. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director’s duty of confidentiality under these Regulations.

B.1.43 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstance that might harm the organization’s name or reputation, tendering their resignation as the case may be.

YES

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

B.1.44 Indicate whether any director has notified the company that he/she has been indicted or tried for any of the offences stated in article 124 of the Spanish Companies Act (LSA for its initials in Spanish).

NO

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office.

NO

Decision	Explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all committees of the Board of Directors and their members.

APPOINTMENTS AND REMUNERATIONS COMMITTEE

Name	Position	Type
ISABEL ESTAPÉ TOUS	CHAIRMAN	INDEPENDENT
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY
SUSANA GALLARDO TORREDEDIA	MEMBER	INDEPENDENT

AUDIT AND CONTROL COMMITTEE

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

EXECUTIVE COMMITTEE

Name	Position	Type
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
ISABEL ESTAPÉ TOUS	MEMBER	INDEPENDENT
JAVIER IBARZ ALEGRÍA	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	MEMBER	EXECUTIVE
MARIA DOLORS LLOBET MARIA	MEMBER	PROPRIETARY
SUSANA GALLARDO TORREDEDIA	MEMBER	INDEPENDENT

B.2.2. Indicate whether the Audit Committee is responsible for the following.

To supervise the preparation process and monitoring the integrity of financial information on the company and, if applicable, the group, and revising compliance with regulatory requirements, the adequate boundaries of the scope of consolidation and correct application of accounting principles.	YES
To regularly review internal control and risk management systems, so main risks are correctly identified, managed and notified.	YES
To safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit ; propose the Department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	YES
To establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES
To submit to the board proposals for the selection, appointment, reappointment and removal of the external auditor, and the engagement conditions.	YES
To receive regular information from the external auditor on the progress and findings of the audit program and check that senior management are acting on its recommendations.	YES
To ensure the independence of the external auditor.	YES
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	YES

B.2.3 Describe the organizational and operational rules and the responsibilities attributed to each of the board committees.

Committee name

AUDIT AND CONTROL COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

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

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

1.2) Responsibilities

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

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

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

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

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

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

(vi) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;
In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.
In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;

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

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

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

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

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

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

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

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

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

Committee name

APPOINTMENTS AND REMUNERATIONS COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

1.2) Responsibilities

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

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

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

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

(iv) to report on the appointments and departures of Senior Executives which the chief executive proposes

to the Board; (v) to report to the Board on matters of gender diversity; and

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

Committee name

EXECUTIVE COMMITTEE

Brief description

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

1.1) Organization and operation

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

It will be considered to have a valid quorum when the majority of its members are present or represented at its meetings.

Resolutions will be adopted by majority of the members in attendance, whether in person or by proxy.

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

B.2.4 Identify any advisory or consulting powers and, where applicable, the powers delegated to each of the committees.

Committee name
AUDIT AND CONTROL COMMITTEE
Brief description
See point B.2.3 above.

Committee name
APPOINTMENTS AND REMUNERATIONS COMMITTEE
Brief description
See point B.2.3 above.

Committee name
EXECUTIVE COMMITTEE
Brief description
See point B.2.3 above.

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

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

In compliance with article 13.6 of the Regulations of the Board of Directors, at its meeting on February 21, 2013 the Audit and Control Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2012.

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

Unlike the Audit and Control Committee Control which is obliged to prepare an annual activities report as stipulated in the Company's By-laws, the Appointments and Remuneration Committee is under no obligation to prepare an annual activities report.

In spite of this, at its meeting on February 21, 2013 the Appointments and Remuneration Committee approved its annual activities report detailing its performance during 2012.

Committee name

EXECUTIVE COMMITTEE

Brief description

There are no specific regulations for the Board committees. The Executive Committee is governed by applicable legislation, the company's By-laws and the Regulations of the Board of Directors. Aspects not specifically defined for the Executive Committee are governed by the rules of procedure set forth in the Regulations of the Board of Directors for general Board procedures and which is available on CaixaBank's website (www.caixabank.com).

There is no express mention in the Company's By-laws that the Committee must prepare an activities report. Nevertheless, and in line with its obligation to inform the Board of the main aspects covered and decisions taken at its meetings, at its meeting on February 21, 2013 the Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2012.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of directors.

YES

C – RELATED-PARTY TRANSACTIONS

C.1. Indicate whether the board plenary sessions have reserved the right to approve, based on a favorable report from the Audit Committee or any other committee responsible for this task, transactions which the company carries out with directors, significant shareholders or representatives on the board, or related parties.

YES

C.2 List any relevant transactions entailing a transfer of assets or liabilities between the company or its group companies and the significant shareholders in the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (in thousands €)
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CAIXABANK, S.A.	Dividends paid to shareholders	Dividends and other profits distributed	536,078

C.3 List any relevant transactions entailing the transfer of assets or liabilities between the company or its group companies and the company's managers or directors.

C.4 List any relevant transaction undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

Corporate name of the group company
BUILDINGCENTER, S.A.U.
Amount (in thousands €)
366709
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
BUILDINGCENTER, S.A.U.
Amount (in thousands €)
6604397
Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
BUILDINGCENTER, S.A.U.
Amount (in thousands €)
500000
Brief description of the transaction
Capital increase

Corporate name of the group company
BUILDINGCENTER, S.A.U.
Amount (in thousands €)
31730
Brief description of the transaction
Loan granted by CaixaBank

Corporate name of the group company
CAIXACARD 1 EFC, S.A.U
Amount (in thousands €)
2000000
Brief description of the transaction
Capital increase

Corporate name of the group company
CAIXACARD 1 EFC, S.A.U
Amount (in thousands €)
1840000
Brief description of the transaction
Premium returned to CaixaBank

Corporate name of the group company
CAIXACARD 1 EFC, S.A.U
Amount (in thousands €)
1502027
Brief description of the transaction
Loan granted by CaixaBank

Corporate name of the group company
CAIXACARD 1 EFC, S.A.U
Amount (in thousands €)
337973
Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, S.A.U.
Amount (in thousands €)
395236
Brief description of the transaction
Credit account drawn with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, S.A.U.
Amount (in thousands €)
203189
Brief description of the transaction
Credit account available with CaixaBank

Corporate name of the group company
SERVIHABITAT XXI, S.A.U.
Amount (in thousands €)
1350000
Brief description of the transaction
Marketable debt

Corporate name of the group company
SERVIHABITAT XXI, S.A.U.
Amount (in thousands €)
650000
Brief description of the transaction
Loan granted by CaixaBank

Corporate name of the group company
VIDACAIXA GRUPO, S.A.
Amount (in thousands €)
953000
Brief description of the transaction
Dividends received by CaixaBank

Corporate name of the group company
VIDACAIXA GRUPO, S.A.
Amount (in thousands €)
770028
Brief description of the transaction
Capital increase

Corporate name of the group company
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

914893

Brief description of the transaction

Other non-convertible securities acquired from CaixaBank

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

9318658

Brief description of the transaction

Term deposit with CaixaBank

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

1300000

Brief description of the transaction

Other term deposits with CaixaBank

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

1589000

Brief description of the transaction

Mortgage certificates and Bonds

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

10655062

Brief description of the transaction

Repurchase agreement with CaixaBank

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

900199

Brief description of the transaction

Reverse repurchase agreement with CaixaBank

Corporate name of the group company

VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS

Amount (in thousands €)

93141

Brief description of the transaction

Current account with CaixaBank

C.5 Identify, where appropriate, any conflicts of interest affecting company directors pursuant to article 127 of the LSA.

YES

Name or corporate name of director

ALAIN MINC

Description of the conflict of interest

He abstained from voting on transactions of senior executives subject to approval of the Board, providing details of the conditions, terms and guarantees given to the related parties.

Name or corporate name of director

EVA AURÍN PARDO

Description of the conflict of interest

She abstained from voting on resolutions regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees.

Name or corporate name of director

ISABEL ESTAPÉ TOUS

Description of the conflict of interest

She abstained from voting on transactions of senior executives subject to approval of the Board, providing details of the conditions, terms and guarantees given to the related parties.

Name or corporate name of director

ISIDRO FAINÉ CASAS

Description of the conflict of interest

He abstained from voting on resolutions regarding the agreement to sell its mutual funds depositary business, SICAVs and pension and credit funds to CECA and the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

JAVIER GODÓ MUNTAÑOLA

Description of the conflict of interest

He abstained from voting on resolutions regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees to the related parties.

Name or corporate name of director

JAVIER IBARZ ALEGRÍA

Description of the conflict of interest

He abstained from voting on resolutions regarding his appointment as a member of the Executive Committee and the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

JUAN JOSÉ LÓPEZ BURNIOL

Description of the conflict of interest

She abstained from voting on the resolution regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

JUAN MARÍA NIN GÉNOVA

Description of the conflict of interest

He abstained from voting on resolutions concerning his re-election as Deputy Chairman and CEO, the settlement of the variable remuneration for the Deputy Chairman and CEO and senior executives for 2011 and the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

JUAN ROSELL LASTORTRAS

Description of the conflict of interest

He abstained from voting on resolutions regarding the change of his status from independent Director to other external Director and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees to the related parties.

Name or corporate name of director

LEOPOLDO RODÉS CASTAÑÉ

Description of the conflict of interest

He abstained from voting on resolutions regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees to the related parties.

Name or corporate name of director

MARIA DOLORS LLOBET MARIA

Description of the conflict of interest

She abstained from voting on transactions subject to approval by the Executive Committee, providing details of conditions, terms and guarantees to the related parties from voting at the Board Meetings on the resolution concerning the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

MARÍA TERESA BASSONS BONCOMPTE

Description of the conflict of interest

She abstained from voting on the resolution regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank.

Name or corporate name of director

MIQUEL NOGUER PLANAS

Description of the conflict of interest

He abstained from voting on transactions of senior executives subject to approval of the Board, providing details of the conditions, terms and guarantees given to the related parties.

Name or corporate name of director

SALVADOR GABARRÓ SERRA

Description of the conflict of interest

He abstained from voting on resolutions regarding the transfer of Monte de Piedad's activity from la Caixa to CaixaBank and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees to the related parties.

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

Directors and Executives

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

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

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

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

Significant shareholders

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

The Protocol's main purpose is:

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

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

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

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

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

NO

Identify the listed subsidiaries in Spain.

D - RISK CONTROL SYSTEMS

D.1. Give a general description of risk policy in the company and/or its group, detailing and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

Introduction

At the CaixaBank Group, global risk management aims to ensure the Company's robust risk profile, preserve capital adequacy and optimize the return/risk ratio by identifying, measuring and assessing risks and ensuring that they are always taken into account in the CaixaBank Group's business decision-making process.

This way, it sets a risk profile that is aligned with the Group's strategic objectives. It helps the Group develop a system of authorization levels based on all fundamental risk variables and transaction amounts, and it enables it to quantify risks using scenarios based on capital use and expected loss.

The Board of Directors of CaixaBank is the Group's highest risk-policy setting body. The Board-approved General Risk Management Principles can be summarized as follows:

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

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

The risks incurred as a result of Group activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, reputational risk and regulatory compliance risk. CaixaBank has a division in charge of Group risks. Global Risk Management, which reports to the Risk division, is the global control unit that implements the role of independence required under Basel II, with the responsibility to supervise the soundness of the assets and the solvency and guarantee mechanisms.

As explained below (section G), Treasury and Capital Markets is in charge of managing the balance sheet and liquidity with the independent supervision of the Corporate Risk Models division, which reports to Global Risk Management.

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

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

All risk measurement, monitoring and management work is carried out in accordance with the guidelines of the Basel Committee on Banking Supervision and legislation in European directives and Spanish legislation. The CaixaBank Group agrees with the need for this accord and the principles giving rise to it because it encourages better risk management and measurement and makes capital requirements sensitive to the risks actually incurred.

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

Risk management policy: main executive responsibilities

Global Risk Management at CaixaBank, which directly reports to the Risk division, is the global oversight unit that implements the role of independence required under Basel II, with the responsibility manage risks at corporate level and to supervise the healthy state of the asset and capital adequacy and security mechanisms.

Its objectives are the identification, assessment and integration of exposures and the risk-adjusted return in each activity from the global perspective of the CaixaBank Group and in accordance with its business strategy.

One of its most significant tasks, in collaboration with other areas of the Company, is to lead implementation in the entire Territorial Network of instruments for integral management of risks under the guidelines of Basel II, in order to assure balance between the risks assumed and the expected returns.

The work of the Risk Models division at CaixaBank, which reports to Global Risk Management, is structured on the basis of modeling the most significant risks, such as:

. Credit risk: definition, validation and monitoring of models of measuring portfolio risk, at transaction and client level (ratings, scorings, probability of default - PD - loss given default - LGD - and exposure-EAD-) and the development of tools for their integration in processes and their monitoring. These measurements are used to determine the regulatory and economic minimum capital requirements and the risk-adjusted return of the portfolio.

. Market risk: monitoring and control of risk of own positions, independent supervision of control of balance-sheet and liquidity risks managed by Treasury and Capital Markets.

. Operational Risk: definition and implementation of operational risk management model, development of policies, methodologies and tools necessary to continuously improve quality of management of business, and measurement of the equity necessary to cover this risk, initially with the standard method.

. Risk Aggregation and Economic Capital: aggregation of all risks, taking into account typologies and studying the interactions between them.

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

Risk management committees

The Board of Directors of CaixaBank is the Group's highest risk-policy setting body. Acting in line with the duties assigned by the Board, the senior executives are members of the following risk management committees:

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

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

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

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

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

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

A main factor behind recent changes in the Group was the merger and absorption of Banca Cívica by CaixaBank carried out in August 2012. Note 3 to the CaixaBank Group's consolidated financial statements contains additional information on this issue. This document is available on the Group's website (http://www.caixabank.com).

Credit risk measurement and rating

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

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure

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

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

Probability of default

CaixaBank uses management tools covering virtually all of its lending business to help estimate the probability of default (PD) associated with each borrower. The tools are either product-oriented or customer-oriented. Product-oriented tools take account of the debtor's specific characteristics in relation to the product concerned, and are used basically in connection with the approval of new retail banking transactions. Customer-orientated tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. Customer-orientated tools include behavioral "scoring" models for individuals and ratings for companies, and are implemented throughout the branch network as part of the ordinary credit approval tools.

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

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

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

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

Loss Given Default

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

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

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

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

Unexpected loss and economic capital

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

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

Traditionally, two concepts have been distinguished:

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

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

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

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

Risk-adjusted return (RAR)

Tools for measuring profitability against risk by business and customer continued to be developed during 2012 to improve control over the return-risk ratio for shareholders. The RAR tool is currently set up in the business and banking network. During the year, a pilot test was conducted in the SMEs segment in the universal network.

Market risk in trading activities

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

The Bank of Spain approved the internal model for estimating capital for market risk of trading activities in 2006. The scope of the model covers virtually all the strict treasury positions and the trading derivatives over investees.

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

The two most commonly-used methods for measuring risk are sensitivity and VaR (value at risk).

Sensitivity calculates risk as the impact on the value of positions of a minor change in the risk factors, as follows:

. For interest rate and inflation risk, the change in the present value of each of the future flows (actual or forecast) is calculated based on changes of one basis point (0.01%) at all stages of the curve.

. For exchange rate risk, the change in the equivalent value of each currency flow is calculated according to variations of one percentage point (1 %) in the exchange rate.

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

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

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

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

Two methodologies are used to obtain this measurement:

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

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

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behavior of risk factors. The parametric VaR technique assumes fluctuations that can be modeled using normal statistical distribution.

Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, which are particularly necessary for options transactions, although it must be said that the risk associated with options has been a minor risk.

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

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

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

. Gross backtesting, which compares the total result obtained during the day (therefore including any intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

. Since January 2012, VaR measures are complemented by two risk metrics related to the new regulatory requirements: Stressed VaR and Increment Default and Migration Risk. Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon. Incremental Default and Migration Risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9% and a one-year time horizon.

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

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

. Historical scenario analysis: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, or the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 and concerns surrounding Spanish sovereign debt in 2011 and 2012.

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

Continued in G.1 (Notes). See Section G.1 for further details on risk management.

D.2 Indicate whether the company or group has been exposed to different types of risk (operational, technological, financial, legal, reputational, fiscal…) during the year.

YES

If so, indicate the circumstances and whether the established control systems worked adequately.

Risks occurring in the year

Balance sheet interest rate risk

Circumstances responsible for this occurrence

No critical risks occurred in 2012.

Operation of control systems

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

Risks occurring in the year

Credit risk

Circumstances responsible for this occurrence

NPL rate. At December 31, 2012, the Group's non-performing loans totaled €20,150 million (8.62%), at 31 December 2011 this figure was €9,567 million (4.90%).

Real estate development and foreclosed assets. At December 31, 2012, the Group's gross financing of real estate development stood at €26,992 million (€22.438 at December 31, 2011) and the net carrying amount of foreclosed assets was €5,088 million (€1,140 million at December 31, 2011). A main factor in the above was the merger and absorption of Banca Cívica by CaixaBank.

This situation compares very favorably with that of the resident private sector in the system total, which in eleven months has increased from 7.84% (December 31, 2011) to 11.38% (November 30, 2012, the last available date).

Operation of control systems

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

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

Risks occurring in the year

Market risk

Circumstances responsible for this occurrence

This year, the average VaR for the treasury area's trading activities was €5.1 million. The highest levels reached a maximum of €10 million in January, mainly as VaR anticipates a potentially different performance in the daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

Operation of control systems

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

Risks occurring in the year

Liquidity Risk

Circumstances responsible for this occurrence

Since the second half of 2007, financial markets have suffered the impact of an international crisis that continues at present. As a result of this crisis, wholesale funding markets have remained totally or partially closed, and due to the lack of economic growth and the increase in public indebtedness, a sovereign debt crisis has occurred in a majority of European countries. Therefore, the Institution is carrying on its business in an adverse climate owing to the difficulties of Spanish banks in accessing to wholesale funding markets and the uncertainty that has arisen regarding European sovereign debt.

The Institution has dealt with these difficulties by implementing mechanisms to manage its liquidity in a secure manner:

Maintaining a comfortable liquidity cushion and prudent business limits.

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

c) An issues policy with low dependence on wholesale markets and a balanced distribution of maturities.

d) The Institution has a comfortable cushion of collateralized assets in the ECB that allow for immediate liquidity to be able to deal with any liquidity tensions or crisis situations.

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

f) The Institution has obtained financing at the special 3-year liquidity auctions by the Central European Bank.

g) Illiquid assets were made liquid via the issue of mortgage covered bonds in order to increase the assets used as collateral with the ECB in order to obtain immediate liquidity.

h) Optimizing collateral through the settlement of various securitization funds.

Operation of control systems

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

D.3 Indicate whether there is a committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, please explain its duties.

Name of the Committee or Body

AUDIT AND CONTROL COMMITTEE

Description of duties

Notwithstanding the risk management and control functions of the Board of Directors, the Audit and Control Committee is entrusted with overseeing the process for preparing and submitting regular financial account information and the effectiveness of the Company's internal control environment, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.

D.4 Identify and describe the processes for compliance with the regulations applicable to the company and/or its group.

Audit, Internal Control and Compliance

After the "la Caixa" Group's reorganization in 2011, which culminated with the creation of CaixaBank (listed company), and in the wake of the recent integration of financial institutions, the Group has become far more complex.

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

Against this backdrop, Audit, Internal Control and Regulatory Compliance is in charge of ensuring the correct performance of and supervising the Group's internal control framework.

It reports systematically to CaixaBank's Executive Vice President - CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group's internal control framework.

This division comprises three organizational units (Internal Control, Compliance and Internal Audit) in accordance with the guidelines set out by the EBA (European Banking Authority) in the EBA Guidelines on Internal Governance 27/09/2011 (adopted by the Bank of Spain on 27/06/2012).

Internal Control

In order to reinforce the control structures, Internal Control was created in 2012 with the mission of ensuring management and the governing bodies that the necessary controls were in place, designed correctly and operating efficiently to manage the CaixaBank Group's risks, thereby generating confidence for stakeholders.

Its main duties are:

- Coordination of the Risk Map and Corporate Controls
- Collaboration with the Business Areas in the description and, as appropriate, the design of risk control protocols for their businesses and action plans to remedy any deficiencies in weakness in control.
- Synthetic, periodic and systematic reporting of information to senior management and governing bodies on the Group's control environment.

This function's activity is cross-cutting as it assesses risk control mechanisms that affect the entire set of activities and businesses carried out by the Group.

Compliance

Compliance risk

Compliance policy at "la Caixa" is based on the principles of integrity and ethical conduct, the cornerstones of the "la Caixa" Group's business, and includes the prevention of money laundering and the financing of terrorism.

The mission of Compliance

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

This mission involves carrying out a number of activities, such as: creating, publicizing and implementing the culture of compliance at all levels of the organization, advising senior executives with respect to compliance, drawing up and/or promoting

internal rules and codes, or improving those that already exist, defining effective procedures, and proposing suitable controls. Any risk of non-compliance must be detected, and if necessary proposals must be made with a view to improvement. Any shortcomings must be monitored and examined using the principles of ethical conduct.
Compliance manages a Confidential Consulting and Reporting Channel available to employees and through which they can clear up any doubts or report any possible breach of compliance with the "Code of Ethics and Action Principles" and the "Code of Telematic Conduct". All notifications, which are confidential, are forwarded to the Compliance department. This channel includes a specific procedure for reporting irregularities of a financial and/or accounting nature.
To achieve its objectives, Compliance drafts assessment reports on compliance with regulations to identify the risks and follows up improvements. Improvements are monitored monthly until completion.
Compliance regularly reports on its activities to senior management and the Audit and Control Committee.

Money laundering prevention

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

The functions delegated expressly by the Money Laundering Prevention Committee in the Money Laundering Prevention Operating Unit (MLPOU) and carried out in the year are as follows:

- Receive notifications by employees and analyze the relevant information.
- Present within the time limit and the manner stipulated the regular statements required by money laundering prevention regulations.
- Comply promptly, safely and efficiently with requirements to report to the competent authorities on matters of money laundering prevention.

Internal Audit

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

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

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

- Evaluation of the quality and effectiveness of the Group's Internal Control framework in to order guarantee its correct performance and the mitigation of the main risks.
- Review of compliance with internal and external regulations.
- Evaluation of the appropriateness of the activities carried out by the various group units, ensuring that a system to detect fraud is in place.

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

- Monitoring the annual planning focused on the main risks and approved by the Audit and Control Committee.
- Handle requests by the Board of Directors, Senior Management and supervisory authorities.
- Ensure the efficient use of resources by enhancing remote auditing, engaging qualified auditors and appropriate outsourcing arrangements.

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

E - GENERAL SHAREHOLDERS' MEETINGS

E.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's bylaws. Describe how it differs from the system established in the LSA.

NO

	Difference in % of quorum as set out in art. 102 of the LSA for certain circumstances 102 of the LSA for certain circumstances	Quorum % other than that established in article 103 of the LSA for the special cases described in article 103
Quorum required for first call	0	0
Quorum required for second call	0	0

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

NO

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

E.3 List all shareholders' rights regarding the General Shareholders' Meetings other than those established under the LSA.

The Company's By-laws and the Regulations of the General Meeting recognize all shareholders' rights established under the Corporate Enterprises Act.

In the manner and within the terms laid down in law, the Board of Directors must provide the information that the shareholders request, pursuant to the stipulations therein, except in cases where this is legally inadmissible, and in particular when, in the Chairman's opinion, making such information public would be detrimental to the interests of the Company. Information may not be refused when the corresponding request is supported by shareholders representing at least 25% of the share capital.

In addition, the shareholders of CaixaBank may access information on the Annual Financial Statements, the management report and the audit report, both individual and consolidated, as well as proposed resolutions, reports and other documentation submitted at the General Shareholders' Meeting for approval on the Company's corporate website (www.caixabank.com).

The By-laws, the Regulations of the General Meeting and of the Board of Directors as well as CaixaBank's Code of Conduct on Matters Relating to the Securities Market are available on the website along with the Internal Protocol of Relationships between CaixaBank and Caja de Ahorros y Pensiones de Barcelona, la Caixa and the novation agreement.

It is also important to mention that on occasion of the notice of meeting and prior to the scheduled date for each General Meeting, the Company sets up an Electronic Shareholders' Forum on its website. The forum features the necessary security measures and is available to individual shareholders and to any voluntary groups of shareholders that may be created in accordance with applicable law, the aim being to raise awareness of, and provide information on the General Meeting before it is held.

Shareholders may use the forum to post any additional motions they may wish to add to the agenda published in the notice of meeting, along with requests for adherence to such proposed motions, initiatives aimed at reaching the legally envisaged percentage for exercising minority rights, and likewise offers of, or requests for, voluntary representation.

The Company's By-laws and the Regulations of the General Meeting stipulate that all shareholders who own at least one thousand (1,000) shares, whether individually or when pooled with other shareholders, will be entitled to attend the General Meeting, insofar as they have such shares recorded in the appropriate register of dematerialized shares at least five days ahead of the scheduled date for the meeting.

E.4 Indicate the measures, if any, adopted to encourage shareholder participation at General Shareholders' Meetings.

The Company's By-laws and, more specifically, the Regulations of General Shareholders' Meeting, guarantee and facilitate the exercise of the shareholders' rights regarding the General Meeting; shareholders may, among other matters, request information about the Agenda prior to or at the Meeting; they have access to the General Meeting documents through the company's website; they can benefit from simultaneous interpretation services at the General Meeting and have the possibility of delegating their right to vote on proposed resolutions pertaining to the items included on the agenda or exercising this right by postal, electronic correspondence or any other remote communications means.

In addition, the Company sets up an Electronic Shareholders' Forum on its website, the aim being to facilitate communication between shareholders. On this forum, they can post any additional motions to the agenda published in the notice of meeting, along with requests for adherence to such proposed motions, initiatives aimed at reaching the legally envisaged percentage for exercising minority rights, and likewise offers of, or requests for, voluntary representation.

As in previous years, and in addition to the measures expressly stated in its internal regulations, at the last Annual and Extraordinary General Shareholders' Meetings, the Company adopted further measures to encourage shareholder participation: the meeting notice was published in more media than legally required, specifying the probability that the Meeting would be held at first call; information aimed at facilitating the attendance and participation of shareholders was published on the Company's website including instructions on exercising or delegating voting rights through remote communications means; information about the venue for the General Meeting and instructions on how to get there, an e-mail address and telephone number for the shareholders to use should they have any doubts, facilities and special areas for disabled shareholders as well as sign language interpreters and the possibility of following the Meeting live on the Company's website.

Shareholders at the Annual General Shareholders' Meeting on April 19, 2012 voted to amend certain articles of the By-laws. Amendments include, inter areal, specification that given that the Company allows shareholders to exercise their voting rights and proxies through means of remote communication, the restriction of owning a minimum of one thousand shares to be able to attending the General Meeting would only apply to those attending physically.

Therefore, following this amendment, shareholders do not have to hold a minimum number of shares in order to be eligible to attend the Annual General Meeting (either physically or by proxy) and exercise their voting rights through means of remote communication.

E.5 Indicate whether the General Shareholders' Meeting is presided by the Chairman of the Board of Directors. List measures, if any, adopted to guarantee the independence and correct operation of the General Shareholders' Meeting.

YES

Details of measures
General Meetings will be chaired by the Chairman of the Board of Directors and, in the absence thereof, by the corresponding Vice-Chairman in order of priority. In the absence of both, the oldest director shall act as Chairman. The Company's Regulations of the General Meeting details the operation of the meeting in order to guarantee its independence and correct operation. Additionally, on its own initiative, the Board of Directors requires the presence of a Notary to take minutes during the General Meeting, guaranteeing the neutrality to shareholders.

E.6 Indicate the amendments, if any, made to the General Shareholders' Meeting regulations during the year.

The current Regulations of the General Meeting of CaixaBank are designed to adapt the previous version to regulatory changes, eliminate references to specific articles of the Spanish Corporate Enterprises Act and to introduce technical and wording improvements and bring certain articles into line with the By-laws, namely: article 7 (´Right to Information´), article 7bis (´Online Forum for Shareholders´), article 8 (´Right of Attendance´), article 10 (´Proxies to attend the General Meeting´), article 17 (´Right to Information during the General Meeting´), article 19 (´Voting on Resolutions´), article 20 (´Adoption of Resolutions and Adjournment of the Meeting´) and article 22 (´Publication of Resolutions´).

The amendments were entered in the Barcelona Companies Register on July 13, 2012.

E.7 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

Attendance figures					
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
19/04/2012	81.553	2.706	0.034	0.017	84.310
26/06/2012	81.546	2.545	0.044	0.018	84.153

E.8 Briefly indicate the resolutions adopted at the General Shareholders' Meetings held during the year and the percentage of votes with which each resolution was adopted.

The resolutions adopted at the Annual General Shareholders' Meeting on April 19, 2012 and the percentage of votes by which each resolution was adopted are as follows:

1) Approval of the individual and consolidated annual financial statements and management reports for the year ending December 31, 2011 - 99.977%;

2) Board of Directors' management - 99.978%;

3) Proposed appropriation of profit - 99.981%;

4.1) Re-election of Juan María Nin Génova – 99.472%

4.2) Ratification and appointment of John S. Reed – 99.958%

4.3) Ratification and appointment of M Teresa Bartolomé Gil – 99.861%

5) Revocation of the third capital increase charged to reserves approved at the General Shareholders' Meeting on May 12, 2011 – 99.981%

6.1) Capital increase charged to reserves. Choice of selling free subscription rights to the Company or selling them on the market - 99.981%;

6.2) Second capital increase charged to reserves. Choice of selling free subscription rights to the Company or selling them on the market - 99.979%;

7) Ratification of the new corporate web site – 99.989%;

8.1) Modification of corporate By-laws to adapt them to recent regulatory changes - 99.969%;

8.2) Modification of corporate By-laws: articles regarding attendance at the General Shareholders' Meeting. Approval of restated text – 99.969%;

9) Modification of the Regulations of the General Meeting of Shareholders. Approval of restated text – 99.713%;

10) Authorization to increase capital via monetary contributions and for a maximum nominal amount of €1,920,051,737.5 - 98.408%;

11) Delegation of powers to issue convertible and/or exchangeable securities, warrants or other analogous securities - 98.541%;

12) Delegation of powers to issue fixed income securities or similar debt instruments - 99.938%;

13) Authorization for the derivative acquisition of treasury stock - 99.856%;

14) Reappointment of the Auditors of the Accounts of the Company and its Consolidated Group for 2013 - 99.972%;

15.1) Amendment of the variable remuneration scheme for 2011 for the Deputy Chairman and the Chief Executive Officer – 99.908%;

15.2) Ratification of the amendment of the variable remuneration scheme for 2011 for other beneficiaries – 99.936%;

15.3) Modification of the variable remuneration scheme for 2012 – 99.854%;

16) Reduction of the term for convening Extraordinary General Meetings – 99.708%;

17) Authorization and delegation of powers in favor of the Board of Directors in order to execute the above resolutions – 99.981%;

18) Advisory vote on the report on directors' remuneration policy - 99.747%;

19) Information on modified Regulations of the Board of Directors – Information item

20) Communication of the balance sheets that served as the basis for and the terms of the two capital increases charged to reserves approved at the General Shareholders' Meeting of May 12, 2011 – Information point

21) Communication of the reports for the purposes of the provisions of article 511 of the Corporate Enterprises Act – Information point

CaixaBank also held an Extraordinary General Meeting on June 26, where the resolutions adopted and the percentage of votes by which each resolution was adopted are as follows:

1) Merger and absorption of Banca Cívica, S.A. by CaixaBank, S.A. - 99.976%;

2.1) Appointment of Eva Aurín Pardo – 99.885%;

2.2) Appointment of M Teresa Bassons Boncompte – 99.887%;

2.3) Appointment of Javier Ibarz Alegría – 99.845%;

2.4) Set the number of members of the Board of Directors at 19 – 99.856%;

2.5) Appointment of Antonio Pulido Gutiérrez – 99.779%;

2.6) Appointment of Enrique Goñi Beltrán de Garizurieta – 99.779%;

3) Amendment of article 1 of the By-laws – 99.976%;

4) Ratification of the amendment to the terms and conditions of issuance of subordinated mandatorily convertible and/or exchangeable bonds, Series I/2012 – 99.978%;

5.1) Capital increase charged to reserves. Choice of selling free subscription rights to the Company or selling them on the market - 99.981%;

5.2) Second capital increase charged to reserves. Choice of selling free subscription rights to the Company or selling them on the market - 99.980%;

6) Delegation of powers – 99.984%

E.9 Indicate whether the bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

YES

Number of shares required to attend the General Shareholders' Meetings	1000

E.10 Indicate and explain the policies pursued by the company with reference to proxy voting at the General Shareholders' Meeting.

As stipulated in the By-laws and, more specifically, the Regulations of General Shareholders' Meeting, any shareholder entitled to attend may grant a proxy authorising another person, whether or not a shareholder, to represent them at the General Meeting. Proxies must be appointed specifically for each meeting, in writing or by means of remote communication that duly guarantees the identity of the principal.

If a public request for representation is effected in accordance with Article 186 of the Corporate Enterprises Act, the director that obtains such representation will be subject to the limitation on voting rights envisaged under Article 526 of the same Act.

Prior to the Annual General Shareholders' Meeting and the Extraordinary Meeting of April 19 and June 26, respectively, the Board of Directors approved the use of voting and delegation via electronic communication, and established the methods and rules to grant representation and the casting of votes via distance communication, both by post and by e-mail. The Company included this information in the General Meeting's meeting notice and on its website.

In addition, the Company set up an Electronic Shareholders′ Forum on its website to facilitate communication between shareholders prior to the Meeting, under the terms of the Corporate Enterprises Act, whose rules of procedure were approved by the Board of Directors of the Company.

E.11 Indicate whether the company is aware of the policy of institutional investors on whether or not to participate in the company's decision-making processes.

NO

E.12 Indicate the address and mode of accessing corporate governance content on your company's website.

The CaixaBank website (www.caixabank.com) contains and disseminates all the information required by the Corporate Enterprises Act and Ministerial Order ECO/3722/2003, of December 26.

There is a specific section on the main page of the CaixaBank corporate website entitled: Shareholders and Investors, where corporate governance information can be consulted under the section entitled Corporate Governance.

The website also has other sections that complement this information and provide further information.

F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations. Should the company not comply with any of the afore-mentioned recommendations, explain the recommendations, rules, practices or criteria the company applies.

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

See sections: A.9, B.1.22, B.1.23, E.1 and E.2

Compliant

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

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

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

See sections: C.4 and C.7

Compliant

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

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

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

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

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Compliant

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

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

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

See section: E.8

Compliant

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

See section: E.4

Compliant

7. The Board of Directors should perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.

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

Compliant

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

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

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

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate Governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and evaluation of senior officers;

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

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

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

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

See section: B.1.14

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

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

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

v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

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

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

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

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

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

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

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

See sections: C.1 and C.6

Compliant

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

See section: B.1.1

Explain

At December 31, 2012 the Board of Directors comprised 19 members.

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

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

See sections: A.2, A.3, B.1.3 and B.1.14

Compliant

11. In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

See section: B.1.3

Compliant

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

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

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

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

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

Compliant

13. The number of independent directors should represent at least one third of all board members.

See section: B.1.3

Explain

At December 31, 2012 the Board of Directors comprised 19 members, five of which are independent. At its meeting on June 26, 2012, the Board of Directors resolved to change the status of one of the independent Directors to other external Director, thereby reducing the number of external Directors from six to five after that date.

It must also be noted that CaixaBank's free float at December 31, 2012 was 22.84% (taking into account the participation of la Caixa, Caja Navarra, Cajasol and treasury shares at that date), which is lower than the 26.32% represented by the independent Directors.

In other words, even though the independent Directors do not mathematically represent one third of all board members, minority shareholders are represented on the CaixaBank board proportionally with five independent Directors.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose

the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1 4

Compliant

15. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

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

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

See sections: B.1.2, B.1.27 and B.2.3

Compliant

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

See section: B.1.42

Compliant

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

See section: B.1.21

Not applicable

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

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

b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;

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

In order to strengthen the independence and professionalism of the Secretary post, his or her appointment and removal should require a report from the Nomination Committee, and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: B.1.34

Compliant

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

See section: B.1.29

Complia
nt

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

See sections: B.1.28 and B.1.30

Partially compliant

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

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

Compliant

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

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

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

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

See section: B.1.19

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Compliant

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

See section: B.1.41

Compliant

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

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

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

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

See sections: B.1.8, B.1.9 and B.1.17

Compliant

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

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

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

See section: B.1.2

Compliant

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

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

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

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

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

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Compliant

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

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

Compliant

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Compliant

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

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Compliant

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

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

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

Not applicable

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

See section: B.1.5

Compliant

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) the amount of the fixed components, itemized where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;

b) Variable components, in particular:

i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:

i) Duration;

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Compliant

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

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

See sections: A.3 and B.1.3

Compliant

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

Compliant

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

Compliant

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

Compliant

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Compliant

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

a) A breakdown of the compensation obtained by each company director, to include where appropriate:

i) Participation and attendance fees and other fixed director payments;

ii) Additional compensation for acting as chairman or member of a board committee;

iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;

iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;

v) Any severance packages agreed or paid;

vi) Any compensation they receive as directors of other companies in the group;

vii) The remuneration executive directors receive in respect of their senior management posts;

viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:

i) Number of shares or options awarded in the year, and the terms set for their execution;

ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;

iv) Any change in the year in the exercise terms of previously awarded options.

c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Compliant

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

See sections: B.2.1 and B.2.6

Compliant

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

Explain

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

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

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

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

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

c) Committees should be chaired by an independent director.

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

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

See sections: B.2.1 and B.2.3

Partially compliant

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

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

Compliant

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Compliant

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

Compliant

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

Compliant

49. Control and risk management policy should specify at least:

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

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

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

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

See section: D

Compliant

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

   a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

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

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

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

2. With respect to the external auditor:

   a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of the engagement thereof.

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

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

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

      ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;

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

   d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

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

Compliant

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

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

b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group. c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Compliant

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

See section: B.1.38

Compliant

54. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See section: B.2.1

Compliant

55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

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

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

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

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

See section: B.2.3

Compliant

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

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

Compliant

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

a) Make proposals to the Board of Directors regarding:

i) The remuneration policy for directors and senior officers;

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

iii) The standard conditions for senior officer employment contracts.

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

See sections: B.1.14 and B.2.3

Compliant

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

Compliant

G - OTHER INFORMATION OF INTEREST

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the company that have not been covered by this report.

A.2 – As a result of the capital increase carried out by CaixaBank, S.A. to partly cover the exchange of shares in Banca Cívica, S.A., at August 3, 2012 the stake held by Caja de Ahorros y Pensiones de Barcelona, la Caixa in CaixaBank, S.A. was 76.391%, down from 80%.

Also, as a result of the capital increase carried out by CaixaBank, S.A. to carry out the conversion of 50% of the nominal value of the mandatorily convertible bonds of series I/2011, at December 12, 2012 the stake held by Caja de Ahorros y Pensiones de Barcelona, la Caixa in CaixaBank, S.A. was 73.794%, down from 75%. However, as it is not possible to indicate this threshold on the ACGR form we have once again noted that it DECLINED from 80%.

A.6 – The share capital affected by the shareholder agreement notified to the Company is 80.597%. This percentage represents the shares in Cajasol, Caja Canarias and Caja Burgos (´the Savings Banks´) and Caja de Ahorros y Pensiones de Barcelona, ´la Caixa´ owned by CaixaBank at August 1, 2012.

A.8 - Within the framework of authorization to acquire treasury stock granted by the CaixaBank General Shareholders' Meeting, in order to increase the liquidity of shares on the market and regularize their trading, on July 29, 2010 the Board of Directors approved the acquisition of company shares up to a maximum net balance of 50 million shares, provided the net investment was less than €200 million. This authorization also includes a disposal entitlement, depending on the prevailing market conditions.

Notwithstanding the authorizations previously approved by the Company's Board of Directors, and specifically for shares arising from exercise of the right of withdrawal as a result of the resolutions concerning the merger by absorption of MicroBank de “la Caixa”, S.A., Sociedad Unipersonal by the Company, and subsequent changes to the Company's corporate purpose, approved by the Company's General Shareholders Meeting on May 12, 2011, on June 17, 2011 the Board of Directors agreed to authorize disposal of these shares by any lawful means. Thus, since there is a specific Board agreement for shares arising from exercise of the right of withdrawal, these shares are not taken into consideration for the purposes of calculating the investment threshold.

Likewise, on March 8, 2012, the Board of Directors resolved to extend the limit for treasury shares set in 2010 to 75 million shares. Subsequently, on May 22, 2012, it was resolved to render null and void the limit of 75 million, leaving transactions involving treasury shares only subject to the limits established in the General Shareholders’ Meeting resolution and the Corporate Enterprises Act, with the obligation of informing the Board every three months of the performance of the treasury shares and the financial result of transactions involving treasury shares.

Transactions involving treasury shares in 2012 generated a loss of €94,272.5 thousand.

A.10 - CaixaBank's By-laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend.

B.1.3 - In his capacity as the Company's Chief Executive Officer, and in accordance with the definitions of the Unified Good Governance Code, Juan María Nin Génova is considered to be an executive Director. However, since he was appointed to represent the holding of Caja de Ahorros y Pensiones de Barcelona, la Caixa, at CaixaBank he is also considered to be a proprietary Director.

B.1.7 - The information on directors and directorships at other Group Companies refers to year-end. This section includes Group Companies and Jointly Controlled Entities at the end of the financial year.

B.1.8 - The information on directors and directorships at other listed companies refers to year-end.

B.1.11 - The remuneration of directors in 2012 as reported in section B.1.11 takes the following aspects into consideration:

. On June 30, 2011 Mr. Nin became Deputy Chairman - CEO of CaixaBank and was re-elected on April 19, 2012.

. María Teresa Bartolomé Gil was appointed by co-option on January 26, 2012 and subsequently ratified and appointed at the General Meeting on April 19, 2012.

. Eva Aurín Pardo, María Teresa Bassons Boncompte and Javier Ibarz Alegría were appointed at the Extraordinary General Shareholders' Meeting held on June 26, 2012.

. María Teresa Bartolomé Gil, Immaculada Juan Franch, Jorge Mercader Miró and Miquel Noguer Planas tendered their resignations from the Board of Directors on May 22, 2012, effective June 26, 2012.

. Caja Navarra and Cajasol were appointed members of the Board of Directors of CaixaBank on September 20, 2012.

. Enrique Goñi Beltrán and Antonio Pulido Gutiérrez were appointed at the Extraordinary General Shareholders' Meeting held on June 26, 2012, subject to the filing of the merger with Banca Cívica and stood down on September 20, 2012.

. On July 26, 2012, the Board resolved to reduce remuneration for its members and members of its Board committees by 10%, effective August 1, 2012.

. Total remuneration includes fixed remuneration, payments in kind and total variable remuneration assigned to the directors. In application of Royal Decree-Law 771/11, variable remuneration includes the variable remuneration already received by the Chairman and CEO 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.

B.1.11.b) – Group companies are understood as those controlled exclusively by the Company, and therefore we have not included remuneration for Company Directors holding directorships at other companies – listed or otherwise – which are jointly controlled entities or entities in which the Company owns a stake but are not controlled by it.

B.1.14 – The Board of Directors in full shall approve directors' remuneration. In the case of the CEO, the Appointments and Remuneration Committee shall approve the additional consideration for his executive duties and other contract conditions. The Board of Directors was duly informed of this.

B.1.31 - Notwithstanding the response given, we hereby note that as part of the ICFR System, the financial statements for the year ended December 31, 2012, which form part of the annual accounts, are certified by the Entity's Chief Financial Officer.

C.4 - The aggregate of open positions with CaixaBank at December 31, 2012 is included, with a distinction made in credit between the amounts drawn and the amounts drawable, provided the sum of both meets the requirements to be considered a significant operation and thus exceeds 5% of the capital requirements of the Financial Conglomerate.
These are considered significant operations even though they are eliminated in the process of drawing up the consolidated financial statements and even though they form part of the Company's ordinary trading activities.

D.1. - Below are further details on the Institution's risk management. This explanation is an integral part of Section D.1. We have however included this separately due to the lack of space in this Section.

Market risk in trading activities (continued)

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

Internal validation

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

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

CaixaBank's validation function is controlled by Internal Validation reporting to Technical Secretariat and Validation, which reports directly to the General Risk Division, and operates independently of the teams developing and implementing internal models.

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

Internal Validation's work methodology is based on the preparation of annual plans, with a distinction made between tasks relating to regulatory compliance and the specific reviews planned.

Regulatory compliance activities comprise:

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

. Exhaustive reviews of relevant modifications to IRB models which require a prior opinion by Internal Validation.

. Regulatory reporting (IRB Monitoring Dossier, Internal Validation Report).

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned.

The scope of Internal Validation initially focused on Credit Risk. However, market risk was included in 2010 and this portfolio was added to recurring reviews (validation cycles) from 2011.

Especially noteworthy this year have been the reviews carried out due to the implementation of the new IRB models

Operational risk

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

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

CaixaBank is also developing a strategic project, encouraged by Management and in keeping with Bank of Spain proposals and regulations, for the implementation of a single comprehensive operational risk measurement and control model across the entire Group.

Group level management covers companies within the scope of application of Bank of Spain Capital Adequacy Circular 03/2008 and conforms with the "Operational Risk Management Framework" which defines the objectives, policies, management model and measurement methodologies relating to operational risk.

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

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

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

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

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

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

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

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

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

Management of structural balance sheet interest rate risk

Balance sheet interest rate risk is inherent to all banking activity. The balance sheet consists of clusters of assets and liabilities with different maturity dates and interest rates. Interest rate risk arises when changes in the curve structure of market rates affect these clusters, leading to their renewal at rates that differ from the previous ones with effects on their economic value and on net interest income.

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, CaixaBank actively manages the risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers.

Treasury and Capital Markets is responsible for analyzing this risk and proposing hedging transactions in accordance with these objectives to the ALCO. Carrying out this function involves the use of the following assessment measures:

the static gap reveals the spread of interest rate due dates and reviews, on a specific date, for the sensitive items on the balance sheet.

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

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and changes in the slope of the curve.

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

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

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

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

Liquidity risk

Asset and Liability Management (ALM), which reports to Treasury and Capital Markets, is responsible for analyzing liquidity risk.

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

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

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

A monthly report is submitted to the Institution’s Board of Directors regarding the state of liquidity, and checks are made to ensure compliance with specified limits.

Management of short-term liquidity ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to the banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times.
The CaixaBank Group actively manages liquidity risk, and with a view to pre-empting possible lending funds requirements it has several ordinary finance programs that cover the different maturity dates in order to guarantee the proper levels of liquidity at all times. These programs are the promissory notes scheme, the Framework Program for the Issue of Securities involving simple fixed-income and, additionally, as another prudent measure to prepare for potential stress on liquid assets or market crises, the CaixaBank Group has a series of guarantee deposits at the European Central Bank which it can use to obtain high levels of liquidity on short notice (ECB facility).
Since the CaixaBank Group avails itself of existing mechanisms in the financial markets to ensure levels of liquidity are consistent with its strategic goals, it avoids the concentration of maturity dates for its issues and has diversified sources of finance. Pursuant to current legislation, the Institution does not use its own funds for the liquidity risk it undertakes.

F.2 - Even though the controlling shareholder is not a listed company, the measures described in sections C.4 and C.6 have been adopted.

F.19 - Article 7.2 of the Regulations of the Board of Directors stipulates that the Chairman is vested with the ordinary authority to draw up the agenda for such meetings and to direct the debates. However, all Directors may request that additional items be included in the agenda.

F.31 - Pursuant to Article 33.2 of the CaixaBank By-laws, Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected on or more times for terms of equal length. No distinctions are made between types of Directors Nevertheless, article 19.1 of the Regulations of the Board of Directors stipulates that independent Directors will not stay on as such for a continuous period of more than 12 years.
Article 20 of the Regulations of the Board of Directors stipulates general and specific situations for each type of Director in which Directors must place their post at the disposal of the Board of Directors and tender their resignation, if the Board deems this appropriate.

F.35 – At its meeting on January 26, 2012, the Board of Directors resolved to leave fixed remuneration for directors unchanged from 2011.
On July 26, 2012, and in response to the Ministry of Economy’s recommendation that all Ibex companies reduce director remuneration, the CaixaBank Board resolved to reduce remuneration for its members and members of its Board committees by 10%, effective August 1, 2012. It also resolved to leave the Chairman’s remuneration unchanged from 2011, irrespective of the remuneration received for being a member of the Board or Board committees which, as we have mentioned above, were reduced.
On November 29, 2012, the Board of Directors, subject to a favorable report from the Appointments and Remuneration Committee, resolved to approve a Remuneration Policy for all employees belonging to the group identified in Royal Decree-Law 216/2008, of February 15, for capital requirements for credit institutions, which includes the Deputy Chairman and CEO of CaixaBank, whereby the approved policy also contemplates variable remuneration as well as: risk measures, an ex ante and ex post adjustment of the variable amount, deferral of payment of the variable remuneration and indemnities for early retirement or redundancy.

This section may include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

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

Binding definition of independent director:

List any independent directors who maintain, or have maintained in the past, a relationship with the company, its significant shareholders or managers, when the significance or importance thereof would dictate that the directors in question may not be considered independent pursuant to the definition set forth in section 5 of the Unified Good Governance Code.

NO

Date and signature:

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

21/02/2013

State whether any directors voted against or abstained from voting on the approval of this report.

NO

APPENDIX TO THE CAIXABANK, S.A. ANNUAL CORPORATE GOVERNANCE REPORT FOR 2012

Objective of the Appendix

This document sets out the content of the additional information to the Annual Corporate Governance Report required by Article 65 bis of Law 24/1998, of July 28, on the Securities Market, with the new wording introduced through Law 2/2011, on Sustainable Economy.

The inclusion of such information is not specifically set forth in any of the sections of the Annual Corporate Governance Report model currently in force, which was approved through Circular 4/2007, of December 27. Consequently, the additional information required under the amendments introduced through the Sustainable Economy Act is included below.

Additional information

1) Securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:

No securities issued by the Company are admitted to trading on a market of a non-Member State.

2) Any restrictions on the transfer of securities and restriction on voting rights

There is no legal restriction or restriction in the Company's By-Laws on the acquisition or transfer of shares representing the share capital. There is no legal restriction or restriction in the Company's By-Laws on the acquisition or transfer of shares representing the share capital other than those set forth in Article 56 ff of Law 26/1988, of July 29, on Discipline and Supervision of Credit Entities, amended by Law 5/2009, of June 29, which set forth that persons wishing to acquire ownership interest of 10% or more of the voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital is equal to or greater than 20%, 30% or 50% of the total, must give prior notice to the Bank of Spain, which shall have 60 business days to object to the proposed transaction.

Nor does CaixaBank have legal restrictions or restrictions set forth in the By-Laws on voting rights. Nevertheless, as explained in Note Section G.1, A.10, of the ACGR, CaixaBank's By-Laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

Shareholders at the General Shareholders' Meeting on April 19, 2012 voted to amend certain articles of the By-laws. Amendments include, inter areal, specification that given that the Company allows shareholders to exercise their voting rights and proxies through means of remote communication, the restriction of owning a minimum of one thousand shares to be able to attending the General Meeting would only apply to those attending physically.

Therefore, following this amendment, shareholders do not have to hold a minimum number of shares in order to be eligible to attend the Annual General Meeting (either by proxy or through means of remote communication) and exercise their voting rights.

3) Rule governing an amendment to the Company's By-Laws

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

In addition, as a credit institution, and in accordance with the terms of Article 8.1 of Royal Decree 1245/1995, of July 14, amendments to CaixaBank's By-Laws are governed by the authorization and registration procedure set forth therein. Nevertheless, certain amendments are not governed by the authorization procedure although they still must be reported to the Bank of Spain.

4) Significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company and the effects thereof. This shall not be applicable when the company is obliged to publish this information by law.

Not applicable.

5) Agreements between the company and its board members or employees providing for compensation if they are made redundant without valid reason following a takeover bid.

The Institution does, indeed, have agreements of this type in the event certain persons cease to render services. These agreements are always established between the person in question and the Company, based on a range of circumstances and the specific relationship in question. The factors that are taken into account include the person's responsibilities, post or position, and the legal nature of the relationship between the parties, among others. Nevertheless, the agreements can be divided into the three broad subgroups that are described below, along with some of their common characteristics.

(i) Employees, by far the largest group of persons who perform services at the Institution. In general, employees (excluding executives) have ordinary, standard labor contracts. Their contracts do not contain clauses of this nature in the event of a termination of employment, and it is quite exceptional for one of them to have such a guarantee in the event their employment with the Company is ended. Almost no employees have clauses of this nature.
(ii) Executives, some of which have such an agreement with the Company. Obviously this is a very small minority, whose professional performance and responsibilities are highly important. All of the persons in the Company with such clauses have agreements on which reports are issued. Specifically, 11 persons render services that are considered more important and have such clauses in their contracts, and make up the Institution's Management Committee at present.
(iii) Directors which systematically we are not certain have such clauses; consequently, it would be up to the CEO to determine if such clauses apply.

6) Description of the main characteristics of the internal control and risk management systems as they pertain to the process for issuing regulated financial information.

INTERNAL CONTROL OVER FINANCIAL REPORTING

1 Entity's Control Environment

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

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

The Board of Directors of CaixaBank has formally assumed responsibility for ensuring the existence of a suitable, effective ICFR and has delegated powers to the Institution's Finance department to design, implement and monitor same.

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

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

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

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

- "Assesses whether the practices and processes in place at the Institution ensure the reliability of the financial information and compliance with applicable regulations.
- Evaluates that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:

  i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
  ii. The information includes all transactions, facts and other events in which the entity is the affected party (completeness).
  iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
  iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
  v. Financial information shows, at the corresponding date, the rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations)."

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

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

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

  The lines of responsibility and authority for drawing up the Institution's financial information are clearly defined. It also has a comprehensive plan which includes, among other issues, the allocation of tasks, key dates and the various revisions to be carried out by each of the hierarchical levels. The

above-mentioned lines of authority and responsibility have been duly documented and all of those people taking part in the financial reporting process have been informed of the same.
We would note that all CaixaBank Group entities subject to ICFR act in a coordinated manner. In this regard, the above-mentioned Internal Regulations enable the Institution to disseminate its ICFR methodology groupwide.

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

  The ***CaixaBank Code of Business Conduct and Ethics***, which has been approved by the Board of Directors, sets out the core ethical values and principles that guide its conduct and govern the actions of all employees, executives and officers. The Code is available to all employees in the Compliance section of the Institution's intranet.
  The ethical values and principles outlined in the Code are as follows: compliance with the law, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.
  The Institution also has a ***Telematic Code of Conduct*** which implements the conduct and best practices associated with access to the Institution's data and information systems.
  All employees have access to a ***Confidential whistle-blowing channel*** to clarify any doubts and report any breaches concerning both codes. All notifications, which are confidential, are forwarded to the Compliance department.
  The Institution also has in place a ***Code of Conduct on Matters Relating to the Securities Market*** which has been approved by the Board of Directors.
  Its objective is to set out the rules governing CaixaBank's actions as well as its administrative bodies, employees and representatives, in accordance with the Securities Market Law and the corresponding implementing regulations. In addition, this Code of Conduct sets out CaixaBank's conflict of interest policy, in accordance with the above-referenced legislation.
  With the overall purpose being to promote transparency in markets and to protect, at all times, the legitimate interests of investors.
  The Code is available to all employees on the Regulatory Compliance section of the Institution's intranet and all employees to which it applies must adhere to it.
  The following aspects are covered in the Regulation:

  - Scope of application and control and compliance structure.
  - Securities dealings for their own account by concerned persons.
  - Treatment of privileged information and material information.
  - General duties and separate areas.
  - Market abuse and suspicious operations.
  - Conflicts of interest.
  - Treasury shares.

- Depository of collective investment institutions and pension funds.

The Monitoring Committee is charged with analyzing any breaches and imposing corresponding corrective measures or disciplinary action.

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

  Compliance with the ***CaixaBank Code of Business Conduct and Ethics*** by all Covered Parties ensures that they respect the values, principles and rules of the Code, in their professional interactions within the Company and their external relations with shareholders, customers, suppliers and society in general.

  Potential breaches of the Code or any other improper or irregular conduct can be notified via the ***confidential whistle-blowing channel***. This channel will include a specific procedure for reporting irregularities of a financial and/or accounting nature. Nowadays, employee notifications of breaches of the Code and irregularities of a financial and/or accounting nature are taken, safeguarding the confidentiality of the sender, before the Regulatory Compliance Unit.

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

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

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

  Professional development programs and courses for the various business areas were drawn up in accordance with the profiles and skills of potential participants and the objectives set.

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

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

In 2012, training courses focused on the following areas:

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

The various courses were aimed at personnel in the Finance, Audit, Internal Control and Compliance departments and the General Secretary's Office, as well as members of the Institution's senior management.

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

Over one million hours of classroom-based and online training were given to all employees in 2012 by the Entity, providing coverage, among other matters, to accounting standards, auditing, internal control and risk management. CaixaBank is committed to informal e-learning via its Virtaula platform where employees can share knowledge. Training via this platform in 2012 also amounted to over one million hours.

2 Assessment of Financial Information Risk

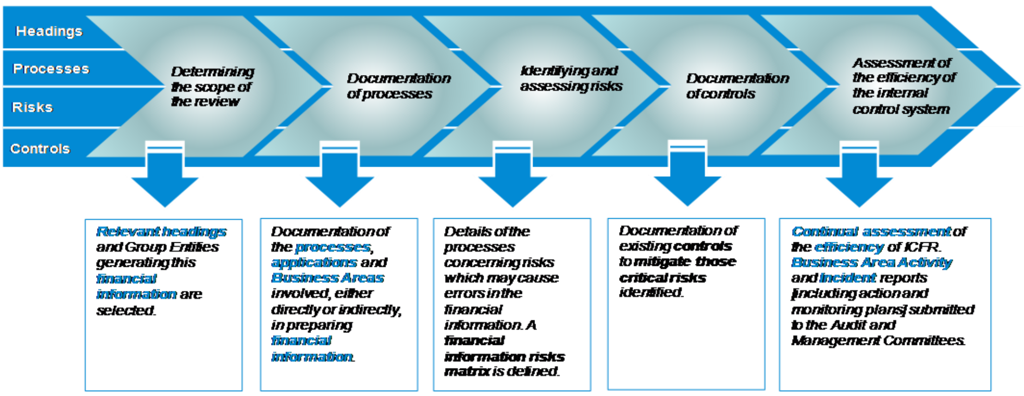
The company should report on the following at least:

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

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

- Which of the company's governing bodies is responsible for overseeing the process.

CaixaBank's risk identification process is as follows:



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

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

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

The Audit and Control Committee is in charge of monitoring the process through the Internal Audit Unit.

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

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

The Institution also has a communication and analysis procedure in place at the various Business Areas involved in these corporate transactions and operations, which identify the pertinent accounting and financial effects. The scope of consolidation is reviewed monthly.

The impact of risks on the reliability of the reporting of financial information is analyzed in each of the processes entailed in its preparation. The governing and management bodies receive periodic information on the main risks inherent in the financial information.

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

In 2012, the Integration Process of Banca Cívica in CaixaBank was reviewed and the risks affecting financial information and the key controls to mitigate them were identified. Consequently, a series of recommendations and action plans were proposed and successfully implemented in the third quarter of the year once the integration was concluded.

The controls in this process will be reviewed, updated and monitored to ensure they are working correctly until the technological integration of Banca Cívica in CaixaBank is concluded (scheduled for the first quarter of 2013).

3. Control activities

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

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

The Institution's Finance department is responsible for reporting, preparing and reviewing all financial information. It demands that the various Business Areas collaborate in ensuring that the financial information submitted is sufficiently detailed.

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

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

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

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

- The first control level is carried out by the various business areas which generate the financial information. This is intended to guarantee that the items are correctly accounted for.
- The second control level is the business area Intervention Unit. Its basic function is to ensure accounting control concerning the business applications managed by the Institution's different business units, which help validate and ensure that the applications work correctly and adhere to defined accounting circuits, generally accepted accounting principles and applicable accounting regulations.

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

  There are various monthly revision procedures in place such as a comparative analysis of actual and forecast performance, indicators of changes in business and the financial position.
- Finally, the third control level corresponds to the ICFR function which assesses whether the practices and processes in place at the Institution ensure the reliability of the financial information and compliance with applicable regulations. It specifically evaluates that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:

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

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

iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).

iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).

v. Financial information shows, at the corresponding date, the Institution's rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

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

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

In 2012, CaixaBank carried out the first certification process of financial information at December 31, 2012. No significant incidences which may affect the accuracy of the financial information were identified.

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

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

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

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

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

This year the Institution has carried out the following:

- Impairment analysis of certain financial assets
- Valuation of goodwill
- The useful life of and impairment losses on other intangible assets and property and equipment
- The measurement of investments in jointly controlled entities and associates
- The assumptions used in the actuarial calculation of liabilities under insurance contracts and post-employment liabilities and commitments
- The fair value of certain financial assets and liabilities
- The fair value of the assets and liabilities incorporated from the integration of Banca Cívica.

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

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

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

Specifically there are policies regarding:

- Secure access to information: all CaixaBank employees are issued their own, unique ID and password with which to access the Institution’s IT system. Access to the various environments, applications or operating systems is granted according to user type (internal or external) in addition to work center and category in the case of internal users.
- Operating and business continuity: the Institution has in place an IT Contingency Plan to deal with serious situations to guarantee its IT services are not interrupted. It also has strategies in place to enable it to recover information in the shortest time possible.

  CaixaBank obtained BS 25999:2-2007 certification for its business continuity program from the British Standards Institution (BSI). The certificate accredits:

- CaixaBank's commitment to continuity.
- The existence of business continuity management best practices.
- The existence of a cyclical process aimed at continuous improvement.

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

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

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

  Incidents are managed efficiently when risks are correctly assessed, prioritized and monitored according to their urgency; communication times are reduced and problems identified along with proposals on how these can be improved.

  An incident progress report and proposed improvements are reported regularly to the Institution's Incident Committee and management.

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

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

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

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

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

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

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

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

In 2012, the “la Caixa” Group implemented a new Suppliers' Portal offering a quick and easy communication channel between suppliers and Group companies.

This channel allows suppliers to submit all the necessary documentation when bidding for contracts as well as all the necessary documentation once services have been contracted. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

The Institution has in place internal control policies to supervise all outsourced activities and designs and establishes controls to monitor all outsourced services which may have an impact on accounting records. These include overseeing services, deliveries and managing incidents and discrepancies.

In 2012, valuation and calculation services commissioned from independent experts mainly concerned the following:

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

4. Information and communication

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

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

The Accounting business area – Accounting Circuits, which reports to the Finance department, is responsible for defining the Institution's accounting policy.

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

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

Accounting criteria are constantly updated in line with new contract types or transactions or any regulatory changes. In this process all new events which may have an accounting impact both for CaixaBank and the CaixaBank Group are analyzed. The various areas involved in these new events work together to review them. The conclusions of these reviews are transferred to and implemented in the various accounting circuits and, if necessary, the various documents comprising the general accounting documents. The affected business areas are informed via existing communication channels, mainly the Intranet. The latest review coincided with the preparation of the 2012 financial statements.

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

The Institution has in place various mechanisms for the capture and preparation of financial information based on tools which it has developed internally. In order to ensure the completeness, standardization and correct functioning of these mechanisms, the Institution has upgraded its applications. In 2011 it began reviewing and updating its applications to adapt them to future needs, with work continuing in 2012.

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

5. Monitoring

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

5.1. The monitoring activities undertaken by the Audit Committee and whether the Entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR.

A description of the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

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

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

- Approval of an annual internal audit report and those responsible for carrying it out.
- Assessment of the conclusions of the audits carried out and the impact on financial information, where applicable.
- Constant monitoring of corrective action.

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

The internal audit function is governed by the principles contained in the Internal Audit Regulations approved by the Executive Committee. The mission of the Internal Audit is to guarantee effective supervision of the internal control system through ongoing assess of the organization’s risks and provide support to the Audit and Control Committee by drafting reports and reporting regularly on the results of work carried out. Section D.4 provides a description of the internal audit function and all the functions of the Audit, Internal Control and Compliance department.

Internal Audit has a team specialized in reviewing the processes of the Finance department, which is responsible for preparing the Institution’s financial and accounting information. The Internal Audit’s annual plan includes a multiyear review of the risks and controls in financial reporting for all auditing work where these risks are relevant.

Internal Audit carried out an assessment of ICFR at December 31, 2012, focused on the following:

- Revising the application of the framework defined in the document “Internal Control over Financial Reporting in Listed Companies” published by the CNMV which sets out the voluntary good principles for internal control over financial reporting.

- Evaluating the controls of one of the key processes in preparing financial information: the CaixaBank Group’s consolidation process.

- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information

Also in 2012, Internal Audit revised the following processes which affect the generation, preparation and presentation of financial information:

i) a review of certain controls over suspense accounts[1].

ii) various reviews of the accounting classification and cover of impairment of doubtful loans due to customer insolvency:

   a. classification as doubtful and calculation of specific allowances.

   b. identification of personal risk

   c. calculation of the loan to value (LTV) in accordance with Bank of Spain Circular 3/2010 of real estate collateral and integrity in the identification of refinancings

iii) two reviews, within the framework of the merger and absorption of Banca Cívica, on the IT migration of Cajasol and Caja Navarra with respect to the integrity of the information transferred to CaixaBank's systems

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

5.2. Indicate whether there is a discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

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

[1] accounts in which amounts are recognized temporarily before classification to permanent accounts.

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

Internal Audit continually monitors the fulfilment of recommendations on critical- and high-risk weaknesses, and every six months conducts an overall evaluation of current recommendations.

This monitoring information as well as the relevant incidents identified in the Audit reviews are reported to the Audit and Control Committee and senior management.

6 External auditor’s report

Indicate whether a report is issued on the following:

6.1. Whether the ICFR information has been delivered to the markets for review by the external auditor. If it has, the Entity is to include the corresponding report as an appendix. If it has not, the reasons for the absence of this review should be stated.

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

Barcelona, 21 February 2013

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AUDITORS' REPORT FOR 2012 ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF CAIXABANK, S.A.

To the Directors of
CaixaBank, S.A.:

As requested by the Board of Directors of CaixaBank S.A. ("the Company") and in accordance with our proposal-letter dated 8 January 2013, we have applied certain procedures to the "Information relating to the system of ICFR" contained in section 6 of the Appendix to the Company's 2012 Annual Corporate Governance Report, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operativity of the internal control system adopted by the Company in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Company's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2012 described in the accompanying Information relating to the system of ICFR. Therefore, had procedures additional to those provided for in the engagement letter been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Company in relation to the system of ICFR - disclosure information included in the directors' report- and assessment of whether this information addresses all the required information in accordance with the reference documents on the system of ICFR issued by the Spanish National Market Securities Commission (CNMV).

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Company.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.

4. Comparison of the information detailed in point 1 above with the Company's knowledge of the system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other Company committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the system of ICFR did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco García-Valdecasas

28 February 2013

CaixaBank FINANCIAL STATEMENTS FOR 2012

- Balance sheet at December 31, 2012 and 2011, before distribution of profit
- Income statement for the years ended December 31, 2012 and 2011
- Statement of changes in equity for the years ended December 31, 2012 and 2011
  - A) Statement of recognized income and expense
  - B) Statement of total changes in equity
- Statement of cash flows for the years ended December 31, 2012 and 2011
- Notes to the financial statements for the year ended December 31, 2012

BALANCE SHEET

at December 31, 2012 and 2011, in thousands of euros

CAIXABANK, SA

Assets

	31/12/2012	31/12/2011 (*)
Cash and balances with central banks (Note 9)	**7,855,074**	**2,711,835**
Financial assets held for trading (Note 10)	**17,298,677**	**4,183,792**
Debt securities	1,489,723	1,841,771
Equity instruments	85,840	57,689
Trading derivatives	15,723,114	2,284,332
Memorandum items: Loaned or advanced as collateral	*20,521*	*92,639*
Other financial assets at fair value through profit or loss	**0**	**0**
Available-for-sale financial assets (Note 11)	**21,982,474**	**11,583,631**
Debt securities	18,830,871	8,011,448
Equity instruments	3,151,603	3,572,183
Memorandum items: Loaned or advanced as collateral	*2,953,885*	*584,198*
Loans and receivables (Note 12)	**243,006,453**	**202,892,698**
Loans and advances to credit institutions	10,041,548	5,619,355
Loans and advances to customers	228,925,369	193,897,882
Debt securities	4,039,536	3,375,461
Memorandum items: Loaned or advanced as collateral	*99,493,117*	*58,225,039*
Held-to-maturity investments (Note 13)	**8,940,184**	**7,362,312**
Memorandum items: Loaned or advanced as collateral	*154,048*	*4,426,147*
Adjustments to financial assets - macro-hedges	**96,190**	**122,947**
Hedging derivatives (Note 14)	**6,312,333**	**15,037,599**
Non-current assets held for sale (Note 15)	**491,059**	**411,506**
Investments (Note 16)	**14,172,205**	**11,530,200**
Associates	7,958,856	7,595,231
Jointly controlled entities	262,923	104,403
Group entities	5,950,426	3,830,566
Insurance agreements related to pensions (Note 21)	**1,759,439**	**1,836,705**
Tangible assets (Note 17)	**3,451,508**	**2,942,324**
Property and equipment	3,176,571	2,785,624
For own use	*3,176,571*	*2,785,624*
Investment properties	274,937	156,700
Intangible assets (Note 18)	**2,101,720**	**553,959**
Goodwill	1,709,739	389,743
Other intangible assets	391,981	164,216
Tax assets	**6,382,634**	**2,503,584**
Current	35,750	325,399
Deferred **(Note 22)**	6,346,884	2,178,185
Other assets (Note 19)	**1,825,361**	**642,044**
Total assets	**335,675,311**	**264,315,136**
Memorandum items		
Contingent liabilities (Note 24)	**10,775,058**	**9,552,302**
Contingent commitments (Note 24)	**47,216,148**	**50,413,518**

(*) Presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks.).This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the balance sheet at December 31, 2012.

BALANCE SHEET

at December 31, 2012 and 2011, in thousands of euros
CAIXABANK, SA

Liabilities and equity

	31/12/2012	31/12/2011 (*)
Liabilities		
Financial liabilities held for trading (Note 10)	**17,301,301**	**4,117,233**
Trading derivatives	15,752,917	2,299,671
Short positions	1,548,384	1,817,562
Other financial liabilities at fair value through profit or loss	**0**	**0**
Financial liabilities at amortized cost (Note 20)	**284,551,964**	**221,803,651**
Deposits from central banks	32,976,828	13,579,787
Deposits from credit institutions	18,166,619	9,807,384
Customer deposits	176,463,420	146,107,745
Marketable debt securities	48,119,272	44,545,324
Subordinated liabilities	5,797,007	5,088,470
Other financial liabilities	3,028,818	2,674,941
Adjustments to financial liabilities - macro-hedges	**3,643,957**	**2,643,932**
Hedging derivatives (Note 14)	**1,807,295**	**11,633,757**
Liabilities associated with non-current assets held for sale	**0**	**0**
Provisions (Note 21)	**3,931,075**	**2,777,191**
Provisions for pensions and similar obligations	2,645,786	2,259,441
Provisions for taxes and other legal contingencies	118,745	86,375
Provisions for contingent liabilities and commitments	126,405	119,799
Other provisions	1,040,139	311,576
Tax liabilities	**1,411,947**	**724,087**
Deferred **(Note 22)**	1,411,947	724,087
Other liabilities (Note 19)	**1,884,297**	**1,304,565**
Total liabilities	**314,531,836**	**245,004,416**
Equity		
Shareholders' equity	**20,769,688**	**18,618,148**
Capital **(Note 23)**	4,489,749	3,840,103
Issue premium **(Note 23)**	10,125,140	9,381,085
Reserves **(Note 23)**	3,903,087	3,785,868
Other equity instruments **(Note 23)**	2,188,279	1,500,000
Less: Treasury shares	(193,953)	(270,008)
Profit for the year	272,597	838,332
Less: Dividends and remuneration	(15,211)	(457,232)
Valuation adjustments (Note 23)	**373,787**	**692,572**
Available-for-sale financial assets	398,415	683,462
Cash flow hedges	(25,813)	8,874
Exchange differences	1,185	236
Total equity	**21,143,475**	**19,310,720**
Total equity and liabilities	**335,675,311**	**264,315,136**

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The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the balance sheet at December 31, 2012.

INCOME STATEMENT

for the years ended December 31, 2012 and 2011, in thousands of euros
CAIXABANK, SA

	2012	2011(*)
Interest and similar income (Note 26)	**7,960,877**	**6,736,458**
Interest expense and similar charges (Note 27)	**(4,383,090)**	**(3,917,726)**
NET INTEREST INCOME	**3,577,787**	**2,818,732**
Return on equity instruments (Note 28)	**1,466,533**	**1,750,903**
Fee and commission income (Note 29)	**1,762,635**	**1,645,105**
Fee and commission expense (Note 29)	**(140,351)**	**(100,316)**
Gains/(losses) on financial assets and liabilities (net) (Note 30)	**232,754**	**110,884**
Financial assets held for trading	45,319	20,617
Other financial instruments not measured at fair value through profit or loss	(30,942)	58,810
Other	218,377	31,457
Exchange differences (net)	**157,044**	**86,541**
Other operating income (Note 31)	**99,928**	**84,995**
Other operating expenses (Note 32)	**(371,216)**	**(168,284)**
GROSS INCOME	**6,785,114**	**6,228,560**
Administrative expenses	**(2,989,956)**	**(2,718,226)**
Personnel expenses **(Note 33)**	(2,283,647)	(2,090,318)
Other general administrative expenses **(Note 34)**	(706,309)	(627,908)
Depreciation and amortization (Notes 17 and 18)	**(285,576)**	**(245,111)**
Provisions (net) (Note 21)	**195,160**	**(66,358)**
Impairment losses on financial assets (net) (Note 35)	**(3,859,752)**	**(2,228,349)**
Loans and receivables	(3,801,940)	(2,221,977)
Other financial instruments not measured at fair value through profit or loss	(57,812)	(6,372)
PROFIT/(LOSS) FROM OPERATIONS	**(155,010)**	**970,516**
Impairment losses on other assets (net) (Nota 36)	**(341,278)**	**(607,205)**
Goodwill and other intangible assets	(8,111)	(7,772)
Otros activos	(333,167)	(599,433)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 37)	**317,956**	**28,788**
Negative goodwill in business combinations	**0**	**0**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations (Note 38)	**13,026**	**119,625**
PROFIT/(LOSS) BEFORE TAX	**(165,306)**	**511,724**
Income tax (Note 22)	**437,903**	**326,608**
Mandatory transfer to welfare funds	**0**	**0**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**272,597**	**838,332**
Profit from discontinued operations (net)	**0**	**0**
PROFIT FOR THE YEAR	**272,597**	**838,332**

(*) Presented for comparison purposes only.

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The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the income statement for the year ended December 31, 2012.

STATEMENT OF TOTAL CHANGES IN EQUITY

A) STATEMENT OF COMPREHENSIVE INCOME

for the years ended December 31, 2012 and 2011, in thousands of euros
CAIXABANK, SA

	2012	2011 (*)
A. PROFIT FOR THE YEAR	**272,597**	**838,332**
B. OTHER COMPREHENSIVE INCOME	**(318,785)**	**(527,538)**
Available-for-sale financial assets	**(420,435)**	**(753,601)**
Revaluation gains/(losses)	(451,290)	(712,434)
Amounts transferred to income statement	30,855	(41,167)
Cash flow hedges	**(49,361)**	**14,780**
Revaluation gains/(losses)	(48,915)	9,372
Amounts transferred to income statement	(446)	5,408
Hedges of net investment in foreign operations	**0**	**0**
Exchange differences	**1,356**	**522**
Revaluation gains/(losses)	1,356	522
Non-current assets held for sale	**0**	**0**
Actuarial gains/(losses) on pension plans	**0**	**0**
Other comprehensive income	**0**	**0**
Income tax	**149,655**	**210,761**
C. TOTAL COMPREHENSIVE INCOME (A+B)	**(46,188)**	**310,794**

(*) Presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks.).This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the statement of comprehensive income for the year ended December 31, 2012.

STATEMENT OF TOTAL CHANGES IN EQUITY

B) STATEMENTS OF TOTAL CHANGES IN EQUITY

for the years ended December 31, 2012 and 2011, in thousands of euros

CAIXABANK, SA

2012	Shareholders' equity									
	Share capital	Share premium	Accumulated reserves/(losses)	Other equity instruments	Treasury shares	Profit for the year	Dividends and remuneration	Total equity	Valuation adjustments	Total equity
Opening balance at 31/12/11	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**	**(270,008)**	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**
Adjustments due to changes in accounting policy								**0**		**0**
Adjustments made to correct errors								**0**		**0**
Adjusted opening balance	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**	**(270,008)**	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**
Total comprehensive income						**272,597**		**272,597**	**(318,785)**	**(46,188)**
Other changes in equity	**649,646**	**744,055**	**117,219**	**688,279**	**76,055**	**(838,332)**	**442,021**	**1,878,943**		**1,878,943**
Capital increases	180,756		(180,756)					**0**		**0**
Conversion of financial liabilities into capital	86,945	143,807						**230,752**		**230,752**
Increase in other equity instruments			(132,342)	1,445,942				**1,313,600**		**1,313,600**
Payment of dividends/remuneration to shareholders			(177,073)				(15,211)	**(192,284)**		**(192,284)**
Transactions with own equity instruments (net)			(21,989)		(183,805)			**(205,794)**		**(205,794)**
Transfers between equity items	148,945	600,248	381,790	(756,855)	6,972	(838,332)	457,232	**0**		**0**
Increases/ (decreases) due to business combinations	233,000		287,586		252,512			**773,098**		**773,098**
Other increases/ (decreases) in equity			(39,997)	(808)	376			**(40,429)**		**(40,429)**
Final balance at 31/12/12	**4,489,749**	**10,125,140**	**3,903,087**	**2,188,279**	**(193,953)**	**272,597**	**(15,211)**	**20,769,688**	**373,787**	**21,143,475**

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The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the statement of total changes in equity for the year ended December 31, 2012.

2011 (*)	Shareholders' equity: Share capital	Share premium	Accumulated reserves/(losses)	Other equity instruments	Treasury shares	Profit for the year	Dividends and remuneration	Total equity	Valuation adjustments	Total equity
Opening balance at 12/31/2010	**3,737,294**	**9,381,085**	**3,483,926**	**0**	**(43,471)**	**1,133,903**	**(670,861)**	**17,021,876**	**1,220,110**	**18,241,986**
Adjustments due to changes in accounting policy								**0**		**0**
Adjustments made to correct errors								**0**		**0**
Adjusted opening balance	**3,737,294**	**9,381,085**	**3,483,926**	**0**	**(43,471)**	**1,133,903**	**(670,861)**	**17,021,876**	**1,220,110**	**18,241,986**
Total comprehensive income						**838,332**		**838,332**	**(527,538)**	**310,794**
Other changes in equity	**102,809**	**0**	**301,942**	**1,500,000**	**(226,537)**	**(1,133,903)**	**213,629**	**757,940**	**0**	**757,940**
Increase in other equity instruments			(40,740)	1,500,000				**1,459,260**		**1,459,260**
Payment of dividends/remuneration to shareholders (c)			(13,220)				(457,232)	**(470,452)**		**(470,452)**
Transactions with own equity instruments (net)			12,021		(226,537)			**(214,516)**		**(214,516)**
Transfers between equity items	102,809		360,233			(1,133,903)	670,861	**0**		**0**
Increases/ (decreases) due to business combinations			14,918					**14,918**		**14,918**
Payments with equity instruments			(8,744)					**(8,744)**		**(8,744)**
Other increases/ (decreases) in equity			(22,526)					**(22,526)**		**(22,526)**
Final balance at 31/12/12	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**	**(270,008)**	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**

(*) Presented for comparison purposes only.

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The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the statement of total changes in equity for the year ended December 31, 2012.

STATEMENT OF CASH FLOWS

for the years ended December 31, 2012 and 2011, in thousands of euros
CAIXABANK, SA

	2012	2011
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**9,392,485**	**(973,594)**
Profit for the year	**272,597**	**838,332**
Adjustments to obtain cash flows from operating activities	**3,897,268**	**3,172,470**
Depreciation and amortization	285,576	245,111
Other adjustments	3,611,692	2,927,359
Net increase/(decrease) in operating assets	**(6,780,046)**	**1,462,675**
Financial assets held for trading	1,339,706	985,044
Available-for-sale financial assets	(1,711,635)	(3,042,145)
Loans and receivables	(2,825,986)	(728,159)
Other operating assets	(3,582,131)	4,247,935
Net increase/(decrease) in operating liabilities	**(1,119,525)**	**(3,195,113)**
Financial liabilities held for trading	1,808,152	1,518,460
Financial liabilities at amortized cost	(3,932,254)	(8,579,389)
Other operating liabilities	1,004,577	3,865,816
Income tax (paid)/received	**(437,901)**	**(326,608)**
B. CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,202,939)**	**(353,191)**
Payments	**5,485,682**	**3,110,622**
Tangible assets	151,145	309,102
Intangible assets	123,533	119,863
Investments	558,025	2,433,803
Subsidiaries and other business units	2,022,647	9,000
Non-current assets and associated liabilities held for sale	1,052,460	238,854
Held-to-maturity investments	1,577,872	0
Proceeds	**2,282,743**	**2,757,431**
Tangible assets	536,847	54,619
Investments	392,800	1,568,819
Subsidiaries and other business units	205,638	0
Non-current assets and associated liabilities held for sale	1,147,458	1,106,907
Held-to-maturity investments	0	27,086
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(1,046,329)**	**1,599,894**
Payments	**2,246,329**	**6,224,106**
Dividends	417,894	709,089
Subordinated liabilities	75,000	0
Acquisition of treasury shares	196,188	217,617
Other payments related to financing activities	1,557,247	5,297,400
Proceeds	**1,200,000**	**7,824,000**
Issue of own equity instruments	0	1,500,000
Other inflows related to financing activities	1,200,000	6,324,000
D. EFFECT OF EXCHANGE RATE CHANGES	**22**	**(4,301)**
E. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**5,143,239**	**268,808**
F. CASH AND CASH EQUIVALENTS AT JANUARY 1	**2,711,835**	**2,443,027**
G. CASH AND CASH EQUIVALENTS AT DECEMBER 31	**7,855,074**	**2,711,835**

Memorandum items		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT DECEMBER 31		
Cash	1,329,592	1,117,981
Cash equivalents at central banks	6,525,482	1,593,854
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31	**7,855,074**	**2,711,835**

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The accompanying Notes 1 to 40 and appendices 1 and 7 are an integral part of the statement of cash flows for the year ended December 31, 2012.

Notes to the financial statements of CaixaBank for the year ended December 31, 2012

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Notes to the financial statements
for the year ended December 31, 2012

CAIXABANK, SA

As required by current legislation governing the content of financial statements, these notes to the financial statements complete, extend and discuss the balance sheet, income statement, statement of changes in equity and cash flow statement, and form an integral part of them to give a true and fair view of the equity and financial position of CaixaBank at December 31, 2012, and the results of its operations, the changes in equity and the cash flows during the year then ended.

1. Corporate and other information

Corporate information

CaixaBank, 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 72.76% at December 31, 2012.

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

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

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

Reorganization of the "la Caixa" Group in 2011

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

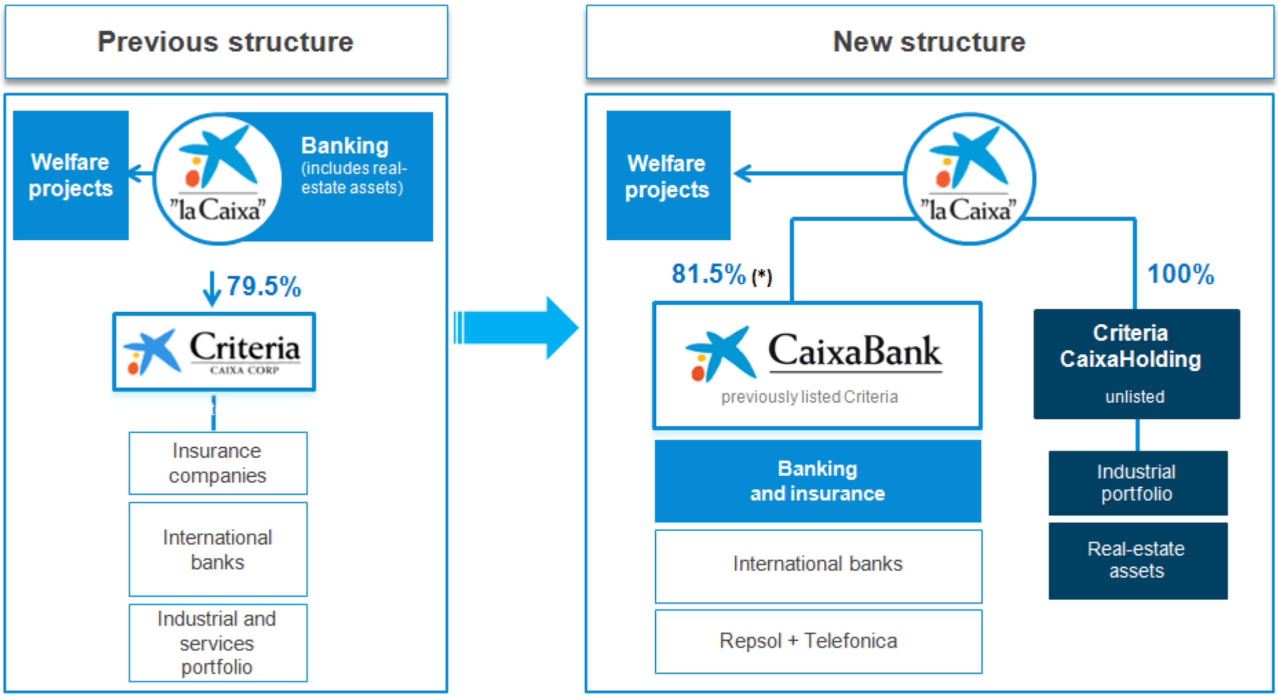
Under this legal framework, on January 27, 2011, the Boards of Directors of "la Caixa," Criteria CaixaCorp, SA ("Criteria") and MicroBank de "la Caixa", SA ("MicroBank") entered into a framework agreement (the "Framework Agreement") entailing the reorganization of the "la Caixa" Group in order to adapt to the new demands of national and international regulations and, specifically, to the new requirements of the Basel Committee on Banking Supervision (Basel III). The structure designed enables "la Caixa" to indirectly carry out its financial activity while continuing to comply with its social welfare purposes.

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

On June 30, 2011, the corporation transactions included in the Framework Agreement were completed, for legal and business purposes, which led to the transformation of Criteria into CaixaBank. In accordance with prevailing legislation, these transactions were accounted for retrospectively from January 1, 2011.

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

The main corporate transactions carried out within the reorganization of the "la Caixa" Group in 2011 are summarized in the chart below and described at length in CaixaBank's 2011 financial statements.



(*) % ownership interest held by "la Caixa" at December 31, 2011. At December 31, 2012, its stake was 72.76%.

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

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

Finally, within the procedure described in the preceding paragraphs, the 12.69% interest in Repsol-YPF, SA was recognized under associates, with effect from January 1, 2011 as CaixaBank had significant influence over the company (see Notes 11 and 16.1).

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 (“Caja Canarias”), 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. Note 7 provides a detailed description of transaction.

Acquisition of Banco de Valencia

On November 27, the Governing Committee of the Fund for Orderly Bank Restructuring (hereinafter, "the FROB") selected CaixaBank's binding bid to acquire all of the shares it held in Banco de Valencia (hereinafter, "BdV"). Pursuant to acceptance of this bid, the following agreements were entered into:

- A share purchase agreement through which CaixaBank will acquire all of the BdV shares held by the FROB at a price of €1 per share, subsequent to payment by the FROB of €4,500 million in a capital increase. Previously, existing shareholders must bear the losses incurred, *inter alia,* for the write-downs of real-estate risks required by legislation and the contribution of regulated assets to the SAREB under current legislation. After the afore-mentioned transaction, CaixaBank will own approximately 99%, and at least 90%, of BdV's stock.

- A protocol of financial support measures implemented through an asset protection scheme, which will see the FROB assuming, over a period of 10 years, 72.5% of any losses from BdV's SME/self-employed professionals and contingent risk portfolios (guarantees), once any existing provisions covering these assets have been used.

Acquisition of the aforementioned terms is subject to official approval and authorization by Spanish and EU authorities. As of the date of authorization for issue of these financial statements, the required authorization had yet to be given. Therefore, CaixaBank has yet to take control.

Basis of presentation

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

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

The annual accounts were prepared from the accounting records of CaixaBank.

The separate financial statements of CaixaBank do not reflect any variations in equity which might result from using the full, proportionate or equity consolidation methods as appropriate for the equity investments in subsidiaries, jointly controlled entities and associates pursuant to prevailing regulations governing the consolidation of credit institutions. In addition, the consolidated financial statements of the CaixaBank Group reflect these changes in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of December 31, 2012.

The table below shows CaixaBank's consolidated equity and total assets at December 31, 2012 and 2011.

(Thousands of euros)	31/12/2012	31/12/2011
Equity	**22,711,172**	**20,714,509**
Own funds	*22,792,646*	*20,750,791*
Valuation adjustments	*(116,503)*	*(55,197)*
Non-controlling interests	*35,029*	*18,915*
Total assets	**348,294,074**	**270,424,628**

Responsibility for the information and for the estimates made

The financial statements of CaixaBank for 2012 were authorized for issue by the Board of Directors at a meeting held on February 21, 2013. They have not yet been approved by the Annual General Meeting of the Institution. However, the Board of Directors of CaixaBank expects they will be approved without any changes. The financial statements of CaixaBank for 2011 were approved by the Annual General Meeting held on April 19, 2012, and are presented solely for the purpose of comparison with the figures for 2012.

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

- Impairment losses on certain financial assets (Notes 11 and 12)
- The measurement of goodwill and other intangible assets (Note 18)
- The useful life of an impairment losses on other intangible assets and tangible assets (Notes 17 and 18)
- The measurement of investments in jointly controlled entities and associates (Note 16)
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 21)
- The fair value of certain financial assets and liabilities (Note 2.1)

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

Comparison of information

The 2011 figures presented in the accompanying 2012 financial statements are given for comparison purposes only.

In 2012 and 2011, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information.

Investments in credit institutions

In accordance with the provisions of Royal Decree 1245/1995 on the disclosure of shareholdings, ”la Caixa” held an ownership interest in CaixaBank of 72.76% at December 31, 2012.

In addition, at December 31, 2012, CaixaBank held no ownership interest equal to or greater than 5% of the capital or voting rights of any credit institution other than the investments in subsidiaries and associates listed in Appendix 1 and there is no Spanish or foreign credit institution or group of which a credit institution forms part that held an ownership interest equal to or greater than 5% of the capital or voting rights of any of the credit institutions that are subsidiaries of the CaixaBank Group.

Minimum reserve ratio

Throughout 2012, CaixaBank complied with the minimum reserve ratio required by applicable regulations.

Deposit guarantee fund

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 amounted to €261,986 thousand.

Meanwhile, Bank of Spain Circular 3/2011 established additional contributions to the Deposit Guarantee Funds for term or demand deposits whose remuneration exceeded the reference interest rates published quarterly by the Bank of Spain. Settlements by CaixaBank in this connection in 2012 amounted to €15,425 thousand up to the date of repeal, in accordance with additional provision eight of Royal Decree-Law 24/2012, of August 31.

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

In addition, the Management Committee of the Deposit Guarantee Fund, at its meeting of July 30, 2012, agreed to recognize a shortfall, estimated based on the contributions as at December 31, 2011, which may be settled through equal annual installments over the next 10 years. CaixaBank recognized a financial liability equal to the present value of the payment commitments assumed and to be settled in the coming years for an amount of €313,818 thousand and an asset account for the same amount to recognize accrual of the payment in the income statement over the entire settlement period (see Note 19).

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

On February 4, 2012, Royal Decree-Law 2/2012 on the restructuring of the financial sector (hereinafter “RDL 2/2012”) was enacted. It includes, *inter alia,* a review of the parameters used to estimate provisioning needs and an increase in capital required to cover the impairment of loans to real estate developers and assets received in payment of assets.

In addition, on May 18, 2012, 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”), was published in the Official State Gazette (BOE). Building on RDL 2/2012, this law establishes, *inter alia,* an additional capital buffer for the impairment of real estate loans classified as “standard" exposure. These new requirements, similar to the previous ones, establish provisions on a one-off basis, which differ according to the type of loan involved.

The new provisions required of the CaixaBank Group post-merger with Banca Cívica amount to €6,759 million. The detail of these provisions is as follows:

(Millions of euros)	RDL 2/2012	RDL 18/2012	Total
Banca Cívica	*934*	*1,287*	*2,221*
CaixaBank	*2,436*	*2,102*	*4,538*
Total additional provisions	**3,370**	**3,389**	**6,759**

The provisions required for loans related to the real estate sector held by Banca Cívica were recognized in full as adjustments to the fair value of the related assets during the purchase price allocation (see Note 7). The total for Banca Cívica includes the additional provisions regarding the repayment of gross debt with foreclosed assets managed, which amounted to €149 million.

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

In 2012, the increased regulatory provisions required for CaixaBank’s portfolio of real estate assets led to the recognition of €3,636 million, based on the estimates of impairment losses made using internal models (see Note 12), which is consistent with the provisions required by RDL 2/2012 and RDL 18/2012. 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 €1,811 million at December 31, 2011, enabled CaixaBank to allocate this large volume of provisions.

CaixaBank had outstanding provisions of €902 million at December 31, 2012, which it must recognize in the income statement before June 30, 2013.

The additional capital requirement in application of RDL 2/2012 was absorbed by CaixaBank’s surplus capital over the minimum principle capital requirement (see Note 4).

In accordance with Article 3 of RDL 18/2012, the CaixaBank Group has a holding company, BuildingCenter, SAU, to manage the assets foreclosed or received in lieu of payment of debts. In October 2012, this company merged with the company managing Banca Cívica’s foreclosed assets, Gestora Estratégica de Activos Inmobiliarios, SLU (hereinafter "Gedai"), which prior to the acquisition of control had merged several of Banca Cívica’s real-estate asset management companies.

Note on the outcome of the independent stress tests

An external assessment of the resilience of Spanish Banks at the aggregate level under a scenario of severe downturn by 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, were 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 included CaixaBank, would not require any additional capital, even under the adverse scenario.

Meanwhile, according to the bottom-up stress test which, under the management and oversight of the Spanish authorities, the European Commission, the European Central Bank, the European Banking Authority (EBA) and the International Monetary Fund, was performed by external consultant Oliver Wyman within the scope of the independent assessment of the Spanish banking industry, the "la Caixa" Group has no additional capital requirements and, according to the consultant's estimates, the Group's Core Tier 1 ratio is expected to end 2014 at 9.5% in the adverse scenario, with a capital buffer over the minimum required of 6%.

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

Events after the reporting period

CaixaBank has reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, SA (Caser) that ends the bancassurance partnerships involving Banca Cívica, which was absorbed by CaixaBank.

As a result, once the Spanish Directorate General for Insurance and Pension Funds and anti-trust authorities give their authorization (expected to take place in the first quarter of 2013), CaixaBank will acquire 50% stakes in the following insurance companies:

- Cajasol Vida y Pensiones de Seguros y Reaseguros, SA
- Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA
- Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA

The total amount of the transaction is €215 million.

2. Accounting policies and measurement bases

The 2012 financial statements were prepared using the accounting principles and measurement bases defined in Bank of Spain Circular 4/2004 of December 22 on Credit Institutions, public and confidential financial reporting rules and formats.

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

2.1. Financial instruments

Fair value and amortized cost

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

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

Level 1: on the basis of quoted prices in active markets.

Level 2: using valuation techniques in which the assumptions correspond to directly or indirectly observable market data or to quoted prices on active markets for similar instruments.

Level 3: valuation techniques are used in which certain of the main assumptions are not supported by observable market data.

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

The fair value of the instruments classified in Level 2, for which there is no market price, is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. The fair value of OTC derivatives and financial instruments (debt securities and equity instruments) traded in scantly deep or transparent organized markets is determined using methods such as "net present value" (NPV), where each flow is discounted and estimated bearing in mind the market to which it belongs and the index to which it refers, or option pricing models based on observable market data (e.g. Black'76 for caps, floors and swaptions, Black-Scholes for exchange rates and equity options, and Black-Normal for inflation options). Most of the financial instruments classified as trading and hedging derivatives are measured following the criteria for Level 2.

As for the fair values of loans and receivables and financial liabilities at amortized costs, in 2012 the Group reclassified them to Level 3. Fair value was estimated based on discounted cash flows, bearing in mind the estimate of interest rate, credit and liquidity risks in the discount rate. These estimates used, *inter alia,* historical early repayment rates and estimated credit loss rates based on internal models. For purposes of comparison, the tables below included data for 2011 applying the same reclassification.

The fair value of the of the financial instruments classified in Level 3, for which there are no directly observable market data for their measurement, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters with a risk profile that can be readily equated to that of the instrument being measured.

For unquoted equity instruments, classified in Level 3, the Group considers acquisition cost less any impairment loss determined based on publicly available information is the best estimate of fair value.

The breakdown by methods used to calculate the fair value of the financial instruments held by CaixaBank at December 31, 2012 and 2011 is as follows:

Assets

(Thousands of euros)	31/12/2012			31/12/2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held for trading (Note 10)	**1,201,184**	**16,090,305**	**7,188**	**1,916,462**	**2,207,735**	**1,905**
Debt securities	1,090,531	392,004	7,188	1,820,125	20,075	1,570
Equity instruments	85,840					
Trading derivatives	24,813	15,698,301		96,337	2,187,660	335
Available-for-sale financial assets (Note 11)	**19,371,220**	**1,770,602**	**840,652**	**9,710,677**	**633,997**	**1,256,929**
Debt securities	16,625,518	1,770,602	434,751	6,238,153	633,997	1,157,270
Equity instruments	2,745,702		405,901	3,472,524	0	99,659
Loans and receivables (Note 12)	**880,387**	**0**	**250,117,136**	**0**	**0**	**209,928,696**
Loans and advances to credit institutions			10,041,548			5,619,355
Loans and advances to customers			237,014,706			200,816,479
Debt securities	880,387		3,060,882			3,492,862
Held-to-maturity investments (Note 13)	**5,839,313**	**2,965,135**		**5,308,425**	**1,792,845**	**0**
Hedging derivatives (Note 14)		**6,312,333**			**15,037,599**	**0**
Total	**27,292,104**	**27,138,375**	**250,964,976**	**16,935,564**	**19,672,176**	**211,187,530**

Liabilities

(Thousands of euros)	31/12/2012			31/12/2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities held for trading (Note 10)	**1,516,848**	**15,776,324**	**8,129**	**1,944,685**	**2,160,575**	**5,772**
Short positions	1,470,773	77,611		1,811,361		
Trading derivatives	46,075	15,698,713	8,129	133,324	2,160,575	5,772
Financial liabilities at amortized cost (Note 20)	**0**	**0**	**283,496,277**	**0**	**0**	**231,407,114**
Deposits from central banks			32,976,828			13,579,787
Loans and advances to credit institutions			18,166,619			23,387,171
Customer deposits			175,663,477			143,175,030
Marketable debt securities			47,903,824			43,658,553
Subordinated liabilities			5,770,411			4,985,678
Other financial liabilities			3,015,118			2,620,895
Hedging derivatives (Note 14)		**1,807,295**			**11,633,757**	**0**
Total	**1,516,848**	**17,583,619**	**283,504,406**	**1,944,685**	**13,794,332**	**231,412,886**

There were no significant transfers or reclassifications among levels in 2012, except for those mentioned above.

Movements in Level 3 balances in 2012 and 2011 were as follows:

Level 3 movements -2012

(Thousands of euros)

	Financial instruments at fair value through profit or loss		Available-for-sale financial assets		Financial liabilities at amortized cost		
	Trading securities	Trading derivatives	Debt securities	Equity instruments	Loans and receivables	Financial liabilities	Total
Balance at 31/12/2011	**1,570**	**(5,437)**	**1,157,270**	**99,659**	**209,928,696**	**(231,407,114)**	**(20,225,356)**
Addition due to integration of Banca Cívica			164,286	272,796			437,082
Total gains or losses							
To profit and loss	(3,711)	(2,692)		(1,016)			(7,419)
To equity valuation adjustments			(969)	1,032			63
Acquisitions	78,049		288,738	127,700			494,487
Reclassification to Level 3	7,179		(941,179)				(934,000)
Settlements	(75,899)		(233,395)	(94,270)			(403,564)
Net variation in financial instruments at amortized cost					40,188,440	(52,089,163)	(11,900,723)
Balance at 31/12/2012	**7,188**	**(8,129)**	**434,751**	**405,901**	**250,117,136**	**(283,496,277)**	**(32,539,430)**
Total gains or losses in the period for instruments held at December 31	**3,711**	**2,692**	**969**	**(16)**			**7,356**

Level 3 movements - 2011

(Thousands of euros)

	Financial instruments at fair value through profit or loss		Available-for-sale financial assets		
	Trading securities	Trading derivatives	Debt securities	Equity instruments	Total
Balance at 1/1/2011	**117,942**	**(4,539)**	**1,236,314**	**207,296**	**1,557,013**
Total gains or losses					
To profit and loss	(174)	(1,233)		(125)	(1,532)
To equity valuation adjustments			(76,629)	129	(76,500)
Acquisitions	861	335	15,243	40,813	57,252
Settlements	(117,059)		(17,658)	(148,454)	(283,171)
Balance at 31/12/2011	**1,570**	**(5,437)**	**1,157,270**	**99,659**	**1,253,062**
Total gains or losses in the period for instruments held at December 31	**174**	**1,233**	**76,629**	**(4)**	**78,032**

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

Amortized cost is the amount at which the financial asset was initially measured minus principal repayments, plus or minus the amount recognized in the income statement and any reduction for impairment.

Classification and measurement of financial assets and liabilities

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

Held-for-trading portfolio: This heading mainly comprises financial assets or liabilities acquired or issued for the purpose of selling in the short term or which are part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent pattern of short-term profit-taking. The held-for-trading portfolio also covers short positions arising from sales of assets acquired temporarily under a non-optional reverse repurchase agreement or borrowed securities. Also included are derivative asset and liabilities that do meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

Other financial assets and liabilities at fair value through profit and loss: This category includes financial instruments designated by the Institution upon initial recognition, e.g. hybrid financial assets or liabilities mandatorily measured at fair value and financial assets managed as a group with “Liabilities under insurance contracts” measured at fair value, or with financial derivatives, the purpose of which is to mitigate the exposure to changes in fair value, or managed as a group with financial liabilities and derivatives to mitigate the overall exposure to interest rate risk and, in general, all financial assets when such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatches) that would otherwise arise. Financial instruments in this category must be subject at all times to an integrated and consistent measurement system, risk management and control of risks and returns permitting verification that risk has effectively been mitigated.

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

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

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

Financial liabilities at amortized cost: This heading includes financial liabilities not classified as financial liabilities in the held-for-trading portfolio or as other financial liabilities at fair value through profit or loss. The balances recognized in this item, irrespective of the substances of the contractual arrangement and maturity of such liabilities, arise from the ordinary deposit-taking activities of credit institutions.

Financial instruments are measured in accordance with Bank of Spain Circular 4/2004.

2.2. Derivatives and hedges

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

When the Institution designates a transaction as a hedge, it does so at inception of the transactions or of the instruments included in the hedge and formally documents the hedging relationship as appropriate in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedging instrument or instruments, and the hedged item or forecast transaction, the nature of the risk being hedged and how the Institution will assess the hedging instrument's effectiveness over its entire life taking into account the risk intended to be hedged.

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

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

Hedging transactions performed by CaixaBank are classified as:

- Fair value hedges, which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognized firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk and could affect profit or loss.
- Cash flow hedges, which hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognized financial asset or liability or with a highly probable forecast transaction and could affect profit or loss.

CaixaBank also hedges a certain amount of financial assets or liabilities which form part of the portfolio of instruments, but are not identified as specific instruments, for interest-rate risk. These hedges, known as macro-hedges, can be fair value hedges or cash flow hedges. In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognized directly in the income statement with a balancing entry in "Adjustments to financial assets due to macro-hedges" or "Adjustments to financial liabilities due to macro-hedges," depending on the substance of the hedged item. In cash flow macro-hedges, the hedged items are recognized using the methods described in Note 2.1, without any changes for their consideration as hedged instruments. As indicated in Note 14, virtually all CaixaBank's hedges at December 31, 2012 and 2011 are fair value macro-hedges.

Following criteria of efficient management, until 2011, 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 balance sheet as collectively considered they were used to manage the CaixaBank Group's structural balance sheet interest rate risk.

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 not significant.

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 recognized as hedging derivatives under assets or liabilities, and recognized them as trading derivatives under assets or liabilities.

Derivatives embedded in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the instrument or host contract, provided a reliable fair value can be attributed to the embedded derivative taken separately.

2.3. Foreign currency transactions

CaixaBank's functional and presentation currency is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in foreign currency. The functional currency is the currency of the primary economic environment in which the Institution operates. The functional currency may be one other than the euro, depending on the country in which the subsidiaries are based. The presentation currency is the currency in which the Institution's financial statements are presented.

Foreign currency assets and liabilities, including unmatured foreign currency purchase and sale contracts considered as hedges, are translated to euros using the average exchange rate prevailing on the spot currency market at the end of 2012 and 2011, except for non-monetary items measured at historical cost, which are translated to euros at the exchange rate ruling at the date of acquisition, and non-monetary items measured at fair value, which are translated to euros using the exchange rates ruling at the date on which the fair value was determined.

Unmatured forward foreign exchange purchase and sale transactions not considered as hedges are translated to euros at the year-end exchange rates on the forward currency market.

The exchange rates used by the Institution in translating the foreign currency balances to euros were those published by the European Central Bank at December 31, 2012 and 2011.

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

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

2.4. Recognition of income and expenses

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

Interest income, interest expenses, dividends and similar items

Interest income, interest expenses and similar items are generally recognized on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises. The recognition of the accrual of interest is discontinued for debt instruments classified individually as impaired and for those for which impairment losses have been assessed collectively because the amounts are more than three months past due. In this respect, interest accrued on doubtful loans, including loans exposed to country risk, is credited to profit or loss upon collection, which is an exception to the general rule. Dividends received by the Institution are recognized when the dividend is officially declared by the company's relevant body.

Fees and commissions

Fee and commission income and expenses are recognized in the income statement using criteria that vary according to their nature and that determine their recognition in the income statement.

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

  Fees and commissions offsetting directly related costs, understood to be those which would not have arisen if the transaction had not been arranged, are recognized under "Other operating income" as the loan is taken out. Individually, these fees and commissions do not exceed 0.4% of the principal of the financial instrument, subject to a maximum limit of €400; any excess is recognized on the income statement over the life of the transaction. If the total sum of financial fees and commissions does not exceed €90, it is recognized immediately in profit or loss. In any event, directly related costs identified individually can be recognized directly on the income statement upon inception of the transaction, provided they do not exceed the fee or commission collected (see Notes 29 and 31).

  For financial instruments measured at fair value through profit or loss, the amount of the fee or commission is recorded immediately in the income statement.

- Non-financial fees and commissions arising from the provision of services are recognized under "Fee and commission income" and "Fee and commission expense" over the life of the service, except for those relating to services provided in a single act, which are accrued when the single act is carried out.

Non-financial income and expense

Non-financial income and expenses are recognized for accounting purposes on an accrual basis.

Deferred receipts and payments

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

2.5. Transfers of financial assets

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

However, in accordance with Transitional Provision One of the Circular, the above accounting treatment is only applicable to transactions carried out on or after January 1, 2004, but not to transactions taking place prior to this date. Accordingly, at December 31, 2012 and 2011, the balance sheet in the financial statements does not include the assets derecognized pursuant to the repealed accounting legislation, which under current legislation should have been retained on the balance sheet.

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

Note 25.2 describes the most significant details of the asset securitizations carried out until 2012 year-end, irrespective of whether they led to the derecognition of the related assets from the balance sheet.

2.6. Impairment of financial assets

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows that were estimated at the transaction date, or when the asset’s carrying amount may not be fully recovered. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

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

When the recovery of any recognized amount is considered unlikely, the amount is written off, without prejudice to any actions that the Institution may initiate to seek collection until its contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

Debt securities measured at amortized cost

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

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

These assets are assessed for impairment as follows:

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

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

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

Weightings	
Completed homes, primary residence	80.00%
Rural buildings in use, and completed multi-purpose facilities, premises and offices	70.00%
Completed homes (other)	60.00%
Land parcels, building lots and other property assets	50.00%

Hedging for credit risk is estimated on the outstanding risk above the value of the weighted guarantee in accordance with the above percentages. The coverage percentages indicated below, based on the time elapsed since the maturity of the first unpaid payment, are applied to this value.

Coverage ratio	
Less than 6 months	25.00%
More than 6 months and less than 9 months	50.00%
More than 9 months and less than 12 months	75.00%
More than 12 months	100.00%

In no circumstances will the amount of hedges of credit risk exposure be less than the amount arising from the calculation of hedging for inherent losses associated with debt, even if the amount of the guarantee after applying the appropriate weighting exceeds the outstanding risk.

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

Moreover, the amount of coverage required for the impairment of assets is estimated based on economic circumstances and on the estimates of inherent losses made by the Company for specific segments, particularly assets related to the real estate sector.

Debt instruments classified as available for sale

The amount of the impairment losses incurred on debt instruments included in the available-for-sale financial asset portfolio is the positive difference between their acquisition cost (net of any principal repayment) and their fair value less any impairment loss previously recognized in the income statement. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

When there is objective evidence that the differences arising on measurement of these assets are due to impairment, they are removed from "Equity – Valuation adjustments – Available-for-sale financial assets" and reclassified, for the cumulative amount at that date, to the income statement. If all or part of the impairment losses is subsequently reversed, the reversed amount is recognized in the income statement for the period in which the reversal occurs.

Equity instruments classified as available for sale

The amount of the impairment losses on equity instruments included in the available-for-sale financial asset portfolio is the difference between their acquisition cost and their fair value less any impairment loss previously recognized in the income statement.

When there is objective evidence that a decline in the fair value is due to impairment, such as a fall of 40% of its market price or a situation of continued losses over a period of more than 18 months, the unrealized losses are recognized in accordance with the impairment loss recognition criteria applied to available-for-sale debt instruments, with the exception that any recovery arising on these losses is recognized under "Equity – Valuation adjustments – Available-for-sale financial assets."

Equity instruments measured at cost

The impairment loss on equity instruments measured at cost is the difference between the carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities. In estimating the impairment, account shall be taken of the equity of the investee, except for "valuation adjustments" due to cash flow hedges, determined on the basis of the latest approved balance sheet, adjusted for the unrealized gains at the measurement date.

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

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

Mutual funds and pension funds managed are not presented on the face of the balance sheet since the related assets are owned by third parties. The fees and commissions earned in the period from this activity are included under "Fee and commission income" in the income statement.

2.8. Personnel expenses and post-employment obligations

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

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

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

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

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

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

1) approval of the creation of a Joint ”la Caixa”/CaixaBank Pension Plan
2) approval of the amendments to transform the specifications of the ”la Caixa” employee Pension Plan to the Joint ”la Caixa”/CaixaBank Pension Plan, and incorporation of two appendices of specifications (employees of ”la Caixa” were included under the ”la Caixa” plan, while employees of CaixaBank, all beneficiaries of the former ”la Caixa” Pension Plan, and non-contributing members were included under the CaixaBank plan)
3) appointment of members of the Joint Pension Plan Monitoring Committee
4) formal creation of the Joint ”la Caixa”/CaixaBank Pension Plan Monitoring Committee

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

On May 22, 2012, a labor agreement on the integration of Banca Cívica in CaixaBank (*acuerdo laboral de integración de Banca Cívica)* was signed. This agreement included, *inter alia,* the gradual adaptation of the remuneration structure of Banca Cívica employees to that of CaixaBank and the assumption by CaixaBank of Banca Cívica’s pension rights and obligations at that time, adapting them to terms and conditions of CaixaBank’s pension systems and including them in its external plans.

Post-employment benefits

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

Defined contribution plans

All pension plan contributions made during the year are recognized under “Personnel expenses” in the income statement (see Note 33).

Defined benefit plans

CaixaBank records the present value of defined benefit post-employment obligations, net of the fair value of plan assets and of the net accumulated unrecognized actuarial gains and/or losses and of deferred past service costs, under “Provisions – Provisions for pensions and similar obligations” (see Note 21).

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

- Are not owned by the Institution, but rather by a legally separate, non-related third party;
- Are available to be used only to pay or fund post-employment benefits and are not available to the Institution's own creditors, even in bankruptcy. Assets cannot return to the Institution, unless the remaining assets of the plan are sufficient to meet all the related benefit obligations of the plan the plan or the reporting entity, or are used to reimburse it for post-employment benefits the Institution has already paid to employees.

Virtually all of CaixaBank's defined benefit commitments are assured through polices contracted with the Group entity VidaCaixa, SA de Seguros y Reaseguros. Consequently, these contracts do not meet the requirements to be considered plan assets. The fair value of the insurance contracts is shown under "Insurance contracts linked to pensions" on CaixaBank's separate balance sheet.

CaixaBank's remaining defined benefit commitments, inherited from the companies acquired, are assured through polices contracted with the entities that are not considered related parties and which do meet the requirements to be considered plan assets. The fair value of these insurance contracts is recognized as a reduction of the liabilities under "Provisions – Provisions for pensions and similar obligations."

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

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

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

- Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period;
- Interest cost, understood as the increase during a period in the present value of the obligation which arises because the benefits are one period closer to settlement;
- Expected return on insurance contracts linked to pensions less any costs of administering the plan and less any tax payable by the plan;
- The effect of any plan curtailments or settlements;
- Actuarial gains and losses arising from differences between the previous actuarial assumptions and what has actually occurred and changes in actuarial assumptions.

Other long-term employee benefits

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

Early retirement schemes

As indicated in the preceding note, CaixaBank assumed the obligations deriving from the two early retirement programs in force at the time the "la Caixa" Group was reorganized. These programs were launched in 2003 and, after being rolled over several times, lapsed on December 31, 2011. The first was a partial retirement scheme for employees over 60, and the second was an early retirement scheme for employees aged between 57 and 62 who had at least two and up to five years before reaching the agreed retirement age. To qualify for these two schemes, employees were required to meet a minimum length of service at CaixaBank and have paid in a minimum amount of social security contributions. 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. According to this agreement, staff at each entity complying with a series of requirements could choose to adhere to the early retirement program. This scheme was rolled over on June 27, 2012, and December 24, 2012.

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

CaixaBank has also assumed the commitments of the early retirement schemes in force at the time of the integration of Banca Cívica, as well as the other measures derived from the labor agreement with on the integration of Banca Cívica of May 22, 2012.

CaixaBank covers the entire cost of the obligations for additional payments, social security contributions, defined contributions to the pension plan, and other obligations up to the retirement age agreed with the employees by a specific provision included under “Provisions – Provisions for pensions and similar obligations” in the balance sheet. This provision covers the entire cost of employees who took early retirement up to December 31, 2012, and that of the rest of the measures derived from the labor agreement on the integration of Banca Cívica of May 22, 2012.

3,852 employees took early or partial retirement between the start of the early retirement schemes in 2003 to December 31, 2012.

Long-service bonuses

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

Termination benefits

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

Credit facilities made available to employees

Credit facilities made available to employees at below market rates are considered to be non-monetary benefits and are calculated as the difference between market rates and the agreed rates. The difference is recognized under "Administrative expenses – Personnel expenses," with a balancing entry under "Interest and similar income" in the income statement.

2.9. Income tax

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

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

2.10. Tangible assets

"Tangible assets" includes buildings, land, furniture, vehicles, IT equipment and other facilities owned by the Institution or acquired under finance leases. "Tangible assets" in the balance sheet is broken down into two line items: "Property and equipment" and "Investment properties."

"Property and equipment" comprises property and equipment for own use and other assets leased out under an operating lease. Property and equipment for own use includes assets held by the Institution for present or future administrative uses or for the production or supply of goods and services that are expected to be used over more than one financial period.

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

Tangible assets are generally stated at cost less accumulated depreciation and any impairment losses determined by comparing the carrying amount of each item to its recoverable amount.

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

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their residual value. Land is not depreciated since it is considered to have an indefinite life.

The depreciation charge is recognized in the income statement and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets.

Depreciation of tangible assets

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

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

Similarly, if there is an indication of a recovery in the value of an asset, the Institution recognizes the reversal of the impairment loss recognized in prior periods in the abovementioned income statement heading, and adjusts the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have had no impairment losses had been recognized in prior years.

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

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

2.11. Intangible assets

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

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

2.12. Non-current assets held for sale

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

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

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

If the assets remain on the balance sheet for a longer time than initially envisaged, the net value of the assets is reviewed to recognize any impairment losses arising from difficulties finding buyers or reasonable offers. In no circumstances does the Institution delay recognition of this impairment which, at least, entails raising the hedging percentage from the aforementioned 10% to 20%, 30% of 40% for assets remaining on the balance sheet for more than 12, 24 or 36 months, respectively.

2.13. Inventories

This item on the balance sheet includes non-financial assets held for sale in the ordinary course of business, in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost, including financial charges, and net realizable value. Net realizable value is defined as the estimated selling price less the estimated costs of production and the estimates costs necessary to make the sale. The accounting principles and measurement bases applied to assets received as payments of debts, classified as inventories, are set out in Note 2.12.

The cost of inventories of items that are not ordinarily interchangeable and of goods and services produced and segregated for specific projects is determined individually, while the cost of other inventories is assigned mainly by using the First-In-First-Out method (FIFO) or weighted average cost formula, as appropriate.

Any write-downs to inventories or subsequent reversals of write-downs are recognized under “Impairment losses on other assets (net) – Other assets” in the income statement for the year in which the write-down or reversal occurs.

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

2.14. Provisions and contingencies

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

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

The Institution’s financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognized on the liability side of the balance sheet on the basis of the obligations covered, e.g. provisions for pensions and similar obligations, provisions for tax and provisions for contingent liabilities and commitments. Contingent liabilities are recognized under memorandum items on the balance sheet (see Note 24).

At year-end 2012, certain lawsuits and proceedings were ongoing involving the Institution arising from the ordinary course of their operations. CaixaBank’s legal advisers and directors consider that the outcome of such lawsuits and proceedings will not have a material effect on equity in the years in which they are settled.

2.15. Statement of cash flows

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities, such as subordinated financial liabilities. The issues launched by CaixaBank and placed on the institutional market are classified as financing activities, whereas the issues placed on the Spanish retail market are classified as operating activities.

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

According to the Bank of Spain Circular, an entity controls another entity when it has the power to govern the financial and operating policies of an entity, or other economic activity, so as to obtain benefits from its operations. Control may be obtained through payment or without ownership in the equity of the acquiree. Subsidiaries are defined as entities with which the Company constitutes a decision-making unit, because it owns, directly or indirectly, 50% or more of the voting power, or, if this percentage is lower, because it has agreements with other shareholders of these companies that give it the majority of the voting power.

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

Associates are companies over which the Company exercises significant direct or indirect influence, but which are not subsidiaries or jointly controlled entities. In the majority of cases, significant influence is understood to exist either when it holds 20% of more of the voting power of the investee, or if a lower percentage is held, this influence is considered to exist when the Company expressly states the will to exercise this significant influence and if any of the circumstances established in this regulation occur, such as (i) voting power corresponding to other shareholders, (ii) representation on the board of directors or equivalent governing body and (iii) agreements and pacts signed between entities. Exceptionally, investees in which more than 20% of the voting rights is held, but which due to the existence of a shareholder, or group of shareholders acting in concert, which controls the investee means that the Group effectively does not have the power to govern the entity's financial and operation policies, are not considered subsidiaries.

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

These investments are subsequently measured at cost less any accumulated impairment losses.

The Company assesses these investments for impairment at least at the end of each reporting period and whenever there is objective evidence that a carrying amount may not be recoverable. The impairment is calculated as the difference between the carrying amount and recoverable amount, which is the higher of its current fair value less costs to sell and the present value of the estimated cash flows from the investment.

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

Where an impairment loss reverses, the carrying amount of the investment is increased, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

3. Risk management

At CaixaBank, global risk management aims to ensure the company's robust risk profile, preserve capital adequacy and optimize the return/risk ratio by identifying, measuring and assessing risks and ensuring that they are always taken into account in CaixaBank's business decision-making process. This way, it sets a risk profile that is aligned with strategic objectives.

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

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

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

The CaixaBank Board of Directors is the Institution's highest risk-policy setting body. Acting in line with the duties assigned by the Board, the senior executives are members of the following risk management committees:

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

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

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

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

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

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

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

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

3.1. Credit risk

Credit risk is the most significant risk item on the CaixaBank balance sheet and arises from the banking and insurance business, treasury operations and the investee portfolio. The maximum credit risk exposure at December 31, 2012 of financial instruments recognized under “Held-for-trading portfolio,” “Available-for-Sale financial assets,” “Loans and receivables,” “Held-to-maturity investments” and “Hedging derivatives” in the accompanying balance sheet, and “Contingent liabilities” and “Contingent commitments” as memorandum items in the accompanying balance sheet, does not differ significantly from the carrying amount, since no guarantees or other credit enhancements are included in its calculation.

3.1.1. Customer credit risk

Overview

In 2012, the review of the quality of loans and receivables and foreclosed assets under the stress tests and the provision requirements under RDL 2/2012 and RDL 18/2012 were key factors behind the largely negative performance of the Spanish banking industry. For CaixaBank, the merger by absorption of Banca Cívica also had a major impact in the year.

CaixaBank gears its lending activity towards meeting the finance needs of households and businesses. Credit risk management is characterized by a prudent approvals policy and appropriate coverage. Since most loans are to private borrowers and consist primarily of mortgages to first-time homebuyers, the loan structure has a significantly low level of risk. Credit issued to property developers to finance home construction is generally taken up by individual customers once the homes have been completed and sold.

The appraised value of collateral is 2.3 times the value of the outstanding principals in the mortgage portfolio.

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

Doubtful loans amounted to €19,871 million and €9,476 million at December 31, 2012 and 2011 respectively. The increase was caused by the general economic downturn and the application of prudent loan scoring criteria, as well as the integration of Banca Cívica’s portfolio, resulting in a non-performing loans ratio (doubtful loans and contingent liabilities as a percentage of total risk) of 8.32% at December 31, 2012 (4.80% at December 31, 2011). The ratio is still lower than the ratio for the Spanish financial system as a whole (which, according to the figures for November 2012, stood at 11.38%).

Credit loss allowances were €11,711 million, representing a doubtful assets coverage ratio of 59%, or 142% taking into account mortgage collateral. Credit loss allowances at December 31, 2011, were €5,605 million, representing a doubtful assets coverage ratio of 59%, or 136% taking into account mortgage collateral.

In 2012, CaixaBank availed itself of the general credit loss allowance it had at December 31, 2011 (€1,811 million).

Credit approval processes and organization

In 2012, the Institution's activity focused carrying out the Banca Cívica integration as smoothly as possible. The integration was carried out in steps, with Caja Navarra integrated first, on October 20, and CajaSol second, on December 15.

From the initial stages (up to the technological integration) guidelines were established in the integrated entities to achieve a rapid convergence and standardization in a wide range of key risk management issues. These include:

- Assigning risk approval powers to Banca Cívica employees and standardizing the risk structure and decision-making bodies
- Defining a system of powers that allows for the accumulation of risks of the customers of both institutions
- Applying risk policies that guarantee the integrity and consistency of risk decision making (e.g. customer alerts, transaction deadlines, loan to values, prices)
- Identifying gaps of products with a view to the technological integration
- Providing the Banca Cívica network with training on risks

The result was the integration of the two institutions in record time.

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

Looking ahead to 2013, another three banks will be integrated: Caja de Canarias and Caja de Burgos, tentatively in the first half of 2013, and Banco de Valencia in the third quarter; the integration of Banco de Valencia is contingent of fulfillment of the conditions precedent explained in Note 1.

Elsewhere, the Institution has a loan approval system in place to award loans, which is a highly effective tool for delegating risk management responsibilities. The system is based on the treatment of maximum amounts by guarantee and by customer in the case of individuals and large companies, and by customer expected-loss thresholds in other business segments.

Risk parameters and other policies based on the credit rating of borrowers are all taken into consideration when establishing approval powers. In 2012, the risk parameters were updated and new management models were rolled out to improve the predictive capabilities of these tools.

This system is based on electronic files for both new applications and existing transactions, eliminating the need to physically move files and making the process more efficient.

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

As for pricing, a new minimum pricing system was developed in 2012 to complement the existing pricing system. Moreover, efforts were made to mainstream application of the tool to all of the Institution's segments and products.

Regarding the RAR tool, progress continued on the development and use of tools for measuring risk-adjusted returns by business and customer.

The RAR tool is currently set up in the business and corporate banking network. During the year, a pilot test was conducted in the SMEs segment in the universal network.

This tool is designed to achieve greater control over the balance between risk and returns. It 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 network, specific actions to boost returns and it carry out its first commercial action to improve and optimize this ratio.

Default management

CaixaBank’s default ratio at December 31, 2012 was 8.32%, i.e. below the sector average. It continued to measure up well vis-à-vis its peers thanks to the credit risk management policies applied. These policies enabled CaixaBank to keep the default rate from rising in the fourth quarter of 2012 caused by the overall negative trend of the industry and the integration of Banca Cívica. The NPL ratio was 5.46% at June 30 and 8.17% at September 30.

In this regard, one of the Institution’s main risk management priorities was to continue the work that began in 2008 to make the organizational changes required to provide the units responsible for default management with the resources they need. The aim is to act on the first signs of any deterioration in the creditworthiness of debtors and carefully implement measures to monitor operations and the related guarantees and, if necessary, instigate claims to recover debt quickly.

In 2012, to reduce default through prevention and by speeding up debt recovery, the Default and Recovery areas were combined into a single department reporting to Credit Risk Monitoring and Recoveries.

The situation of the Spanish real estate market poses extreme difficulties for those who took out mortgage loans when property prices were at their highest, leaving them in a situation now where they cannot meet their payment obligations.

In this context, the Institution continues to apply a set of measures for private customers experiencing temporary difficulties in paying off mortgage guarantee loans on their normal residence. These measures, which apply only to customers whose relationship with the Institution shows their unequivocal desire to honor the commitments made, aim to adapt the conditions of the operation to the borrower’s current situation. Grace periods, waiting clauses, unification of debts and a payment moratorium, for example, are some of the measures that are analyzed when deciding with customers on the process that best suits their particular situation.

According to Law 2/2011 of May 4, on the Sustainable Economy, the Institution follows responsible practices in granting loans and credits to consumers. These policies, which are approved by the Board and fleshed out in internal regulations, include, *inter alia,* the following:

- An appropriate relationship between income and expenses borne by consumers
- Documentary proof of the information provided by the borrower and the borrower’s solvency
- Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation
- An appropriate and independent assessment of real estate collateral

Refinancing policies

Refinancing entails the redesign of risks for customers in arrears in an attempt to enhance the guarantees available and make it easier for them to meet their commitments. On October 2, 2012, the Bank of Spain released Circular 6/2012, of September 28, which includes the treatment and classification of refinancing and debt restructuring operations. It considers as refinancing, refinanced and restructured operations as described in the Circular.

CaixaBank has already met the requirements of this Circular before it was issued by establishing a debt renegotiation policy, approved by the Board of Directors on March 10, 2011, setting out the main rules established in this regulation:

- To not use renegotiation to distort the risk of default;
- To analyze operations at a different level than in the original transaction; and
- To have an internal identification and monitoring system.

For the reasons outlined in the previous paragraph, Circular 6/2012 did not have a significant impact on the classification or the covering requirements of the loan portfolio.

The main criteria to be considered for undertaking a refinancing are:

- That all possibilities for collecting the bad debt have been exhausted
- That the customer's willingness to pay be accredited
- That the customer have the ability to pay throughout the life of the transaction
- That the terms of the refinancing are suitable for its purpose
- That new guarantees be extended before the debt is increased on existing guarantees
- That partners, in the case of legal persons, give their commitment

The table below shows the outstanding balance of refinancing operations carried out at December 31, 2012, by classification of customer insolvency risk:

(Thousands of euros)	Standard					
	Full mortgage collateral		Other collateral		Uncollateralized	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	7	3,944			57	154,016
Other legal persons and individual entrepreneurs	12,861	3,462,407	927	222,792	8,085	531,217
Of which: finance for construction and development	*2,780*	*1,385,107*	*57*	*78,886*	*362*	*17,951*
Other natural persons	74,091	6,048,897	2,826	75,048	27,674	168,578
Total	**86,959**	**9,515,248**	**3,753**	**297,840**	**35,816**	**853,811**

(Thousands of euros)	Substandard						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector							
Other legal persons and individual entrepreneurs	3,299	1,955,677	73	82,621	768	264,710	742,740
Of which: finance for construction and development	*2,306*	*1,679,205*	*35*	*59,568*	*84*	*115,955*	*646,898*
Other natural persons	12,406	1,039,262	821	91,665	2,589	26,493	159,131
Total	**15,705**	**2,994,939**	**894**	**174,286**	**3,357**	**291,203**	**901,871**

(Thousands of euros)	Doubtful						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector			1	3,035	15	9,645	505
Other legal persons and individual entrepreneurs	7,996	3,882,946	583	494,318	2,280	404,160	1,639,677
Of which: finance for construction and development	*4,416*	*2,616,717*	*174*	*305,638*	*361*	*164,588*	*1,078,327*
Other natural persons	11,074	1,182,443	1,725	188,919	4,083	31,130	377,999
Total	**19,070**	**5,065,389**	**2,309**	**686,272**	**6,378**	**444,935**	**2,018,181**

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	80	170,640	505
Other legal persons and individual entrepreneurs	36,872	11,300,849	2,382,417
Of which: finance for construction and development	*10,575*	*6,423,614*	*1,725,225*
Other natural persons	137,289	8,882,434	537,130
Total	**174,241**	**20,353,923**	**2,920,052**

The amounts shown include €4,149 million of reinstated loans. An operation is considered to be reinstated when the borrower provides that it has met its payment commitments for a reasonable amount of time, which ranges between 3 and 12 months depending on the type of refinancing, once the grace period is over. The Institution has an internal policy that assesses compliance with certain requirements for reinstatement of a loan after the grace period is over.

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

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

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

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

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

For completed projects, CaixaBank analyzes the possibility of helping with the sale with intervention by the Group's BuildingCenter, SAU holding company, a real estate services specialist, with a view to efficiently managing the investment, pursuing recovery and adding value and profitability. BuildingCenter, SAU outsources the management of the real estate assets with ServiHabitat XXI, SAU, a wholly owned subsidiary of "la Caixa."

In all cases, detailed purchaser quality checks are run to ensure the feasibility of providing loans to the end buyers. Flexibility is limited to the financing percentages and credit quality is not reduced under any circumstances.

Finally, when there is no reasonable possibility that the borrower can continue to maintain its position, the mortgaged asset is acquired. The acquisition price is calculated using the appraisal performed by a valuation company approved by the Bank of Spain. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

Policies and strategies relating to foreclosed assets

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

Real-estate assets are acquired by BuildingCenter, SAU through three different channels:

1) Acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans. Auction prices are established, up to the limits set forth in applicable legislation, pursuant to updated appraisals made by appraisal firms approved by the Bank of Spain. Activities involving adjudication at auction are controlled by the Auctions Committee comprising CaixaBank's Risks and Legal Services divisions and representatives of BuildingCenter, SAU the latter of which manages these operations and is the final purchaser of the assets.
2) Acquisition of mortgaged real-estate assets of individuals, with the subsequent subrogation and cancellation of the debts. As in the previous instance, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction.
3) Acquisition of real-estate assets of companies, mainly property developers, to cancel their debts. As in the previous instances, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction. The acquisition process includes conducting full legal and technical reviews of the properties. The Real Estate Acquisition and Appraisal Committee, comprising CaixaBank's Risk and Legal Services divisions and representatives of BuildingCenter, SAU, the latter of which manages these operations and is the final purchaser of the assets, permanently controls this process and is first in line for approving the transactions prior to them being put before CaixaBank's Management Committee.

To carry out these activities, BuildingCenter, SAU raises virtually all of its finance from CaixaBank under market conditions. Finance granted at December 31, 2012, amounted to €7,010 million, of which €6,644 million had been drawn down, leaving an amount drawable of €366 million. Finance granted at December 31, 2011, amounted to €1,800 million, of which €1,433 million had been drawn down, leaving an amount drawable of €367 million.

The following table shows the assets by the amounts at which they were carried in BuildingCenter, SAU's financial statements at December 31, 2012 and 2011 by source and type of property. Not included are assets added as property and equipment for own use and those classified as investment properties:

(Thousands of euros)	Net carrying amount	
	31/12/2012	31/12/2011
Property acquired in loans to real estate constructors and developers	**4,213,100**	**1,004,575**
Completed buildings	2,597,878	773,299
Homes	*2,142,439*	*703,486*
Other	*455,439*	*69,813*
Buildings under construction	225,844	49,561
Homes	*192,061*	*49,482*
Other	*33,783*	*79*
Land	1,389,378	181,715
Built land	*609,479*	*61,080*
Other	*779,899*	*120,635*
Property acquired in mortgage loans to homebuyers	**1,111,274**	**273,954**
Other property foreclosures	**244,485**	**26,742**
Total	**5,568,859**	**1,305,271**

BuildingCenter, SAU acquired €3,860 million of real estate assets in 2012.

The strategies undertaken for the sale of these assets are as follows:

- Land development: The economic volume of assets classified as "rural land" is limited with regard to the assets acquired taken as a whole. Nonetheless, certain procedures still have to be completed for some plots that are suitable for development in order for them to be developed, such as completion of planning process, redistribution of plots or the development of urban infrastructure, etc. These procedures are performed through BuildingCenter, SAU's specialized services pursuant to very strict investment criteria. They are only performed when the investment ensures the value of the affected assets is maintained.

- Completion of housing developments: CaixaBank's acquisition criteria restrict purchases of property developments in progress. A number of minor measures to improve some of these developments are made to ensure that they can be sold. These measures are performed using the technical resources and experience of Suministros Urbanos y Mantenimientos, SA (Sumasa), a CaixaBank Group subsidiary, also pursuant to very strict investment criteria.

- Property exchanged through swaps: This involves mobilizing certain land by assigning it to a developer in exchange for part of the finished product in the property development. This strategy is followed in very limited circumstances and following very strict criteria for selecting the property developer with regard to solvency and the ability to complete the project. This strategy enables land that has been initially acquired to be converted into a finished product, which makes it easier to trade on the market.

- In-house property development: Restricted to very specific transactions where the asset's quality and characteristics mean that developing the asset is the clearest and most secure means to recover the investment and generate a positive margin.

- Rental: A means of benefiting from rising demand and generating recurring income without forcing a sale in a market with increasingly fewer buyers facing difficulties accessing credit. This strategy also involves a social dimension when former owners are offered the opportunity to rent the property they have handed over in lieu of their debt to allow them to continue living in it.

- Sale: The Group implements an intense sales campaign through a multichannel system – Internet, CaixaBank branches, Servihabitat offices, and estate agents, etc. – drawing on the experience and capability of Servihabitat (a "la Caixa" group company that manages BuildingCenter, SAU through a service agreement), which continuously positions it as a benchmark in terms of sales volume and brand recognition and innovation.

Breakdown of credit by activity

As required by Circular 6/2012, of September 28, the breakdown of loans and advances to customers by activity is as follows:

31/12/2012

(Thousands of euros)	TOTAL	*Of which: Mortgage collateral*	*Of which: Other collateral*	Collateralized loans (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public sector	**13,188,441**	***193,919***	***41,817***	**39,708**	**32,449**	**125,807**	**14,215**	**23,556**
Other financial institutions	**11,888,755**	***28,867***	***239***	**3,969**	**21,210**	**965**	**2,960**	
Non-financial institutions and individual entrepreneurs	**97,113,558**	***41,405,240***	***496,989***	**11,433,333**	**14,286,673**	**11,294,052**	**3,520,866**	**1,367,306**
Construction and real estate development	21,226,897	*20,726,262*	*39,172*	4,591,061	6,804,314	6,831,670	1,803,219	735,170
Civil engineering	7,557,825	*2,272,207*	*11,951*	863,702	713,460	410,626	86,649	209,722
Other	68,328,836	*18,406,771*	*445,866*	5,978,570	6,768,899	4,051,756	1,630,998	422,414
Large corporations	30,622,349	*1,196,811*	*74,761*	241,836	497,756	255,932	237,900	38,147
SMEs and individual entrepreneurs	37,706,486	*17,209,960*	*371,105*	5,736,734	6,271,143	3,795,824	1,393,098	384,267
Other households and non-profit institutions serving households	**108,982,567**	***103,280,241***	***581,702***	**21,220,159**	**30,902,328**	**38,737,535**	**11,540,815**	**1,461,105**
Home purchase	92,489,796	*91,847,711*	*137,534*	16,844,790	26,597,915	36,215,937	11,032,494	1,294,108
Consumer	4,482,345	*2,305,675*	*154,721*	952,263	869,658	512,933	94,044	31,498
Other	12,010,426	*9,126,855*	*289,447*	3,423,106	3,434,755	2,008,665	414,277	135,499
SUBTOTAL	**231,173,321**	***144,908,267***	***1,120,747***	**32,697,169**	**45,242,660**	**50,158,359**	**15,078,856**	**2,851,967**
Less: Impairment losses on assets not assigned to specific transactions	**2,247,952**							
TOTAL	**228,925,369**							
PRO MEMORIA								
Refinancing, refinanced and restructured operations	17,433,871	14,384,391	503,212	2,993,950	4,293,779	5,463,791	1,593,037	543,046

Concentration of risk by activity and geographic area

As required by Circular 6/2012, of September 28, the breakdown of risk concentration by activity and geographic area is as follows:

31/12/2012
(Thousands of euros)

	TOTAL	Spain	Rest of the EU	America	ROW
Credit institutions	**29,585,459**	**16,274,428**	**11,865,018**	**134,836**	**1,311,177**
Public sector	**37,162,024**	**36,488,615**	**634,370**	**0**	**39,039**
Central government	22,574,116	21,918,004	634,370		21,742
Other	14,587,908	14,570,611			17,297
Other financial institutions	**27,880,470**	**25,402,401**	**848,034**	**1,619,816**	**10,219**
Non-financial institutions and individual entrepreneurs	**119,959,761**	**115,487,694**	**2,329,966**	**1,311,524**	**830,577**
Construction and real estate development	22,121,158	21,849,074	25,174	19,953	226,957
Civil engineering	10,285,355	9,739,488	260,990	284,482	395
Other	87,553,248	83,899,132	2,043,802	1,007,089	603,225
Large corporations	46,948,073	44,792,879	1,566,300	421,850	167,044
SMEs and individual businessmen	40,605,175	39,106,253	477,502	585,239	436,181
Other households and non-profit institutions serving households	**110,147,623**	**108,919,411**	**843,702**	**112,213**	**272,297**
Home purchase	92,958,495	91,823,435	803,562	98,356	233,142
Consumer	4,482,345	4,468,911	6,868	3,052	3,514
Other	12,706,783	12,627,065	33,272	10,805	35,641
SUBTOTAL	**324,735,337**	**302,572,549**	**16,521,090**	**3,178,389**	**2,463,309**
Less: Impairment losses on assets not assigned to specific transactions	**2,247,952**				
TOTAL	**322,487,385**				

The detail of risk in Spain by Autonomous Community is as follows:

31/12/2012 **1 / 2**
(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castilla - La Mancha	Castilla y León
Credit institutions	**16,274,428**	**183,971**	**129,862**	**3,729**	**16,539**	**576,303**
Public sector	**36,488,615**	**1,760,780**	**747,019**	**681,522**	**192,795**	**507,671**
Central government	21,918,004					
Other	14,570,611	1,760,780	747,019	681,522	192,795	507,671
Other financial institutions	**25,402,401**	**504,605**	**414**	**31,098**	**685**	**28,209**
Non-financial institutions and individual entrepreneurs	**115,487,694**	**12,363,917**	**2,148,314**	**4,909,122**	**1,905,159**	**3,378,472**
Construction and real estate development	21,849,074	5,004,725	498,181	1,518,194	754,976	983,748
Civil engineering	9,739,488	1,332,863	105,371	132,832	131,805	105,937
Other	83,899,132	6,026,329	1,544,762	3,258,096	1,018,378	2,288,787
Large corporations	44,792,879	1,196,906	263,457	494,672	184,915	576,127
SMEs and individual entrepreneurs	39,106,253	4,829,423	1,281,305	2,763,424	833,463	1,712,660
Other households and non-profit institutions serving households	**108,919,411**	**20,390,419**	**3,872,193**	**6,412,620**	**3,429,165**	**4,330,144**
Home purchase	91,823,435	15,861,270	3,311,950	5,789,690	2,946,972	3,751,283
Consumer	4,468,911	826,476	114,153	328,091	107,439	230,977
Other	12,627,065	3,702,673	446,090	294,839	374,754	347,884
TOTAL	**302,572,549**	**35,203,692**	**6,897,802**	**12,038,091**	**5,544,343**	**8,820,799**

31/12/2012						2 / 2
(Thousands of euros)						
	Catalonia	Madrid	Navarre	Community Valencia	Basque Country	Others (*)
Credit institutions	**4,404,113**	**7,248,089**	**1,572**	**133,351**	**748,193**	**2,828,706**
Public sector	**5,875,210**	**23,415,090**	**581,015**	**823,091**	**778,844**	**1,125,578**
Central government		21,918,004				
Other	5,875,210	1,497,086	581,015	823,091	778,844	1,125,578
Other financial institutions	**20,646,732**	**3,517,838**	**581,899**	**73,414**	**15,669**	**1,838**
Non-financial institutions and individual entrepreneurs	**38,446,709**	**32,123,413**	**3,489,201**	**4,152,272**	**4,922,488**	**7,648,627**
Construction and real estate development	2,845,719	5,945,150	798,921	1,017,500	597,564	1,884,396
Civil engineering	3,577,526	2,606,365	158,721	320,415	792,710	474,943
Other	32,023,464	23,571,898	2,531,559	2,814,357	3,532,214	5,289,288
Large corporations	20,219,206	16,117,980	1,248,639	721,211	1,994,431	1,775,335
SMEs and individual entrepreneurs	11,804,258	7,453,918	1,282,920	2,093,146	1,537,783	3,513,953
Other households and non-profit institutions serving households	**31,975,611**	**15,361,352**	**4,324,541**	**5,812,663**	**3,225,248**	**9,785,455**
Home purchase	27,287,253	13,027,833	3,687,447	4,983,273	2,814,049	8,362,415
Consumer	1,315,102	482,756	328,473	222,002	126,643	386,799
Other	3,373,256	1,850,763	308,621	607,388	284,556	1,036,241
TOTAL	**101,348,375**	**81,665,782**	**8,978,228**	**10,994,791**	**9,690,442**	**21,390,204**

(*) Includes autonomous communities that combined represent less than 10% of the total.

Information regarding financing for property development and home purchasing

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

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

(Thousands of euros)	Carrying amount	
	31/12/2012	**31/12/2011**
Total loans and advances to customers excluding public sector (businesses in Spain)	213,690,917	181,008,305
Total assets	335,675,311	264,315,136
Impairment and credit risk provisions. Total general provisions		1,811,429

Financing for real estate development

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

31/12/2012

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**26,992,217**	**5,265,330**	**5,765,320**
Of which: Doubtful	11,934,984	3,864,728	4,667,777
Mortgage	*10,485,155*	*3,864,728*	*3,983,904*
Personal	*1,449,829*		*683,874*
Of which: Substandard	3,144,178	448,105	1,097,543
Mortgage	*2,850,293*	*448,105*	*1,027,812*
Personal	*293,885*		*69,731*
Memorandum items			
Asset write-offs	1,358,897		

31/12/2011

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**22,437,714**	**3,718,048**	**2,244,955**
Of which: Doubtful	5,798,451		1,793,369
Mortgage	*4,864,958*	*1,781,529*	*1,342,348*
Personal	*933,493*		*451,021*
Of which: Substandard	2,989,359	510,153	451,586
Mortgage	*2,869,800*	*510,153*	*430,340*
Personal	*119,559*		*21,246*
Memorandum items			
Asset write-offs	364,065		

The amounts shown in the preceding tables do not include the loans extended by CaixaBank to its subsidiary, Building Center, SAU, which at December 31, 2012 and 2011 amounted to €6,644 million and €1,433 million, respectively, and to the rest of the ”la Caixa” Group real estate companies, mainly Servihabitat XXI, SAU, which at December 31, 2012 and 2011 amounted to €3,026 million and €3,129 million, respectively.

The level of coverage for real estate developers and developments considering distressed assets (doubtful and substandard) at December 31, 2012 stood at 38.2% (25.5% at December 31, 2011). If mortgage collateral is taken into account, cover at December 31, 2012 would be 127% (114% at December 31, 2011). Coverage of distressed assets in the property development sector is 53.1% considering the allowances for the portfolio of assets in this sector not assigned to specific operations, which amounted to €2,248 million.

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

By type of guarantee

(Thousands of euros)	Carrying amount	
	31/12/2012	31/12/2011
Without mortgage collateral	**2,582,235**	**1,782,661**
With mortgage collateral	**24,409,982**	**20,655,053**
Completed buildings	15,817,050	13,459,382
Homes	*11,336,678*	*10,560,958*
Other	*4,480,372*	*2,898,424*
Buildings under construction	2,970,829	3,125,738
Homes	*2,516,654*	*2,862,443*
Other	*454,175*	*263,295*
Land	5,622,103	4,069,933
Built land	*2,723,217*	*2,353,301*
Other	*2,898,886*	*1,716,632*
Total	**26,992,217**	**22,437,714**

Financing for home purchases

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

By type of guarantee

(Thousands of euros)	Gross amount	
	31/12/2012	31/12/2011
Without mortgage collateral	958,547	348,505
Of which: doubtful	*18,351*	*6,572*
With mortgage collateral	86,761,835	69,356,975
Of which: doubtful	*2,440,798*	*1,026,539*
Total home loans	**87,720,382**	**69,705,480**

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

31/12/2012

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	TOTAL
Gross amount	14,471,665	25,644,920	36,742,981	8,899,765	1,002,504	**86,761,835**
Of which: doubtful	*124,504*	*347,557*	*1,116,766*	*644,325*	*207,646*	***2,440,798***

31/12/2011

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	TOTAL
Gross amount	10,766,926	19,829,651	30,782,635	7,473,975	503,788	**69,356,975**
Of which: doubtful	*36,923*	*131,298*	*528,136*	*307,718*	*22,463*	***1,026,538***

Credit risk monitoring

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

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

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

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

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

Limits on major risks

The maximum risk limit with large companies, which includes the credit risk on the portfolio of loans and equity interests, is allocated on a case-by-case basis according to the internal rating and maximum acceptable loss for each borrower in line with the CaixaBank Group's capital. In determining the risk limit, CaixaBank Group bears in mind, *inter alia,* the borrower's size and net debtor position.

Credit risk measurement and rating

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure

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

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

Probability of default

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

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

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

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

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

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

Details of exposure according to the estimated probability of default by the various customer segments at December 31, 2012 are provided below:

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

	Segment							
Master	Companies		SMEs		Retail			
Scale Equivalent	Non-	Developers	Non-	Developers	Mortgage	Consumer	Cards	Total
MS 0-1	2.0%	0.0%	0.0%	0.0%	38.1%	17.2%	40.6%	23.5%
MS 2-3	40.8%	0.0%	15.8%	0.1%	19.4%	29.9%	26.4%	21.8%
MS 4-5	34.4%	47.7%	44.6%	31.5%	22.4%	34.9%	22.4%	29.1%
MS 6-7	17.9%	32.1%	30.8%	25.9%	12.8%	12.8%	8.5%	17.0%
MS 8-9	4.9%	20.2%	8.8%	42.5%	7.3%	5.2%	2.1%	8.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The table below shows, by segment, the percentages that go into default in each of the years analyzed and constitute the probability of default observed in each period.

Trend in NPL frequency

	2008	2009	2010	2011	2012
Retail	1.06%	1.54%	0.84%	0.82%	0.99%
Companies	3.56%	5.04%	3.23%	3.86%	5.45%

NPL frequency in the retail segment was calculated taking the contracts as the universe of the basis of calculation.
NPL frequency in the wholesale segment was calculated taking the customers as the universe of the basis of calculation.

Loss Given Default

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

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

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

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

Unexpected loss and economic capital

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

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

Traditionally, two concepts have been distinguished:

- Economic capital is that which an entity ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity's own estimate, adjusted according to the level of tolerance to risk, volume and type of activity. In this respect, it is the responsibility of the entity's board of directors and senior executives to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.97%. This responsibility was emphasized in Pillar 2 of the Basel Capital Accord.
- Regulatory capital is that which an entity must maintain to cover the requirements of the supervisory body. The aim is also to avoid bankruptcy at the entity while protecting the interests of customers and holders of senior debt, thus preventing any major systemic impact.

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

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

Internal validation

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

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

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

CaixaBank's validation function is controlled by Internal Validation under the Technical Secretariat and Validation area, which reports directly to Risks, and operates independently of the teams developing models and defining policies and procedures.

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

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

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

Compliance activities comprise:

- Validation cycles: A set of periodic reviews for the purposes of analyzing, on an annual basis for each internal model, their performance and integration within risk management processes. This guarantees an updated opinion on the status of the internal models and their uses.
- Exhaustive reviews of relevant modifications, which require a prior opinion by Internal Validation, such as the approval and implementation of internal models or the validation of parameter estimation processes.
- Regulatory reporting:
  - The update, at least annually, of the IRB Monitoring Dossier, a document required by the supervisor for each internal model.
  - Presentation of the Internal Validation Report.

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

As established in DV2 ("Validation Document no. 2," published by the Bank of Spain), the scope of reviews conducted by Internal Validation initially included credit and operational risk. However, market risk was included in 2010 and this portfolio was added to recurring reviews (validation cycles) from 2011.

3.1.3. Counterparty risk generated by treasury operations

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

The maximum authorized exposure to counterparty credit risk for credit approval purposes is determined using a complex calculation approved by Management, primarily based on ratings for the entities and on analysis of their financial statements.

Monitoring is also carried out of listings of shares and of protection insurance (CDS) for the counterparties in order to detect any impairment of their solvency.

The exposure of CaixaBank to credit institutions at December 31, 2012 was €3,318 million, excluding deposits with the Bank of Spain. Practically all exposures arising from Front Office operations were assumed with counterparties located in European countries and the United States.

Additionally, the distribution by ratings reflects the significance of operations with counterparties assessed as "investment grade," i.e. those which international rating agencies have considered to be safe due to their high payment capacity.

Global Risk Management is responsible for integrating these risks within the Institution's overall exposure management framework. However, specific responsibility for managing and monitoring exposure to counterparty risk arising from treasury activity lies with Risk Analysis and Approval, which draws up the proposals for approval of risk lines, and monitors the use of these lines.

Counterparty risk at CaixaBank is controlled by an integrated real-time system which provides information at any given time of the available limit for any counterparty, by product and maturity. Risk is measured both in terms of its current market value and as future exposure (the value of risk positions in due consideration of future changes to underlying market factors).

Furthermore, as part of the monitoring process for credit risks assumed by market operations, Risk Analysis and Approval and Legal Advisory actively manage and monitor the adequacy of the related contractual documentation. Virtually all the risks undertaken in connection with derivative instruments are covered by standardized ISDA and/or CMOF contracts, which provide for the possibility of offsetting the outstanding collection and payment flows between the parties.

CaixaBank has signed collateral agreements with most of its counterparties, and these provide a guarantee of the market value of derivative transactions. The percentage of derivative collateralization with financial institutions at CaixaBank, calculated based on replacement cost, is more than 97%.

3.1.4. Risk associated with the investee portfolio

The risk relating to CaixaBank's investee portfolio is the risk associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions composing the investment portfolio at medium to long term.

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

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

These measures and their implementation are necessary to monitor management of the investee portfolio and enable strategic decisions to be made on its composition by senior executives at the CaixaBank Group.

Market Risk Control, moreover, studies derivatives and the exchange rate risk associated with the investee portfolio, and monitors risk in relation to finance markets associated with investees on an ongoing basis.

3.2. Market risk

The financial activity of credit institutions involves assuming market risk, which includes exposures from various sources: balance-sheet risk arising from interest rate and exchange rate fluctuations, the risk caused by taking up treasury positions, and the risk associated with equity investments which form part of the CaixaBank Group's diversification business. In all instances, risk refers to the potential loss of profitability or portfolio value as a result of adverse fluctuations in market rates or prices.

Subject to the methodological specifications and the additional comments set out below to provide a specific description of the various exposure groups, there are two concepts which constitute common denominators and market standards for measurement of this risk: sensitivity and VaR (value at risk).

These sensitivity analyses provide information concerning the impact on the economic value of positions of a rise in interest rates, exchange rates, prices or volatility, but do not provide any assumptions as to the likelihood of such changes.

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

See section 3.2.3 in this Note for information on treasury trading activities in 2012.

3.2.1. Fair value micro-hedges

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

The CaixaBank Group enters into these hedges on individual items, offsetting all the market risk factors of the item to be hedged.

There follows a brief description of the nature of the risks hedged and of the instruments used, by classifying them according to the various management objectives:

- Micro-hedges of structured customer deposits:

  The aim of these micro-hedges is to stabilize the fluctuations in the value of the embedded derivative in hybrid financial instruments, which may be caused by shifting expectations of interest rates or equity markets. The embedded derivative associated with each financial transaction in this portfolio will be hedged against market risk with an offsetting transaction for the same value.

- Micro-hedges of interbank deposits:

  The aim of these micro-hedges is to hedge against the fluctuations caused by market interest rate changes in the value of the deposits used to manage liquidity on the balance sheet, usually fixed-interest deposits maturing in less than one year. The hedging instruments generally used are interest rate swaps (IRSs) and call money swaps.

- Micro-hedges of institutional loans:

  The aim of these micro-hedges is to hedge against the fluctuations caused by market interest rate changes in the value of certain institutional loans bearing fixed interest, whose risk it has been decided to manage. The hedging instruments generally used are futures and IRSs.

3.2.2. Structural balance sheet interest rate risk

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

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

For accounting and management purposes, CaixaBank has a macro-hedge against fair value interest rate risk.

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

At December 31, 2012, CaixaBank used this macro-hedge as a strategy to mitigate its exposure to interest-rate risk.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at December 31, 2012 of sensitive items on the CaixaBank balance sheet. The sensitivity to interest rates and the expected terms to maturity have been analyzed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behavior, including the possibility that the customer may withdraw the funds invested in this type of products. For other products, in order to define the assumptions for early termination, internal models are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

Matrix of maturities and revaluations of the sensitive balance sheet at December 31, 2012

(Thousands of euros)

	1 year	2 years	3 years	4 years	5 years	> 5 years
ASSETS						
Mortgage collateral	105,637,735	12,897,616	111,994	92,560	110,010	897,981
Other guarantees	68,499,550	2,312,916	1,374,331	986,929	566,617	1,637,134
Money market						
Debt securities	6,795,312	6,462,381	7,915,546	2,685,383	914,969	2,428,481
Total assets	**180,932,597**	**21,672,913**	**9,401,871**	**3,764,872**	**1,591,596**	**4,963,596**
LIABILITIES						
Customer funds	98,372,108	22,003,940	3,379,567	3,957,774	1,652,172	8,284,803
Issues	18,795,186	8,196,897	8,673,620	5,247,182	3,797,965	16,802,115
Money market, net	21,991,525	123,509	262,947	321,211	3,500	461,423
Total liabilities	**139,158,819**	**30,324,346**	**12,316,134**	**9,526,167**	**5,453,637**	**25,548,341**
Assets less liabilities	**41,773,778**	**(8,651,433)**	**(2,914,263)**	**(5,761,295)**	**(3,862,041)**	**(20,584,745)**
Hedges	**(34,841,978)**	**8,023,255**	**8,124,079**	**4,375,332**	**3,688,600**	**10,630,712**
Total difference	**6,931,800**	**(628,178)**	**5,209,816**	**(1,385,963)**	**(173,441)**	**(9,954,033)**

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately -0.12% on the rising scenario and +3.51% on the falling scenario. Given the current level of interests, it should be pointed out that the scenario of a 100bp fall does not imply the application of negative interest rates.

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

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

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

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

3.2.3. Market risk of trading activities

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

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

The Bank of Spain approved the internal model for estimating capital for market risk of trading activities in 2006. The scope of the model covers virtually all the strict treasury positions and the trading derivatives over investees. In 2012, the average VaR for Front Office trading business was €5.1 million. The highest market risk levels, up to €10 million, were reached in January, mainly as VaR anticipates a potentially different movement in daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

Two methodologies are used to obtain this measurement:

- The parametric VaR technique, based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. In accordance with the recommendations of the Basel Committee on Banking Supervision, it is applied using two time windows: a 75-day data window, giving more weight to recent observations, and a one-year data window, giving equal weight to all observations.
- The historical VaR technique, which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes over the last year are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

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

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

At December 31, 2012, structured credit exposure at CaixaBank including the trading portfolio was residual and is measured at market prices.

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

The table below shows an estimate of the average VaR amounts attributable to the various risk factors. As can be observed, the consumption levels are of moderate significance and are mainly concentrated on the interest rate curve and the assumed credit spread risks. The risk amounts in relation to exchange rates and volatility, correlation of share prices, prices of commodities and inflation are of extremely marginal significance.

Parametric VaR by risk factors

(Thousands of euros)

	Interest rate	Exchange rate	Share price	Inflation	Commodity price	Credit spread	Interest rate volatility	Exchange rate volatility	Share price volatility
Average VaR 2012	**3,494**	**834**	**692**	**78**	**3**	**1,559**	**177**	**59**	**260**

Since January 2012, VaR measures are complemented by two risk metrics related to the new regulatory requirements: Stressed VaR and Incremental Default and Migration Risk. Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon. Incremental Default and Migration Risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9% and a one-year time horizon. The average values of these risk measures are €6.6 million and €26.1 million, respectively.

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

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

b) Gross backtesting, which compares the total result obtained during the day (therefore including any intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

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

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

the yen and sterling, increases and decreases in exchange rate volatility; increases and decreases in share prices, and higher and lower volatility of shares and commodities.

2. Historical scenario analysis: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, or the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 and concerns surrounding Spanish sovereign debt in 2011 and 2012.

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

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

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

3.2.4. Currency risk

The equivalent euro value of foreign currency assets and liabilities held by CaixaBank at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Total foreign currency assets	**6,772,510**	**7,492,333**
Financial assets held for trading	709,196	45,268
Loans and receivables	3,192,917	3,939,278
Loans and advances to credit institutions	*274,189*	*686,198*
Loans and advances to customers	*2,918,728*	*3,253,080*
Participaciones	2,807,697	2,775,100
Other assets	62,700	732,687
Total foreign currency liabilities	**7,121,532**	**5,035,648**
Financial liabilities at amortized cost	6,379,582	4,325,751
Deposits from central banks	*4,362,523*	*1,476,425*
Deposits from credit institutions	*159,002*	*803,913*
Customer deposits	*1,207,557*	*1,339,566*
Marketable debt securities	*607,594*	*634,052*
Other	*42,906*	*71,795*
Other liabilities	741,950	709,897

(1) At December 31, 2012, the CaixaBank Group had an exposure of €1,058 million in Hong Kong dollars on its ownership interest in The Bank of East Asia, Ltd, and of €3,042 million in Mexican pesos on its ownership interest in GF Inbursa, at market value. At December 31, 2011, these figures were €1,032 million and €1,895 million, respectively.

Treasury and Capital Markets is responsible for managing the foreign currency risk arising from balance sheet positions denominated in foreign currency, a task performed through the market risk hedging activity undertaken by Front Office. This risk is managed by applying the principle of minimizing the assumed currency risks, which explains why the exposure of CaixaBank to this risk is low or virtually nil.

The remaining minor foreign currency positions are chiefly held with credit institutions in major currencies (e.g. dollars, sterling and Swiss francs). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The percentage breakdown, by currency, of loans and receivables and financial liabilities at amortized cost is as follows:

(Percentage)	31/12/2012	31/12/2011
Loans and receivables	**100**	**100**
US dollar	71	70
Pound sterling	12	16
Swiss franc	1	
Japanese yen	3	3
Canadian dollar	3	2
Other	10	9
Participaciones	**100**	**100**
Mexican peso	57	53
Hong Kong dollar	43	47
Financial liabilities at amortized cost	**100**	**100**
US dollar	82	60
Pound sterling	16	37
Other	2	3

3.2.5. Information on sovereign risk exposure

CaixaBank's position in sovereign debt is subject to the Institution's general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile.

First, the position in public and regional debt is subject to the general concentration and country risk limits established. Regular control procedures are in place in both cases for preventing new positions from being taken that could increase the credit risk on names or countries in which the Institution has a high risk concentration unless express approval is given by the pertinent authority.

For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographical location of all of the CaixaBank Group's fixed-income issues (e.g. bonds, private fixed-income, public debt, preference shares) and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.

Regarding the Front Office's public debt position, a set of limits on maturity and amount per country is approved on positions in sovereign debt issues for managing residual liquidity on the balance sheet, market making and arbitrage.

These positions are also subject to the framework for market risk control and limits established for the treasury positions (see section on market risk).

To monitor market and credit risk, daily reports are prepared on country risk based on an analysis of trends in credit default swaps and the comparison of implied rates derived from these instruments with official ratings assigned by the rating agencies.

Finally, in addition to these controls, a report is drawn up monthly showing all the positions of the Consolidated Group, and of guaranteed mutual and pension funds. The report looks at portfolio performance by product type, category, country risk and issuer/counterparty risk.

In line with the CaixaBank Group's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at December 31, 2012 and 2011 are shown below.

31/12/2012 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held-for-trading - Debt securities (Note 10)	Held for trading - short positions (Note 10)	Available-for-sale financial assets (Note 11)	Loans and receivables (Note 12)	Held-to-maturity investments (Note 13)
Spain	Less than 3 months	36,240	(27,365)	1,009,912	1,788,309	
	Between 3 months and 1 year	217,288	(404,285)	2,060,973	910,836	1,689,262
	Between 1 and 2 years	215,119	(117,715)	1,469,710	679,230	3,490,209
	Between 2 and 3 years	95,901	(120,133)	5,302,575	674,986	2,198,017
	Between 3 and 5 years	119,086	(105,284)	2,446,238	4,348,453	
	Between 5 and 10 years	114,465	(131,356)	2,079,385	2,705,002	
	Over 10 years	461,893	(443,398)	293,253	2,043,060	
	Total	1,259,991	(1,349,536)	14,662,046	13,149,877	7,377,488
Belgium	Between 3 months and 1 year	1,100				
	Between 5 and 10 years	1				
	Over 10 years	530				
	Total	1,631	0	0	0	0
Greece	**Total**	0	0	0	0	0
Ireland	**Total**	0	0	0	0	0
Italy	Less than 3 months	7,289	(35,807)			
	Between 3 months and 1 year	5,282				
	Between 1 and 2 years	37,926	(16,921)			
	Between 2 and 3 years	11,849	(38,089)			
	Between 3 and 5 years	29,756	(23,003)			
	Between 5 and 10 years	15,053	(37,615)			
	Over 10 years	15,322	(5,264)			
	Total	122,477	(156,699)	0	0	0
Portugal	**Total**	0	0	0	0	0
Other	Less than 3 months				21,339	
	Between 3 months and 1 year	281				
	Between 1 and 2 years	76		689		
	Between 2 and 3 years					
	Between 3 and 5 years	1,793		471,422	8,678	
	Between 5 and 10 years	36,113	(35,647)			
	Over 10 years	577			8,547	
	Total	38,840	(35,647)	472,111	38,564	0
Total countries		**1,422,939**	**(1,541,883)**	**15,134,156**	**13,188,441**	**7,377,488**

31/12/2011 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held-for-trading - Debt securities (Note 10)	Held for trading - short positions (Note 10)	Available-for-sale financial assets (Note 11)	Loans and receivables (Note 12)	Held-to-maturity investments (Note 13)
Spain	Less than 3 months	181,585	(1,893)	1,932,374	262,757	
	Between 3 months and 1 year	413,407	(741,960)	1,256,830	1,684,681	
	Between 1 and 2 years	491,238	(381,762)	528,723	3,348,190	687,371
	Between 2 and 3 years	148,736	(41,762)	503,970	596,250	2,502,983
	Between 3 and 5 years	82,698	(204,250)	1,828,399	1,947,273	2,223,900
	Between 5 and 10 years	249,301	(155,189)	558,651	1,921,484	
	Over 10 years	130,769	(134,925)	12	1,428,309	
	Total	1,697,734	(1,661,741)	6,608,959	11,188,943	5,414,254
Belgium	Between 1 and 2 years	1,062				
	Over 10 years	447				
	Total	1,509	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**	**5,414,254**

3.3. Liquidity risk

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

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

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

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

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

The detail, by contractual term to maturity, of the balances of certain items on the CaixaBank balance sheets at December 31, 2012 and 2011, excluding valuation adjustments, in a scenario of normal market conditions, is as follows:

31/12/2012

(Millions of euros)

	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and balances with central banks	7,855						7,855
Held for trading - Debt securities		14	30	234	516	696	1,490
Trading derivatives		213	136	243	2,711	12,420	15,723
Available-for-sale debt securities		77	1,021	2,634	12,278	2,821	18,831
Loans and receivables:	1,460	25,688	8,837	30,804	62,770	124,254	253,813
Loans and advances to credit institutions	555	6,200	541	2,447	122	176	10,041
Loans and advances to customers	905	19,488	8,026	27,458	59,834	124,021	239,732
Debt securities			270	899	2,814	57	4,040
Held-to-maturity investments				1,690	7,250		8,940
Hedging derivatives		15	7	147	2,120	4,023	6,312
Total assets	**9,315**	**26,007**	**10,031**	**35,752**	**87,645**	**144,214**	**312,964**
Liabilities							
Trading derivatives		261	96	241	2,020	13,135	15,753
Financial liabilities at amortized cost:	77,854	31,948	15,541	49,751	88,195	20,955	284,244
Deposits from central banks					32,735		32,735
Deposits from credit institutions	9,608	3,727	1,782	484	1,696	814	18,111
Customer deposits	67,277	26,416	10,117	39,519	29,397	4,130	176,856
Marketable debt securities		731	2,924	9,240	23,529	11,209	47,633
Subordinated liabilities		180		60	838	4,802	5,880
Other financial liabilities	969	894	718	448			3,029
Hedging derivatives		11	5	33	301	1,457	1,807
Total liabilities	**77,854**	**32,220**	**15,642**	**50,025**	**90,516**	**35,547**	**301,804**
Assets less liabilities	**(68,539)**	**(6,213)**	**(5,611)**	**(14,273)**	**(2,871)**	**108,667**	**11,160**

31/12/2011

(Millions of euros)

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

Bear in mind that the calculation of the gap in the total balance included in the previous chart projects transaction maturities according to their residual maturity, irrespective of any assumption that the assets and/or liabilities will be renewed. At a financial entity with a high degree of retail financing, assets have a longer duration than do liabilities; consequently, a short-term negative gap is generated, although the fact that the duration of customers' demand-deposit accounts is stable over time should be taken into account. In addition, and given the current liquidity climate, for our analysis we must keep in mind the influence exerted on this calculation by maturities of repurchase agreements and of deposits obtained through guarantees pledged on the loan with the European Central Bank. Therefore, a portion of the liabilities are stable, others are very likely to be renewed, additional guarantees are available at the European Central Bank, and there is the capacity to generate new debt by securitizing assets and issuing mortgage- and/or public sector-covered bonds. In addition, the Institution has access to liquid assets allowing it to immediately obtain liquidity. Also worth noting is the fact that the calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market.

CaixaBank has €59,129 million in liquid assets as defined by the Bank of Spain in its liquidity statements. These assets, measured at market value and including the "valuation haircuts" applied by the European Central Bank, stand at €51,770 million, of which €21,030 million relates to sovereign debt. In practice, this valuation assumes the ability to readily convert the amounts. CaixaBank's liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the policy, and the balance that can be drawn on the credit facility with the ECB €53,092 million and €20,948 million at December 31, 2012 and 2011, respectively.

Liquid assets (1)

(Thousands of euros)	31/12/2012	31/12/2011
Liquid assets (nominal value)	59,128,744	32,032,003
Liquid assets (market value and ECB haircut)	51,770,198	23,471,951
Of which: Central government debt	21,030,213	14,100,714

(1) Bank of Spain liquidity criteria.

CaixaBank's liquidity management policy includes maintaining a liquidity level above 5% of the Institution's assets. This threshold was comfortably met throughout 2012, and was 15.8% at year-end (7.9% at December 31, 2011). This liquidity level is based mainly on retail financing. Customer deposits account for 66% of financing sources.

As part of this approach to managing liquidity risk to allow it to anticipate potential needs for lendable funds, CaixaBank's wide variety of financing programs cover a number of maturity periods. This allows it to maintain adequate levels of liquidity at all times.

CaixaBank's 2012 Notes Program guarantees availability of short-term funds up to an outstanding balance of €12,000, which can be increased to €15,000 million. The Program concludes on June 28, 2013.

In addition, in June 2012, the new Base Prospectus for Non-Participating Securities for 2012 was filed with the CNMV, authorizing the issue of a variety of securities up to a maximum nominal amount of €25,000 million during the 12 months following its publication. The amount available at December 31, 2012 was €19,549 million.

As another prudent measure to prepare for potential stress on liquid assets or market crises, i.e. to deal with the contingent liquidity risk, CaixaBank placed a series of guarantee deposits with the European Central Bank (ECB) which it can use to obtain high levels of liquid assets at short notice. The amount drawable on the facility at December 31, 2012 was €35,630 million (€11,137 million at December 31, 2011).

Financing obtained from the European Central Bank through various monetary policy instruments was €28,284 million at December 31, 2012.

Available issuance capacity of mortgage and public-sector covered bonds at December 31, 2012, was €4,996 million.

Issuance capacity

(Thousands of euros)	31/12/2012	31/12/2011
Mortgage covered bond issuance capacity	3,767,291	18,460,037
Public-sector covered bond issuance capacity	1,229,146	3,683,545

Funding structure: 66% customer deposits at December 31, 2012.

Total liquidity: €53,092 million (15.8% of CaixaBank's assets) at December 31, 2012.

The Caixabank Group has not applied for guarantees issued by the government for 2012.

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

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

Wholesale issue maturities (net of treasury shares)

(Thousands of euros)

	2013	2014	2015	2016	> 2016	Total
Mortgage covered bonds	4,787,227	6,947,291	5,225,589	6,034,839	19,084,386	42,079,332
Public-sector covered bonds	1,298,450					1,298,450
Senior debt	1,188,100	1,212,700	1,285,750	10,000	160,000	3,856,550
Subordinated debt and preference shares	60,000		48,600	1,151,600	278,052	1,538,252
Total wholesale issue maturities	**7,333,777**	**8,159,991**	**6,559,939**	**7,196,439**	**19,522,438**	**48,772,584**

In February 2012, CaixaBank made an issue of €1,000 million of mortgage covered bonds among institutional investors, and in December 2012 increased a prior issue by €200 million. In addition, CaixaBank issued and repurchased €24,500 million of mortgage covered bonds and €1,000 million of public-sector covered bonds in order to use them as assets that increase the credit facility with the European Central Bank. It also carried out a collateral optimization through the settlement of 21 securitization funds.

In addition, in 2012 it carried out several issues targeting all investor types, including a €3,000 million issue of plain vanilla bonds in January. In February, CaixaBank held two issues of subordinated bonds for a total of €3,374 million and one issue of mandatorily convertible subordinated bonds for €1,446 million. These issues in February formed part of an offer to repurchase issues of preference shares (see Note 20.4).

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

3.4. Operational risk

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

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

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

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

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

- Areas of business and support, and subsidiaries: responsible for identifying, assessing, managing, controlling and communicating operational risks within their activities. The operational risk coordinators at each center play a crucial role.
- Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk at CaixaBank. It assists the various areas of business and subsidiaries, and consolidates reporting information for Management. It operates as part of Credit Risk Models, Optimization and Capital Analysis, reporting to Risk Models within Global Risk Management.
- Internal Audit: responsible for monitoring trends in current legislation, calculating capital requirements and implementing the established operational risk assessment, control and management procedures.

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

- Identification and detection of all current and potential operational risks, based on qualitative techniques -the opinion of process experts and risk indicators– and procedures for the management of operational risks, in order to define the operational risk profile for CaixaBank. An objective is in place to conduct an annual assessment and qualitative measurement of operational risks targeting the main ones. The measurements are based on expected loss and VaR.
- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database.
- Active management of the Institution's risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making in order mitigate risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring the main qualitative risks (e.g. real losses) through remedial steps and action plans is the key to achieving this management goal.

In 2012, the Banca Cívica Group was added to operational risk management at all levels: capital calculation, risk assessment, loss management. Work was also done on developing operational risk capital calculation procedures, with a project initiated to assess the possibility of implementing advanced operational risk capital calculation approaches. Lastly, worth noting is the participation in a cross-cutting project to identify and assess the group's risks and controls, sharing the need with other centers of regular updates of the Institution's risk profile.

3.5. Audit, Internal Control and Compliance

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

In the current environment of economic volatility and of changes in the financial system and the regulatory framework, the demands on and duties of senior management and governing bodies are increasing, as is stakeholder sensitivity.

Against this backdrop, Audit, Internal Control and Compliance is in charge of ensuring the correct performance of and supervising the Group’s internal control framework.

It reports systematically to CaixaBank’s Executive Vice President - CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group’s internal control framework.

This division comprises three organizational units (Internal Control, Compliance and Internal Audit) in accordance with the guidelines set out by the EBA (European Banking Authority) in the *EBA Guidelines on Internal Governance* 27/09/2011 (adopted by the Bank of Spain on 27/06/2012).

3.5.1. Internal Control

In order to reinforce the control structures, Internal Control was created in 2012 with the mission of ensuring management and the governing bodies that the necessary controls were in place, designed correctly and operating efficiently to manage the CaixaBank Group’s risks, thereby generating confidence for stakeholders.

Its main duties are:

- Coordination of the Risk Map and Corporate Controls
- Collaboration with the Business Areas in the description and, as appropriate, the design of risk control protocols for their businesses and action plans to remedy any deficiencies in weakness in control.
- Synthetic, periodic and systematic reporting of information to senior management and governing bodies on the Group’s control environment.

This function’s activity is cross-cutting as it assesses risk control mechanisms that affect the entire set of activities and businesses carried out by the Group.

3.5.2. Compliance

Compliance risk

The compliance policy is based on the principles of integrity and ethical conduct, the cornerstones of the CaixaBank Group’s business, and includes the prevention of money laundering and the financing of terrorism.

The mission of Compliance

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

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

Compliance manages a Confidential Consulting and Reporting Channel available to employees and through which they can clear up any doubts or report any possible breach of compliance with the “Code of Business Conduct and Ethics” and the “Code of Telematic Conduct”. All notifications, which are confidential, are forwarded to the Compliance department. This channel includes a specific procedure for reporting irregularities of a financial and/or accounting nature.

To achieve these objectives, Compliance drafts assessment reports on compliance with regulations to identify the risks and follows up improvements. Improvements are monitored monthly until completion.

Compliance reports regularly to senior management and the Company's Audit and Control Committee.

Money laundering prevention

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

The functions delegated expressly by the Money Laundering Prevention Committee in the Money Laundering Prevention Operating Unit (MLPOU) and carried out in the year are as follows:

- Receive notifications by employees for their analysis.
- Present within the time limit and the manner stipulated the regular statements required by money laundering prevention regulations.
- Comply promptly, safely and efficiently with requirements to report to the competent authorities on matters of money laundering prevention.

3.5.3. Internal Audit

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

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

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

- Evaluation of the quality and effectiveness of the Group's Internal Control framework in to order guarantee its correct performance and the mitigation of the main risks.
- Review of compliance with internal and external regulations.
- Evaluation of the appropriateness of the activities carried out by the various group units, ensuring that a system to detect fraud is in place.

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

- Monitoring the annual planning focused on the main risks and approved by the Audit and Control Committee.
- Handle requests by the Board of Directors, Senior Management and supervisory authorities.
- Ensure the efficient use of resources by enhancing remote auditing, engaging qualified auditors and appropriate outsourcing arrangements.

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

3.6. Internal control over financial reporting

The CaixaBank Group's Internal Control over Financial Reporting Model includes a combination of processes designed by the Finance department and implemented by the Board of Directors, Audit and Control Committee, senior management and associated personnel to provide reasonable assurance on the reliability of the financial information published by the Institution.

The model is based on the international standards developed by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), as well as a number of general principles and best practices recommended by the Spanish Securities Market Regulator (CNMV) in the draft Guidelines on Internal Control over Financial Reporting in Listed Companies, published in June 2010.

The mechanisms comprising the risk management and control systems regarding the process of publishing the Institution's financial information are explained in more detail in the 2012 Annual Corporate Governance Report.

4. Capital adequacy management

Regulatory framework

The capital adequacy of financial institutions is regulated by Bank of Spain Circular 3/2008, of May 22, and subsequent amendments (Circulars 4/2011, of November 30, and 9/2010, of December 22). This regulation transposes the content of European Directives 2006/48/EC and 2006/49/EC, known internationally as Basel II, to Spanish legislation.

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, are expected to become effective in January 2014.

In addition, number of initiatives were undertaken over the course of the year with the aim of strengthening the financial sector, with the adoption of new and stricter standards and requirements.

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, including the ”la Caixa” Group, 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, has enabled the entities to comfortably meet the EBA’s 9% Core Tier 1 capital requirements set for June 2012; the Group’s Core Tier 1 stands at 11.1%. CaixaBank’s Core Tier 1 ratio at December 31, 2012 was 10.4%, with a capital surplus of €2,305 million.

CaixaBank’s capital adequacy levels are high in comparison with the requirements of current standards (Basel II), as is its Principal Capital in accordance with RDL 2/2011 and RDL 2/2012. In addition, CaixaBank’s principal capital is far above the new requirement defined in Circular 7/2012, which came into effect on January 1, 2013, modifying both the minimum requirement, to 9%, and its definition, bringing it into line with the definition used by the EBA for Core Tier 1.

Capital adequacy of CaixaBank

By the end of 2012, after the integration of Banca Cívica and making several write-downs, CaixaBank had secured a strong solvency position within the Spanish financial system, with Core Capital and Tier 1 ratios of 11.0% and a Tier Total of 11.6%, with an excess of €5,745 million above the minimum requirement.

The integration of Banca Cívica caused core capital to drop 252 basis points, primarily due to the incorporation of its assets, which that pushed risk-weighted assets (RWA) up by approximately €37,000 million.

Profit of €230 million allows the Group to maintain its organic capitalization rate despite the adverse backdrop. RWA amounted to €161,200 million at December 31, 2012. Stripping out the impact of the integration of Banca Cívica, RWA would have fallen by €13,155 million due to the drop in lending activity given the current economic climate.

In addition, the exchange of preference shares (30% in convertible subordinated bonds and 70% in subordinated debt) helped strengthen higher quality capital. With its new capital structure, CaixaBank has insufficient additional Tier 1 equity available and 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.

At December 31, 2012, CaixaBank's long-term ratings stood at BBB- (Standard & Poor's), Baa3 (Moody's) and BBB (Fitch).

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

(Thousands of euros)	31/12/2012 (*)		31/12/2011	
	Amount	in %	Amount	in %
+ Capital, reserves, profits and non-controlling interests	24,260,740		20,596,590	
- Goodwill, intangible assets and other	(6,607,912)		(3,419,009)	
Core capital	**17,652,828**	**11.0%**	**17,177,581**	**12.5%**
+ Preference shares	89,698		4,897,586	
- Deductions of basic equity	(89,698)		(4,494,283)	
Basic equity (Tier 1)	**17,652,828**	**11.0%**	**17,580,884**	**12.8%**
+ Subordinated financing	3,569,385		120,000	
+ Eligible general provisions	450,832		162,084	
- Deductions of Tier 2 capital	(3,031,791)		(282,084)	
Tier 2 capital	**988,426**	**0.6%**	**0**	**0.0%**
Total capital (Tier 1 + Tier 2)	**18,641,254**	**11.6%**	**17,580,884**	**12.8%**
Minimum capital requirements (Pillar 1)	**12,895,968**	**8.0%**	**10,988,385**	**8.0%**
Capital cushion	**5,745,286**	**3.6%**	**6,592,499**	**4.8%**
Memorandum items: risk-weighted assets	***161,199,597***		***137,354,818***	
Core Tier 1 EBA (**)	**16,813,130**	**10.4%**	**15,006,518**	**10.9%**

(*) Estimated data.

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

As for **Pillars 2 and 3**, the information related to CaixaBank is included in Note 4 "Capital adequacy management" of the "la Caixa" Group's consolidated financial statements for the year ended December 31, 2012.

5. Appropriation of profit

The proposed appropriation of profit of CaixaBank in 2012, to be presented by the Board of Directors for approval at the Annual General Meeting, is as follows:

Appropriation of CaixaBank's profit
(Thousands of euros)

	2012
Basis of appropriation	
Profit for the year	272.597
Appropriation (Note 6):	
A (1)	**50.461**
Acquisition of bonus subscription rights from shareholders in September 2012 under the Optional Scrip Dividend program (2)	*15.211*
Acquisition of bonus subscription rights from shareholders in March 2013 under the Optional Scrip Dividend program (3)	*18.857*
Acquisition of bonus subscription rights from shareholders in June 2013 under the Optional Scrip Dividend program (4)	*16.393*
To reserves (Note 23) (5)	**222.136**
Legal reserve	27.260
Restricted reserve for goodwill (6)	85.487
Voluntary reserves (7)	109.389
Net profit for the year	**272.597**

(1) Estimated amount to be appropriated in this connection, see Notes 3, 4, 5 and 7 below.

(2) In September 2012, shareholders representing 93.8% of the Company's share capital elected to acquire newly issue shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held April 19, 2012, under item 6.2 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €15,211,370.50 to the remaining shareholders (representing 6.2% of the share capital) who elected to sell their bonus subscription rights to the Company.

(3) Amount estimated to be paid in March 2013 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue approved at the General Shareholders' Meeting of June 26, 2012 under item 5.2 of the agenda (Optional Scrip Dividend) that the Board of Directors intends to carry out in March 2013. This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company.

(4) Amount estimated to be paid in June 2013 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue if approved at the Annual General Meeting to be held in 2013 (Optional Scrip Dividend). This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company. The Board of Directors intends to submit a proposal to the Annual General Meeting in 2013 for approval of the scrip issues offering shareholders the possibility of acquiring shares, selling their rights on the market or selling them to the Company (Optional Scrip Dividend).

(5) Estimated amount, see Note 7 below.

(6) In accordance with article 273.4 of the Corporate Enterprises Act.

(7) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment of the price of the bonus subscription rights increases or decreases (see Notes 3 and 4 above).

As part of the Scrip Dividend program, CaixaBank distributed the following to shareholders:

- Under the terms agreed at the Annual General Meeting of April 19, 2012, in September 2012 the amount equivalent to a first interim dividend. 6.2% of shareholders opted to receive cash, for an amount of €15,211 thousand. The remaining shareholders elected to receive shares from the bonus share issue, entailing the issuance of 79,881,438 shares with a market value of €230,059 thousand.

- Under the terms agreed at the Extraordinary General Meeting of June 26, 2012, in December 2012 the amount equivalent to a second interim dividend. 6.99% of shareholders opted to receive cash, for an amount of €17,470 thousand. The remaining 93.01% elected to receive shares, entailing the issuance of 86,145,607 shares with a market value of €241,530 thousand. The cash payment for the acquisition of the bonus subscription rights was recognized against unrestricted reserves following authorization by the Ministry of the Economy.

- Under the terms agreed at the Extraordinary General Meeting of June 26, 2012, the capital increase is expected to take place in March, offering shareholders the possibility of receiving cash for the sale of bonus subscription rights or subscribing to the scrip issue. CaixaBank estimates it will remunerate shareholders with approximately €18,857 thousand in cash. This estimate, which is equivalent to a third interim dividend in 2012, was made assuming that 7% of shareholders will elect to receive cash and taking into account that "la Caixa," at its board meeting of January 17, 2013, resolved to receive shares in the likely bonus share issue under the Scrip Dividend program in the first quarter of 2013.

- The Board of Directors will propose that shareholders in the general meeting, most likely to be held in April, approve the resolution to increase capital in order to offer shareholders the possibility of receiving an amount equivalent to the final dividend for 2012 in cash or in shares. CaixaBank estimates it will remunerate shareholders with approximately €16,393 thousand in cash. This estimate was made assuming that 7% of shareholders will elect to receive cash and taking into account that "la Caixa," at its board meeting of January 17, 2013, resolved to receive shares in the likely bonus share issue under the Scrip Dividend program in the first half of 2013.

If the amount used to acquire subscription rights from shareholders opting to receive the amount of the third interim dividend in cash and the final dividend were above or below the amount indicated, the difference would automatically be applied to increase or decrease, respectively, the amount earmarked to increase voluntary reserves. The appropriation of 2011 profit approved at the Annual General Meeting of April 19, 2012, was as follows:

Appropriation of CaixaBank's profit
(Thousands of euros)

	2011
Basis of appropriation	
Profit for the year	838,332
Appropriation:	
To interim dividends (Note 6)	**452,436**
Interim dividend approved on November 17, 2011	*226,826*
Interim dividend approved on December 15, 2011 (*)	*225,610*
To reserves (Note 23)	**385,896**
Legal reserves	*83,833*
Restricted due to goodwill (**)	*17,565*
Other reserves (*)	*284,498*
Net profit for the year	**838,332**

(*) The amount approved by the General Shareholders' Meeting on April 19, 2012 totalled €230,406 thousand, the maximum distributable amount. The final amount distributed, taking into account treasury shares outstanding at the time the dividend was paid, totalled €225,610 thousand. The difference was taken to unrestricted reserves.

(**) In accordance with article 273.4 of the Corporate Enterprises Act

Payment of the first interim dividend out of 2012 profit under the Scrip Dividend program, agreed by the Executive Committee on September 6, 2012 was based on the following:

- net profit through August 31, 2012 of €78,683 thousand, and
- the availability of sufficient liquidity and committed reserves to make the payment.

The table below shows the mandatory provisional financial statements indicating there is sufficient cash to pay the aforementioned interim dividends out of 2011 profit:

2011
(Thousands of euros)

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

(*) Except for the mandatory provision to the legal resesrve and allocations for goodwill

6. 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 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.

This policy entailed the following distribution of dividends related to 2012 and 2011:

Shareholder remuneration - Distribution of dividends

(Thousands of euros)	Euros per share	Amount	Date of announcement	Payment date
Dividends related to 2011				
Optional scrip dividend program (*)	0.06	226,293	22/09/2011	18/10/2011
First interim dividend - 2011	0.06	226,826	17/11/2011	27/12/2011
Second interim dividend - 2011	0.06	225,610	15/12/2011	27/03/2012
Optional scrip dividend program (*)	0.05	192,005	24/05/2012	20/06/2012
Total distributed	**0.23**	**870,734**		
Dividends related to 2012				
Optional scrip dividend program (*)	0.06	245,270	06/09/2012	28/09/2012
Optional scrip dividend program (*)	0.06	259,000	29/11/2012	27/12/2012
Total distributed	**0.12**	**504,270**		

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

CaixaBank paid its majority shareholder €536,078 thousand in dividends in 2012. This amount includes the cash dividend and the market value of the shares received by "la Caixa" under the Scrip Dividend program.

Under this policy, shareholder remuneration in 2012 was as follows:

Distribution of dividends paid in 2012

(Thousands of euros)	Euros per share	Amount	Payment date	Payment date
Dividends paid from reserves or share premium:				
Optional scrip dividend program (*)	0.05	192,005	24/05/2012	20/06/2012
Optional scrip dividend program (*)	0.06	259,000	29/11/2012	27/12/2012
Dividends paid from profits:				
Second interim dividend - 2011	0.06	225,610	15/12/2011	27/03/2012
Optional scrip dividend program (*)	0.06	245,270	06/09/2012	28/09/2012

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

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 Shareholders' 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 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.

On September 6, 2012, the Executive Committee of CaixaBank initiated another dividend distribution which will ended with the payment, in September 2012, of an amount in cash to shareholders opting to sell rights to CaixaBank at a fixed price of €0.06 per right, for a total of €15,211 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on October 4, 2012, with the issuance of 79,881,438 shares of €1 par value each with a charge to restricted reserves made on April 19, 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 Scrip Dividend program.

Under this approval, on November 29, 2012, the Board of Directors initiated a new dividend distribution under the Scrip Dividend program which culminated with the payment in December 2012, of €17,470 thousand in cash. For shareholders opting to receive shares, a capital increase was carried out on December 28, 2012 with the issuance of 86,145,607 shares of €1 par value each with a charge to restricted reserves made on June 26, 2012.

Shareholder remuneration in 2011 can be summarized as follows:

Distribution of dividends paid in 2011

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

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

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

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

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

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

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

Earnings per share

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

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the parent and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares (share options).

Basic and diluted earnings per share in 2012 and 2011, as per the consolidated profit of the CaixaBank Group attributable to the parent, are as follows:

Calculation of basic earnings per share

(Thousands of euros)

	2012	2011
Numerator		
Profit attributable to the Parent	**229,700**	**1,053,495**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	3,769,587	3,327,528
Adjustment for scrip issue at August 3, 2012	116,500	
Adjustment for scrip issue at December 10, 2012	8,170	
Adjustment for scrip issue at June 30, 2011		374,404
Adjustment for capital increases (under the Optional Scrip Dividend program)	180,756	102,809
Adjustment for issue of the mandatory convertible instruments	636,281	159,596
Adjusted number of shares (Basic earnings per share denominator)	**4,711,294**	**3,964,337**
Basic earnings per share (euro) (**)	**0.05**	**0.27**

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

(**) Including CaixaBank's 2012 individual profit, basic earnings per share would be €0.06.

Calculation of diluted earnings per share

(Thousands of euros)

	2012	2011
Numerator		
Profit attributable to the Parent	**229,700**	**1,053,495**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	3,769,587	3,327,528
Adjustment for scrip issue at August 3, 2012	116,500	
Adjustment for scrip issue at December 10, 2012	8,170	
Adjustment for scrip issue at June 30, 2011		374,404
Adjustment for capital increases (under the Optional Scrip Dividend program)	180,756	102,809
Adjustment for issue of the mandatory convertible instruments	636,281	159,596
Adjustment for dilutive effect of share options	14,661	
Adjusted number of shares (Diluted earnings per share denominator)	**4,725,955**	**3,964,337**
Diluted earnings per share (euro) (**)	**0.05**	**0.27**

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

(**) Including CaixaBank's 2012 individual profit, diluted earnings per share would be €0.06.

7. Business combinations and mergers

The Company has carried out the following takeover and subsequent merger operations in 2012 and 2011:

Business combinations - 2012

- ***Integration of Banca Cívica***

  As indicated in Note 1, 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 was the entity through which the Cajas carried on their financial activity indirectly under Royal Decree-Law 11/2010. In particular, the Cajas owned 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 was distributed throughout Spain, Banca Cívica had 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 significantly enhances the CaixaBank Group's presence in major areas. In addition, the merger bolsters its competitive position, increases its profitability and allows 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 shareholders' 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 below 70% of share capital, but not below 60%.

  On July 26, 2012, all the conditions precedent of the Merger were fulfilled. Therefore, as stipulated in the Merger Plan, CaixaBank took control of Banca Cívica's assets and liabilities. On August 3, 2012, the public merger deed was officially placed on record in the Companies Register. With it, Banca Cívica was merged and absorbed by CaixaBank and extinguished.

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

  The share capital of Banca Cívica at the date of approval of the merger consisted of 497,142,800 shares, and pursuant to the merger agreement, CaixaBank had to carry out the exchange of shares with treasury shares and newly issued shares. The exchange did not take into account the shares of

Banca Cívica held by CaixaBank or Banca Cívica's treasury shares, which were to be canceled. Accordingly, the value of the consideration given in the business combination was as follows:

Consideration transferred	
Number of Banca Cívica shares included in the exchange (1)	486,556,800
Number of CaixaBank shares to be delivered	304,098,000
Share price at the date control was assumed (euros/share) (2)	2.549
Market value of shares delivered (thousands of euros)	**775,146**
Write-off of Banca Cívica shares held by CaixaBank (thousands of euros)	2,947
Value of consideration (thousands of euros)	**778,093**

(1) Number of shares following cancellation of Banca Cívica shares held by CaixaBank (1,850,043 shares) and Banca Cívica treasury shares (8,735,957 shares)

(2) Share price at July 26, 2012

CaixaBank carried out the exchange with a combination of 71,098,000 CaixaBank treasury shares and 233,000,000 newly issued shares pursuant to the capital increase agreed at the CaixaBank Extraordinary General Meeting of June 26, 2012 and placed on record at the Companies Register on August 3, 2012. The CaixaBank shares delivered in the exchange grant holders the same rights as the rest of the holders of CaixaBank shares.

The fair values at July 1, 2012, the date of retrospective application, of the assets and liabilities of Banca Cívica acquired and included in CaixaBank's separate balance sheet are as follows:

(Thousands of euros)	Amount
Assets	
Cash and balances with central banks	830,524
Financial assets held for trading	208,181
Available-for-sale financial assets (Note 11)	11,105,110
Debt securities	*10,472,181*
Equity instruments	*632,929*
Loans and receivables (Note 12)	52,028,299
Loans and advances to credit institutions	*2,600,181*
Loans and advances to customers	*46,741,840*
Debt securities	*2,686,278*
Held-to-maturity investments	0
Hedging derivatives	707,318
Non-current assets held for sale (Note 15)	240,695
Participaciones	998,251
Associates (Note 16.1)	*164,760*
Jointly-controlled entities (Note 16.2)	*165,295*
Group companies (Note 16.3)	*668,196*
Tangible assets (Note 17)	889,099
Intangible assets (Note 18)	201,591
Tax assets	3,585,416
Other assets	182,682
Liabilities	
Financial liabilities held for trading	135,915
Financial liabilities at amortized cost	68,965,650
Deposits from central banks and credit institutions	*18,396,231*
Customer deposits	*43,856,124*
Marketable debt securities	*3,559,654*
Subordinated liabilities	*2,758,174*
Other financial liabilities	*395,467*
Adjustments to financial liabilities - macro-hedges	(595,955)
Hedging derivatives	190,723
Provisions (Note 21)	1,618,581
Tax liabilities	1,072,325
Other liabilities	152,195
Consideration delivered	778,093
Goodwill	1,340,361

CaixaBank applied the acquisition method, identifying itself as the acquirer, and measured the identifiable assets acquired and liabilities assumed at their acquisition-date fair values, in accordance with IFRS 3. The transaction generated €1,340,361 thousand of goodwill, which includes *inter alia* future results, expected synergies and the intangible assets that do not qualify for separate recognition. This goodwill will be assigned to the banking business in Spain cash-generating unit and is not tax deductible. The accounting standard allows the acquirer to report provisional amounts for the assets acquired and liabilities assumed for no more than one year. The amounts are based on the best available estimate at the reporting date and are provisional. Total net fair-value adjustments to Banca Cívica's individual equity at the date of the integration were a negative €2,718,655 thousand.

The expenses incurred in the transaction amounted to €9,986 thousand, recognized under "Other general administrative expenses" in the accompanying income statement. In addition, €3,170 thousand of expenses were incurred in the capital increase, recognized with a charge to equity.

The estimated amount of consolidated ordinary income, considered as consolidated gross income, contributed by the acquiree from the acquisition date was €364 million. Had the acquisition taken place on January 1, 2012, consolidated gross income and profit of the combined entity in 2012 would be €7,101 million. These amounts are also the best available estimates as because the companies merged with effect for accounting purposes from July 1, 2012, separate income statements are not available and the impact of the synergies is already reflected in the combined entity's income statement.

Appendix 4 provides a detail of the carrying amounts of the assets and liabilities of Banca Cívica at the date of the business combination.

Appendix 5 shows the balance sheet prepared by the Directors of Banca Cívica, which coincides with the merger balance sheet included in Merger Agreement on file at the Companies Register.

Appendix 6 presents a detail of the depreciable assets included in CaixaBank's balance sheet according to the year acquired by the Banca Cívica.

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

- ***Banca Cívica Vida y Pensiones, SA, Caja Burgos Vida, SA and Can Seguros de Salud, SA business combination***

  In line with the plan to reorganize Banca Cívica's insurance portfolio, in October 2012, CaixaBank entered into a sale purchase agreement with AEGON to acquire 50% of the shares the latter held in Banca Cívica Vida y Pensiones, Caja Burgos Vida and Can Seguros de Salud. This move gave CaixaBank control over these companies, as it previously held, directly or indirectly, the remaining 50% stakes. The total amount paid in the transaction was €190 million. This amount includes the costs for breaking the shareholder agreements, which included exclusivity clauses. In the purchase price allocation, CaixaBank recognized a provision in this connection, which was used in the transaction (see Note 21). After the transaction, the investments in the three companies were carried at their fair values (see Note 16) and Banca Cívica Vida and Pensiones y Caja Burgos Vida merged.

Business combinations - 2011

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

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

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

  The fair value at September 1, 2011 of the assets and liabilities of the banking business acquired by CaixaBank was as follows:

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

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

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

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

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

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

8. Remuneration of "key management personnel and executives"

Under the provisions of Bank of Spain Circular 4/2004, "key management personnel and executives" at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution, directly or indirectly, including any member of the Board of Directors and senior executives. By virtue of their positions, this group of persons is considered to be a "related party," and as such subject to the disclosure requirements described in this Note.

Persons who have certain kinship or personal relationships with "key management personnel and executives" are also considered related parties, along with companies in which control, significant influence or significant voting power is exercised by key employees or any of the aforementioned persons in their family environment. The transactions carried out by the CaixaBank Group with the abovementioned parties and other related parties are disclosed in Note 39.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body in 2012 and 2011 are shown below. The Board of Directors at December 31, 2012 and 2011 was composed of 19 and 17 members, respectively.

Board of Directors
(Thousands of euros)

			Remuneration			
			2012		2011	
Name	Position	Type of director	From the entity	From Group companies	From the entity	From Group companies
Isidre Fainé Casas	Chairman	Proprietary	1.115		1.120	
Juan María Nin Génova (1)	Deputy Chairman	Executive	2.592	90	1.020	90
Eva Aurín Pardo (2)	Director	Proprietary	41			
María Teresa Bartolomé Gil (9)(3)	Director	Proprietary	45			
María Teresa Bassons Boncompte (2)	Director	Proprietary	41			
Caja Navarra, represented by Juan Franco Pueyo (4)	Director	Proprietary	20			
Cajasol, represented by Guillermo Sierra Molina (4)	Director	Proprietary	20			
Isabel Estapé Tous	Director	Independent	144		139	
Salvador Gabarró Serra	Director	Proprietary	115		109	
Susana Gallardo Torrededía	Director	Independent	126		120	
Javier Godó Muntañola	Director	Proprietary	115	90	109	90
Enrique Goñi Beltrán (5)	Director	Proprietary	10			
Gonzalo Gortázar Rotaeche (6)	Director	Executive			869	4
Javier Ibarz Alegría (2)	Director	Proprietary	55			
Inmaculada Juan French (3)	Director	Proprietary	45	90	90	90
David Li Kwok-po	Director	Other external	86		90	
María Dolors Llobet María	Director	Proprietary	115	100	120	100
Juan José López Burniol (7)	Director	Proprietary	115		75	
Jordi Mercader Miró (3)	Director	Proprietary	60	530	120	530
Alain Minc	Director	Independent	115		120	
Miquel Noguer Planas (3)	Director	Proprietary	45	190	90	190
Antonio Pulido Gutiérrez (5)	Director	Proprietary	10			
John S. Reed (8)	Director	Independent	86		15	
Leopoldo Rodés Castañé	Director	Proprietary	86		90	
Juan Rosell Lastortras	Director	Other external	104		120	
Carlos Slim Helu (8)	Director	Other external			75	
Francesc Xavier Vives Torrents	Director	Independent	115		120	
Total			**5.421**	**1.090**	**4.611**	**1.094**

(1) On June 30, 2011 Mr. Nin became Deputy Chairman and CEO of CaixaBank. He was re-elected to the same post on April 19, 2012. Therefore, in 2011, it includes the remuneration for 6 months and in 2012 for 12 months. In 2012, variable remuneration is included.

(2) Additions due to appointments at the Extraordinary General Shareholders' meeting held on June 26, 2012

(3) Resigned from the Board of Directors on May 22, 2012, with effect from June 26, 2012.

(4) Savings banks appointed to the Board of Directors on September 20, 2012 On January 23, 2013, the resignation tendered by Mr. Asiáin accepted and Mr. Juan Franco Pueyo was appointed representative of Caja Navarra.

(5) Appointed at the Extraordinary General Shareholders' meeting held on June 26, 2012, subject to registration of the merger with Banca Cívica. Departures due to resignation on September 20, 2012

(6) Mr. Gortázar held the post of CEO of Criteria until June 30, 2011. He tendered his resignation from the Board of Directors on December 28, 2011.

(7) Addition due to appointment at the Annual General Meeting of May 12, 2011.

(8) On November 3, 2011, Mr. Slim tendered his resignation. He was replaced by Mr. Reed.

(9) Addition on January 26, 2012

Note 1: in August 2012, the Board of Directors agreed a 10% reduction in remuneration.

Note 2: This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to the directors. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by directors, in cash or shares, as well as the part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

CaixaBank has a group third-party liability insurance policy to cover its Board members and executives. The premiums paid in this connection in 2012 and 2011 were €780 thousand and €536 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 2012 and 2011 by the Board members of CaixaBank in connection with their duties as representatives of the Institution on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies (excluding group companies) amounted to €1,119 thousand and €1,163 thousand, recognized in the companies' respective income statements.

Remuneration of executives

CaixaBank's senior management at December 31, 2012 and 2011 comprised 11 persons, holding the following positions at the Institution: CEOs (5), Senior Executive Vice Presidents (5) and General Secretary (1).

The total remuneration paid in 2012 and 2011 to senior executives of CaixaBank and the termination benefits payable for the senior executive employment contracts are set out in the table below. This remuneration is recognized in "Personnel expenses" in CaixaBank's income statement.

(Thousands of euros)	2012	2011
Short-term remuneration	9,286	8,289
Post-employment benefits	2,554	2,573
Other non-current benefits	178	51
Total	**12,018**	**10,913**

Note: This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to senior executives. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by senior executives, in cash or shares, as well as the part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

The reorganization of the "la Caixa" Group in 2011 (see Note 1) must be considered for a correct comparison of the amounts recognized in 2012 and 2011.

The remuneration paid in 2012 and 2011 to senior executives at CaixaBank in connection with their activities as representatives of the Institution on the Boards of listed companies and other companies in which the Institution has a significant presence or representation and that are CaixaBank consolidated companies were €592 thousand and €576 thousand, respectively, recognized in the income statements of these companies.

Other disclosures concerning the Board of Directors

Article 229 of the revised Spanish Corporate Enterprises Act approved by Royal Decree-Law 1/2010 of July 2 (LSC) requires directors to inform the company of the direct or indirect stakes they and their affiliates (pursuant to article 231 of the LSC) have in a company with the same, analogous or similar corporate purpose to that of the company in which they are directors, and the positions or duties they perform therein.

In this connection, the Company's directors have informed of the following at December 31, 2012:

Holder	Company	Shares	% stake	Business activity	Position	Company represented
Isidre Fainé Casas	"la Caixa"			Banking	Chairman	-
Isidre Fainé Casas	Banco BPI, S.A.			Banking	Director	-
Isidre Fainé Casas	The Bank of East Asia, Limited			Banking	Director	-
Isidre Fainé Casas	Banco Santander	67,659	0.00%	Banking	-	-
Isidre Fainé Casas	The Royal Bank of Scotland	42,305	0.00%	Banking	-	-
Isidre Fainé Casas	CitiGroup	11,074	0.00%	Banking	-	-
Eva Aurín Pardo	"la Caixa"			Banking	Director	-
Eva Aurín Pardo	Banco Santander	7,071	0.00%	Banking	-	(ownership of related person)
Eva Aurín Pardo	Banco Santander	7,071	0.00%	Banking	-	(ownership of related person)
María Teresa Bassons Boncompte	"la Caixa"			Banking	Director	-
María Teresa Bassons Boncompte	BBVA	2,169	0.00%	Banking	-	-
María Teresa Bassons Boncompte	BBVA	487	0.00%	Banking	-	(ownership of related person)
María Teresa Bassons Boncompte	Banco Santander	1,715	0.00%	Banking	-	-
María Teresa Bassons Boncompte	Deutsche Bank	98	0.00%	Banking	-	-
Salvador Gabarró Serra	"la Caixa"			Banking	First Vice-Chairman	-
Juan José López Burniol	"la Caixa"			Banking	Director	-
Susana Gallardo Torrededía	Percibil, S.A.	15,000	100.00%	Finance	-	-
Susana Gallardo Torrededía	Susanvest, S.L.	3,010	100.00%	Finance	-	Through Percibil, S.L.
Susana Gallardo Torrededía	Inversiones Agrippa SICAV, S.A.	2,207,120	1.23%	Investment	-	Through Susanvest, S.L.
Susana Gallardo Torrededía	Inversiones Agrippa SICAV, S.A.	271,414	0.16%	Investment	-	-
Susana Gallardo Torrededía	Balema de Inversiones, SICAV, S.A.	672,649	98.67%	Investment	Director	-
Susana Gallardo Torrededía	Red Rock Invest	8,947,278	99.99%	Investment	Chairwoman	indirect ownership
Susana Gallardo Torrededía	Gesprisa Invers.	48,679	0.32%	Investment	Vice Chairwoman	-
Susana Gallardo Torrededía	Gesprisa Invers.	218,864	1.45%	Investment	Vice Chairwoman	indirect ownership
Susana Gallardo Torrededía	Landon Invest. S.C.R., S.A.		0.82%	Venture capital	Director	indirect ownership
Susana Gallardo Torrededía	Herprisa Inv.			Investment	Chairwoman	-
Susana Gallardo Torrededía	Pronovias, S.L.			Finance	Director	-
Susana Gallardo Torrededía	Pronovias International Group			Finance	Director	-
Javier Godó Muntañola	"la Caixa"			Banking	Second Vice-Chairman	-
Javier Godó Muntañola	VidaCaixa Grupo, S.A.			Insurance	Director	-
Javier Ibarz Alegria	"la Caixa"			Banking	Director	-
David Li Kwok-po	The Bank of East Asia, Limited	55,748,158	2.50%	Banking	Executive Chairman	-
David Li Kwok-po	The Bank of East Asia, Limited	159,147	0.01%	Banking	-	indirect ownership
Penny Li (wife)	The Bank of East Asia, Limited	1,651,316	0.07%	Banking	-	-
Adrian Li (son)	The Bank of East Asia, Limited	157,558	0.01%	Banking	Deputy Chief Executive	-
Adrian Li (son)	The Bank of East Asia, Limited	1,033,511	0.05%	Banking	Deputy Chief Executive	indirect ownership
Brian Li (son)	The Bank of East Asia, Limited	2,000,000	0.10%	Banking	Deputy Chief Executive	-
Adrienne Li (granddaughter)	The Bank of East Asia, Limited	6,125	0.00%	Banking	-	-
Arthur Li (brother)	The Bank of East Asia, Limited	10,272,531	0.46%	Banking	Deputy Chairman	-
Arthur Li (brother)	The Bank of East Asia, Limited	14,411,979	0.65%	Banking	Deputy Chairman	indirect ownership
Maria Dolors Llobet Maria	"la Caixa"			Banking	Director	-
Maria Dolors Llobet Maria	Nuevo Micro Bank, S.A.U.			Finance	Director	-
Juan María Nin Génova	Caixa d'Estavis i Pensions de Barcelona "la Caixa"	-	N/A	Banking	Managing Director	-
Juan María Nin Génova	VidaCaixa Grupo, S.A.	0	0.00%	Insurance	Director	-
Juan María Nin Génova	Banco BPI, S.A.	0	0.00%	Banking	Director	-
Juan María Nin Génova	Erste Group Bank AG	0	0.00%	Banking	Director	-
Juan María Nin Génova	Grupo Financiero Inbursa	0	0.00%	Banking	Director	-
Juan María Nin Génova	BNP	2,000	0.00%	Banking	-	indirect ownership
Juan María Nin Génova	Deutsche Bank	1,500	0.00%	Banking	-	indirect ownership
Juan María Nin Génova	Banco Santander	7,047	0.00%	Banking	-	indirect ownership
Juan María Nin Génova	BBVA	5,752	0.00%	Banking	-	-
Leopoldo Rodés Castañé	"la Caixa"			Banking	Director	-
Leopoldo Rodés Castañé	Grupo Financiero Inbursa			Banking	Director	-
Leopoldo Rodés Castañé	”la Caixa”			Banking	-	-
Leopoldo Rodés Castañé	Grupo Financiero Inbursa			Banking	-	-

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

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

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

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

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

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

CaixaBank shares held by Board members

At December 31, 2012, the (direct and indirect) stakes held by members of the Board of Directors in the share capital of the Company are as follows:

	No. of shares	Percentage (1)
Isidre Fainé Casas	631,003	0.014%
Juan María Nin Génova	306,483	0.007%
Eva Aurín Pardo	1,206	0.000%
María Teresa Bassons Boncompte	3,527	0.000%
Caja Navarra	51,060,000	1.160%
Cajasol	50,015,625	1.136%
Isabel Estapé Tous	310,969	0.007%
Salvador Gabarró Serra	7,693	0.000%
Susana Gallardo Torrededía	60,430	0.001%
Javier Godó Muntañola	1,351,383	0.031%
Javier Ibarz Alegría	558	0.000%
David Li Kwok-po		0.000%
Juan José López Burniol	20,134	0.000%
María Dolors Llobet María	762	0.000%
Alain Minc	10,985	0.000%
John S. Reed	10,672	0.000%
Leopoldo Rodés Castañé	10,654	0.000%
Juan Rosell Lastortras	35,385	0.001%
Francesc Xavier Vives Torrents	2,847	0.000%
Total	**103,840,316**	**2.357%**

(1) % calculated on issued capital at December 31, 2012.

9. Cash and balances with central banks

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

(Thousands of euros)	31/12/2012	31/12/2011
Cash	1,329,592	1,117,981
Balances in central banks	6,525,482	1,593,854
Total	**7,855,074**	**2,711,835**

The balance of deposits at central banks at December 31, 2012 includes €4,000 million invested in the European Central Bank (deposit facility) and balances held to comply with the mandatory minimum reserves requirement in the central bank based on computable liabilities. The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

The average effective interest on deposits at central banks was 0.38% and 1.26% in 2012 and 2011, respectively.

10. Held-for-trading portfolio (assets and liabilities)

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

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

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Debt securities	1,489,723		1,841,771	
Equity instruments	85,840		57,689	
Trading derivatives	15,723,114	15,752,917	2,284,332	2,299,671
Short positions		1,548,384		1,817,562
Total	**17,298,677**	**17,301,301**	**4,183,792**	**4,117,233**

Debt securities

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

(Thousands of euros)	**31/12/2012**	**31/12/2011**
Spanish government debt securities	1,259,991	1,697,734
Treasury bills	112,034	173,673
Government bonds and debentures	742,408	935,288
Other issues	405,549	588,773
Foreign government debt securities	162,948	122,392
Issued by credit institutions	62,770	8,413
Other Spanish issuers	3,197	11,250
Other foreign issuers	817	1,982
Total	**1,489,723**	**1,841,771**

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

(Thousands of euros)	31/12/2012	31/12/2011
AAA	37,388	16,451
AA+	240	
AA		1,509
AA-	531	1,699,795
A+		247
A		104,737
A-	182,389	
BBB+		
BBB	237,274	622
BBB-	1,016,755	
Investment grade	**1,474,577**	**1,823,361**
	99.0%	***99.0%***
BB+	876	102
BB	1,682	
BB-	650	1,853
B+	182	
B	255	
B-	4,086	
CCC-		
No rating	7,415	16,455
Non-investment grade	**15,146**	**18,410**
	1.0%	***1.0%***
Total	**1,489,723**	**1,841,771**

The average effective interest rate on the trading portfolio in 2012 and 2011 was 4.69% and 3.75%, respectively.

Spain's sovereign credit ratings at December 31, 2012 and 2011 were BBB- and AA-, respectively.

Equity instruments

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

(Thousands of euros)	31/12/2012	31/12/2011
Shares in Spanish companies	84,705	57,484
Shares in foreign companies	1,135	205
Total	**85,840**	**57,689**

Trading derivatives

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 CaixaBank's balance sheet (see Note 2.2).

This reclassification has not changed the nature, management focus or individual or global risk profile of these transactions. It also did not affect CaixaBank'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.

The detail, by type of product, of the fair value of the Institution's trading derivatives at December 31, 2012 and 2011 is as follows:

Fair value by product

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**168,814**	**228,879**	**102,845**	**101,244**
Purchases of foreign currencies against euros	164,996		93,332	1,693
Purchases of foreign currencies against foreign currencies	3,818	3,818	5,745	5,848
Sales of foreign currencies against euros		225,061	3,768	93,703
Acquisitions and sales of financial assets	**181**	**10,554**	**8,852**	**16,365**
Acquisitions	9	92	8,015	50
Sales	172	10,462	837	16,315
Share options	**94,109**	**87,891**	**192,246**	**157,388**
Bought	94,109		192,246	
Issued		87,891		157,388
Interest rate options	**219,858**	**201,828**	**3,444**	**3,790**
Bought	219,858		3,444	
Issued		201,828		3,790
Foreign currency options	**4,984**	**9,513**	**18,803**	**26,275**
Bought	4,984		18,803	
Issued		9,513		26,275
Other share and interest rate transactions	**14,165,196**	**14,089,453**	**1,056,749**	**1,074,421**
Share swaps	229,132	211,444	6,346	516
Future rate agreements (FRAs)	8,503	6,808		
Interest rate swaps	13,927,561	13,871,201	1,050,403	1,073,905
Other interest rate transactions				
Credit derivatives	**5,531**	**8,129**	**335**	**5,772**
Bought	5,531		335	
Sold		8,129		5,772
Commodity derivatives and other risks	**1,064,441**	**1,116,669**	**901,058**	**914,416**
Swaps	1,063,465	1,115,548	900,575	913,579
Bought	976		483	
Sold		1,121		837
Total	**15,723,114**	**15,752,917**	**2,284,332**	**2,299,671**

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

Fair value by counterparty

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Organized markets	**4,819**	**20,887**	**9,333**	**38,774**
OTC markets	**15,718,295**	**15,732,030**	**2,274,999**	**2,260,897**
Credit institutions	3,781,135	6,617,272	1,014,528	1,262,594
Other financial entities	132	375	6,788	5,162
Other sectors	11,937,028	9,114,383	1,253,683	993,141
Total	**15,723,114**	**15,752,917**	**2,284,332**	**2,299,671**

Short positions

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

(Thousands of euros)	31/12/2012	31/12/2011
On securities lending agreements	**6,501**	**6,201**
Equity instruments	6,501	6,201
On overdrafts on repurchase agreements	**1,541,883**	**1,811,361**
Debt securities	1,541,883	1,811,361
Total	**1,548,384**	**1,817,562**

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

Short positions on repurchase agreements for debt instruments are short-term transactions arranged to offset off-balance sheet positions that have been sold or temporarily repurchased.

11. Available-for-sale financial assets

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

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

(Thousands of euros)	31/12/2012	31/12/2011
Debt securities	**18,830,871**	**8,029,420**
Spanish government debt securities	14,662,045	6,608,959
Treasury bills	*1,681,423*	*2,919,446*
Government bonds and debentures	*10,302,060*	*2,087,489*
Other issues	*2,678,562*	*1,602,024*
Foreign government debt securities	472,111	1,993
Issued by credit institutions	2,296,966	1,307,268
Other Spanish issuers	1,197,626	92,989
Other foreign issuers	202,123	18,211
Equity instruments	**3,151,603**	**3,572,183**
Shares in quoted companies	2,745,702	3,470,183
Shares in unquoted companies	405,901	102,000
Subtotal	**21,982,474**	**11,601,603**
Less impairment losses:		
Debt securities		(17,972)
Total	**21,982,474**	**11,583,631**

The increase in debt securities at December 31, 2012 compared to December 31, 2011 was mainly due to the inclusion of the assets of Banca Cívica at their fair value at the date of the business combination of €10,472,181 thousand (see Note 7).

The detail of debt securities by rating, excluding impairment losses, is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
AAA	81,223	40,967
AA+	416,354	447,064
AA		25,312
AA-	86,535	6,406,902
A+	23,324	26,773
A	33,064	881,034
A-	1,114,737	42,842
BBB+	350,131	48,036
BBB	489,160	49,946
BBB-	14,300,235	1,659
Investment grade	**16,894,763**	**7,970,535**
	89.7%	***99.3%***
BB+	40,026	10,415
BB	1,626,557	349
BB-	24,192	
B+	1,468	
B	8,205	1,105
B-	6,591	
CCC	16,079	
CCC-		5,423
CC	21,254	685
C	37,747	39
D	413	
No rating	153,576	40,869
Non-investment grade	**1,936,108**	**58,885**
	10.3%	***0.7%***
Total	**18,830,871**	**8,029,420**

The downgrade in ratings of Spain's public debt and debt of other Spanish issuers affected the changes by ratings since December 31, 2011.

The average effective interest rate on the portfolio of available-for-sale debt instruments was 3.06% and 2.93% in 2012 and 2011, respectively.

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

2012

Available-for-sale financial assets- Equity instruments

(Thousands of euros)

	Quoted	Unquoted	Total
Balance at 31/12/2011	**3.472.524**	**99.659**	**3.572.183**
Addition due to integration of Banca Cívica (1)	360.132	272.797	632.929
Acquisitions	357.338	3.205	360.543
Share capital increases	73.987	124.495	198.482
Sales	(710.277)	(96.184)	(806.461)
Amounts transferred to income statement	47.249	(1.016)	46.233
Valuation adjustments (2)	(805.863)	1.032	(804.831)
Impairment losses **(Note 35)**	(22.056)		(22.056)
Other	(27.332)	1.913	(25.419)
Balance at 12/31/2012	**2.745.702**	**405.901**	**3.151.603**

(1) Addition of the portfolio from Banca Cívica at fair value (see Note 7).

(2) This figures relates mainly to the valuation adjustment of Telefónica, SA.

2011

Available-for-sale financial assets- Equity instruments

(Thousands of euros)

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

(1) This figures relates mainly to the valuation adjustment of Telefónica, SA.

The disposal of non-strategic equity instruments classified in the available-for-sale portfolio generated a loss before tax of €48,981 thousand recognized in “Gains/(losses) on financial assets and liabilities" (see Note 30).

The most significant changes in 2012 and 2011 in available-for-sale equity instruments were as follows:

Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb)

In December 2012, CaixaBank entered into an agreement to invest in this company jointly with the FROB, Banco Santander, Banco Sabadell, Banco Popular and Kutxabank under which CaixaBank committed to invest up to €606 million, of which 25% would be via subscription of equity (representing a shareholding of approximately 11.7%) and the remaining 75% via the acquisition of subordinated debt. In December 2012, CaixaBank paid the part of the investment via subscription and payment for a capital increase by SAREB of €118 million, including the share premium. It expects to pay the remainder in several stages as assets are transferred to SAREB by the contributing banks. VidaCaixa, a wholly owned subsidiary of CaixaBank, subscribed subordinated debt for an amount of €354 million. At December 31, 2012, the investment was 12.34%.

Telefónica, SA

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

In November 2012, in relation to the offer to purchase preference shares of Telefónica Finance USA LLC and, simultaneously, the binding offer to sell ordinary shares of Telefónica (held as treasury shares), and the subscription of newly issued plain vanilla bonds of Telefónica, CaixaBank accepted the offer and received 466,578 Telefónica shares at a price of €10.1642 per share, representing a 0.010% stake. It also sold shares representing a 0.13% stake, generating pre-tax gains of €2.7 million.

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

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

CaixaBank's ownership interest in Telefónica, SA at December 31, 2012 stood at 5.55%. The market value of the stake in Telefónica at December 31, 2012 was €2,575 million.

As the holding in Telefónica is considered to be strategic, the capital gains on sales are recognized under "Gains (losses) on disposal of non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (see Note 38).

Repsol, SA

Within the framework of the "la Caixa" Group's reorganization, on January 1, 2011, the interest in Repsol, SA was recognized as an investment in an associate as CaixaBank had significant influence over the company (see Note 16.1).

Central de Serveis Ciències, SL

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

Impairment of debt securities classified as available-for-sale financial assets

For debt securities, the Company considers as indicators of potential impairment, *inter alia,* data evidencing a decrease in the estimated future cash flows, a decline in the price of the securities, a downgrade of the issuer's credit rating, information on the country's market and sovereign risk. Where such indications exist, an assessment is performed to determine whether there is objective evidence that the asset is impaired and that its carrying amount cannot be recovered. In these cases, the impairment is recognized under "Impairment losses on financial assets" (see Note 35).

Impairment of equity instruments classified as available-for-sale financial assets

CaixaBank tested all the equity instruments classified as available-for-sale financial assets for impairment to recognize any corrections to their carry amounts, as applicable.

The tests confirmed that in no case was there a prolonged decline in the market values of investments classified as available-for-sale financial assets for a period of more than 18 months or of more than 40%.

12. Loans and receivables

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

(Thousands of euros)	31/12/2012	31/12/2011
Loans and advances to credit institutions	10,041,548	5,619,355
Loans and advances to customers	228,925,369	193,897,882
Debt securities	4,039,536	3,375,461
Total	**243,006,453**	**202,892,698**

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

31/12/2012

(Thousands of euros)		Valuation adjustments				
	Balance	Impairment allowances (*)	Accrued interest	Fees and commissions	Other (*)	Balance
Loans and advances to credit institutions	10,040,113	(2,499)	4,210	(276)		10,041,548
Loans and advances to customers	239,731,930	(11,603,287)	751,064	(432,826)	478,488	228,925,369
Debt securities	4,030,098	(29,309)	38,747			4,039,536
Total	**253,802,141**	**(11,635,095)**	**794,021**	**(433,102)**	**478,488**	**243,006,453**

(*) Includes fair-value adjustments on loans and advances to customers from Banca Cívica.

31/12/2011

(Thousands of euros)		Valuation adjustments				
	Balance	Impairment losses	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	5,617,234	(8)	2,310	(181)		5,619,355
Loans and advances to customers	199,047,637	(5,498,088)	726,557	(378,224)		193,897,882
Debt securities	3,369,333	(1,478)	7,606			3,375,461
Total	**208,034,204**	**(5,499,574)**	**736,473**	**(378,405)**	**0**	**202,892,698**

12.1. Loans and advances to credit institutions

The detail of the balance of this item by loan type and credit status excluding valuation adjustments is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Demand	**4,170,309**	**3,143,215**
Reciprocal accounts	614,872	10,411
Other accounts	3,555,437	3,132,804
Time	**5,869,804**	**2,474,019**
Time deposits	2,937,074	1,300,588
Reverse repurchase agreement (repos)	2,927,415	1,173,403
Doubtful assets	5,315	28
Total	**10,040,113**	**5,617,234**

The average effective interest rate on financial assets under "Loans and advances to credit institutions" was 0.94% and 1.20% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

The addition of Banca Cívica led to an increase the balance of this heading of €2,600,181 thousand (see Note 7).

12.2. Loans and advances to customers

The detail of the balance of this item, by counterparty, loan type and status, borrower sector and interest rate formula, excluding valuation adjustments, is as follows:

Loan type and status

(Thousands of euros)	31/12/2012	31/12/2011
Public sector	13,030,748	11,211,030
Commercial loans	6,240,856	5,444,299
Secured loans	132,810,039	112,510,960
Of which: With mortgage collateral	*130,764,573*	*110,336,771*
Reverse repurchase agreement (repos)	11,995,934	10,816,963
Other term loans	50,476,295	43,045,482
Finance leases	1,807,302	2,174,591
Receivables on demand and others	3,661,106	4,448,946
Doubtful assets	19,709,650	9,395,366
Total	**239,731,930**	**199,047,637**

The integration of Banca Cívica added €46,741,840 thousand to the balance of this heading (see Note 7).

By counterparty

(Thousands of euros)

	31/12/2012	31/12/2011
Public sector	**13,127,977**	**11,256,383**
Spanish public sector	13,089,662	11,165,985
Other countries	38,315	90,398
Private sector	**226,603,953**	**187,791,254**
Resident	220,836,755	182,050,264
Non-resident	5,767,198	5,740,990
Total	**239,731,930**	**199,047,637**

By borrower sector (CNAE business classification)

(Thousands of euros)

	31/12/2012	31/12/2011
Public sector	13,127,977	11,256,383
Agriculture and fisheries	2,951,967	2,210,302
Industry	13,689,040	11,106,991
Construction	15,350,564	7,983,056
Real estate	33,500,722	30,645,644
Commerce and finance	37,455,302	32,226,621
Individuals	108,043,838	89,705,646
Other	15,612,520	13,912,994
Total	**239,731,930**	**199,047,637**

By interest rate type

(Thousands of euros)

	31/12/2012	31/12/2011
Fixed	37,460,621	36,032,643
Floating	202,271,309	163,014,994
Total	**239,731,930**	**199,047,637**

Loans to public administrations at December 31, 2012, included the financing contributed by CaixaBank of €3,072 million to the syndicated loan arranged by various credit entities with the *Fondo para la Financión de Pago a Proveedores (Fund to Finance Payments to Suppliers)*. This Fund was set up by the Spanish government to channel the syndicated loan funds to pay outstanding debt owed by local and regional corporations.

On December 28, 2012, CaixaBank contributed its credit and debit card business to its wholly owned subsidiary Caixa Card 1, EFC, SA, derecognizing €1,726 million from “Loans and advances to customers” (see Note 16.3). At December 31, the amount drawn on the credit account granted by CaixaBank to Caixa Card 1, EFC, SA was €1,502 million.

On August 1, 2012, ”la Caixa” completed the transfer of Monte de Piedad’s activity to CaixaBank. In the reorganization of the ”la Caixa” Group (see Note 1), ”la Caixa” retained this activity. However, as ”la Caixa” indirectly carried out its financial activity, it was decided that CaixaBank would channel all of Monte de Piedad’s business. Therefore, ”la Caixa” sold this business to CaixaBank, with the transfer of its assets and liabilities, at a price of €29,718 thousand, including a loan portfolio for €30,469 thousand.

The average effective interest rate on financial assets under "Loans and advances to customers" was 3.17% and 3.13% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

"Loans and advances to customers" includes €9,428,796 thousand and €22,981,649 thousand at December 31, 2012 and 2011, respectively, corresponding to the outstanding amounts of loans securitized as of January 1, 2004. The assets were not derecognized since substantially all the inherent risks and rewards were retained. Conversely, loans securitized prior to January 1, 2004, involving non-amortized amounts of €94,934 thousand and €1,491,978 thousand at December 31, 2012 and 2011 respectively, were derecognized pursuant to Transitional Provision One of Circular 4/2004 (see Note 25.2).

In all types of finance leases marketed by CaixaBank, for capital goods or real estate, the risks and rewards are transferred to the lessee. The lease arrangements always contain a purchase option for a value below the fair value of the asset on the market. Where the value of the purchase option is similar to fair value, a repurchase agreement available to the supplier of the asset is added to the lease.

Assets leased under finance leases are recognized at the present value of the lease payments payable by the lessee, plus the guaranteed and non-guaranteed residual value, excluding financial charges and value-added tax. The detail is as follows:

Finance leases
(Thousands of euros)

	31/12/2012	31/12/2011
Lease payments payable by the lessee	1,611,236	1,967,666
Third-party guarantees	10,170	14,294
Unguaranteed residual value	185,896	192,631
Total	**1,807,302**	**2,174,591**

The changes in the balance of "Doubtful assets" in 2012 and 2011 were as follows:

Doubtful assets
(Thousands of euros)

	2012	2011
Balance at January 1	**9,395,366**	**6,996,210**
Plus:		
Addition due to integration of Banca Cívica	6,649,005	
Additions	11,596,741	6,776,952
Less:		
Foreclosed assets	(3,242,850)	(1,815,600)
Standardized and other assets	(3,408,764)	(2,109,882)
Assets written-off	(1,279,848)	(452,314)
Balance at December 31	**19,709,650**	**9,395,366**

(1) Removal from doubtful assets and addition to suspended assets (memorandum accounts).

Past-due receivables on doubtful debts at December 31, 2012 and 2011 amounted to €1,398,603 and €763,729 thousand, respectively, recognized under other memorandum accounts supplementing those in the accompanying balance sheet.

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

Doubtful assets. By type and counterparty

(Thousands of euros)	31/12/2012	31/12/2011
Public sector	**97,228**	**45,354**
Private sector	**19,612,422**	**9,350,012**
Mortgage loans	15,820,550	7,048,487
Other loans	2,238,842	1,400,703
Credit accounts	1,110,587	541,311
Of which: With mortgage collateral	*518,917*	*223,304*
Factoring	22,075	26,966
Commercial loans	83,204	100,997
Other credit	337,164	231,548
Total	**19,709,650**	**9,395,366**

The detail, by collateral provided for the asset, of the age of the balances of doubtful assets at December 31, 2012 and 2011, is as follows:

31/12/2012
Terms by guarantee

(Thousands of euros)	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	896,021	535,343	418,679	1,325,615	3,175,658
Other completed homes	1,171,382	825,042	687,184	2,578,323	5,261,931
Rural buildings in use, and completed multi-purpose facilities, premises and offices	728,624	439,774	389,119	891,588	2,449,105
Land, lots and other real estate assets	1,514,184	740,671	740,420	2,436,607	5,431,882
Transactions with mortgage collateral	**4,310,211**	**2,540,830**	**2,235,402**	**7,232,133**	**16,318,576**
Other guarantees	925,910	279,750	255,932	1,640,432	3,102,024
Negligible-risk transactions	173,430	46,825	31,218	37,577	289,050
Other guarantees	**1,099,340**	**326,575**	**287,150**	**1,678,009**	**3,391,074**
Total	**5,409,551**	**2,867,405**	**2,522,552**	**8,910,142**	**19,709,650**

31/12/2011
Terms by guarantee

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

Total doubtful assets at December 31, 2012 and 2011, including those that relate to contingent exposures (see Note 24) amounted to €19,870,798 thousand and €9,476,229 thousand, respectively, with NPL ratios of 8.32% and 4.80%, respectively.

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

31/12/2012

Substandard and impaired assets determined individually

(Thousands of euros)	Substandard		Doubtful	
Collateral	**Amount**	**Provision**	**Amount**	**Provision**
Personal	1,908,774	216,476	1,547,571	657,538
Mortgage	5,655,685	1,385,419	2,168,745	659,713
Other	166,388	31,190	175,876	52,390
Total	**7,730,847**	**1,633,085**	**3,892,192**	**1,369,641**

31/12/2011

Substandard and impaired assets determined individually

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

The amount of substandard and impaired assets determined individually contributed by Banca Cívica at the date of integration is €3,446,597 thousand.

The detail of the principal and interest due and not impaired at December 31, 2012 and 2011, by type of financial instrument, is as follows:

31/12/2012
Past-due and not impaired
(Thousands of euros)

	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**336,675**	**172,314**	**173,949**	**682,938**
Spanish public sector	94,916	20,674	8,285	123,875
Other resident sectors	234,222	149,491	165,478	549,191
Other non-resident sectors	7,537	2,149	186	9,872
Total	**336,675**	**172,314**	**173,949**	**682,938**

The amount contributed by Banca Cívica at the date of integration of loans due but not impaired was €390,463 thousand.

31/12/2011
Past-due and not impaired
(Thousands of euros)

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

12.3. Debt securities

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

(Thousands of euros)

	31/12/2012	31/12/2011
Other Spanish issuers	4,030,098	3,369,333
Total	**4,030,098**	**3,369,333**

The amount included at December 31, 2012, of debt securities issued by other Spanish issues of private fixed-income securities includes:

- Bonds for €2,284 million issued by multi-seller securitization funds to which Banca Cívica contributed covered bonds it issued over the course of several years. The bonds are recognized under “Customer deposits” (see Note 20.2).

- €1,350 million to plain vanilla bonds issued by Servihabitat XXI, SAU (subsidiary of ”la Caixa”) in 2012 and acquired by CaixaBank. Servihabitat XXI, SAU used the proceeds from the issue to repay part of a loan taken out with CaixaBank.

- Bonds issued by own asset securitization funds related to loans assigned prior to January 1, 2004, for amounts of €30 million and €1,528 million at December 31, 2012 and 2011, respectively (see Note 25.2).

- Bonds related to loans assigned after January 1, 2004, for €327 million and €1,841 million at December 31, 2012 and 2011, respectively, as they do not finance specifically the assets transferred. These include €57 million and €780 million, respectively, subscribed to cover the securitization reserve fund (see Note 25.2).

The average effective interest rate on financial assets under "Debt securities" was 4.10% and 2.97% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

12.4. Impairment losses

The changes in the balance of the allowances for impairment losses on assets comprising "Loans and receivables" in 2012 and 2011 are as follows:

31/12/2012

(Thousands of euros)	Balance at 31/12/2011	Addition due to integration of Banca Cívica (*)	Net allowances (Note 35)	Amounts used	Transfers and other	Balance at 31/12/2012
Specific allowance	**3,760,385**	**6,425,389**	**5,019,386**	**(2,150,603)**	**(1,421,538)**	**11,633,019**
Loans and advances to credit institutions	8	85,358	1,021		(83,888)	2,499
Loans and advances to customers	3,758,899	6,309,667	5,019,843	(2,150,603)	(1,336,595)	11,601,211
Public sector	*349*	*1,056*	*(654)*		*202*	*953*
Other sectors	*3,758,550*	*6,308,611*	*5,020,497*	*(2,150,603)*	*(1,336,797)*	*11,600,258*
Debt securities	1,478	30,364	(1,478)		(1,055)	29,309
General allowance	**1,736,810**	**0**	**(1,736,810)**	**0**	**0**	**0**
Loans and advances to customers	1,736,810		(1,736,810)			0
Country risk allowance	**2,379**		**(3)**	**0**	**(300)**	**2,076**
Total	**5,499,574**	**6,425,389**	**3,282,573**	**(2,150,603)**	**(1,421,838)**	**11,635,095**

(*) Includes the impacdt of RDL 2/2012 and RDL 18/2012 related to assets of Banca Cívica and other fair-value adjustments of loans integrated.

31/12/2011

(Thousands of euros)	Balance at 01/01/2011	Net allowances (Note 35)	Amounts used	Transfers and other	Balance at 31/12/2011
Specific allowance	**3,020,602**	**2,038,845**	**(1,082,462)**	**(216,600)**	**3,760,385**
Loans and advances to credit institutions	4,901		(2)	(4,891)	8
Loans and advances to customers	3,014,919	2,038,149	(1,082,460)	(211,709)	3,758,899
Public sector	*338*			*11*	*349*
Other sectors	*3,014,581*	*2,038,149*	*(1,082,460)*	*(211,720)*	*3,758,550*
Debt securities	782	696			1,478
General allowance	**1,736,945**	**0**	**0**	**(135)**	**1,736,810**
Loans and advances to customers	1,736,945			(135)	1,736,810
Country risk allowance	**2,383**	**(4)**			**2,379**
Total	**4,759,930**	**2,038,841**	**(1,082,462)**	**(216,735)**	**5,499,574**

At December 31, 2012 and 2011, considering the provisions for contingent liabilities (see Note 21), the total provision for loans and advances to customers and contingent liabilities was €11,711 million and €5,605 million, respectively, while the coverage ratio was 59% at both dates.

In 2011, CaixaBank did not use the “Loans and advances to customers” general allowance, and this enabled it to maintain the €1,811 million it held as a general allowance at December 31, 2010. This amount includes the allowance for contingent exposures (see Note 21). In 2012, in line with the provisions recognized to cover risks related to real estate assets at December 31, 2011, the general provision for loan losses and contingent exposures of €1,811 million was used, while €3,636 million was allocated for loans related to real estate assets at December 31, 2011 (see Note 1).

At December 31, 2012, “Addition due to integration of Banca Cívica” includes provisions for impairment recognized by Banca Cívica at the date of the business combination, plus the adjustments carried out to recognize the loans and receivables at their estimated fair value.

“Transfers and other” for 2012 includes the transfer to other funds of a number of insolvency funds Banca Cívica had on loans with certain subsidiaries, classified as substandard risk (see Note 16.3). Of amounts transferred in this connection, €479 million relating to Gestora Estratégica de Activos Inmobiliarios (Gedai), which merged with BuildingCenter, SAU were reclassified to “Impairment losses – investees” (see Note 16.3), and €85 million relating to Unión de Crédito para Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo), were reclassified, mainly to “Other provisions” (see Note 21).

The rest of “Transfers and others” in 2011 relates mainly to provisions for impairment recognized by Bankpime, SA at the time of the business combination, plus the adjustments carried out to measure the loans and receivables at fair value (see Note 7).

In addition, “Transfers and others” in “Loans and advances to customers” at December 31, 2012 and 2011 includes €576 million and €195 million, respectively, of transfers of provisions to hedge against the risk of insolvency in connection with lending transactions by CaixaBank canceled through the purchase of real estate assets by BuildingCenter, S.A.U. (see Note 21).

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

Specific allowances for loans and advances to customers. By type and counterparty
(Thousands of euros)

	31/12/2012	31/12/2011
Public sector	**953**	**349**
Private sector	**11,600,258**	**3,758,550**
Mortgage loans	9,725,935	2,270,396
Other loans	784,524	849,351
Credit accounts	756,968	329,074
Commercial loans	60,762	91,062
Factoring	14,449	38,113
Other credit	257,620	180,554
Total	**11,601,211**	**3,758,899**

13. Held-to-maturity investments

Held-to-maturity investments are initially measured at fair value and subsequently at amortized cost until maturity, given that the Institution has the positive intention and ability to hold these assets to maturity.

(Thousands of euros)	31/12/2012	31/12/2011
Spanish government debt securities	7,377,488	5,414,254
Government bonds and debentures	5,213,611	5,253,204
Other issues	2,163,877	161,050
Issued by credit institutions	1,562,696	1,948,058
Total	**8,940,184**	**7,362,312**

The fair value of these assets at December 31, 2012 and 2011 was €8,804 million and €7,101 million, respectively.

The average effective interest rate on held-to-maturity investments in 2012 and 2011 was 4.05% and 2.92%, respectively.

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

(Thousands of euros)	31/12/2012	31/12/2011
AAA		
AA+		
AA		
AA-		6,963,202
A+		400,110
A		
A-		
BBB+	427,479	
BBB	555,429	
BBB-	5,954,291	
Investment grade	**6,937,199**	**7,363,312**
	77.6%	***100.0%***
BB+		
BB	2,002,985	
BB-		
B+		
B		
B-		
CCC-		
No rating		
Non-investment grade	**2,002,985**	**0**
	22.4%	***0.0%***
Total	**8,940,184**	**7,363,312**

The downgrade in ratings of Spain's public debt and debt of other Spanish issuers in general explain the changes by ratings compared to December 31, 2011. Investments "non investment grade" ratings held by the Company under "Held to maturity investments" correspond to Spanish regional public debt issues.

14. Hedging derivatives (assets and liabilities)

The detail, by type of product, of the fair value of derivatives designated as hedges at December 31, 2012 and 2011, is as follows:

Fair value by product

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Share options	**383**	**384**	**72,506**	**113,312**
Bought	*383*		*72,506*	
Issued		*384*		*113,312*
Interest rate options	**672,315**	**682,055**	**791,666**	**796,611**
Bought	*672,315*		*791,666*	
Issued		*682,055*		*796,611*
Foreign currency options	**0**	**0**	**294**	**0**
Bought			*294*	
Issued				
Other share and interest rate transactions	**5,626,395**	**1,109,945**	**14,168,249**	**10,669,143**
Share swaps			*223,673*	*10,683*
Future rate agreements (FRAs)	*11,285*	*11,285*	*169*	
Interest rate swaps	*5,615,110*	*1,098,660*	*13,944,407*	*10,658,460*
Other interest rate transactions				
Commodity derivatives and other risks	**13,240**	**14,911**	**4,883**	**54,691**
Swaps	*13,240*	*14,911*	*4,883*	*54,691*
Bought				
Sold				
Total	**6,312,333**	**1,807,295**	**15,037,599**	**11,633,757**

As explained in Note 10, the decrease in trading derivatives is due mainly to the reclassification to (assets and liabilities) held for trading 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 2011 these derivatives were included in the fair-value macro-hedge with the rest of the derivatives entered into to cover structural interest risk on CaixaBank's balance sheet (see Note 2).

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

It also did not affect CaixaBank'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.

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

Fair value by counterparty

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Organized markets	**0**	**0**	**0**	**0**
OTC markets	**6,312,333**	**1,807,295**	**15,037,599**	**11,633,757**
Credit institutions	*6,237,996*	*1,757,275*	*6,611,524*	*5,525,207*
Other financial entities	*31,716*	*11,934*		*338*
Other sectors	*42,621*	*38,086*	*8,426,075*	*6,108,212*
Total	**6,312,333**	**1,807,295**	**15,037,599**	**11,633,757**

The detail, by type of hedge, of the fair value of derivatives designated as hedging derivatives, is as follows:

Fair value by type of hedge

(Thousands of euros)	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	**6,291,198**	**1,807,231**	**15,024,121**	**11,633,757**
Micro-hedges	*124,874*	*399,309*	*387,184*	*424,982*
Macro-hedges	*6,166,324*	*1,407,922*	*14,636,937*	*11,208,775*
Cash flow hedges	**21,135**	**64**	**13,478**	**0**
Micro-hedges	*21,135*	*64*	*13,478*	
Macro-hedges				
Total	**6,312,333**	**1,807,295**	**15,037,599**	**11,633,757**

The fair value hedges shown in the above table as macro-hedges primarily cover the interest rate risk on a set of financial assets and liabilities recognized on the balance sheet.

In 2012 and 2011, the corresponding effectiveness tests on these hedges were performed. Given the nature of the fair value hedges, any ineffective portions were recognized under “Gains (losses) on financial assets and liabilities” on the income statement.

15. Non-current assets held for sale

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

Movements in 2012 and 2011 were as follows:

31/12/2012

(Thousands of euros)	Foreclosed assets	Other assets	Total
Gross balance at 31/12/2011	**399,824**	**13,939**	**413,763**
Additions due to integration of Banca Cívica	202,944	45,571	248,515
Additions in the year	922,093	48,191	970,284
Reductions in the year	(1,023,115)	(104,926)	(1,128,041)
Gross balance at 31/12/2012	**501,746**	**2,775**	**504,521**
Impairment losses			
Balance at 31/12/2011	**(2,257)**	**0**	**(2,257)**
Additions due to integration of Banca Cívica	(6,932)	(888)	(7,820)
Net	(15,283)		(15,283)
Releases	3,870	888	4,758
Transfers and amounts used	7,140		7,140
Balance at 31/12/2012	**(13,462)**	**0**	**(13,462)**
Total	**488,284**	**2,775**	**491,059**

31/12/2011

(Thousands of euros)	Foreclosed assets	Other assets	Total
Gross balance at 1/1/2011	**326,771**	**2,822**	**329,593**
Additions in the year	930,343	238,854	1,169,197
Reductions in the year	(857,290)	(227,737)	(1,085,027)
Gross balance at 31/12/2011	**399,824**	**13,939**	**413,763**
Impairment losses			
Balance at 1/1/2011	**(3,433)**		**(3,433)**
Net	(3,907)		(3,907)
Releases	5,083		5,083
Balance at 31/12/2011	**(2,257)**	**0**	**(2,257)**
Total	**397,567**	**13,939**	**411,506**

"Foreclosed assets" relate mainly to unallocated foreclosure rights which will be transferred to BuildingCenter, SAU, the CaixaBank Group's holding company in charge of property management. The balances at December 31, 2012 and 2011 included €42 million and €96 million, respectively, related to rights acquired prior to February 27, 2011 which, as provided for in the Framework Agreement governing the terms of the Group's reorganization, are transferred to Servihabitat XXI, SAU.

The detail, by age, of foreclosed assets at December 31, 2012 and 2011, excluding impairment losses, determined on the basis of the foreclosure date, is as follows:

Age of foreclosed assets

	31/12/2012		31/12/2011	
	No. of assets	Thousands of euros	No. of assets	Thousands of euros
Up to 1 year	5,402	374,516	3,472	328,508
Between 1 and 2 years	815	44,032	556	62,314
Between 2 and 5 years	237	83,183	88	8,666
Over 5 years	6	16	2	336
Total	**6,460**	**501,746**	**4,118**	**399,824**

The breakdown by sector of foreclosed assets at December 31, 2012 and 2011 is as follows:

Type of sector
(Percentage of value of assets)

	31/12/2012	31/12/2011
Residential	96.5%	96.6%
Industrial	2.5%	2.4%
Farming	1.0%	1.0%
Total	**100%**	**100%**

Assets derecognized in 2012 from loan foreclosures include the non-cash contribution of €327,579 thousand from Gedai (see Note 16.3).

In 2012, "Other assets" included the addition and subsequent retirement of €46,710 thousand related to the acquisition of a 9.436% stake in Banco BPI for which there was an agreement to sell the same percentage to Santoro Finance-Prestaçao de Serviços, SA (see Note 16.1).

On January 14, 2011, CaixaBank and Mutua Madrileña submitted a significant event filing announcing that they had signed an agreement to create a strategic alliance in the non-life insurance business. Under this agreement, in 2011 CaixaBank was to sell a 50% interest in SegurCaixa Adeslas, SA de Seguros y Reaseguros (SegurCaixa Adeslas) to Mutua Madrileña. The parties announced that SegurCaixa Adeslas' hospital business, which was excluded from the scope of the agreement, would be transferred to CaixaBank prior to completion of the deal. On May 23, 2011, CaixaBank filed a significant event notice in which it announced that it had reached a preliminary agreement to transfer a stake of 80% in the hospital group to Goodgrower SA. CaixaBank thus acquired, in June 2011, the aforementioned hospital group from SegurCaixa Adeslas. CaixaBank paid SegurCaixa Adeslas €234,520 thousand, and this amount was recognized under "Non-current assets held for sale" on the balance sheet.

Prior to the sale to Goodgrower, a series of transactions for the corporate reorganization of the hospital group were conducted, entailing a dividend distribution of €4,527 thousand, which were recognized by reducing the portfolio cost. In addition, CaixaBank proceeded to purchase from e-la Caixa 1, SA, wholly owned by CaixaBank, its 49.99% stake in Plaza Salud 24, SA, a company belonging to the hospital group, for €4,334 thousand. This stake was subsequently contributed to UMR, SL, the parent of the hospital group.

On December 16, 2011, after concluding the pre-reorganization operations, CaixaBank completed the sale of 80% of the hospital group to Goodgrower and of the remaining 20% to Criteria CaixaHolding, for a total of €237,368 thousand. This transaction generated a gross gain of €5,882 thousand (€4,117 thousand net of tax), which includes the recognition of a provision of €11,099 thousand, gross, for guarantees. The gain is recognized under "Gains (losses) on disposal of non-current assets held for sale not classified as discontinued operations" in the income statement (see Note 38).

16. Investments

16.1. Investments in associates

The detail of "Investments – Associates" at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	**31/12/2012**	**31/12/2011**
Quoted	8,514,268	8,294,699
Unquoted	210,588	66,532
Subtotal	**8,724,856**	**8,361,231**
Less:		
Impairment losses	(766,000)	(766,000)
Total	**7,958,856**	**7,595,231**

The main changes during 2012 and 2011 in this item excluding impairment losses are as follows:

2012
Gross changes

(Thousands of euros)	Acquisitions	Addition due to integration of Banca Cívica (1)	Capital increases/ reductions	Disposals	Other	Total
Balance at 31/12/2011						**8,361,231**
Banco BPI, SA	92,620		79,637			172,257
Banca Cívica Vida y Pensiones Sociedad de Seguros, SA	147,000				(147,000)	0
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA		55,300				55,300
Cajasol Seguros Generales		37,779				37,779
The Bank of East Asia, LTD			32,597			32,597
Cajacanarias Aseguradora de Vida y Pensiones		29,930				29,930
CAN Seguros Generales, SA		20,342				20,342
Erste Group Bank AG	14,715					14,715
IT Now, SA			(7,648)			(7,648)
Cajaburgos Vida, Compañía de Seguros de Vida, SA	4,500	2,808			(7,308)	0
Parque Científico Tecnológico de Córdoba, SL		7,059				7,059
CAN Seguros de Salud, SA	1,500	1,193			(2,693)	0
Deoleo, SA		2,513			(2,513)	0
Oquendo (sca) sicar		5,879	(1,518)	(4,361)		0
Other		1,957	(64)	(2,072)	1,473	1,294
Changes in 2012	**260,335**	**164,760**	**103,004**	**(6,433)**	**(158,041)**	**363,625**
Balance at 31/12/2012						**8,724,856**

(1) Addition of the investments in associates from Banca Cívica at fair value (see Note 7).

2011
Gross changes

(Thousands of euros)	Acquisitions	Capital increases/ reductions	Disposals	Other	Total
Balance at 1/1/2011					**6,147,907**
The Bank of East Asia, LTD (1)	75,502	13,526		1,075,870	1,164,898
Repsol, SA	1,007,886		(36,439)	(16)	971,431
Boursorama				11,092	11,092
Silk Infraestructuras, SA (2)				9,310	9,310
GDS-Correduría de Seguros, SL (2)				3,776	3,776
Other		117		52,700	52,817
Changes in 2011	**1,083,388**	**13,643**	**(36,439)**	**1,152,732**	**2,213,324**
Balance at 31/12/2011					**8,361,231**

(1) "Others" includes the stake in BEA held by Negocio de Finanzas e Inversiones I, SLU following the merger with Criteria CaixaCorp, SA.

(2) Restatement from group company to associate of the residual stake remaining after the sale.

The market value of listed companies at December 31, 2012 and 2011 is shown in the table below:

(Thousands of euros)	31/12/2012		31/12/2011	
	% stake	Market value	% stake	Market value
Repsol, SA	12.46%	2,400,072	12.82%	3,714,752
Grupo Financiero Inbursa	20.00%	3,042,441	20.00%	1,895,452
The Bank of East Asia, LTD	16.38%	1,057,572	17.00%	1,032,320
Erste Group Bank, AG	9.93%	941,680	9.77%	518,890
Banco BPI, SA	46.22%	605,842	30.10%	143,333
Boursorama, SA	20.70%	90,858	20.73%	100,873
Market value		**8,138,465**		**7,405,620**

(*) Direct and indirect stakes

Appendix 1 provides key data, percentage of ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in associates.

The main changes in 2012 and 2011 are as follows:

Banco BPI, SA

On April 20, 2012 the Group acquired an 18.873% stake in Banco BPI, SA, from Banco Itaú for a total price of €93,441 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's stake increased to 48.972%. The equivalent to 9.436% of this stake, for an amount of €46,710 thousand, was recognized under "Non-current assets held for sale" (see Note 15) given that it was intended to be sold to a third party, as described in the paragraph below. Therefore, the remaining 9.44% was recognized under "Investments in associates", for an amount of €46,731 thousand.

On May 7, 2012, an agreement was signed with Santoro Finance – Prestação de Serviços, S.A. (hereinafter Santoro) to sell a 9.436% interest in Banco BPI, SA, 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. The transaction did not have a significant impact on the Group's income statement.

On August 10, 2012 Banco BPI, SA, carried out a capital increase as part of its recapitalization process. The recapitalization plan will enable 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.

CaixaBank, subscribed 251,052,206 shares in this capital increase, for a total amount of €125,526 thousand, of which €45,889 thousand related to purchases of subscription rights, allowing the group to increase its ownership interest by 6.68%.

At December 31, 2012, CaixaBank's stake in Banco BPI, SA stands at 46.22%.

The Bank of East Asia, LTD

During the course of 2012, this investee paid out two dividends in the form of scrip dividends. CaixaBank elected to collect its dividends in shares, for the amount of €17.4 million and €15.2 million in March and September, respectively. Furthermore, its stake has been diluted by 0.87% as a result of the private placement made by BEA with Sumitomo Mitsui Banking Corporation.

As a result of the merger between Negocio de Finanzas e Inversiones I, SA and Criteria CaixaCorp, SA in 2011, CaixaBank holds the direct stake in The Bank of East Asia, LTD that Criteria CaixaCorp, SA previously held indirectly through Negocio de Finanzas e Inversiones I, SL. In 2011, CaixaBank raised its ownership interest in The Bank of East Asia, LTD by 1.80%, with an investment of 1,241 million Hong Kong dollars (€113 million).

CaixaBank's ownership interest in The Bank of East Asia at December 31, 2012 was 16.38%.

Erste Group Bank AG

In 2012, CaixaBank acquired shares in Erste Group Bank for the amount of €14,715 thousand, raising its ownership interest by 0.25% and offsetting the previous dilution of its stake following various rights issues without subscription rights for company shareholders carried out by the bank.

In 2011, its stake was diluted by 0.33% as a result of the corporate transactions carried out by Erste entailing a number of rights issues without subscription rights by company shareholders.

CaixaBank's ownership interest in Erste Group Bank AG at December 31, 2012 was 9.93%.

Repsol, SA

As indicated in Note 1, within the framework of the ”la Caixa” Group’s reorganization, the interest in Repsol-YPF, SA was recognized as an investment in an associate with effect from January 1, 2011 as CaixaBank had significant influence over the company. At December 31, 2010, the direct interest was recognized as an available-for-sale financial asset at its market value of €2,366 million. In addition, at December 31, 2010, Criteria had recognized an amount net of tax of €358 million (€512 million gross) related to this stake under ‘Equity - Valuation adjustments – Available-for-sale financial assets." According to prevailing regulations, this amount has been maintained after the reclassification.

In 2011, CaixaBank acquired an additional 3.53%% stake in Repsol, SA. It made purchases for a 3.70% stake, with a €1,008 million investment, of which 3.40% related to the stake that it held indirectly through Repinves, SA (€935 million). In addition, it made sales equivalent to a 0.17% stake.

At December 31, 2012, CaixaBank's shareholding in Repsol, SA stood at 12.46 %.

Banca Cívica Vida y Pensiones, Sociedad de Seguros, SA (formerly CAN Vida y Pensiones, SA de Seguros), Cajaburgos Vida, Compañía de Seguros de Vida, SA and Can Seguros de Salud, SA

As described in Note 7, CaixaBank has acquired control over these companies, paying out €147,000, €4,500 and €1,500 thousand, respectively. Following these acquisitions, these companies are now fully consolidated and have been reclassified from associates to subsidiaries.

Boursorama, SA

As a result of the merger between Negocio de Finanzas e Inversiones I, SA and Criteria CaixaCorp, SA in 2011, CaixaBank holds the direct stake in Boursorama, SA that Criteria CaixaCorp, SA previously held indirectly through Negocio de Finanzas e Inversiones I, SL. At December 31, 2012, CaixaBank's direct stake in Boursorama, SA was 1.33%, with a total stake of 20.70%.

<u>Impairment in the value of investments in associates</u>

CaixaBank has a methodology in place for performing a quarterly assessment of potential indicators of impairment in the carrying amount of these investments. Specifically, it assesses unquoted investees’ business performance and, where applicable, the companies’ share prices throughout the period and the target prices published by renowned independent analysts. The Group uses the data to determine the fair value of the investment and, if this exceeds the carrying amount, it considers that there are no indications of impairment.

CaixaBank carried out impairment tests to assess the recoverable amount of its investments and verify the valuation adjustments recognized. It used generally accepted valuation methods such as discounted cash flows (DCF), regression curves, dividend discount models (DDM) and others. It did not consider potential control premiums in any of the valuations.

Balance sheet and income statement projections were mostly for five years as these investments are long-term. In cases where investees operate in emerging markets or conduct business of a specific nature, more extensive projections were made, none of which exceed 10 years. The assumptions used are moderate and based on macroeconomic data on each country and sector obtained from renowned external sources and published strategic plans of listed companies or internal strategic plans in the case of unlisted entities. The same methodology has been applied for associates and jointly-controlled entities. It uses individual discount rates for each activity and country, ranging from 9.5% to 14.5% for banking investments, and from 7.5% to 11.5% for other holdings. The growth rates used to calculate residual value beyond the projected period are between 1% and 5% for banking interests and between 0.5% and 2% for all other holdings. These growth rates were estimated based on the data of the latest projected period and never exceed the nominal growth in GDP estimated for each country or countries in which the investees operate.

The tests carried out to assess the recoverable amount of investments at December 31, 2011 showed indications of impairment in the value of banking investments. In 2011, the CaixaBank Group recognized €151 million under "Impairment losses on other assets (net) - Other assets" in the income statement (see Note 36). The impairment tests carried out at December 31, 2012 did not show any need for additional provisioning. Additionally, possible variations in the main assumptions used in the model have been calculated and sensitivity analyses carried out for the most significant variables. The results of the tests carried out (including adverse scenarios in the sensitivity analyses) suggest that there was no need to make additional allowances.

Changes in impairment losses in "Investments – Associates " in 2012 and 2011 are as follows:

(Thousands of euros)	2012	2011
Balance at January 1	**766,000**	**350,000**
Plus:		
Amounts taken to profit **(Note 36)**		416,000
Less:		
Funds available in prior years		
Balance at December 31	**766,000**	**766,000**

16.2. Investments in jointly controlled entities

The detail of "Investments – Jointly-controlled entities" at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Quoted		
Unquoted	262,923	104,403
Total	**262,923**	**104,403**

The table below shows the changes to this item in 2012 and 2011:

2012
Gross changes

(Thousands of euros)	Acquisitions	Additions due to integration of Banca Cívica (1)	Capital increases/ reductions	Disposals	Other	Total
Balance at January 1, 2012						**104,403**
Anira Inversiones, SL		10,605				10,605
Banco Europeo de Finanzas, SA		32,057				32,057
Cartera Perseidas, SL		36,279				36,279
Compañía Andaluza de Rentas e Inversiones, SA		47,329	(2,164)			45,165
Liquidambar Inversiones Financieras, SL		16,760				16,760
Madrigal Participaciones, SA		15,388				15,388
Other		6,877		(4,611)		2,266
Total changes	**0**	**165,295**	**(2,164)**	**(4,611)**	**0**	**158,520**
Balance at December 31, 2012						**262,923**

(1) Addition of the investments in jointly-controlled entities from Banca Cívica at fair value (see Note 7).

2011
Gross changes

(Thousands of euros)	Acquisitions	Capital increases/ reductions	Disposals	Other	Total
Balance at January 1, 2011					**740,089**
Repinves, SA		(557,000)		(86,541)	(643,541)
Comercia Global Payments, Entidad de Pago, SL (1)				(6,650)	(6,650)
Other				14,505	14,505
Total changes	**0**	**(557,000)**	**0**	**(78,686)**	**(635,686)**
Balance at December 31, 2011					**104,403**

(1) "Other", includes the dividend capitalized as a decrease in portfolio cost.

Appendix 1 provides key data, percentage of ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in jointly controlled entities.

The most significant change in 2012 was the acquisition of Banca Cívica's portfolio for €165,295 thousand at fair value. The main changes in 2011 were the following:

Repinves, SA

On June 9, 2011, a resolution was adopted at the Extraordinary General meeting of Shareholders of Repinves, SA to liquidate and dissolve the company. Before its dissolution, in January 2011 the company sold its direct stake in Repsol, SA (5.022%). The proceeds were used to distribute a share premium for an amount attributable to CaixaBank of €557 million, as per the resolution adopted at the General Shareholders' Meeting of January 21, 2011, recognized with a reduction from the cost of the investment, and interim dividends to shareholders for an amount attributable of €317 million and €11 million, as agreed at the Board of Directors' meetings held on January 24 and April 13, 2011, respectively, charged against profit or loss for the year.

Comercia Global Payments, Entidad de Pago, SL

In 2011, the company paid out reserves for €6,650 thousand, which were recognized with a reduction from the cost of the investment. At December 31, 2012, CaixaBank held a 49% interest in this company.

<u>Impairment in the value of investments in jointly controlled entities</u>

CaixaBank uses the same methodology described for associates to assess the possible impairment of investments in jointly controlled entities. The tests carried out did not point to a need to make impairment allowance for jointly controlled entities in 2012 and 2011.

16.3. Investments in group companies

The detail of "Investments – Group companies" at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Quoted		
Unquoted	7,067,536	4,124,871
Subtotal	**7,067,536**	**4,124,871**
Less:		
Impairment losses	(1,117,110)	(294,305)
Total	**5,950,426**	**3,830,566**

The main changes during 2012 and 2011 in this item excluding impairment losses are as follows:

2012

Gross changes

(Thousands of euros)	Acquisitions	Additions due to integration of Banca Cívica (1)	Capital increases/ reductions	Disposals	Other	Total
Balance at January 1, 2012						**4,124,871**
Arquitrabe activos, SL		33,216				33,216
Banca Cívica Gestión de Activos			3,500	(3,500)		
Banca Cívica Vida y Pensiones, SA					154,308	154,308
BuildingCenter, SAU			500,000		193,554	693,554
Caixa Capital Biomed, SCR de Régimen Simplificado, SA			5,000			5,000
Caixa Emprenedor XXI, SA			26,919			26,919
CaixaCard 1, EFC, SA (formerly FinanciaCaixa2)	7		2,000,000		(1,840,000)	160,007
Caja San Fernando Finance		33,221				33,221
CajaSol Inversiones de Capital, SAU		50,066	110,000			160,066
Can Seguros de Salud, SA					2,693	2,693
Corporación Empresarial CajaSol, SAU		325,307				325,307
Corporación Hipotecaria Mutual, EFC, SA			77,156			77,156
Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU		(92,263)	110,000		(5,200)	12,537
Gestora Estratégica de Activos Inmobiliarios, SL	54,980	(154,715)	327,579		(227,844)	
Hiscan Patrimonio, SL		372,156			11,744	383,900
Holret, SAU			(65,502)			(65,502)
Negocio de Finanzas e Inversiones II, SL			38,362			38,362
Puerto Triana, SA		41,008				41,008
Saldañuela Residencial, SL		44,545				44,545
VidaCaixa Grupo, SA			770,028			770,028
Other	551	15,655	18,930	(4,203)	15,407	46,340
Changes in 2012	**55,538**	**668,196**	**3,921,972**	**(7,703)**	**(1,695,338)**	**2,942,665**
Balance at December 31, 2012						**7,067,536**

(1) Addition of the investments in subsidiaries from Banca Cívica at fair value (see Note 7).

2011
Gross changes

(Thousands of euros)	Acquisitions	Capital increases/ reductions	Disposals	Other	Total
Balance at January 1, 2011					**4,998,573**
Negocio de Finanzas e inversiones I, SL				(1,136,758)	(1,136,758)
Caixa Barcelona Seguros de Vida, SA de Seguros y Reaseguros			(504,905)		(504,905)
BuildingCenter, SAU		500,000			500,000
HipoteCaixa 2, SL (1)				200,843	200,843
Silk Aplicaciones, SL (2)				176,208	176,208
Serveis Informátics la Caixa, SA (2)		71,875	(9,691)	(216,765)	(154,581)
Nuevo Micro Bank, SAU		18,030			18,030
Caixa Capital Biomed, SCR de Régimen Simplificado, SA	10,000				10,000
GDS-Correduría de Seguros, SL			(169)	(72)	(241)
Other	31,321	603	(129)	(14,093)	17,702
Changes in 2011	**41,321**	**590,508**	**(514,894)**	**(990,637)**	**(873,702)**
Balance at December 31, 2011					**4,124,871**

(1) Company acquired through the purcahse of Bankpime's business.
(2) In "Others," the dividend is recognized as a decrease in the cost of the portfolio (€-31,247 thousand), the spin-off of the company in favor of Silk Aplicaciones (€-176,208 thousand) and the reclassification of the investment to associate following the sale of 51% (€-9,310 thousand).

Appendix I provides the key data, percentage of ownership, share capital, reserves, results and the cost of the direct stake.

The main changes in 2012 and 2011 were:

CaixaCard 1, EFC, SA (formerly FinanciaCaixa 2)

On December 28, CaixaBank subscribed a capital increase at this company for the amount of €2,100 million, of which €260 million corresponded to capital and the remainder was assigned to the share premium. The subscription was carried out via the non-monetary contribution of a business unit (credit, debit and prepaid card business). €100 million is still outstanding and expected to be paid prior to May 28, 2013. Caixa Card 1, EFC, SA subsequently distributed a share premium for the amount of €1,840 million, recognized as a reduction from the cost of the investment. With regard to the balance sheet, this subsidiarization has led to a reduction of €1,726 and €62 million in "Loans and receivables" and "Other liabilities," respectively.

Gestora Estratégica de Activos Inmobiliarios, SLU

Prior to the business combination between CaixaBank and Banca Cívica, the latter reorganized its real-estate portfolio, through several corporate transactions including mergers, spin-offs and non-monetary contributions, with the objective of simplifying the structure of the Banca Cívica Group's real estate holdings. At the date on which CaixaBank assumed control, Gedai has already been merged with several real-estate investees, and the company was 100% owned by Cajasol Inversiones Inmobiliarias, SAU (in turn 100% owned by Banca Cívica). In July 2012, a non-monetary capital increase was carried out for €327,579 thousand, in which Banca Cívica contributed to Gedai a large part of its real-estate assets classified as "Non-current assets held for sale" and "Property and equipment for own use" (see Notes 15 and 17). As a result of this transaction, CaixaBank obtained a 93.28% stake in Gedai. In September 2012, CaixaBank acquired the remaining 6.72% stake from Cajasol Inversiones Inmobiliarias for €54,980 thousand, going on to hold

100% of the ownership interest. On September 27, CaixaBank approved the merger of BuildingCenter, SAU (absorbing company) with Gedai (absorbed company).

BuildingCenter, SAU

In 2012, CaixaBank fully subscribed a €500 million capital increase at BuildingCenter, SAU, of which €250 million corresponded to capital and the remaining amount was assigned to the share premium. At December 31, 2012, this transaction was fully paid up. The merger with Gedai took place in October 2012.

In 2011, CaixaBank subscribed a capital increase of €500 million carried out by the company.

The capital increases were carried out so that the Company could take over the management, administration and ownership of real estate assets acquired or foreclosed originating in operations to finance real estate developers and private parties granted by CaixaBank.

At December 31, 2012, CaixaBank's stake in BuildingCenter, SAU was 100%.

VidaCaixa Grupo, SA

In December 2012, CaixaBank fully subscribed and paid up the €770,028 thousand capital increase made by VidaCaixa Grupo, of which €154,006 thousand corresponded to capital and the remaining amount was assigned to the share premium.

At December 31, 2012, the total holding was 100%.

Cajasol Inversiones de Capital, SAU

In December 2012, CaixaBank subscribed a capital increase at this company for the amount of €110,000 million in cash, of which €32,900 million corresponded to capital and the remaining amount was assigned to the share premium.

At December 31, 2012, the total holding was 100%.

Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo)

In July 2012, CaixaBank made a contribution of €110,000 thousand to Credifimo to offset losses and restore the company's equity balance. At December 31, 2012, the investment was 100%.

Banca Cívica Vida y Pensiones, SA (formerly, CAN Vida y Pensiones), Cajaburgos Vida, SA and Can Seguros de Salud, SA.

As described in Note 7, CaixaBank has assumed control of these companies, and the corresponding investments have therefore been reclassified from associates to subsidiaries (see Note 16.1).

Banca Cívica Gestión de Activos, SGIIC, SA

On July 31, 2012, CaixaBank acquired a 35% stake of Banca Cívica Gestión de Activos, SGIIC, SA from Ahorro Corporación, SA. Through its subsidiary, Corporación Urbanística de Bienes Inmuebles de Caja de Ahorros y Monte de Piedad de Navarra, SL, CaixaBank held a 65% ownership interest in this company which has now increased to 100% control at group level.

Banca Cívica Gestión de Activos, SGIIC, SA provides asset management services for collective investment institutions. On November 8, 2012, the stakes held by both entities were sold to InverCaixa Gestión, SGIIC, SA as part of the reorganization of the company's collective investment institution management activities, with no impact recorded by CaixaBank. Within the scope of this transaction, goodwill amounting to €16,420 thousand was derecognized (see Note 18).

Holret, SAU

On May 3, 2012, the Board of Directors of Holret, SAU, approved a capital reduction carried out by reducing the nominal value of each share to the amount of €66 million to repay cash contributions to its sole shareholder.

Negocio de Finanzas e Inversiones I, SLU

On 12 May 2011, the Board of Directors approved the merger and absorption and dissolution but not liquidation of Negocio de Finanzas e Inversiones I, with the en bloc transfer of all its assets and liabilities. This transaction, which for accounting purposes was recognized at January 1, 2011, did not materially affect CaixaBank's financial position or results, given that Negocio de Finanzas e Inversiones I was a wholly owned subsidiary at the time of the merger. Negocio de Finanzas e Inversiones I's 15.617% stake in BEA at the time of the merger was the most significant element of its assets and liabilities. After the merger, the stake in BEA has been held directly by CaixaBank (see Note 16.1).

Caixa Barcelona Seguros de Vida, SA de Seguros y Reaseguros

In July 2011, CaixaBank sold to VidaCaixa Grupo SA, its stake in Caixa Barcelona Seguros de Vida for €504,905 thousand, equivalent to its underlying carrying amount at that date. The aim of the transaction was to bring about the subsequent merger of the two companies, which took place in the second half of 2011.

Serveis Informàtics la Caixa, SA (Silk)

In June 2011, CaixaBank subscribed €72 million in the capital increase carried out at Silk. On December 29, 2011, CaixaBank and IBM announced a ten-year strategic services agreement, whereby IBM became the bank's technology provider. This partnership was set up through the sale of a 51% stake to IBM. Prior to the sale, the following transactions were carried out:

- Sale by Silk to CaixaBank of its technology-infrastructure and architecture assets, for €49.7 million.
- Silk distributed dividends against reserves, for €22,934 thousand on November 3, 2011, and for €8,313 thousand on November 17, 2011. CaixaBank charged the dividends against the cost of the investment.
- Silk spun off its applications activity to SILK Aplicaciones, SLU, which was established for this purpose on October 27, 2011, through a €79,525 thousand capital reduction. In addition, as part of the spin-off process, the company's reserves were reduced by €34,862 thousand.

The sale of 51% of the company to IBM was carried out for an effective amount of €9,999 thousand, and the transaction did not generate any gains. Nevertheless, the company expects very significant cost savings in the coming 10 years as a consequence of the strategic partnership. Because of the transaction, the stake in Silk was reclassified to that of an associate.

Nuevo Micro Bank, SA

In July 2011, this company was established through a capital contribution in the amount of €18,030 thousand as a result of the reorganization of the ”la Caixa” Group and CaixaBank spun off the assets and liabilities relating to the microlending activity to Nuevo Micro Bank for €72,155 thousand.

GDS Correduría de Seguros, SL

On November 18, 2011, CaixaBank, March Unipsa and Aon Gil y Carvajal signed an agreement by which CaixaBank and March Unipsa were to sell to Aon Gil y Carvajal their stake in GDS Correduría de Seguros. The agreement called for the sale of the 67% stake held by CaixaBank to be carried out in two stages: 47% upon the signing of the transaction, at a price of €8,877 thousand, and the remaining 20% though the sale and purchase (put/call) of options that can be exercised for 3.5 years as from the third year after their acquisition date at a fixed price of €3,776 thousand. The conclusion of the sale was subject to approval by the Spanish Insurance Regulatory Authorities, which was issued in December 2011.

Consequently, CaixaBank recognized the sale of 47% of its stake and reclassified the remaining 20% as an investment in an associate, as it lost control of the company and the nature of its investment was modified. The transaction generated a gross gain of €12,408 thousand (€8,583 thousand net of tax).

Impairment of investments in group companies

(Thousands of euros)	31/12/2012	31/12/2011
Balance at January 1	**294,305**	**211,095**
Plus:		
Amounts taken to profit and loss **(Note 36)**	325,741	143,141
Less:		
Funds available in prior years (**Note 36)**	(1,696)	(607)
Amounts used	(391)	
Transfers and other	499,151	(59,324)
Balance at December 31	**1,117,110**	**294,305**

CaixaBank tested all its investments in subsidiaries for impairment to recognize any corrections to their carry amounts, as applicable.

The Company measured the recoverable amount of its investments using generally accepted valuation methods, based chiefly on estimates of its share in the future cash flows that the investee company is expected to generate, whether from its ordinary activities or its disposal or derecognition.

The tests carried out in 2012 and 2011 have underscored the need to recognize additional impairments to the investees. The most significant are the €317 and €139 million of impairment allowances in 2012 and 2011, respectively, of BuidingCenter, SAU.

The impact on income of the impairment of stakes in subsidiaries is recognized under “Impairment losses (net) – Other assets” in the accompanying income statement.

“Transfers and others” includes the reclassification, for the amount of €479 million, of the loan-loss provision made for Banca Cívica at June 30, 2012 in relation to its investee, Gedai. CaixaBank has reclassified this amount to “Impairment losses – Investees” (see Note 12.4).

17. Tangible assets

Changes in items of "Tangible assets" and of the related accumulated depreciation in 2012 and 2011 are as follows:

(Thousands of euros)	31/12/2012			31/12/2011		
	Land and buildings	Furniture, facilities and other	Total	Land and buildings	Furniture, facilities and other	Total
Cost						
Balance at the beginning of the year	2,535,152	2,808,158	5,343,310	2,578,109	2,808,544	5,386,653
Additions due to integration of Banca Cívica	814,392	693,702	1,508,094			
Additions	5,449	169,800	175,249	3,600	117,130	120,730
Disposals	(296,025)	(292,514)	(588,539)	(266)	(109,367)	(109,633)
Transfers	(181,465)	(24,588)	(206,053)	(46,291)	(8,149)	(54,440)
Balance at December 31	**2,877,503**	**3,354,558**	**6,232,061**	**2,535,152**	**2,808,158**	**5,343,310**
Accumulated depreciation						
Balance at the beginning of the year	(414,654)	(2,143,032)	(2,557,686)	(421,323)	(2,059,572)	(2,480,895)
Additions due to integration of Banca Cívica	(104,932)	(575,567)	(680,499)			
Additions	(23,761)	(180,461)	(204,222)	(20,988)	(167,269)	(188,257)
Disposals	68,998	272,774	341,772	22,254	79,100	101,354
Transfers	22,239	22,906	45,145	5,403	4,709	10,112
Balance at December 31	**(452,110)**	**(2,603,380)**	**(3,055,490)**	**(414,654)**	**(2,143,032)**	**(2,557,686)**
Own use, net	**2,425,393**	**751,178**	**3,176,571**	**2,120,498**	**665,126**	**2,785,624**
Total net tangible assets	**2,425,393**	**751,178**	**3,176,571**	**2,120,498**	**665,126**	**2,785,624**
Cost						
Balance at the beginning of the year	164,323	33,630	197,953	124,424	27,760	152,184
Additions due to integration of Banca Cívica	58,580	9,656	68,236			
Additions	6,669	4,152	10,821		115	115
Disposals	(2,425)	(1,312)	(3,737)	(6,557)	(2,380)	(8,937)
Transfers	68,006	24,588	92,594	46,456	8,135	54,591
Balance at December 31	**295,153**	**70,714**	**365,867**	**164,323**	**33,630**	**197,953**
Accumulated depreciation						
Balance at the beginning of the year	(18,152)	(23,101)	(41,253)	(12,749)	(18,388)	(31,137)
Additions due to integration of Banca Cívica	(4,696)	(2,036)	(6,732)			
Additions	(1,756)	(1,923)	(3,679)	(1,426)	(1,584)	(3,010)
Disposals	701	1,037	1,738	1,497	1,661	3,158
Transfers	(18,098)	(22,906)	(41,004)	(5,474)	(4,790)	(10,264)
Balance at December 31	**(42,001)**	**(48,929)**	**(90,930)**	**(18,152)**	**(23,101)**	**(41,253)**
Investment properties	**253,152**	**21,785**	**274,937**	**146,171**	**10,529**	**156,700**
Total tangible assets	**2,678,545**	**772,963**	**3,451,508**	**2,266,669**	**675,655**	**2,942,324**

On December 18, 2012, CaixaBank agreed the sale of 439 branch offices to Soinmob Inmobiliaria, SAU, subsidiary of the Mexican company Inmobiliaria Carso, SA de CV for €428.2 million, resulting in a gross gain of €204 million which is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets held for sale" in the accompanying income statement (see Note 37). At the same time, an operating lease contract was signed with this company, with the lessee responsible for maintenance, insurance and taxes other than income tax, for a mandatory period of 25 years. During this time, lease income will be increased on a yearly basis in accordance with year-on-year change in the eurozone harmonized consumer price index times 1.4. The initial lease was set at €2.9 million a month, payable quarterly.

The agreement includes a buy option that may be exercised by CaixaBank at the termination of the lease contract at the market value of the offices at that date (determined, where appropriate, by independent experts) and the right of first refusal in the event the lessor wishes to sell any of the offices subject to the lease. Additionally, as is commonplace in the operating lease market, the transfer of ownership of the properties to CaixaBank is not being considered at the termination of the agreement, with CaixaBank holding the right to not extend rentals beyond the minimum mandatory period.

The lease expense recognized by CaixaBank in 2012 in relation to these agreements totaled €1.3 million. The value of minimum payments to be received by CaixaBank during the mandatory period, excluding future rental increases or extensions or the existing buy option, totaled €868.7 million at December 31, 2012. Of this amount, €34.8 million correspond to a one year term, €139.2 million to terms of between one and five years and €694.7 million to terms of more than five years. Operating lease expenses are recognized under “Other operating expenses”.

The movement in 2012 of “Property and equipment for own use” included transfers from contributions of assets in the non-monetary capital increase carried out by Gestora Estratégica de Activos Inmobiliarios, SLU (Gedai) in July 2012 (see Note 16.3). Tangible assets no longer in use were derecognized, leading the write-offs of €8,999 thousand recognized under “Impairment losses on other assets (net)” (see Note 36).

Rental income accrued on the operation of investment properties is recognized under “Other operating income” in the income statement (see Note 31) and operating expenses under “Other operating expenses” (see Note 32).

Carrying amount is equal to acquisition cost, which was updated at January 1, 2004 with respect to properties for own use on the basis of appraisals performed in accordance with Transitional Provision One of Bank of Spain Circular 4/2004 (see Note 2.10).

The properties classified as tangible assets contributed by Banca Cívica were recognized at fair value at the business combination date, calculated by updating available appraisal values and in line with movements in the price of premises and offices according to their location and use.

To obtain a better estimate of the fair value of all the properties for own use of ”la Caixa” at December 31, 2011 and 2012, Tinsa, SA, an independent appraisal and valuation company approved by the Bank of Spain, was commissioned to perform a review of property appraisals. With the exception of special assets or those not suitable for repeat production, this review was carried out using statistical methods. At December 31, 2012,the carrying amounts did not differ significantly from the market value of the assets.

At December 31, 2012 and 2011, CaixaBank had no significant commitments to acquire any additional items of property and equipment.

18. Intangible assets

The breakdown of “Intangible assets” at December 31, 2012 and 2011 is as follows:

Breakdown of intangible assets

(Thousands of euros)

	31/12/2012	31/12/2011
Goodwill	**1,709,739**	**389,743**
Acquisition of Banca Cívica	1,319,996	
"la Caixa" Gestión de Patrimonios, SV, SA	350,337	350,337
Banking business of Banco pequeña y Mediana Empresa, SA	39,406	39,406
Other intangible assets	**391,981**	**164,216**
Intangible assets identified during the acquisition of Banca Cívica	181,710	
Acquisition of banking business of Banco Pequeña y Mediana Empresa, SA	12,562	13,962
Acquisition of "la Caixa" Gestión de Patrimonios, SV, SA	20,149	23,507
Integration of "la Caixa" Gestión de Patrimonios, SV, SA	6,538	7,627
Development of software programs and systems	171,022	119,120
Total intangible assets	**2,101,720**	**553,959**

The changes to this item on the balance sheet in 2012 and 2011 are as follows:

(Thousands of euros)

	2012	2011
Balance at January 1	**553,959**	**495,712**
Plus:		
Goodwill on acquisition of Banca Cívica **(Note 7)**	1,340,361	
Intangible assets from acquisition of Banca Cívica	201,591	
Other intangible assets for the development of software programs and systems	117,724	66,495
Acquisition of banking business of Bankpime		53,368
Less:		
Derecognition of intangible assets due to sale of merchant business	(5,764)	
Derecognition of goodwill due to sale of businesses	(20,365)	
Amortization taken to profit and loss	(77,675)	(53,844)
Write-downs charged to profit and loss	(8,111)	(7,772)
Balance at December 31	**2,101,720**	**553,959**

Goodwill and intangible assets other than computer software and systems arise from the acquisition of Banca Cívica in 2012, the banking business of Banco de la Pequeña y Mediana Empresa, S.A. and Morgan Stanley’s business in Spain in prior years. Each of these acquisitions has meant the inclusion of different activities that have increased the group's capacity in different areas of the banking business. The goodwill arising on these transactions was allocated to the Retail Banking in Spain cash-generating unit (CGU), whose cash flows are independent from other activities such as insurance or investees, and reflects the form in which the entity’s management supervises its businesses.

The goodwill arising from the business combination with Banca Cívica totaled €1,340,361 thousand. In the second half of 2012, various disposals were carried out, reducing goodwill by €20,365 thousand (see Notes 16 and 37).

Intangible assets recognized as a result of the business combination with Banca Cívica (see Note 7) relate mainly to the value of Banca Cívica’s customer relations (“Core deposits”). These were quantified at €170.6 million and will be amortized on a straight-line basis over a period of 9.5 years. Also included are the value of the rights to use the Cajasol, Caja Navarra, Caja de Burgos, Caja Canarias and Caja Guadalajara trade names for a period of four years established in the Integration Agreement related to the merger (for an amount of €23 million). In the allocation of the price paid, an intangible asset corresponding to the value of the customer relations for Banca Cívica's card payments processing business (for the amount of €5.7 million) was identified and recognized. This business was later sold and the intangible asset derecognized (see Note 37).

The banking business cash-generating unit, the largest in the group, encompasses more than half of its net operating assets, including loans and receivables, fixed-income instruments associated with the banking business, intangible assets and property and equipment for own use, decreased by the amount of their associated financing. The impairment test described underscores the value of this cash-generating unit as a whole.

At year-end 2012 and 2011 the corresponding impairment tests were carried out on goodwill associated with the banking business cash-generating unit, on the basis of estimated cash flows for the next 8 years (6 in the previous test), the period in which the banking activity in Spain is expected to stabilize. The main assumptions were based on estimates for the main macroeconomic variables affected the group's business activities and factor in net interest income of between 1.28% and 1.85%, credit risk between 0.97% and 0.63%, and a growth rate of 2% (similar to that used the year before), intended to include the effects of inflation. The discount rates applied for the projections was 11% (10% previously), calculated on the rate of interest of the Spanish 10-year bond, plus a risk premium associated with the banking business.

Additionally, possible variations in the main assumptions used in the model have been calculated and a sensitivity analysis carried out for the most significant variables, discount rate: -1%, + 1%, growth rate: -0.5%, +0.5%, net interest income: -0.05%, + 0.05% and credit risk: -0.05%, + 0.05%.

The results of the tests carried out (including adverse scenarios in the sensitivity analyzes) suggest that there was no need to make allowances for the goodwill assigned to the banking business cash-generating unit in 2012.

19. Other assets and liabilities

The breakdown of these items in the balance sheet is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Other assets	**1,825,361**	**642,044**
Prepayments and accrued income	1,572,031	422,508
Ongoing transactions	40,328	155,928
Other	213,002	63,608
Other liabilities	**1,884,297**	**1,304,565**
Accrued expenses and deferred income	850,341	560,386
Ongoing transactions	390,462	264,875
Other	643,494	479,304

'Prepayments and accrued income" under assets includes the dividend receivable from VidaCaixa Grupo, SA (see Note 28) of €743 million.

In 2012, "Other assets - Prepayments and accrued income" and "Other liabilities - Accrued expenses and deferred income included €313,818 thousand in relation to a shortfall in the Deposit Guarantee Fund to be settled over the next 10 years (see Note 1).

All amounts represent normal business operated by CaixaBank with financial markets and customers.

20. Financial liabilities at amortized cost

The breakdown, by nature of liability, of this item in the accompanying balance sheet is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Deposits from central banks	32,976,828	13,579,787
Deposits from credit institutions	18,166,619	9,807,384
Customer deposits	176,463,420	146,107,745
Marketable debt securities	48,119,272	44,545,324
Subordinated liabilities	5,797,007	5,088,470
Other financial liabilities	3,028,818	2,674,941
Total	**284,551,964**	**221,803,651**

At December 31, 2012, “Deposits from central banks” mostly included €27,980 million relating to the financing obtained at the ECB’s special 3-year liquidity auction (LTRO). Additionally, (un-collateralized) interbank deposits with various central banks and agencies (mostly currency deposits) totaled €4,447 million. Banca Cívica's contribution to this item at the date of integration was €13,841 million.

The detail of the main valuation adjustments included in each of the liability categories classified under “Financial liabilities at amortized cost” is as follows:

31/12/2012

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	32,735,528	241,300				32,976,828
Deposits from credit institutions	18,110,813	39,194	16,618		(5)	18,166,619
Customer deposits (1)	176,856,104	1,078,510			(1,471,194)	176,463,420
Marketable Debt securities (2)	47,632,517	919,272	39,785	(368,623)	(103,679)	48,119,272
Subordinated liabilities	5,879,963	31,330		(1,505)	(112,781)	5,797,007
Other financial liabilities	3,028,818					3,028,818
Total	**284,243,743**	**2,309,606**	**56,403**	**(370,128)**	**(1,687,659)**	**284,551,964**

(1) "Premiums and discounts" includes the fair-value adjustments made to customer deposits contributed by Banca Cívica at the date of integration, mainly single covered bonds.

(2) "Transaction costs" relates mainly to the cost of the government guarantees of Banca Cívica's bond issues.

31/12/2011

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	13,573,538	6,249				13,579,787
Deposits from credit institutions	9,778,190	29,201			(7)	9,807,384
Customer deposits	145,151,581	955,668	2,416		(1,920)	146,107,745
Marketable Debt securities	43,889,767	785,660	3,804	(13,335)	(120,572)	44,545,324
Subordinated liabilities	5,087,586	1,005		(121)		5,088,470
Other financial liabilities	2,674,941					2,674,941
Total	**220,155,603**	**1,777,783**	**6,220**	**(13,456)**	**(122,499)**	**221,803,651**

20.1. Deposits from credit institutions

The breakdown, by type of deposit, of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Demand	**5,736,935**	**2,935,697**
Reciprocal accounts	435,395	
Other accounts	5,301,540	2,935,697
Term or with prior notice	**12,373,878**	**6,842,493**
Time deposits	6,107,715	6,211,414
Of which: non-bearer mortgage covered bonds	*910,950*	*1,007,569*
Hybrid financial liabilities	378	2,738
Repurchase agreement	6,265,786	628,341
Total	**18,110,813**	**9,778,190**

The average effective interest rate on liabilities under “Loans and advances to credit institutions” was 1.53% and 1.59% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions. Banca Cívica's contribution to this item at the date of integration was €4,555 million.

20.2. Customer deposits

The breakdown, by sector and type of deposit, of this item in the balance sheet excluding valuation adjustments is as follows:

By sector

(Thousands of euros)	31/12/2012	31/12/2011
Public sector	6,127,460	3,005,855
Other resident sectors	167,312,080	134,214,227
Non resident (**)	3,416,564	7,931,499
Total	**176,856,104**	**145,151,581**

(**) Includes repurchase agreements in money market transactions through counterparty entities of €1,314 and €5,502 million at December 31, 2012 and 2011, respectively.

By type

(Thousands of euros)	31/12/2012	31/12/2011
Current accounts and other demand deposits	38,647,269	35,182,236
Savings accounts	32,850,928	26,138,678
Time deposits	95,111,838	70,509,972
Of which: non-bearer mortgage covered bonds	*11,048,111*	*1,325,000*
Hybrid financial liabilities	5,128,337	5,207,734
Repurchase agreements (**)	5,117,732	8,112,961
Total	**176,856,104**	**145,151,581**

(**) Includes repurchase agreements in money market transactions through counterparty entities of €1,314 and €5,502 million at December 31, 2012 and 2011, respectively.

The fair value contributed by Banca Cívica to this item at the date of integration was €43,856,124 thousand.

At December 31, 2012 and 2011, "Time deposits" included €9,428,796 thousand and €22,981,649 thousand, respectively, as the balancing entry for customer loans securitized after January 1, 2004 whose risk has not been substantially transferred and therefore have not been derecognized from assets. This amount is shown net of bonds issued by securitization funds acquired by CaixaBank, which amounted to €8,303,751 thousand and €22,903,376 thousand, respectively (see Note 25.2).

The average effective interest rate on financial liabilities under "Customer deposits" was 1.65% and 1.74% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

20.3. Marketable debt securities

The breakdown, by issue, of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

Marketable debt securities

(Thousands of euros)	Outstanding amount at	
	31/12/2012	31/12/2011
Mortgage covered bonds	32,607,255	36,824,588
Public-sector covered bonds	1,294,117	1,401,380
Plain vanilla bonds	6,898,726	2,316,757
Structured notes	280,851	178,300
Promissory notes	6,551,568	3,168,742
Total	**47,632,517**	**43,889,767**

The breakdown, by term to maturity of the marketable securities issued by the CaixaBank Group at December 31, 2012 and 2011 excluding securitization bonds placed with third parties is as follows:

Residual maturities

(Thousands of euros)	Outstanding amount at	
	31/12/2012	**31/12/2011**
Less than 1 year	12,571,489	5,791,188
Between 1 and 2 years	6,774,642	5,995,557
Between 2 and 5 years	8,623,560	16,399,896
Between 5 and 10 years	16,752,326	11,724,547
Over 10 years	2,910,500	3,978,579
Total	**47,632,517**	**43,889,767**

The average effective interest rate on financial liabilities under "Marketable debt securities" was 3.82% and 3.57% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

The interest accrued and the issue expenses for the total of the marketable debt securities appear under "Interest expense and similar charges" in the accompanying income statement (see Note 27).

Details of mortgage covered bond issues at December 31, 2012 and 2011 are as follows:

Mortgage covered bonds (1/2)

(Thousands of euros) Issue date		Initial nominal amount in currency		Nominal interest rate	Redemption date	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
21/11/2002		1,500,000	€	4.500 %	21/11/2012		1,500,000
31/10/2003		1,250,000	€	4.250 %	31/10/2013	1,250,000	1,250,000
31/10/2003		750,000	€	4.750 %	31/10/2018	750,000	750,000
04/02/2004		750,000	€	4.250 %	31/10/2013	750,000	750,000
04/02/2004		250,000	€	4.750 %	31/10/2018	250,000	250,000
17/02/2005		2,500,000	€	3.875 %	17/02/2025	2,500,000	2,500,000
30/09/2005		300,000	£	Lib 1Y+0.020 %	30/09/2015	367,602	359,152
05/10/2005		2,500,000	€	3.250 %	05/10/2015	2,500,000	2,500,000
09/01/2006		1,000,000	€	E3M+0.075 %	09/01/2018	1,000,000	1,000,000
18/01/2006		2,500,000	€	3.375 %	30/06/2014	2,500,000	2,500,000
18/01/2006		2,500,000	€	3.625 %	18/01/2021	2,500,000	2,500,000
20/04/2006	(1)	1,000,000	€	E3M+0.100 %	30/06/2016	10,646	490,047
16/06/2006		150,000	€	E3M+0.060 %	16/06/2016	150,000	150,000
22/06/2006		100,000	€	E3M %	20/06/2013	100,000	100,000
28/06/2006		2,000,000	€	4.250 %	26/01/2017	2,000,000	2,000,000
28/06/2006		1,000,000	€	4.500 %	26/01/2022	1,000,000	1,000,000
30/06/2006		150,000	€	E3M+0.005 %	20/08/2013	150,000	150,000
30/06/2006		100,000	$	Lib 3M-0.013 %	20/06/2013	75,792	77,286
18/09/2006	(1)	1,000,000	€	E3M+0.100 %	30/09/2016	7,982	478,423
18/10/2006		100,000	€	E3M+0.020 %	18/10/2013	100,000	100,000
01/11/2006		255,000	$	Lib 3M%	02/02/2037	193,270	197,079
28/11/2006		250,000	€	E3M+0.060 %	28/11/2016	250,000	250,000
22/01/2007	(1)	1,000,000	€	E3M %	30/03/2017	6,380	451,134
23/03/2007		400,000	€	E3M+0.050 %	23/03/2017		400,000
30/03/2007		227,500	€	E3M+0.045 %	20/03/2017	227,500	227,500
30/03/2007		68,000	€	E3M+0.010 %	20/06/2014	68,000	68,000
09/05/2007	(1)	1,500,000	€	E3M+0.100 %	30/09/2017	13,462	692,148
04/06/2007		2,500,000	€	4.625 %	04/06/2019	2,500,000	2,500,000
13/07/2007		25,000	€	E3M+0.045 %	20/03/2017	25,000	25,000
21/04/2008	(1)	1,000,000	€	E3M+0.100 %	30/03/2012		567,604
13/06/2008		100,000	€	5.432 %	13/06/2038	100,000	100,000
17/02/2009	(2)	149,200	€	3.500 %	17/02/2012		149,200
14/05/2009		175,000	€	E3M+1.000 %	14/05/2021	175,000	175,000
26/05/2009		1,250,000	€	3.750 %	26/05/2014	1,250,000	1,250,000
07/08/2009		750,000	€	3.750 %	26/05/2014	750,000	750,000
18/12/2009		125,000	€	E3M+0.650 %	18/12/2018	125,000	125,000
31/03/2010		1,000,000	€	3.500 %	31/03/2016	1,000,000	1,000,000
07/05/2010		100,000	€	E3M+0.950 %	07/05/2019	100,000	100,000
02/07/2010		300,000	€	E3M+1.750 %	02/07/2018	300,000	300,000
18/08/2010		42,000	€	3.500 %	30/04/2015	42,000	42,000
16/09/2010		1,000,000	€	3.125 %	16/09/2013	1,000,000	1,000,000
06/10/2010	(3)	250,000	€	E6M+MARGIN	06/10/2014	250,000	250,000
08/10/2010	(3)	250,000	€	E6M+MARGIN	08/10/2015	250,000	250,000
15/10/2010		25,000	€	3.737 %	15/10/2015	25,000	25,000
11/11/2010		300,000	€	E3M+1.630 %	11/11/2013	300,000	300,000
22/02/2011	(4)	2,200,000	€	5.000 %	22/02/2016	2,200,000	2,000,000
18/03/2011		570,000	€	4.706 %	31/01/2014	570,000	570,000
18/03/2011		74,000	€	4.977 %	02/02/2015	74,000	74,000

Mortgage covered bonds (2/2)

(Thousands of euros) Issue date		Initial nominal amount in currency		Nominal interest rate	Redemption date	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
18/03/2011		1,250,000	€	4.750 %	18/03/2015	1,250,000	1,250,000
27/04/2011		1,250,000	€	5.125 %	27/04/2016	1,250,000	1,250,000
13/05/2011		180,000	€	4.471 %	30/07/2014	180,000	180,000
14/11/2011		250,000	€	4.250 %	26/01/2017	250,000	250,000
12/12/2011		250,000	€	E3M+3.000 %	12/12/2023	200,000	200,000
16/02/2012		1,000,000	€	4.000 %	16/02/2017	1,000,000	
24/05/2012		1,000,000	€	4.900 %	24/05/2018	1,000,000	
24/05/2012		1,000,000	€	5.200 %	24/05/2019	1,000,000	
24/05/2012		2,000,000	€	5.300 %	25/05/2020	2,000,000	
07/06/2012		500,000	€	E6M+3.850%	07/06/2021	500,000	
07/06/2012		2,000,000	€	E6M+3.850%	07/06/2022	2,000,000	
07/06/2012		4,000,000	€	E6M+3.800%	07/06/2023	4,000,000	
07/06/2012		3,500,000	€	E6M+3.800%	07/06/2024	3,500,000	
07/06/2012		1,000,000	€	E6M+3.750%	07/06/2025	1,000,000	
19/06/2012		4,250,000	€	E6M+3.750%	19/06/2026	4,250,000	
03/07/2012		1,000,000	€	E6M+4.000%	03/07/2027	1,000,000	
17/07/2012		750,000	€	E6M+4.250 %	17/07/2027	750,000	
17/07/2012		3,000,000	€	E6M+4.250 %	17/07/2028	3,000,000	
26/07/2012		500,000	€	E6M+4.700%	26/07/2020	500,000	
26/03/2008	(5)	25,000	€	E6M+0.260%	26/03/2013	25,000	
22/09/2009	(5)	150,000	€	E3M+1.500%	22/09/2017	150,000	
10/02/2010	(5)	50,000	€	2.875 %	27/09/2013	50,000	
09/07/2010	(5)	50,000	€	E3M+2.200%	09/07/2020	50,000	
25/01/2012	(5)	1,000,000	€	6.50 %	25/01/2017	1,000,000	
25/01/2012	(5)	1,000,000	€	6.750 %	25/01/2018	1,000,000	
25/01/2012	(5)	1,500,000	€	7.000 %	25/01/2019	1,500,000	
27/01/2012	(5)	1,000,000	€	7.250 %	27/01/2020	1,000,000	
13/06/2012	(5)	1,200,000	€	E3M+5.000%	13/06/2025	1,200,000	
Mortgage covered bonds						**64,361,634**	**37,373,573**
Treasury shares acquired						**(31,754,379)**	**(548,985)**
Total						**32,607,255**	**36,824,588**

(1) Issues placed on the retail market. The remainder were placed on the institutional market.
(2) Issues acquired by the Fund for the Acquisition of Financial Assets (FAFA).
(3) Margin increasing and revised quarterly.
(4) Includes €200,000 thousand capital increase on 22/12/2012.
(5) From merger with Banca Cívica.

The main changes in 2012 were the following:

- Total of €25,700 million in mortgage covered bonds issued, €24,500 million have been repurchased to increase the liquid assets pledged to the ECB.
- Inclusion of €7,875 million from Banca Cívica, €1,900 million of which were repaid early, in September 2012. Bond buy backs totaled €5,700 million.
- Issues totaling €2,217 million matured.
- In September and October 2012, CaixaBank offered to buy back all four mortgage covered bond issues, which had an outstanding nominal balance at the offer date of €2,101 million. CaixaBank repurchased a nominal amount of €2,072 million, before proceeding with the early redemption of the entire amounts of these issues held.

The balance of mortgage covered bonds issued by CaixaBank and purchased by VidaCaixa stood at €1,589 million at December 31, 2012.

In accordance with current legislation, CaixaBank expressly assigns the mortgages registered in its name as collateral for the principal and interest of mortgage covered bond issues.

CaixaBank has non-bearer mortgage covered bonds issued and outstanding which, depending on the counterparty, are recognized under “Deposits from credit institutions” or “Customer deposits” in the accompanying balance sheet (see Notes 20.1 and 20.2).

The degree of collateralization and overcollateralization of the mortgage covered bonds issued at December 31, 2012 and 2011 are shown in Note 40.3.

Details of public-sector covered bond issues at December 31, 2012 and 2011 are as follows:

Public sector covered bonds

(Thousands of euros)

Issue date		Initial nominal amount in currency		Nominal interest rate	Redemption date	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
28/02/2008		200,000	€	E6M+0.135 %	28/02/2013	200,000	200,000
29/04/2010		1,000,000	€	2.500 %	29/04/2013	1,000,000	1,000,000
23/05/2011		200,000	€	2.738 %	23/05/2012		200,000
20/10/2011		2,500,000	€	4.250 %	19/06/2015	2,500,000	2,500,000
20/10/2011		1,500,000	€	3.875 %	20/03/2014	1,500,000	1,500,000
24/05/2012		500,000	€	4.900 %	24/05/2018	500,000	
24/05/2012		500,000	€	5.200 %	24/05/2019	500,000	
12/02/2008	(1)	100,000	€	E3M+0.150%	12/02/2013	100,000	
27/01/2012	(1)	250,000	€	6.000 %	27/01/2016	250,000	
01/02/2012	(1)	250,000	€	6.500 %	01/02/2017	250,000	
26/04/2012	(1)	200,000	€	4.750 %	26/04/2015	200,000	
Public-sector covered bonds						**7,000,000**	**5,400,000**
Treasury shares acquired						**(5,705,883)**	**(3,998,620)**
Total						**1,294,117**	**1,401,380**

(1) From merger with Banca Cívica.

The public-sector covered bonds are issued using as collateral loans and advances to the central government, regional communities, local bodies, autonomous community organizations and dependent public business entities and other such institutions in the European Economic Area.

In 2012, the most significant changes were:

- Issues for a total of €1,000 million.
- Inclusion of Banca Cívica issues for a total amount of €800 million.
- Total maturities of €200 million.
- Net variation of public-sector covered bonds held in treasury of €1,707 million.

The amount of treasury shares acquired corresponds primarily to the issues made on October 20, 2011, to increase collateral assets in relation to the credit facility with the ECB.

At December 31, 2012, VidaCaixa had public-sector covered bonds issued by CaixaBank of €152 million.

Details of plain vanilla bond issues at December 31, 2012 and 2011 are as follows:

Plain vanilla bonds

(Thousands of euros)		Initial nominal amount in		Nominal interest	Redemption	Outstanding amount at	
Issue date		currency		rate	date	31/12/2012	31/12/2011
18/08/2004	(1)	30,000	€	6.200 %	18/08/2019	30,000	30,000
22/03/2007		200,000	€	E3M+0.210 %	22/03/2012		200,000
20/11/2009		1,000,000	€	4.125 %	20/11/2014	1,000,000	1,000,000
03/08/2010	(2)	50,000	€	E3M+MARGIN	03/08/2012		50,000
29/10/2010	(2)	175,000	€	E3M+MARGIN	29/10/2012		175,000
05/11/2010		1,000,000	€	3.750 %	05/11/2013	1,000,000	1,000,000
16/11/2010	(2)	100,000	€	E3M+MARGIN	16/11/2012		100,000
09/03/2011	(2)	200,000	€	E3M+MARGIN	11/03/2013	200,000	200,000
21/06/2011	(2)	150,000	€	E3M+MARGIN	21/06/2013	150,000	150,000
20/01/2012		3,000,000	€	4.910 %	20/01/2015	3,000,000	
04/07/2007	(3)	25,000	€	1.630 %	04/07/2014	25,000	
15/06/2007	(3)	30,000	€	2.000 %	17/06/2019	30,000	
22/11/2007	(3)	100,000	€	E12M+0.25%	22/11/2027	100,000	
31/03/2010	(3)	200,000	€	3.125 %	31/03/2015	200,000	
06/04/2010	(3)	135,000	€	2.750 %	06/04/2014	135,000	
08/02/2010	(3)	30,000	€	E6M+0.24%	08/04/2013	30,000	
12/02/2010	(3)	264,000	€	3.000 %	12/02/2015	264,000	
25/02/2010	(3)	350,000	€	3.250 %	25/02/2015	350,000	
30/03/2010	(3)	50,000	€	2.625 %	07/02/2014	50,000	
24/03/2010	(3)	350,000	€	3.260 %	24/03/2015	350,000	
30/03/2010	(3)	25,000	€	E6M+0.70%	30/03/2015	25,000	
16/06/2010	(3)	400,000	€	3.624 %	30/04/2015	400,000	
30/06/2010	(3)	190,000	€	3.600 %	28/06/2013	190,000	
31/03/2011	(3)	10,000	€	4.260 %	31/03/2014	10,000	
31/03/2011	(3)	10,000	€	5.362 %	31/03/2016	10,000	
11/05/2011	(3)	11,000	€	4.543 %	31/03/2014	11,000	
24/02/2012	(3)	1,000,000	€	4.000 %	24/02/2015	1,000,000	
06/06/2012	(3)	4,800,000	€	6.900 %	06/06/2017	4,800,000	
06/06/2012	(3)	200,000	€	6.300 %	06/06/2015	200,000	
Plain vanilla bonds						**13,560,000**	**2,905,000**
Treasury shares acquired						**(6,661,274)**	**(588,243)**
Total						**6,898,726**	**2,316,757**

(1) To April 2011, issue by CaixaFinance, BV. From that date on CaixaBank changes its status as guarantor by issuer. Variable yields when E12M exceeds 6%.

(2) Margin increasing and revised quarterly.

(3) From merger with Banca Cívica.

The main changes in 2012 were the following:

- Issues totaling €3,000 million were made.
- Inclusion of Banca Cívica issues for a total nominal amount of €8,180 million.
- Issues of €525 million have matured
- The net variation in treasury stock was €6,073 million (mostly deriving from Banca Cívica).

At December 31, 2012, VidaCaixa had an outstanding balance of €555 million in CaixaBank plain vanilla bond issues.

Details of structured notes issues at December 31, 2012 and 2011 are as follows:

Structured notes

(Thousands of euros) Issue date	Initial nominal amount in currency		Redemption date	Outstanding amount at 31/12/2012	31/12/2011
11/02/2010	1,450	€	13/02/2013	1,450	1,450
21/06/2010	2,000	€	21/06/2012		200
15/02/2011	2,000	€	17/02/2014	2,000	2,000
21/07/2011	43,650	€	21/07/2014	43,650	43,650
16/11/2011	15,350	€	17/11/2014	15,350	15,350
01/12/2011	115,650	€	04/12/2014	115,650	115,650
17/02/2012	16,400	€	17/02/2015	16,400	
28/02/2012	75,000	€	05/03/2014	75,000	
19/04/2012	13,050	€	20/04/2015	13,050	
11/05/2012	1,950	€	12/05/2014	1,950	
20/06/2012	1,850	€	20/06/2014	1,850	
24/07/2012	600	€	24/07/2014	600	
Structured notes				**286,950**	**178,300**
Treasury shares acquired				**(6,099)**	
Total				**280,851**	**178,300**

The detail, by remaining term to maturity, of the outstanding amount of promissory notes issued at December 31, 2012 and 2011 is as follows:

Promissory notes

(Thousands of euros)	31/12/2012	31/12/2011
Up to 3 months	3,095,718	1,976,350
Between 3 and 6 months	1,929,464	139,979
Between 6 months and 1 year	1,362,568	971,155
Between 1 and 2 years	163,818	81,258
More than 2 years	0	0
Total	**6,551,568**	**3,168,742**

The main changes in relation to promissory notes in 2012 were as follows:

- On December 15, 2011, ”la Caixa” acquired a promissory note from CaixaBank with a nominal value of €1,650 million at an interest rate of 4%, maturing on February 2, 2012.
- Promissory notes from Banca Cívica were also included at the merger date for a total of €1,332 million.

At December 31, 2012, VidaCaixa held promissory notes issued by CaixaBank for the amount of €204.3 million.

20.4. Subordinated liabilities

The detail of this heading in the balance sheet excluding valuation adjustments is as follows:

Breakdown of issues
(Thousands of euros)

	Outstanding amount at	
	31/12/2012	31/12/2011
Preference shares	1,117,391	4,937,586
Subordinated debt	4,762,572	150,000
Total	**5,879,963**	**5,087,586**

Details of preference shares issues at December 31 are as follows:

Preference shares
(Thousands of euros)

Issue date	Maturity	Nominal amount	Nominal interest rate	Prevailing nominal interest rate	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
June 2007(1)	Perpetual	20,000	E6M+1.750%	2.069 %	20,000	20,000
December 2007 (1)	Perpetual	30,000	E6M+3.000%	3.318 %	30,000	30,000
May 2009 (2)	Perpetual	1,897,586	E3M+3.500% (5)	3.940 %	38,298	1,897,586
August 2009 (3)	Perpetual	938	E3M+5.85%	6.047 %	938	
December 2009 (3)	Perpetual	2,876	Fixed	8.000 %	2,876	
February 2011 (3)	Perpetual	2,099	Fixed	8.650 %	2,099	
February 2011 (3)	February 2016	977,000	Fixed	7.900 %	977,000	
Issued by CaixaBank					**1,071,211**	**1,947,586**
June 1999(2)	Perpetual	1,000,000	E3M+0.060% (6)	2.970 %	11,605	1,000,000
May 2000 (2)	Perpetual	2,000,000	E3M+0.060% (6)	2.970 %	27,876	2,000,000
July 2001 (3)	Perpetual	4,368	E6M+0.250%	0.790 %	4,368	
August 2000 (3)	Perpetual	3,902	E12M+0.400%	0.609 %	3,902	
June 2006(3)	Perpetual	723	E12M+0.550%	0.759 %	723	
October 2009 (3)	Perpetual	8,940	E3M+6.100% (min. 7%)	7.000 %	8,940	
December 2006 (3)	Perpetual	20,000	E3M+1.400%	1.586 %	20,000	
Issued by other companies(4)					**77,414**	**3,000,000**
Total issued					**1,148,625**	**4,947,586**
Treasury shares acquired					**(31,234)**	**(10,000)**
Total					**1,117,391**	**4,937,586**

(**) Issues deriving from the merger with Caja de Ahorros de Girona.

(2) The issues were bought back and cancelled in February 2012; the outstanding balance relates to percentages of holders not accepting the repurchase offer. For the buyback, €3,373,865 thousand worth of subordinated bonds were issued, with the remaining €1,445,942 thousand covered by an issue of mandatorily convertible and/or exchangeable subordinated bonds.

(3) Issues from merger with Banca Cívica.

(4) Subordinated liabilities taken by CaixaBank from Caixa Preference, SAU and Banca Cívica group companies as counterparty for issues of preference shares performed by these companies.

(5) Guaranteed minimum of 3.94 % and maximum of 7.77 %.

(6) Guaranteed minimum of 2.97% and maximum of 7.77 %.

In May 2009, "la Caixa" issued its first series of I/2009 non-voting preference shares, for €1,500 million extendable to a maximum of €2,000 million issued, at par, of which €1,898 million were subscribed. The issue carried a fixed dividend of 5.87% (6% AER) per annum until June 29, 2011. From June 2011, it carried a variable quarterly dividend equal to the three-month Euribor plus 3.5% per annum.

In June 1999, Caixa Preference, SAU issued non-voting series A preference shares amounting to €1,000 million, with a variable quarterly dividend equal to the three-month Euribor plus 0.06% per annum, and a guaranteed minimum dividend of 3.94% per annum (4% AER) over the first three years following the issue. In July 2009, a guaranteed annual minimum interest rate of 2.97% (3% AER) and a ceiling of 7.77% (8% AER) were established to September 30, 2014.

In May 2000, Caixa Preference, SAU issued non-voting series B preference shares amounting to €2,000 million, with a variable quarterly dividend equal to the three-month Euribor rate plus 0.06% per annum, and a guaranteed minimum dividend of 4.43% per annum (4.5% AER), to an annual ceiling of 6.83% (7% AER) over the first ten years following the issue. In June 2010, a guaranteed annual minimum interest rate of 2.97% (3% AER) and a ceiling of 7.77% (8% AER) were established to September 30, 2015.

Caixa Preference, SAU is a wholly-owned subsidiary of CaixaBank and the aforementioned issues are backed by an irrevocable joint and several guarantee by CaixaBank, as indicated in the related prospectuses. The preference share issues also obtained the required classification by the Bank of Spain for them to be accounted for fully in the consolidated group's core Tier 1 capital. They are perpetual issues wholly purchased by unrelated third parties and can be redeemed in part or full at the company's discretion subject to authorization by the Bank of Spain once five years have elapsed from payment.

On December 15, 2011 CaixaBank's Board of Directors accepted the offer to buy back from the holders the Series A and Series B preference shares issued by Caixa Preference Limited (currently Caixa Preference, SAU) and the series I/2009 shares issued by "la Caixa" (with CaixaBank assuming the position as issuer by virtue of the spin-off by "la Caixa" in favor of MicroBank of the assets and liabilities that made up the financial activity of "la Caixa" and the subsequent absorption of MicroBank, SA by CaixaBank). The acceptance period ended on January 31, 2012, with acceptances received for a total of 4,819,807 Preference Shares, representing 98.41% of the Preference Shares to which this offer was directed. To carry out the buyback, CaixaBank held two issues of subordinated bonds, for €2,072,363 thousand and €1,301,502 thousand, respectively, and the issue of mandatorily convertible and/or exchangeable into CaixaBank shares for €1,445,942 thousand (see Note 23.1).

As part of the business combination with Banca Cívica (see Note 7), an amount of €977,000 thousand in relation to convertible preference shares subscribed by the FROB has been recognized under "Preference shares".

As stated in the merger plan between CaixaBank and Banca Cívica, the preference shares of Banca Cívica totalling €904 million 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. The nominal value of the issue of mandatorily convertible and/or exchange subordinated bonds was €880,185 thousand. The issue expires on December 17, 2014, and the conversion or exchange price will be set based on the conversion and/or exchange price equivalent to the value attributed to the shares in accordance with the weighted average of the weighted average trading prices, with maximum and minimum limits.

On December 29, 2012, CaixaBank announced that in light of the bonus share issues agreed in the second half of 2012 in relation to the Scrip Dividend program and as stated in the prospectuses for the issue of mandatorily convertible and/or exchangeable subordinated bonds series A, B and C/2012 issued by Banca Cívica, the minimum and maximum conversion and/or exchange price limits were amended, from €1.92 and €32 per share, respectively, to €1.84 and €30.67 per share, respectively.

On December 30, 2012, CaixaBank converted the A/2012 series of mandatorily convertible and/or exchangeable subordinated bonds issued in May 2012 by Banca Cívica, for a nominal amount of €278,007 thousand. The conversion was carried out at a conversion and/or exchange price of €2.654 per share, which was between the maximum and minimum limits established in the issue and amended subsequently pursuant to application of the anti-dilution clause. To carry out the conversion, the Company issued 86,944,944 new shares and delivered 17,611,078 treasury shares (see Note 23). The Company did not recognize any gain or loss on this transaction.

At December 31, 2012 and 2011, no securities had been pledged.

Details of subordinated debt issues are as follows:

Subordinated debt

(Thousands of euros)

Issue date		Maturity	Nominal amount	Nominal interest rate	Prevailing nominal interest rate	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
21/09/2006	(1)	21/09/2016	100,000	E3M+0.480%	1.163 %	100,000	100,000
08/11/2006	(1*)	08/11/2016	60,000	E3M+0.457%	1.048 %	60,000	50,000
09/02/2012	(2)	09/02/2022	2,072,363	Fixed	4.000 %	2,072,363	
09/02/2012	(2)	09/02/2022	1,301,502	Fixed	5.000 %	1,301,502	
01/12/1990	(3)	PERPETUAL	18,030	--		18,030	
29/06/1994	(3)	29/06/2093	322	--		322	
15/12/2003	(3)	15/12/2013	60,000	E6M %	1.670 %	60,000	
04/06/2004	(3)	04/06/2019	30,000	E12M+0.200%	1.466 %	30,000	
04/11/2005	(3)	04/11/2015	53,700	E3M+0.340 %	1.037 %	53,700	
28/11/2005	(3)	28/11/2015	3,500	E6M+0.300%	0.812 %	3,500	
01/12/2005	(3)	PERPETUAL	148,900	E3M+1.100%	1.290 %	148,900	
16/06/2006	(3)	16/06/2016	85,300	E3M+0.890 %	1.073 %	85,300	
05/05/2009	(3)	05/05/2019	95,000	E6M+4.500%	4.819 %	95,000	
30/06/2009	(3)	30/06/2019	250,000	E3M+3.000% (min. 4%)	4.000 %	250,000	
30/12/2009	(3)	30/12/2019	8,500	E6M+5.000%	5.319 %	8,500	
29/06/2012	(3*)	17/12/2014	307,153	Fixed	7.800 %	307,153	
29/06/2012	(3*)	17/12/2014	295,025	Fixed	9.000%	295,025	
Subordinated debt						**4,889,295**	**150,000**
Treasury shares acquired						**(126,723)**	
Total						**4,762,572**	**150,000**

(**) Issues deriving from the merger with Caja de Ahorros de Girona.

* €10,000 thousand of 2012 from merger with Banca Cívica.

(2) Issues made to cover the repurchase and cancellation of preference shares.

(3) Issues from merger with Banca Cívica.

* Mandatorily convertible bonds

The subordinated debt issues obtained the classification required by the Bank of Spain for them to be accounted for, subject to the limitations set forth in Bank of Spain Circular 3/2008, as Group Tier 2 capital (see Note 4).

At December 31, 2012 and 2011, no securities had been pledged.

The average effective interest rate on financial liabilities under “Subordinated liabilities” was 4.65% and 3.04% in 2012 and 2011, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

20.5. Other financial liabilities

The breakdown of “Other financial liabilities” in the balance sheet is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Payment obligations	1,035,600	781,320
Dividends payable		230,406
Guarantees received	70	
Clearing houses	370,906	575,544
Tax collection accounts	539,939	167,933
Special accounts	807,593	756,165
Other	274,710	163,573
Total	**3,028,818**	**2,674,941**

21. Provisions

The changes in 2012 and 2011 in this item and the nature of the provisions recognized in the balance sheet are as follows:

2012
(Thousands of euros)

	Balance at 31/12/2011	Additions due to integration of Banca Cívica (1)	Provisions net of releases charged to income	Other provisions (**)	Amounts used	Transfers and other	Balance at 31/12/2012
Provisions for pensions and similar obligations	**2,259,441**	**705,099**	**57,570**	**22,338**	**(475,180)**	**76,518**	**2,645,786**
Defined benefit post-employment plans	1,769,840		(42,000)	4,014	(114,767)	94,121	1,711,208
Other long-term defined employee benefits	489,601	705,099	99,570	18,324	(360,413)	(17,603)	934,578
Provisions for taxes and other legal contingencies	**86,375**	**43,942**	**18,667**	**0**	**(27,077)**	**(3,162)**	**118,745**
Provisions for taxes **(Note 22)**	73,796	26,291	3,372		(25,266)	(3,547)	74,646
Other legal contingencies	12,579	17,651	15,295		(1,811)	385	44,099
Contingent liabilities and commitments	**119,799**	**54,031**	**(30,264)**	**0**	**0**	**(17,161)**	**126,405**
Country risk allowance	115					300	415
Allowance for identified losses	45,065	45,089	44,377			(8,541)	125,990
Contingent liabilities	*33,363*	*45,089*	*38,923*			*(8,541)*	*108,834*
Contingent commitments	*11,702*		*5,454*				*17,156*
Allowance for inherent losses	74,619	8,942	(74,641)			(8,920)	0
Other provisions	**311,576**	**815,509**	**(241,133)**	**0**	**(436,805)**	**590,992**	**1,040,139**
Losses from agreements not formalized and other risks	64,593	730,509	(90,320)		(381,101)	14,119	337,800
Provisions for property awarded by Group companies	171,091		(175,944)			576,433	571,580
Ongoing legal proceedings	42,564	85,000	(2,543)		(17,279)		107,742
Other funds	33,328		27,674		(38,425)	440	23,017
Total provisions	**2,777,191**	**1,618,581**	**(195,160)**	**22,338**	**(939,062)**	**647,187**	**3,931,075**

(1) See Note 7

(**) Interest cost **(Note 27)**	18,324
Personnel expenses **(Note 33)**	4,014
Total other provisions	22,338

2011

(Thousands of euros)

	Balance at 01/01/2011	Provisions net of releases charged to income	Other provisions (**)	Amounts used	Transfers and other	Balance at 31/12/2011
Provisions for pensions and similar obligations	**2,232,547**	**107,266**	**13,275**	**(265,328)**	**171,681**	**2,259,441**
Defined benefit post-employment plans	1,724,018		4,485	(133,355)	174,692	1,769,840
Other long-term defined employee benefits	508,529	107,266	8,790	(131,973)	(3,011)	489,601
Provisions for taxes and other	**134,678**	**7,571**	**0**	**(43,660)**	**(12,214)**	**86,375**
Provisions for taxes	119,958	3,976		(38,133)	(12,005)	73,796
Other legal contingencies	14,720	3,595		(5,527)	(209)	12,579
Contingent liabilities and commitments	**121,384**	**(3,537)**	**0**	**0**	**1,952**	**119,799**
Country risk allowance	115					115
Allowance for identified losses	46,591	(3,539)	0	0	2,013	45,065
Contingent liabilities	*35,252*	*(3,784)*			*1,895*	*33,363*
Contingent commitments	*11,339*	*245*			*118*	*11,702*
Allowance for inherent losses	74,678	2			(61)	74,619
Other provisions	**197,512**	**(44,942)**	**0**	**(36,765)**	**195,771**	**311,576**
Losses from agreements not formalized and other risks	92,311	(25,606)		(3,993)	1,881	64,593
Provisions for property awarded by Group companies		(24,441)			195,532	171,091
Ongoing legal proceedings	72,835	(15,000)		(11,927)	(3,344)	42,564
Other funds	32,366	20,105		(20,845)	1,702	33,328
Total provisions	**2,686,121**	**66,358**	**13,275**	**(345,753)**	**357,190**	**2,777,191**

(**) Interest cost **(Note 27)**	8,790
Personnel expenses **(Note 33)**	4,485
Total other provisions	13,275

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

CaixaBank has undertakings with certain employees or their rightholders to supplement public social security benefits for retirement, permanent disability, death of spouses or death of parents.

At December 31, 2012 and 2011, details of the present value of the obligations assumed by CaixaBank regarding retirement pay pursuant to the form in which the obligations are covered and the fair value of the plan assets earmarked to cover these obligations are as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Present value of obligations	**1,927,235**	**1,769,840**
Vested obligations	1,823,904	1,668,779
Non-vested obligations	103,331	101,061
Less:		
Fair value of plan assets	216,027	
Unrecognized actuarial losses		
Unrecognized past service costs		
Provisions - Pension funds	**1,711,208**	**1,769,840**
Of which: insurance agreements related to pensions	*1,711,208*	*1,769,840*

Pension-related insurance contracts contracted with VidaCaixa, SA de Seguros y Reaseguros cover the obligations deriving from the retirement, death or disability of former employees, obligations not deriving from defined benefit plans with certain existing employees, and obligations not deriving from defined benefit retirement plans.

A reconciliation of opening and closing balances of the present value of defined benefit retirement pay obligations and a breakdown by type of obligation assumed are as follows:

Vested obligations
(Thousands of euros)

	2012	2011
Present value of obligations at January 1	**1,668,779**	**1,626,238**
Addition due to integration of Banca Cívica	214,780	
Interest cost	80,101	81,194
Actuarial (gains)/losses	(63,368)	57,310
Claims paid	(124,528)	(133,192)
Reductions/settlements		
Transactions	48,140	37,229
Present value of obligations at December 31	**1,823,904**	**1,668,779**

Non-vested obligations
(Thousands of euros)

	2012	2011
Present value of obligations at January 1	**101,061**	**97,780**
Addition due to integration of Banca Cívica	5,397	
Service cost for the current year	4,014	4,291
Interest cost	4,851	2,649
Actuarial (gains)/losses	(7,139)	(1,038)
Claims paid	(4,853)	(161)
Reductions/settlements		
Transactions		(2,460)
Present value of obligations at December 31	**103,331**	**101,061**

Defined benefit post-employment plans
(Thousands of euros)

	2012	2011
Present value of obligations at January 1	**1,769,840**	**1,724,018**
Addition due to integration of Banca Cívica	220,177	
Service cost for the current year	4,014	4,291
Interest cost	84,952	83,843
Actuarial (gains)/losses	(70,507)	56,272
Claims paid	(129,381)	(133,353)
Reductions/settlements		
Transactions	48,140	34,769
Present value of obligations at December 31	**1,927,235**	**1,769,840**

Movement in 2012 and 2011 in the fair value of plan assets and pension-related insurance contracts and a breakdown by the obligation covered are as follows:

Fair value of plan assets - vested obligations

(Thousands of euros)

	2012	2011
Fair value of plan assets at January 1		
Addition due to integration of Banca Cívica	213,960	
Expected return on plan assets		
Actuarial gains/(losses)	484	
Contributions		
Claims paid	(14,377)	
Transactions	10,800	
Fair value of insurance contracts at December 31	**210,867**	

Fair value of plan assets - non-vested obligations

(Thousands of euros)

	2012	2011
Fair value of plan assets at January 1		
Addition due to integration of Banca Cívica	5,397	
Expected return on plan assets		
Actuarial gains/(losses)		
Contributions		
Claims paid	(237)	
Transactions		
Fair value of insurance contracts at December 31	**5,160**	

All commitments

(Thousands of euros)

	2012	2011
Fair value of plan assets at January 1		
Addition due to integration of Banca Cívica	219,357	
Expected return on plan assets		
Actuarial gains/(losses)	484	
Contributions		
Claims paid	(14,614)	
Transactions	10,800	
Fair value of insurance contracts at December 31	**216,027**	

Fair value of insurance contracts - vested obligations

(Thousands of euros)

	2012	2011
Fair value of insurance contracts at January 1	**1,668,779**	**1,626,238**
Addition due to integration of Banca Cívica	819	
Expected return on insurance contracts	80,101	81,194
Actuarial gains/(losses)	(25,126)	55,805
Contributions	9,414	8,466
Claims paid	(110,151)	(133,192)
Transactions	(10,799)	30,268
Fair value of insurance contracts at December 31	**1,613,037**	**1,668,779**

Fair value of insurance contracts - non-vested obligations

(Thousands of euros)

	2012	2011
Fair value of insurance contracts at January 1	**101,061**	**97,780**
Addition due to integration of Banca Cívica		
Expected return on insurance contracts	4,851	2,649
Actuarial gains/(losses)	(3,865)	273
Contributions	740	2,980
Claims paid	(4,616)	(161)
Transactions		(2,460)
Fair value of insurance contracts at December 31	**98,171**	**101,061**

All commitments

(Thousands of euros)

	2012	2011
Fair value of insurance contracts at January 1	**1,769,840**	**1,724,018**
Addition due to integration of Banca Cívica	819	
Expected return on insurance contracts	84,952	83,843
Actuarial gains/(losses)	(28,991)	56,078
Contributions	10,154	11,446
Claims paid	(114,767)	(133,353)
Transactions	(10,799)	27,808
Fair value of insurance contracts at December 31	**1,711,208**	**1,769,840**

The fair value of the pension-related insurance contracts was calculated as the amount of the mathematical technical provisions established by the insurance companies underwriting each contract. It is considered that some of the insurance contracts covering the obligations do not fulfill the requirements to be considered plan assets. The fair value of the insurance contracts that do not meet these requirements is shown under “Insurance contracts linked to pensions” on the balance sheet. The fair value of the insurance contracts that do meet the requirement to be considered plan assets is shown on the liabilities side of the balance sheet as a lower value.

There are no other amounts not recognized for defined benefit pension plans in the balance sheet. In addition, the Institution has no unrecognized amounts in net equity for actuarial gains and losses, since it opts to recognize all such items in profit and loss for the year.

The value of defined benefit obligations was calculated using the following criteria:

a) The “projected unit credit” method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.

b) The actuarial assumptions used are unbiased and mutually compatible. The main assumptions used in the calculations were as follows:

Actuarial assumptions

	2012	2011
Discount rate	2.49%	1.86% - 3.89%
Expected rate of return on plan assets	2.49%	n/a
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (1)	0% - 2%	0% - 2%
Annual cumulative CPI	1.5% - 2%	1.5% - 2%
Annual salary increase rate	2.5% - 3%	2.5% - 3%

(1) Depending on each obligation.

Changes in the main assumption may affect the calculation of the obligations. An increase or decrease of 25 basis points in the discount rate would have a net impact on the obligations of approximately €45 million.

c) The estimated retirement age of each employee is the first at which the employee has the right to retire or the agreed age, as applicable.

d) In 2011, the discount rate corresponds to the rates used in each policy, depending on the appraised obligation. In 2012, the discount rate is the weighted rate of each commitment assumed in each policy.

The fair value of the pension-related insurance contracts has been calculated assuming that the expected return is equal to the discount rate, given that the expected flows of payments guaranteed by the insurance company with which the contracts are held are linked to the future estimated flows of the obligations.

The net value of experience adjustments arising on plan assets and liabilities expressed as a percentage of these assets and liabilities for 2012 is -1.61% and -3.98%, respectively (3.5% and 3.26% in 2011).

The present value of the defined benefit retirement obligation, the fair value of the plan assets, the surplus or deficit in the plan, and the fair value of pension-related insurance contracts in 2012 and two preceding years are as follows:

(Thousands of euros)	2012	2011	2010
Obligations	1,927,235	1,769,840	1,724,018
Plan assets	216,027		
Deficit/(Surplus)	1,711,208	1,769,840	1,724,018
Insurance agreements related to pensions	1,711,208	1,769,840	1,724,018

CaixaBank estimates that defined benefit retirement contributions for 2013 will be similar to the amount in 2012, as they include the contributions corresponding to Banca Cívica.

The amounts recognized in the accompanying income statement for these defined benefit obligations are as follows:

Items recognized in the income statement

(Thousands of euros)

	2012	2011
Service cost for the current year	4,014	4,291
Interest cost	84,952	83,843
Expected return on insurance contracts	(84,952)	(83,843)
Reductions/settlements and other movements		
Actuarial (gains)/losses	(42,000)	194
Total	**(37,986)**	**4,485**

Estimated payments of post-employment benefits for the various defined-benefit plans for the next 10 years is as follows:

Estimated payments of post-employment benefits

(Thousands of euros)	2013	2014	2014	2016	2017	2018-2022
Estimated payments of post-employment benefits	165,129	127,584	117,538	112,944	102,002	470,380

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

CaixaBank has pension funds covering the obligations assumed under its early retirement schemes (see Note 2.8). The funds cover the obligations with personnel that retire early – with regard to salaries and other welfare charges – from the date of early retirement to their actual retirement date. Funds are also in place covering obligations with personnel who are partially retired, and obligations assumed in relation to long-service premiums and other obligations with existing personnel.

At December 31, 2012 and 2011, the present value of these obligations and the fair value of the pension-related insurance contracts are as follows:

(Thousands of euros)

	31/12/2012	31/12/2011
Present value of obligations	**934,578**	**489,601**
With pre-retired personnel	721,453	356,069
With partially retired personnel		16,040
Supplementary guarantees for partial retirement program	48,230	66,865
Length of service bonuses and other	57,210	50,627
Other commitments from Banca Cívica	107,685	
Provisions for pensions and similar obligations	**934,578**	**489,601**
Of which: insurance agreements related to pensions	*48,230*	*66,865*

Pension-related insurance contracts cover the supplementary guarantees of the partial retirement scheme.

A reconciliation of the opening and closing balances of the present value of the long-term defined benefit payment obligations are as follows:

(Thousands of euros)	2012	2011
Present value of obligations at January 1	**489,601**	**508,529**
Additions due to integration of Banca Cívica	705,099	
Cost of past services for new pre-retired personnel	88,003	101,700
Service cost for the current year	11,567	5,566
Interest cost	21,534	10,572
Actuarial (gains)/losses	4,530	(992)
Claims paid	(360,414)	(131,974)
Transactions	(25,342)	(3,800)
Present value of obligations at December 31	**934,578**	**489,601**

A reconciliation of the opening and closing balances of the present value of the insurance contracts related to long-term defined benefit pension plans is as follows:

(Thousands of euros)	2012	2011
Fair value of insurance contracts at January 1	**66,865**	**58,625**
Expected return on insurance contracts	3,210	1,782
Actuarial gains/(losses)	4,530	(992)
Contributions	165	31,599
Claims paid	(26,540)	(24,149)
Present value of insurance contracts at December 31	**48,230**	**66,865**

The amounts recognized in CaixaBank's income statement for these long-term defined benefit payment obligations are as follows:

Items recognized in the income statement

(Thousands of euros)	2012	2011
Cost of past services for new pre-retired personnel	88,003	101,700
Service cost for the current year	11,567	5,566
Interest cost	21,534	10,572
Expected return on insurance contracts	(3,210)	(1,782)
Actuarial (gains)/losses		
Total	**117,894**	**116,056**

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.

Other provisions

The main provisions recognized under the "Provisions – Other provisions" heading are as follows:

- Provisions covering economic losses deriving from agreements not formalized and other risks:
    - At December 31, 2011, these included provisions to cover losses deriving from agreements to cancel loans or settle guarantees not established at the close of the year and other ordinary risks of CaixaBank's business (€65 million, of which €41 million were used in 2012). It is estimated that the outflow of resources embodying economic benefits required to settle these obligations shall mainly arise in the next five years.
    - As a result of the integration of Banca Cívica and during the process of allocating the price paid, provisions of €731 million were established (see Note 7). These include €227 million for cancelling insurance contracts that Banca Cívica held with several insurance companies, as a breach of the exclusivity clause had been incurred. A total of €167 million was used for this concept in the second half of the year, as part of the operation to gain control over Banca Cívica Vida y Pensiones, Cajaburgos Vida and Can Seguros de Salud (see Notes 7 and 16). Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits is uncertain.
- Provision associated with real estate assets acquired in the cancellation of loan obligations with CaixaBank by creditors in situations that entail, or could entail at some future date, a decrease in their solvency. The assets were acquired at fair value by BuildingCenter, SAU, a subsidiary of CaixaBank. The provision was recognized at the same amount at the provision recognized by CaixaBank to hedge against the risk of insolvency following the cancellation of loans, which led to the transfer of credit impairments in the amount of €576 and €195 million in 2012 and 2011 respectively (see Note 12.4). The fund is released as BuildingCenter, SAU, sells foreclosed assets to third parties and the risks and rewards inherent in ownership of the assets are transferred. In 2012 and 2011, €176 and €24 million were drawn down respectively.
- Provision covering the obligations that may arise from various ongoing legal proceedings amounting to €108 million, of which €85 million correspond to legal proceedings deriving from Banca Cívica and the remainder to other litigation whose individual amounts are not material. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits, should they arise, is unknown.

22. Tax matters

As described in Note 7, in 2012, the merger of CaixaBank (absorbing company) and Banca Cívica (absorbed company) took place. The absorbed company was 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 universal succession.

Tax consolidation

CaixaBank belongs to a consolidated tax group for income tax whose parent company, since 1991, has been Caja de Ahorros y Pensiones de Barcelona, ”la Caixa”.

As a result of CaixaBank's takeover and merger with Banca Cívica, the subsidiaries of the fiscal group previously headed by Banca Cívica in which ”la Caixa” has acquired a direct or indirect stake of 70%, have joined the tax group for income tax headed by ”la Caixa”.

CaixaBank also belongs to a consolidated tax group for value added tax, which Caja de Ahorros y Pensiones de Barcelona joined as the parent company in 2008.

Years open for review

CaixaBank, the entity resulting from the reorganization of the ”la Caixa” Group in 2011, as described in the separate financial statements of CaixaBank for that year, has the last four years open for review for the main taxes applicable.

The main tax proceedings ongoing at the close of the year are as follows:

- In 2011, the tax authorities began an inspection of ”la Caixa” for the main taxes applicable between 2007 and 2009. At year-end 2012 this inspection had not been completed.

- In 2008, the tax authorities began an inspection of the ”la Caixa” for the main taxes applicable between 2004 and 2006.

  This inspection was completed in 2010 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. Although some of the tax assessments were signed under protest, the Institution recognized a provision for €32,403 thousand to cover the maximum contingencies that could arise from these assessments. Additionally, the Institution has a provision for €3,807 thousand to cover tax risks deriving from the afore-mentioned inspection.

  The assessments signed under protest are currently pending resolution by the Central Economic-Administrative Tribunal.

Furthermore, as the successor of Banca Cívica and the savings banks that formerly contributed their gains from financial activities to Banca Cívica, information is shown below on the reviews and inspections carried out for the main taxes and obligations, which generally cover the following tax years:

a) Caja Burgos to 2007; Cajasol to 2006; Caja Canarias to 2009 and Caja Navarra to 2009. Therefore, the assessments carried out in 2011 and 2012 as a result of the aforementioned inspections did not have a significant impact.

b) Additionally, on July 18, 2012, the tax authorities announced an income tax inspection at Cajasol for the years 2007 to 2010 inclusive. At year-end 2012 this inspection had not been completed.

The various interpretations which can be made of the tax regulations applicable to transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Institution's management and legal advisors consider that the provision under "Provisions for taxes and other legal contingencies" in the balance sheet is sufficient to cover these contingent liabilities.

Transactions operating under a special tax scheme

In accordance with article 93 of the consolidated text of the Corporation Tax Law following is a list of transactions carried out in 2012 by CaixaBank and Banca Cívica under the special tax scheme established in chapter VIII of title VII of Legislative Royal Decree 4/2004, of March 5, approving the consolidated text of the Corporation Tax Law:

- CaixaBank absorbed Banca Cívica, which was dissolved without liquidation, with all its assets and liabilities being transferred en bloc through universal succession to CaixaBank. Note 7 and Appendices 4, 5 and 6 of these financial statements show the information required under the provisions of article 93 of the consolidated text of the Corporation Tax Law.
- CaixaBank has spun off the activity comprising assets and liabilities belonging to the prepaid cards business to CaixaBank Electronic Money EDE, SL.
- CaixaBank has spun off the activity comprising assets and liabilities belonging to the credit cards business to Caixa Card 1, EFC, SA.
- Further, prior to its absorption by CaixaBank, Banca Cívica, in compliance the provisions of Royal Decree 18/2012, has made non-monetary contributions of real-estate assets to Gedai (the company previously absorbed by BuildingCenter, SAU).

Information relating to transactions carried out under the special tax scheme in prior years is included in the tax sections of the previous years' financial statements of CaixaBank, Banca Cívica and the savings banks.

Tax credit for reinvestment of extraordinary profits

In 2011, CaixaBank and Banca Cívica obtained gains on which a tax credit for reinvestment of extraordinary profits could be applied and recorded credits of €1,185 and €8,309 thousand, respectively. The total amount obtained from the transfers generated by the extraordinary profits has already been reinvested by companies in their respective tax groups in the period between the year before the date of transfer and 2011.

The tax credit for reinvestment of the extraordinary profits obtained in 2012 will be disclosed in the notes to the annual financial statements for 2013, after filing the 2012 income tax return.

Appendix 2 sets out the main aggregates pursuant to Article 42 of Legislative Royal Decree 4/2004 of March 5 approving the consolidated text of the Corporation Tax Law (applicable as of January 1, 2002).

Accounting revaluations

In accordance with Transitional Provision One of Bank of Spain Circular 4/2004, whereby the cost of unrestricted tangible assets may be their fair value at January 1, 2004, "la Caixa" and the other credit entities absorbed by CaixaBank elected this option and restated the value of their property and equipment for own use on the basis of the appraisals performed by appraisers approved by the Bank of Spain.

Impairment at subsidiaries

In accordance with article 12.3 of the consolidated text of the Corporation Tax Law, following is information on the impairment losses recognized in subsidiaries in 2011, differences in equity, and the amounts remaining to be integrated deriving from entities classified as group entities, jointly-controlled entities or associates.

As data on final equity of subsidiaries at December 31, 2012 is not available, the amounts finally recognized for the 2012 tax period will be disclosed in the notes to the 2013 financial statements once the 2012 tax return has been filed.

(Thousands of euros)

	Amounts deducted from previous tax periods	Correction of difference in equity	Amounts deducted and included in 2011	Amounts pending inclusion
Finconsum, EFC, SA	62,736	(14,809)	(14,809)	47,927
Caixa Capital Micro, SA	70	(11)	(11)	59
Caixa Preference, SA	348	95		348
Caixa Emprenedor XXI, SA	1,225	413	413	1,638
Inversiones Inmobiliarias Teguise, SA	352	(536)	(352)	
Inversiones Inmobiliarias Oasis, SA	585	(960)	(585)	
BuildingCenter, SA		3,760	3,760	3,760
Self Trade Bank	4,592	929	929	5,521
Caixa Capital Risc, SA		247	247	247
Valoraciones y Tasaciones Hipotecarias, SA	213	(90)	(90)	123
Caixa Capital Tic, SA	225	153	153	377
GAALSA, SA	2			2
Sociedad de Gestión e Inversión de Infraestructuras Turísticas de Córdoba	31	(31)	(31)	
Liquidambar, SA	9,030	(556)	(556)	8,474
Club Deportivo de Baloncesto Sevilla, SAD	10,845	4,996	4,996	15,841
Credifimo, EFC, SAU	24,465	124,559	124,559	149,024
Parque Isla Mágica, SA	7,102	3,383	3,383	10,485
Compañía Andaluza de Rentas e Inversiones, SA	3,126	63		3,126
Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros	44	(27)	(27)	17
Cajasol Sociedad de Capital Riesgo	2	4,745	4,745	4,746
Wad Al Hayara Servicios	10,284	2,431	2,431	12,715
Sercapgu	1,119	2,704	2,704	3,823
TUBESPA	4,368	1,398	1,398	5,765
Puerto Triana	411	387	387	798
Global Única		4,348	4,348	4,348
Caja de Burgos Habitarte Inmobiliaria SL	27,953	14,403	14,403	42,356
Arquitrabe Activos SL	8,366	5,205	5,205	13,572
Hermenpo Eólica SL	5	(5)	(5)	
Saldañuela Industrial SL	4,301	1,919	1,919	6,220
Saldañuela Residencial SL	6,170	2,423	2,423	8,593
Proesmadera SA	2,310			2,310
Uesmadera SA	3,005			3,005
Biodiessel Processing SL	470			470
Anira Inversiones SL	560			560
Efectivox SA	1,801	960	960	2,761
Grupo Aluminios de Precisión SL	263			263
Inmobiliaria Burgoyal SA	874	312	312	1,186
Inmobiopress Holding SA	81	(4)	(4)	77
Inpsa, SGPS SA	268	1,247	1,247	1,515
Interdin SA (1)	1,987			
Inversiones Alaris SL	215	139	139	354
Ircio Inversiones SL	3	71	71	74
Oesia Networks		2,720	2,720	2,720
Promociones al Desarrollo Bumari SL	686	59	59	745
Hiscan Patrimonio		17,492	17,492	17,492
Canaliza		230	230	230
CAN Seguros de Salud SA	1	42	42	43
Gestur - Caja Canarias Inv y Desarrollo, SA		50	50	50
Cobros y Gestiones, SA		4	4	4
Total	**200,493**	**184,857**	**185,258**	**383,765**

(1) Transferred in 2011.

Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognized in the income statement for 2012 and 2011 to the corresponding pre-tax profit for these years is as follows:

(Thousands of euros)	2012	2011
Profit/(loss) before tax (1)	**(165,306)**	**511,724**
Increases/decreases due to permanent differences	**60,658**	**264,540**
Difference in accounting and tax cost of shares transferred	29,543	82,817
Goodwill amortization		(17,565)
Dividends exempt from taxation, lower costs, etc…	(113,646)	(113,173)
Recognized under AIEs	(91,927)	(106,426)
Income recognized under Criteria Caixa Holding		267,099
Monetary correction	(82,203)	(1,535)
Valuation adjustments for impairment of subsidiaries	323,152	139,015
Other increases	15,961	25,339
Other reductions	(20,222)	(11,031)
Taxable profit/(loss)	**(104,648)**	**776,264**
Tax payable (base *30%)	**31,394**	**(232,879)**
Credits and other tax benefits:	**404,779**	**587,407**
Tax credit for double taxation (dividends and capital gains)	403,438	584,828
Other credits and tax benefits	1,341	2,579
Income tax for the year	**436,173**	**354,528**
Tax adjustments	**3,073**	**(26,408)**
Other tax	**(1,343)**	**(1,512)**
INCOME TAX EXPENSE (2)	**437,903**	**326,608**
Profit after tax (1) + (2)	**272,597**	**838,332**

Practically all of CaixaBank's income and expense is taxed at the general rate of 30%. However, some income is exempt from tax because it has already been taxed at source. This includes dividends from investees.

Tax recognized in equity

In addition to the income tax recognized in the income statement, in 2012 and 2011 CaixaBank recognized certain valuation adjustments in its equity net of tax, recognized as a deferred tax asset or liability (see Note 23.2).

In 2012, as a result of the merger and absorption of Banca Cívica, CaixaBank recognized Banca Cívica's assets and liabilities at their fair value. The adjustments made to bring Banca Cívica's carrying amounts in line with their fair value have been recognized bearing in mind the tax effect, which have been booked as deferred assets and liabilities (see Note 7).

Deferred tax assets/liabilities

Pursuant to current tax legislation, in 2012 and 2011 there were certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The deferred tax assets/liabilities recognized in the balance sheet at December 31, 2012 and 2011 arose from the following:

Deferred tax assets

(Thousands of euros)

	31/12/2012 (1)	31/12/2011
Pension plan contributions **(Note 2.8)**	88,688	90,792
Allowances for non-performing loans (2)	1,821,116	659,192
Early retirement obligations **(Note 21)**	282,080	132,179
Provision for foreclosed property	188,767	51,327
Origination fees for loans and receivables	17,580	15,785
Tax assets for equity valuation adjustments	11,148	35,904
Tax loss carryforwards	1,299,245	
Unused tax credits	1,130,046	629,141
Integration of Banca Cívica (3)	759,816	
Other (4)	748,398	563,865
Total	**6,346,884**	**2,178,185**

(1) 2012 includes deferred tax assets deriving from the merger with Banca Cívica and those arising from fair valuation adjustments to assets and liabilities following the merger (see "Tax recognized in equity" in this Note).

(2) Includes general, substandard and specific provisions.

(3) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banca Cívica, except those from adjustments to loans and receivables.

(4) Includes, among others, deferred tax assets deriving from impairment losses on investments in fiscal consolidation and those corresponding to different provisions.

As a result of the business combination with Banca Cívica (see Note 7), deferred tax assets were included for a total amount of €3,585 million, of which €1,553 million relate to the measurement at fair value of the assets and liabilities of Banca Cívica in the purchase price allocation process. These assets were mostly classified according to their nature.

The Company has assessed the recoverable amount of the deferred assets recognized at December 31, 2012, estimating that they will be recovered before the legal recovery period elapses.

Deferred tax liabilities

(Thousands of euros)

	31/12/2012 (1)	31/12/2011
Revaluation of property on first time application of CBE 4/2004	255,251	209,266
Valuation adjustments on assets classified as "available-for-sale"	170,798	328,749
Integration of Banca Cívica (2)	589,457	
Other	396,441	186,072
Total	**1,411,947**	**724,087**

(1) 2012 includes deferred tax assets deriving from the merger with Banca Cívica and those arising from fair valuation adjustments to assets and liabilities following the merger (see "Tax recognized in equity" in this Note).

(2) Includes deferred tax assets from positive fair value adjustments to assets and liabilities of Banca Cívica.

As a result of the business combination with Banca Cívica (see Note 7), deferred tax liabilities were included for a total amount of €1,072 million, of which €683 million relate to the measurement at fair value of the assets and liabilities of Banca Cívica in the purchase price allocation process. These liabilities were classified according to their nature.

Provisions for taxes

The detail of "Provisions – Provisions for taxes and other legal contingencies" in the balance sheet at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	31/12/2012 (1)	31/12/2011
Income tax assessments for years 2004 to 2006	36,210	55,578
Other (1)	38,436	18,218
Total	**74,646**	**73,796**

(1) 2012 mainly includes provisions for taxes from the merger with Banca Cívica for potential tax contingencies.

The changes in this item in 2012 and 2011 are set out in Note 21.

23. Equity

Changes in equity occurring in 2012 and 2011 are detailed in the statement of total changes in equity. The following sections amplify and comment on key information regarding certain items of equity and the main movements therein.

The impact on equity of the business combination with Banca Cívica is as follows:

(Thousands of euros)	Conversion
Number of Banca Cívica shares	497,142,800
Number of Banca Cívica treasury shares	*(8,735,957)*
Number of Banca Cívica shares held by CaixaBank	*(1,850,043)*
Number of Banca Cívica shares outstanding	486,556,800
Increase for exchange:	
Number of CaixaBank shares to be delivered	304,098,000
Share capital increase	*233,000,000*
Delivery of treasury shares	*71,098,000*
CaixaBank share price at 26/07/2012 (euros)	2.549
Average cost of treasury shares at 26/07/2012 (euros)	3.552
Cost of Banca Cívica shares held by CaixaBank	4,995
Impact of capital increase on reserves	*360,917*
Impact of delivery of treasury shares on reserves	*(71,283)*
Impact of cancelation of Banca Cívica shares held by CaixaBank on reserves	*(2,048)*
Impact of business combinations on capital	**233,000**
Impact of business combinations on reserves	**287,586**
Impact of business combinations on treasury shares	**252,512**

23.1 Own funds

Share capital

At December 31, 2012 share capital consisted of 4,489,748,634 fully subscribed and paid shares, of which 86,944,944 had still to be entered in the Companies Register and officially admitted for trading. The shares were entered in the Companies Register on January 7, 2013, and admitted for trading on January 9, 2013. At December 31, 2011, share capital consisted of 3,840,103,475 fully subscribed and paid shares. All the shares are in book-entry form, with a par value of €1 each.

At December 31, 2012, the ownership interest of ”la Caixa” in CaixaBank was 72.76%. At December 31, 2011, ”la Caixa”’s ownership interest was 81.52%.

The changes in share capital in 2012 are the result of the following:

- Part of the program of capital increases corresponding to the Scrip Dividend shareholder remuneration program (see Note 6):
    - In June 2012, 14,728,120 shares with a par value of €1 each corresponding to the shareholder remuneration announced on May 24, 2012. These shares were officially admitted for trading on July 3, 2012.

- In September 2012, 79,881,438 shares with a par value of €1 each corresponding to the shareholder remuneration announced on September 6, 2012. These shares were officially admitted for trading on October 9, 2012.

- In December 2012, 86,145,607 shares with a par value of €1 each corresponding to the shareholder remuneration announced on November 29, 2012. These shares were officially admitted for trading on January 4, 2013.

- In August 2012, CaixaBank carried out a capital increase to deliver shares to Banca Cívica shareholders, as part of the business combination created. On the basis of the exchange ratio, shareholders were to receive 304,098,000 CaixaBank shares. To do this, CaixaBank issued 233,000,000 shares and delivered 71,098,000 shares from treasury stock (see Notes 1 and 7).

- December 2012 witnessed the partial mandatory conversion of 50% of the issue of series I/2011 mandatorily convertible subordinated bonds, issued in May 2011. 148,945,050 shares were issued for this conversion.

- In December 2012, the mandatory conversion and exchange of series A/2012 Mandatorily Convertible and/or Exchangeable Subordinated Bonds issued in May 2012 by Banca Cívica took place (see Note 20.4). 86,944,944 new shares were issued for this conversion, which, at December 31, 2012, had yet to be entered in the Companies Register.

Changes in share capital in 2011 were as follows:

- Pursuant to the Framework Agreement on the ”la Caixa“ Group’s reorganization, reported in a significant event notice filed on January 27, 2011 and ratified by the Board of Directors of ”la Caixa“ on February 24, 2011, Criteria increased capital by €2,044,245 thousand on June 30, 2011, with effect for accounting purposes from January 1, 2011, through the issuance of 374,403,908 new shares. All of the new shares were delivered to ”la Caixa” to offset the difference between the market value of the MicroBank shares received (€9,515,585 thousand) and the market value of the equity interests transferred (€7,471,340 thousand). After the capital increase, CaixaBank’s share capital comprised 3,737,293,745 shares with a par value of €1 each.

- On July 21, 2011, CaixaBank announced, through a significant event notice, that the trading period for the free allotment rights corresponding to the scrip issue carried out for the Scrip dividend had ended on July 15, 2011, with the issuance of 34,249,244 new shares to compensate shareholders who opted not to receive the cash dividend.

- On October 20, 2011, CaixaBank announced, through a significant event notice, that the trading period for the free allotment rights corresponding to the scrip issue carried out for the Scrip dividend had ended on October 13, 2011, with the issuance of 68,560,486 new shares to compensate shareholders who opted not to receive the cash dividend.

CaixaBank’s shares are traded on the four official stock exchanges in Spain and on the electronic trading system, forming part of the Ibex-35. At December 31, 2012 the share price was €2.637 (€3.795 at December 31, 2011).

Share premium

The balance of the share premium was the result of the capital increase carried out on July 31, 2000, for €7,288 million.

The Spanish Corporate Enterprise Act expressly permits use of the share premium account to increase capital and does not establish any restriction as to its use. Therefore, in subsequent years, approval was given at the Annual General Meetings to pay dividends with a charge to the share premium following the total or partial disposal of the investments contributed during the incorporation of the Company.

In addition, on June 26, 2003, approval was given at the Extraordinary Shareholders' Meeting to appropriate €494,906 thousand from the share premium to offset prior year losses. On June 21 and July 30, 2007, approval was given by shareholders at respective general meetings to distribute €403,240 and €1,000,000 thousand, respectively, with a charge to the share premium.

Subsequently, the share premium balance was restored in the framework of the IPO carried out by Criteria CaixaCorp SA in 2007 and a total share premium of €3,115,311 thousand arose in the successive capital increases. The balance at year-end 2007 was €7,711,244 thousand.

In 2011, the share premium increased by €1,669,841 thousand as a result of the capital increase described in the Framework Agreement (see Note 1) for the "la Caixa" Group's reorganization.

At December 2012, the share premium increased by €600,248 thousand as a result of the capital increase relating to the partial mandatory conversion of series I/2011 mandatorily convertible subordinated bonds, for which 148,945,050 shares were issued. Subsequently, the share premium increased by €143,807 thousand as a result of the mandatory conversion and Exchange of series A/2012 Mandatorily Convertible and/or Exchangeable Subordinated Bonds.

The balance of this heading at December 31, 2012, stood at €10,125,140 thousand.

Reserves

The detail of "Reserves" at December 31, 2012 and 2011 is as follows:

Reserves
(Thousands of euros)

	31/12/2012	31/12/2011
Legal reserve	756,411	672,578
Restricted reserves related to the optional scrip dividend program	129,722	47,748
Restricted reserves for financing the acquisition of treasury shares	63,679	85,727
Other restricted reserves	65,737	106,575
Unrestricted reserves	2,887,538	2,873,240
Total	**3,903,087**	**3,785,868**

Legal reserve

According to the consolidated text of the Corporate Enterprises Act, companies must earmark an amount equal to 10% of profit for the year for the legal reserve until such reserve represents at least 20% of capital. The legal reserve may not be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the balance of share capital after the increase.

In 2012, this reserve increased by €83,833 thousand following the appropriation of profit for 2011 (see Note 5).

Restricted reserves

Restricted reserves at December 31, 2012 included €129,722 thousand earmarked for voluntary reserves to cover the scrip issues carried out for the CaixaBank Scrip Dividend allowing shareholders to choose whether to be compensated in shares or cash. Restricted reserves at December 31, 2012 also include €63,679 thousand related to finance provided to customers to acquire CaixaBank shares and convertible bonds, €65,737 thousand is for transactions with a tax effect, of which €3,874 thousand comes from reserves for reinvestment in the autonomous community of the Canary Islands, and €61,788 thousand is for the tax amortization of goodwill of Morgan Stanley and Bankpime. Under prevailing tax regulations, in 2012 €58,380 thousand of unrestricted reserves were drawn down for investments in the Canary Islands five years after it was established.

Other equity instruments

This includes the amount of compound financial instruments having the nature of equity and other items not included in other equity items.

Mandatorily Convertible Subordinated Bonds

(Thousands of euros) Issue date	Initial nominal amount of the issue	Nominal interest rate	Exchange price	Redemption date	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
10/06/2011	1,500,000	7.00%	5.030	10/12/2013	750,000	1,500,000
09/02/2012	1,445,942	7.00% (*)	3.700	30/12/2015	1,438,279	
Total	**2,945,942**				**2,188,279**	**1,500,000**

(*) The annual interest rate of the issue went from 6.50% to 7% on July 1, 2012, an increase of 50bp.

"Other equity instruments" at December 31, 2012 includes:

- The issue of €1,500 million worth of subordinated bonds mandatorily convertible into CaixaBank shares of June 2011 within the scope of the reorganization of the "la Caixa" Group. The issue has a term of 30 months. 50% of the issue must be converted after 18 months (December 10, 2012) and the remaining 50% at 30 months (December 10, 2013). The securities bear a 7% annual coupon, payment of which is fully discretionary. If no coupon is paid, the bondholder has the right to exchange the bond for CaixaBank shares early. The conversion price was set at €5.253, calculated as the higher of €5.10 and 105% of the weighted average share price during the subscription period of the issue. The first coupon payment was September 30, 2011, with the remaining coupons to be paid on the 30th of the last month of each calendar quarter, except the final coupon, which will be paid on maturity of the bonds on December 10, 2013.

  On November 29, 2012, in light of the bonus share issues agreed in the second half of 2012 in relation to the Scrip Dividend program and as stated in the prospectuses for the issue, a supplementary anti-dilution mechanism was applied. As a result, a new exchange price was set at €5.03 per share. On December 10, 2012, 50% of the issue matured, by reducing by half the nominal value of the bonds. To carry out the exchange, CaixaBank issued 148,945,050 new shares with a par value of €1 and paid a total of €806 thousand in cash relating to the fractions resulting from the calculation of the shares corresponding to each holder of the converted bonds. At December 31, the outstanding balance of this issue was €750 million.

- Issue of €1,445,942 thousand of mandatorily convertible and/or exchangeable shares of CaixaBank in February 2012 under the scope of the offer to repurchase 100% of the nominal value of series A and B preference shares issued by Caixa Preference Limited (currently CaixaPreference, SAU) and the series I/2009 shares issued by "la Caixa" (currently subrogated to CaixaBank) (see Note 20.4). At CaixaBank's Extraordinary General Meeting held on June 26, 2012, approval was given to amend 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.

On November 29, as indicated above, CaixaBank modified the conversion and/or exchange price of this issue, applying the supplementary anti-dilution mechanism envisaged in the issue prospectus, to €3.70 per share.

During the voluntary partial conversion and/or exchange period which ended on December 30, 2012, 481 conversion and/or exchange requests were received, corresponding to 17,294 bonds. On January 2, 2013, on the basis of the conversion and/or exchange price (€3.70), a total of 467,223 CaixaBank shares were satisfied through the delivery of treasury shares.

The total net expense recognized in 2012 for coupons paid in relation to the afore-mentioned equity instruments totaled €132,342 thousand, taken to unrestricted reserves.

Treasury shares

At the Annual General Meeting held on April 19, 2012, the shareholders authorized the company's Board of Directors to buy its own shares by virtue of the provisions in article 146 of the Corporate Enterprise Act. The unused portion of the authorization granted at the Annual General Meeting held on May 12, 2011, was thereby revoked. The authorization is valid for five years.

Changes in treasury shares during 2012 and 2011 are as follows:

(Thousands of euros)	2011	Acquisitions and other	Disposals and other	2012
Number of treasury shares	61,451,283	89,478,651	(111,924,016)	39,005,918
% of share capital (*)	1.369%	1.993%	(2.493%)	0.869%
Cost / Sale	269,272	239,011	(387,782)	120,501

(*) percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2012.

(Thousands of euros)	2010	Acquisitions and other	Disposals and other	2011
Number of treasury shares	12,556,238	83,790,300	(34,895,255)	61,451,283
% of share capital (*)	0.327%	2.182%	(0.909%)	1.600%
Cost / Sale	43,471	377,847	(152,046)	269,272

(*) percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2011

At December 31, 2012, CaixaBank held 39,005,918 treasury shares representing 0.87% of its share capital, acquired at a cost of €120,501 thousand. "Treasury shares" also included equity of €73,452 thousand corresponding to future payment obligations associated with financial derivatives on own equity instruments.

During the voluntary partial exchange periods ending on June 30 and December 30, 2012 respectively, of the subordinated bonds issued in February 2012, 1,536,034 and 467,223 treasury shares were delivered in relation to this concept. In August 2012 71,098,000 treasury shares were delivered as part of the exchange in the merger by absorption of Banca Cívica by CaixaBank (see Note 7).

Additionally, in December 2012, 17,611,078 CaixaBank treasury shares were delivered to cover the exchange part of the series A/2012 Mandatorily Convertible and/or Exchangeable Subordinated Bond program (see Note 20.4).

The "Acquisitions and other" column in 2011 includes the market acquisition and acquisition through financial derivatives of a total of 34,317,401 and 1,245,000 shares, respectively, for a combined total of €144,061 thousand. It also includes the acquisition of 46,485,705 shares for €233,786 thousand on exercising the shareholder's right of withdrawal deriving from the agreements involving the takeover of MicroBank de la Caixa, SA, Sociedad Unipersonal by the Company and the subsequent amendment of the Company's corporate purpose, approved in the Annual General Meeting on May 12, 2011. This column also includes 1,742,194 shares received through the two share issues within the scope of the Scrip Dividend program described in the "Share capital" section.

The "Disposals and other" column in 2011 includes sales on the market and en bloc of 21,765,755 shares, the cost of which was €87,671 thousand. It also includes the issue of a total of 13,129,500 free shares to the group's employees as part of the reorganization.

Net results on transactions involving treasury shares in 2012 and 2011 amounted to a loss of €93,363 thousand (gain of €8,929 thousand in 2011), which were taken to "Unrestricted reserves."

23.2 Valuation adjustments

The balance of "Valuation adjustments" at December 31, 2012 corresponding to available-for-sale financial assets for the sale of equity instruments mainly includes the positive valuation adjustment of Repsol, SA (€358,661 thousand) and the negative valuation adjustment of Telefónica (€129,455 thousand).

The changes to this item in 2012 and 2011 are as follows:

31/12/2012

(Thousands of euros)

	Balance at 31/12/2011	Amounts transferred to income statement (after tax)	Deferred tax assets/ liabilities	Valuation gains and losses (before tax)	Balance at 31/12/2012
Available-for-sale financial assets	683,462	30,855	135,388	(451,290)	398,415
Debt securities	(83,619)	(68,409)	(138,776)	462,592	171,788
Equity instruments	767,081	99,264	274,164	(913,882)	226,627
Cash flow hedges	8,874	(446)	14,674	(48,915)	(25,813)
Exchange differences	236		(407)	1,356	1,185
Total	**692,572**	**30,409**	**149,655**	**(498,849)**	**373,787**

31/12/2011

(Thousands of euros)

	Balance at 01/01/2011	Amounts transferred to income statement (after tax)	Deferred tax assets/ liabilities	Valuation gains and losses (before tax)	Balance at 31/12/2011
Available-for-sale financial assets	1,223,333	(41,167)	213,730	(712,434)	683,462
Debt securities	(91,957)	(38,009)	(19,863)	66,210	(83,619)
Equity instruments	1,315,290	(3,158)	233,593	(778,644)	767,081
Cash flow hedges	(3,094)	5,408	(2,812)	9,372	8,874
Exchange differences	(129)		(157)	522	236
Total	**1,220,110**	**(35,759)**	**210,761**	**(702,540)**	**692,572**

24. Contingent liabilities and commitments

The detail of "Contingent liabilities" included as memorandum items in the balance sheet at December 31, 2012 and 2011 is as follows:

Contingent liabilities

(Thousands of euros)

	31/12/2012	31/12/2011
Financial guarantees	3,754,116	4,450,345
Assets assigned to third-party obligations	28,005	322,405
Documentary credits	1,682,276	943,121
Other guarantees and collateral deposited	5,301,678	3,829,524
Other contingent liabilties	8,983	6,907
Total	**10,775,058**	**9,552,302**

The detail of "Contingent commitments" included as memorandum items in the balance sheet at December 31, 2012 and 2011 is as follows:

Contingent commitments

(Thousands of euros)	31/12/2012		31/12/2011	
	Drawable	Limit	Drawable	Limit
Drawable by third parties	**43,956,268**	**118,411,553**	**47,190,772**	**121,812,418**
Credit institutions	437,251	2,029,727	232,866	440,106
Public sector	2,425,523	3,805,997	2,685,992	3,596,788
Other sectors	41,093,494	112,575,829	44,271,914	117,775,524
Of which: conditionally drawable	*4,661,419*		*5,274,854*	
Otros compromisos	**3,259,880**		**3,222,746**	
Total	**47,216,148**	**118,411,553**	**50,413,518**	**121,812,418**

The doubtful balances of contingent liabilities were €161,148 and €80,863 thousand at December 31, 2012 and 2011, respectively.

The specific and general provisions relating to contingent liabilities and commitments are recognized under "Provisions" in the balance sheet (see Note 21).

25. Other significant disclosures

25.1. Third-party funds managed

The detail of off-balance sheet funds managed by CaixaBank is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Mutual funds	21,084,928	17,823,300
Pension funds	17,561,807	14,219,970
Insurance	28,224,083	24,843,909
Other adjusted funds (*)	7,581,295	9,517,457
Total	**74,452,113**	**66,404,636**

(*) Includes, inter alia, securities managed for customers across the branch network and managed customer portfolios.

25.2. Asset securitizations

CaixaBank converted a portion of its homogeneous loan and credits into fixed-income securities by transferring the assets to various securitization special purpose vehicles set up for this purpose, whose operators assume the risks inherent in the securitized assets. In accordance with Bank of Spain Circular 4/2004, securitized assets for which substantially all the risk is retained may not be derecognized. However, in accordance with Transitional Provision One of this Circular, it is not necessary to modify the recognition of securitized assets derecognized prior to January 1, 2004 under the provisions of the previous legislation.

In the case of assets securitized after January 1, 2004 for which significant risk has not been transferred and which have therefore not been derecognized, Bank of Spain Circular 4/2004 indicates that a liability for the same amount must be recognized, under "Financial liabilities at amortized cost – Customer deposits" in the accompanying balance sheet. The securitization bonds for these issues acquired by CaixaBank are recognized under this same item of the balance sheet liabilities, reducing the balances arising from the mobilization of loans (see Notes 12.3 and 20.2).

The detail, by type, of securitized assets outstanding at December 31, 2012 and 2011 is as follows:

(Thousands of euros)	31/12/2012	31/12/2011
Mortgage collateral	5,345,083	20,046,281
Other guarantees	4,178,647	4,427,346
Total	**9,523,730**	**24,473,627**

Details of the securitized assets with the initial amounts of each and the amounts outstanding at December 31, 2012 and 2011 are provided below.

Asset securitizations

(Thousands of euros)

Issue date		Acquired by:	Initial amount	Balance outstanding at 31/12/2012	Balance outstanding at 31/12/2011
January	2000	AyT 2, FTH (*)	119,795	8,678	
June	2000	TDA 12, FTH (*)	192,324	12,744	
December	2000	TDA 13 Mixto, FTA (*)	40,268	4,949	
February	2001	FonCaixa Hipotecario 2 - FTH	600,037		68,747
June	2001	TDA 14 Mixto, FTH (*)	122,005	13,678	
July	2001	FonCaixa Hipotecario 3 - FTH	1,500,090		361,822
December	2001	FonCaixa Hipotecario 4 - FTH	600,168		142,247
June	2002	AyT 7 Promociones Inmobiliarias 1, FTH (*)	269,133	8,577	
October	2002	FonCaixa Hipotecario 5 - FTH	600,004		191,519
December	2002	FonCaixa Hipotecario 6 - FTH	600,066		211,652
May	2003	TDA 16 Mixto, FTH (*)	100,000	18,350	
June	2003	AyT Hipotecario III, FTH (*)	130,000	27,958	
September	2003	FonCaixa Hipotecario 7 - FTH	1,250,133		515,991
Transactions derecognized from balance sheet (Note 12.2)			**6,124,023**	**94,934**	**1,491,978**
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	475,422	50,779	
June	2004	Ayt Hipotecario Mixto II, FTA (*)	510,000	41,001	
July	2004	AyT Préstamos Consumo III, FTA (*)	175,300	12,993	
November	2004	TDA 22 Mixto, FTH (*)	120,000	52,225	
December	2004	AyT FTPYME II, FTA (*)	132,000	26,441	
February	2005	Caja San Fernando, CDO (*)	260,381	82,905	
March	2005	FonCaixa Hipotecario 8 - FTH	1,000,000		483,704
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)	429,759	53,234	
June	2005	AyT Hipotecario Mixto IV, FTA (*)	200,000	80,410	
November	2005	FonCaixa FTGENCAT 3, FTA	643,500	164,072	195,372
March	2006	FonCaixa Hipotecario 9 - FTH	1,500,000		719,940
July	2006	FonCaixa FTGENCAT 4, FTA	594,000	197,775	230,277
July	2006	AyT Hipotecario Mixto V, FTA (*)	255,000	141,233	
May	2007	FonCaixa Hipotecario 10 - FTH	1,488,000		899,487
November	2007	FonCaixa FTGENCAT 5, FTA	1,000,000	513,724	592,324
July	2008	FonCaixa FTGENCAT 6, FTA	750,000	378,107	435,363
November	2008	FonCaixa FTPYME 2, FTA	1,100,000		560,152
February	2009	FonCaixa ICO FTVO1, FTA	520,000		425,155
March	2009	FonCaixa EMPRESAS 1, FTA	6,000,000		3,594,103
March	2009	AyT ICO-FTVPO I, FTA (*)	129,131	72,761	
October	2009	FonCaixa FTGENCAT 7, FTA	1,000,000		656,262
October	2009	AyT VPO II, FTA (*) (**)	61,503	49,032	17,550
March	2010	FonCaixa Andalucia FTEMPRESA1, FTA.	500,000		379,144
July	2010	FonCaixa Hipotecario 11, FTA.	6,500,000		5,887,991
November	2010	FonCaixa EMPRESAS 2, FTA	1,850,000		1,428,150
March	2011	FonCaixa EMPRESAS 3, FTA	1,400,000	941,789	1,200,320
June	2011	Foncaixa Leasings 1, FTA (***)	1,420,000	968,428	1,204,167
July	2011	Foncaixa Autonomos 1, FTA	1,130,000	897,957	1,050,815
December	2011	Foncaixa Consumo 1, FTA	3,080,000	2,438,009	3,021,373
October	2012	FonCaixa FTPYME 3, FTA	2,400,000	2,265,921	
Transactions kept on the balance sheet (Notes 12.2 and 20.2)			**36,623,996**	**9,428,796**	**22,981,649**
Total			**42,748,019**	**9,523,730**	**24,473,627**

(*) Funds from merger with Banca Cívica.

(**) Funds from the merger with Caixa d'Estalvis de Girona.

(***) Fund based on finance lease transactions which include €61,427 thousand with mortgage collateral.

The amounts of credit enhancements at December 31, 2012 and 2011 for securitized assets were as follows:

Credit enhancements for securitization funds

(Thousands of euros)

Issue date		Holder	31/12/2012 Loans and credits (**)	31/12/2012 Reserve fund bonds	31/12/2011 Loans and credits (**)	31/12/2011 Reserve fund bonds
January	2000	AyT 2, FTH (*)	1,167			
June	2000	TDA 12, FTH (*)	1,923			
December	2000	TDA 13 Mixto, FTA (*)	403			
February	2001	FonCaixa Hipotecario 2 - FTH			3,000	
June	2001	TDA 14 Mixto, FTH (*)	1,382			
July	2001	FonCaixa Hipotecario 3 - FTH			15,000	
December	2001	FonCaixa Hipotecario 4 - FTH			4,743	
June	2002	AyT 7 Promociones Inmobiliarias 1, FTH (*)	3,792			
December	2002	A y T FTGENCAT I, FTA			7	
May	2003	TDA 16 Mixto, FTH (*)	1,294			
June	2003	AyT Hipotecario III, FTH (*)	1,460			
September	2003	FonCaixa Hipotecario 7 - FTH				
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	32,291			
June	2004	Ayt Hipotecario Mixto II, FTA (*)	1,911			
February	2005	Caja San Fernando, CDO (*)				
March	2005	AyT Préstamos Consumo III, FTA (*)				
November	2004	TDA 22 Mixto, FTH (*)				
December	2004	AyT FTPYME II, FTA (*)				
March	2005	FonCaixa Hipotecario 8 - FTH			2	
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)				
June	2005	AyT Hipotecario Mixto IV, FTA (*)	2,808			
November	2005	FonCaixa FTGENCAT 3, FTA		6,500		6,500
March	2006	FonCaixa Hipotecario 9 - FTH			3	
July	2006	FonCaixa FTGENCAT 4, FTA	3,842	5,043		5,043
July	2006	AyT Hipotecario Mixto V, FTA (*)	1,937			
May	2007	FonCaixa Hipotecario 10 - FTH				12,000
November	2007	FonCaixa FTGENCAT 5, FTA		26,500		26,500
July	2008	FonCaixa FTGENCAT 6, FTA		18,800		18,800
November	2008	FonCaixa FTPYME 2, FTA				76,400
February	2009	FonCaixa ICO FTVO1, FTA			9,009	5,200
March	2009	FonCaixa EMPRESAS 1, FTA			278	630,000
March	2009	AyT ICO-FTVPO I, FTA (*)	4,695			
October	2009	FonCaixa FTGENCAT 7, FTA			155,190	
October	2009	AyT VPO II, FTA (*) (***)	4,737		1,625	
March	2010	FonCaixa Andalucia FTEMPRESA1, FTA.			90,260	
July	2010	FonCaixa Hipotecario 11, FTA.			130,408	
November	2010	FonCaixa EMPRESAS 2, FTA			243,041	
March	2011	FonCaixa EMPRESAS 3, FTA	138,032		139,398	
June	2011	FonCaixa Leasings 1, FTA	211,821		211,958	
July	2011	Foncaixa Autonomos 1, FTA	161,957		162,094	
December	2011	Foncaixa Consumo 1, FTA	154,387		154,580	
October	2012	FonCaixa FTPYME 3, FTA	240,700			
Total (Note 12.3)			**970,539**	**56,843**	**1,320,596**	**780,443**

(*) Funds from merger with Banca Cívica.

(**) All loans and credits are subordinated.

(***) Funds from the merger with Caixa d'Estalvis de Girona.

Most bonds issued by the securitization special purpose vehicles as balancing entries for the loan assets transferred were acquired by CaixaBank. Bonds issued prior to January 1, 2004 are recognized under "Loans and receivables - Debt securities" on the accompanying balance sheets, and most of those issued after that date are recognized under "Financial liabilities at amortized cost – Customer deposits," reducing the liability balances arising from the mobilization of loans (see Notes 12.3 and 20.2).

Details of the securitization bonds initially acquired by CaixaBank and of the balances outstanding at December 31, 2012 and 2011 are as follows:

(Thousands of euros)

Issue date		Issue	Initial amount of bonds bought	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
January	**2000**	**AyT 2 - FTH (*)**	**5,975**	**5,259**	**0**
		Preference bonds - A3	*5,975*	*5,259*	
June	**2000**	**TDA 12 - FTH (*)**	**4,255**	**4,131**	**0**
		Preference bonds - A3	*1,555*	*1,431*	
		Subordinated bonds - A3	*2,700*	*2,700*	
February	**2001**	**FonCaixa Hipotecario 2 - FTH**	**600,000**	**0**	**72,381**
		Preference bonds - Aaa	*580,500*		*52,881*
		Subordinated bonds -Aa2	*19,500*		*19,500*
June	**2001**	**TDA 14 Mixto - FTH (*)**	**5,199**	**5,092**	**0**
		Preference bonds - A3	*2,399*	*2,292*	
		Subordinated bonds - Baa1	*2,800*	*2,800*	
July	**2001**	**FonCaixa Hipotecario 3 - FTH**	**1,500,000**	**0**	**373,084**
		Preference bonds - Aaa	*1,432,500*		*305,584*
		Subordinated bonds - A2	*67,500*		*67,500*
December	**2001**	**FonCaixa Hipotecario 4 - FTH**	**600,000**	**0**	**143,063**
		Preference bonds - Aaa	*583,200*		*126,263*
		Subordinated bonds - A1	*16,800*		*16,800*
October	**2002**	**FonCaixa Hipotecario 5 - FTH**	**600,000**	**0**	**196,980**
		Preference bonds - Aaa	*585,000*		*181,980*
		Subordinated bonds - A1	*15,000*		*15,000*
December	**2002**	**FonCaixa Hipotecario 6 - FTH**	**600,000**	**0**	**216,081**
		Preference bonds - AAA	*582,000*		*198,081*
		Subordinated bonds -AA	*18,000*		*18,000*
May	**2003**	**TDA 16 Mixto - FTH (*)**	**1,002**	**943**	**0**
		Preference bonds - A3	*802*	*743*	
		Subordinated bonds - Baa1	*200*	*200*	
December	**2002**	**AyT Hipotecario III - FTH (*)**	**15,749**	**14,543**	**0**
		Preference bonds - A3	*15,149*	*13,943*	
		Subordinated bonds - Baa2	*600*	*600*	
September	**2003**	**FonCaixa Hipotecario 7 - FTH**	**1,250,000**	**0**	**526,470**
		Preference bonds - Aaa	*1,220,000*		*496,470*
		Subordinated bonds - A2	*30,000*		*30,000*
Issued prior to 01/01/2004 (Note 12.3)			**5,182,180**	**29,968**	**1,528,059**

(Thousands of euros)

Issue date		Issue	Initial amount of bonds bought	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
April	**2004**	**AyT Promociones Inmobiliarias II, FTA (*)**	**18,728**	**18,147**	**0**
		Preference bonds - A3	*18,728*	*18,147*	
June	**2004**	**AyT Hipotecario Mixto II, FTA (*)**	**10,248**	**9,683**	**0**
		Preference bonds - A3	*5,142*	*4,681*	
		Preference bonds - Baa3	*1,600*	*1,600*	
		Subordinated bonds - A3	*2,306*	*2,202*	
		Subordinated bonds - Baa1	*1,200*	*1,200*	
November	**2004**	**TDA 22 Mixto - FTH (*)**	**31,431**	**30,917**	**0**
		Preference bonds - A3	*147*	*114*	
		Preference bonds - A3	*1,900*	*1,900*	
		Preference bonds - A3	*5,084*	*4,603*	
		Preference bonds - A3	*18,000*	*18,000*	
		Subordinated bonds - Baa2	*400*	*400*	
		Subordinated bonds - Ba3	*200*	*200*	
		Subordinated bonds - Baa3	*3,000*	*3,000*	
		Subordinated bonds - Caa1	*2,700*	*2,700*	
December	**2004**	**AyT FTPYME II, FTA (*)**	**8,615**	**8,615**	**0**
		Preference bonds - A3	*3,615*	*3,615*	
		Subordinated bonds - Ba3	*5,000*	*5,000*	
February	**2005**	**Caja San Fernando CDO 1 (*)**	**46,096**	**45,697**	**0**
		Preference bonds - SR	*13,000*	*13,000*	
		Preference bonds - SR	*18,135*	*17,849*	
		Subordinated bonds - SR	*3,900*	*3,900*	
		Subordinated bonds - SR	*3,900*	*3,900*	
		Subordinated bonds - SR	*4,273*	*4,206*	
		Subordinated bonds - SR	*2,888*	*2,842*	
March	**2005**	**FonCaixa Hipotecario 8 - FTH**	**1,000,000**	**0**	**486,439**
		Preference bonds - Aa2	*971,000*		*457,439*
		Subordinated bonds - A1	*22,500*		*22,500*
		Subordinated bonds - Baa2	*6,500*		*6,500*
June	**2005**	**AyT Promociones Inmobiliarias IV, FTA (*)**	**24,540**	**24,540**	**0**
		Preference bonds - A3	*24,540*	*24,540*	
June	**2005**	**AyT Hipotecario Mixto IV, FTA (*)**	**36,548**	**36,548**	**0**
		Preference bonds - A3	*26,458*	*26,458*	
		Subordinated bonds - Baa2	*10,090*	*10,090*	
November	**2005**	**FonCaixa FTGENCAT 3, FTA**	**35,337**	**34,282**	**25,000**
		Preference bonds - A3	*10,337*	*9,282*	
		Subordinated bonds - Ba1	*10,700*	*10,700*	*10,700*
		Subordinated bonds - B1	*7,800*	*7,800*	*7,800*
		Subordinated bonds - Caa1	*6,500*	*6,500*	*6,500*
March	**2006**	**FonCaixa Hipotecario 9 - FTH**	**1,500,000**	**0**	**722,742**
		Preference bonds - A3	*1,463,200*		*685,942*
		Subordinated bonds - A3	*29,200*		*29,200*
		Subordinated bonds - Baa2	*7,600*		*7,600*
July	**2006**	**FonCaixa FTGENCAT 4, FTA**	**26,813**	**22,112**	**18,433**
		Preference bonds - Baa1	*4,013*	*3,679*	
		Subordinated bonds - Ba3	*9,600*	*7,565*	*7,565*
		Subordinated bonds - B2	*7,200*	*5,674*	*5,674*
		Subordinated bonds - Caa1	*6,000*	*5,194*	*5,194*
July	**2006**	**AyT Hipotecario Mixto V, FTA (*)**	**123,457**	**120,397**	**0**
		Preference bonds - A3	*122,357*	*119,297*	
		Subordinated bonds - Ba2	*1,100*	*1,100*	

(Thousands of euros)

Issue date		Issue	Initial amount of bonds bought	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
May	**2007**	**FonCaixa Hipotecario 10 - FTH**	**1,500,000**	**0**	**904,495**
		Preference bonds - Aa2	*1,458,000*		*862,495*
		Subordinated bonds - Aa3	*30,000*		*30,000*
		Subordinated bonds - Baa2	*12,000*		*12,000*
November	**2007**	**FonCaixa FTGENCAT 5, FTA**	**550,600**	**70,002**	**154,611**
		Preference bonds - A3	*513,100*	*32,502*	*117,111*
		Subordinated bonds - B1	*21,000*	*21,000*	*21,000*
		Subordinated bonds - Caa1	*16,500*	*16,500*	*16,500*
July	**2008**	**FonCaixa FTGENCAT 6, FTA**	**458,800**	**81,523**	**142,404**
		Preference bonds - AA- (**)	*436,300*	*59,023*	*119,904*
		Subordinated bonds - BBB (**)	*15,000*	*15,000*	*15,000*
		Subordinated bonds - BB (**)	*7,500*	*7,500*	*7,500*
November	**2008**	**FonCaixa FTPYME 2, FTA**	**1,100,000**	**0**	**577,255**
		Preference bonds - Aaa	*990,000*		*467,255*
		Subordinated bonds - A3	*27,500*		*27,500*
		Subordinated bonds - Baa3	*82,500*		*82,500*
February	**2009**	**FonCaixa ICO FTVO 1, FTA**	**514,400**	**0**	**428,305**
		Preference bonds - A3	*478,000*		*391,905*
		Subordinated bonds - A3	*20,800*		*20,800*
		Subordinated bonds - A3	*15,600*		*15,600*
March	**2009**	**FonCaixa EMPRESAS 1, FTA**	**6,000,000**	**0**	**3,585,330**
		Preference bonds - A3	*5,235,000*		*2,820,330*
		Subordinated bonds - Baa3	*285,000*		*285,000*
		Subordinated bonds - Ba3	*480,000*		*480,000*
March	**2009**	**AyT ICO-FTVPO I, FTA (*)**	**82,294**	**82,294**	**0**
		Preference bonds - A3	*73,844*	*73,844*	
		Subordinated bonds - A3	*4,050*	*4,050*	
		Subordinated bonds - Baa3	*4,400*	*4,400*	
October	**2009**	**FonCaixa FTGENCAT 7, FTA**	**1,000,000**	**0**	**681,653**
		Preference bonds - A3	*870,000*		*551,653*
		Subordinated bonds - A3	*25,000*		*25,000*
		Subordinated bonds - Baa3	*105,000*		*105,000*
October	**2009**	**AyT VPO II, FTA**	**52,140**	**46,157**	**17,528**
		Preference bonds - AA- (*) (***)	*45,990*	*40,007*	*15,421*
		Subordinated bonds - A (*) (***)	*3,250*	*3,250*	*1,112*
		Subordinated bonds - BBB- (*) (***)	*2,900*	*2,900*	*995*
March	**2010**	**FonCaixa Andalucia FTEMPRESA1, FTA**	**500,000**	**0**	**379,374**
		Preference bonds - A3	*410,000*		*289,374*
		Subordinated bonds - A3	*25,000*		*25,000*
		Subordinated bonds - A3	*65,000*		*65,000*
July	**2010**	**FonCaixa Hipotecario 11, FTA.**	**6,500,000**	**0**	**5,929,355**
		Preference bonds - Aa2	*6,110,000*		*5,539,355*
		Subordinated bonds - A1	*97,500*		*97,500*
		Subordinated bonds - B1	*292,500*		*292,500*
November	**2010**	**Foncaixa Empresas 2, FTA**	**1,850,000**	**0**	**1,850,000**
		Preference bonds - Aaa	*416,300*		*416,300*
		Subordinated bonds - A3	*1,248,700*		*1,248,700*
		Subordinated bonds - A3	*185,000*		*185,000*
March	**2011**	**Foncaixa Empresas 3, FTA**	**1,400,000**	**978,214**	**1,400,000**
		Preference bonds - A3	*300,000*		*300,000*
		Subordinated bonds - A3	*820,000*	*698,214*	*820,000*
		Subordinated bonds - B2	*280,000*	*280,000*	*280,000*

(Thousands of euros)

Issue date		Issue	Initial amount of bonds bought	Outstanding amount at 31/12/2012	Outstanding amount at 31/12/2011
June	**2011**	**Foncaixa Leasings 1, FTA**	**1,420,000**	**882,150**	**1,420,000**
		Preference bonds - A3	*470,000*		*470,000*
		Subordinated bonds - A3	*737,500*	*669,650*	*737,500*
		Subordinated bonds - B1	*106,200*	*106,200*	*106,200*
		Subordinated bonds - B3	*106,300*	*106,300*	*106,300*
July	**2011**	**Foncaixa Autonomos 1, FTA**	**1,130,000**	**931,696**	**1,100,452**
		Preference bonds - A3	*960,500*	*762,196*	*930,952*
		Subordinated bonds - Baa3	*169,500*	*169,500*	*169,500*
December	**2011**	**Foncaixa Consumo 1, FTA**	**3,080,000**	**2,480,777**	**3,080,000**
		Preference bonds - A3	*2,618,000*	*2,018,777*	*2,618,000*
		Subordinated bonds - Ba3	*462,000*	*462,000*	*462,000*
October	**2012**	**Foncaixa Pymes 3, FTA**	**2,400,000**	**2,400,000**	**0**
		Preference bonds - A-	*2,040,000*	*2,040,000*	
		Subordinated bonds -NR	*360,000*	*360,000*	
Issued after 01/01/2004 (Note 20.2)			**32,400,047**	**8,303,751**	**22,903,376**
Total			**37,582,227**	**8,333,719**	**24,431,435**

Note: The bond credit risk ratings are by Moody's.
(*) Funds from merger with Banca Cívica.
(**) Credit risk rating by Standard&Poor's.
(***) Funds arising from merger with Caixa d'Estalvis de Girona and credit risk rating by FITCH.

At December 31, 2012 and 2011, the securitization bonds pledged with the Bank of Spain amounted to €4,533 million and €10,397 million, respectively.

25.3. Securities deposits and investment services

The detail, by type and customer, of the securities deposited at CaixaBank by third parties is as follows.

(Thousands of euros)	31/12/2012	31/12/2011
Book entries	**97,728,092**	**125,368,074**
Securities recorded in the market's central book-entry office	73,127,568	94,082,141
Equity instruments - quoted	*36,335,255*	*44,678,618*
Equity instruments - unquoted	*34,916*	*759,387*
Debt securities - quoted	*36,757,397*	*48,644,136*
Securities registered at the entity	38,142	2,607,366
Debt securities - quoted	*38,142*	*2,607,366*
Securities entrusted to other depositaries	24,562,382	28,678,567
Equity instruments - quoted	*12,911,397*	*12,171,992*
Equity instruments - unquoted	*4,470*	*4,459*
Debt securities - quoted	*11,444,479*	*16,291,006*
Debt securities - unquoted	*202,036*	*211,110*
Securities	**17,463**	**3,482,449**
Held by the institution	17,327	3,482,032
Equity instruments	*6,267*	*3,481,888*
Debt securities	*11,060*	*144*
Entrusted to other entities	136	417
Equity instruments	*136*	*417*
Other financial instruments	**79,297**	**2,122,122**
Total	**97,824,852**	**130,972,645**

Quoted securities are recognized at market value in memorandum accounts, and unquoted securities are recognized at nominal amount. The reduction in securities deposited is due to the sale of the depository business described in Note 37.

25.4. Financial assets derecognized due to impairment

The changes in 2012 and 2011 to items derecognized from the balance sheet because recovery was deemed to be remote are summarized below. These financial assets are recognized under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

(Thousands of euros)

	2012	2011
Balance at January 1	**2,602,219**	**2,152,763**
Additions:	**3,790,148**	**992,328**
With a charge to impairment losses	1,487,916	557,462
With a direct charge to the income statement	466,641	140,099
Other causes (*)	399,052	250,874
Business combinations (**)	1,436,539	43,893
Disposals:	**703,585**	**542,872**
Cash recovery of principal **(Note 35)**	158,469	75,888
Cash recovery of past-due receivables	31,894	11,686
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	58,737	12,255
Disposal of NPLs	454,485	443,043
Balance at December 31	**5,688,782**	**2,602,219**

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.

(**) 2012 amounts relate to Banca Cívica and 2011 to Bankpime.

In 2012 and 2011, CaixaBank sold derecognized financial assets for the amount of €454 and €443 million respectively. The transactions have not had a significant impact.

25.5. Geographic distribution of business volume

Since all CaixaBank branches offer their customers the full range of products and services, the breakdown of business volume below is by branches by Spanish Autonomous Community, foreign operational offices and foreign representative offices at December 31, 2012 and 2011:

	31/12/2012		31/12/2011	
Autonomous communities and cities	**Number of branches**	**%**	**Number of branches**	**%**
Andalusia	1,276	20.12	637	12.26
Aragón	93	1.47	93	1.79
Asturias	75	1.18	75	1.44
Balearic Islands	242	3.82	243	4.68
Canary Islands	362	5.71	155	2.98
Cantabria	52	0.82	49	0.94
Castile-La Mancha	214	3.37	130	2.50
Castile-Leon	377	5.94	241	4.64
Catalonia	1,581	24.86	1,702	32.76
Ceuta	4	0.06	4	0.08
Valencia	454	7.16	456	8.78
Extremadura	99	1.56	84	1.62
Galicia	198	3.12	197	3.79
La Rioja	30	0.47	28	0.54
Madrid	752	11.86	719	13.83
Melilla	2	0.03	2	0.04
Murcia	131	2.07	130	2.50
Navarre	186	2.93	55	1.06
Basque Country	198	3.12	182	3.50
Total branches in Spain	**6,326**	**99.68**	**5,182**	**99.72**
Foreign branches				
Poland (Warsaw)	1	0.02	1	0.02
Romania (Bucharest)	1	0.02	1	0.02
Morocco (Casablanca)	1	0.02	1	0.02
Total foreign branches	**3**	**0.06**	**3**	**0.06**
Representative offices:				
Germany (Stuttgart)	1	0.02	1	0.02
Germany (Frankfurt) (*)	1	0.02	1	0.02
China (Peking)	1	0.02	1	0.02
China (Shanghai)	1	0.02	1	0.02
UAE (Dubai)	1	0.02	1	0.02
France (Paris)	1	0.02	1	0.02
India (New Delhi)	1	0.02	1	0.02
Italy (Milan)	1	0.02	1	0.02
UK (London)	1	0.02	1	0.02
Singapore (Singapore)	1	0.02	1	0.02
Turkey (Istanbul)	1	0.02	1	0.02
Chile (Santiago de Chile)	1	0.02		
Egypt (El Cairo)	1	0.02		
Total representative offices	**13**	**0.26**	**11**	**0.22**
Total branches	**6,342**	**100.00**	**5,196**	**100.00**

(*) Center reporting to the Stuttgart office.

26. Interest and similar income

This item in the income statement includes the interest earned during the year on financial assets with implicit or explicit returns obtained by applying the effective interest method, along with the adjustments to income arising from accounting hedges.

The breakdown of this item in the accompanying income statement for the years ended December 31, 2012 and 2011, by type of financial transaction, is as follows:

(Thousands of euros)	2012	2011
Bank of Spain	16,145	31,786
Other central banks	274	367
Credit institutions	51,677	66,570
Money market transactions	6,605	19,029
Loans and advances to customers and other finance income	6,956,880	6,076,247
Debt securities	943,618	562,060
Adjustments to income due to hedging transactions	(14,322)	(19,601)
Total	**7,960,877**	**6,736,458**

The returns earned on debt instruments are added to the value of assets under “Financial assets held for trading,” “Available-for-sale financial assets”, “Loans and receivables” and “Held-to-maturity investments” in the balance sheet.

The distribution of interest and similar income by geographical area is as follows:

(Thousands of euros)	2012	2011
Domestic market	7,943,456	6,717,917
Export	17,421	18,541
European Union	15,246	16,515
OECD countries		
Other countries	2,175	2,026
Total	**7,960,877**	**6,736,458**

27. Interest expense and similar charges

This item in the accompanying income statement includes interest accruing in the year on financial liabilities with implicit or explicit returns, including the interest arising from payments in kind, calculated by applying the effective interest method, as well as the cost adjustments arising from accounting hedges and the cost due to interest attributable to existing pension funds.

The breakdown of this item in the accompanying income statement for the years ended December 31, 2012 and 2011, by type of financial transaction, is as follows:

(Thousands of euros)	2012	2011
Bank of Spain	(205,620)	(21,318)
Other central banks	(14,312)	(9,174)
Credit institutions	(246,117)	(227,720)
Money market transactions	(3,448)	(136,522)
Creditors and other finance expense	(2,544,414)	(2,589,107)
Marketable debt securities	(1,965,625)	(1,562,369)
Subordinated liabilities	(240,544)	(189,996)
Adjustments to expenses as a consequence of hedging transactions	855,314	827,270
Interest cost attributable to pension funds **(Note 21)**	(18,324)	(8,790)
Total	**(4,383,090)**	**(3,917,726)**

28. Return on equity instruments

In 2012 and 2011, the balance of this item of the accompanying income statement reflects dividends received from investees, as shown below:

(Thousands of euros)	2012	2011
VidaCaixa Grupo, SA	953,000	633,500
Telefónica, SA	205,051	356,162
Repsol, SA	159,327	172,486
Holret, SAU	52,726	
The Bank of East Asia, LTD	32,597	30,031
Grupo Financiero Inbursa, SAB de CV	24,746	23,421
InverCaixa Gestión, SGIIC, SAU	11,234	13,569
Bolsas y Mercados Españoles SHMSF, SA	8,261	8,261
Financial assets held for trading	4,274	3,129
Other investments	15,317	17,591
Repinves, SA		327,851
VidaCaixa, SA de Seguros y Reaseguros		138,165
Erste Group Bank AG		26,737
Total	**1,466,533**	**1,750,903**

The following extraordinary dividends are included above:

- In 2012, VidaCaixa Grupo paid an extraordinary dividend of €743 million, relating to the extraordinary dividend recognized by its subsidiary VidaCaixa. VidaCaixa obtained extraordinary capital gains deriving from a reinsurance agreement for its personal risk-life insurance portfolio.
- In 2011, VidaCaixa paid an extraordinary dividend of €500 million, from the gain obtained from the sale 50% of SegurCaixa Adeslas to Mutua Madrileña (see Note 15).
- Repinves paid out €328 million in 2011 obtained from the sale of its direct stake in Repsol, SA, to CaixaBank (see Note 16.2).

29. Fees and commissions

The main fee and commission income and expenses recognized in the accompanying income statement for 2012 and 2011, by type of non-financial services, are as follows:

Fee and commission income
(Thousands of euros)

	2012	2011
Contingent liabilities	112,704	98,761
Credit facility drawdowns	80,211	62,484
Exchange of foreign currencies and banknotes	3,796	2,960
Collection and payment services	801,911	690,172
of which, credit and debit cards	*367,260*	*346,933*
Securities services	154,772	230,086
Marketing of non-banking financial products	306,959	279,374
Other fees and commissions	302,282	281,268
Total	**1,762,635**	**1,645,105**

Fee and commission expense
(Thousands of euros)

	2012	2011
Assigned to other entities and correspondents	(53,688)	(33,223)
of which, transactions with cards and ATMs	*(26,395)*	*(17,601)*
Securities transactions	(26,272)	(12,347)
Other fees and commissions	(60,391)	(54,746)
Total	**(140,351)**	**(100,316)**

30. Gains/(losses) on financial assets and liabilities

The breakdown, by source, of this item in the accompanying income statement is as follows:

(Thousands of euros)	2012	2011
Financial assets held for trading	**45,319**	**20,617**
Debt securities	24,076	6,090
Equity instruments	(17,932)	(15,230)
Financial derivatives	39,175	29,757
Of which: forward transactions and financial derivatives on currencies	*(60,169)*	*(16,280)*
Available-for-sale financial assets	**(31,711)**	**58,810**
Debt securities	17,270	54,293
Equity instruments **(Note 11)**	(48,981)	4,517
Loans and receivables	**769**	
Hedging derivatives	**218,377**	**31,457**
Micro-hedges	3,877	(5,264)
Hedged items	*(78,804)*	*(28,619)*
Hedging derivatives	*82,681*	*23,355*
Macro-hedges	214,500	36,721
Hedged items	*(1,424,028)*	*(1,035,621)*
Hedging derivatives	*1,638,528*	*1,072,342*
Total	**232,754**	**110,884**

CaixaBank maintains cash flow hedges associated with risks deriving from certain commitments linked to inflation and in force with former Group personnel. In accordance with insurance accounting standards, and specifically, with treatment to correct accounting asymmetries, CaixaBank recognizes changes in the fair value of hedging derivatives under equity, subsequently reclassifying them to “Provisions – Provisions for pensions and similar obligations”. CaixaBank reviews its estimates for hedged items on an annual basis. In 2012 and 2011, a surplus was noted associated with the revaluation of loans linked to former personnel for the amount of €56 million and €43 million, respectively, recognized under “Macro-hedges”. Coverage has been adjusted for these amounts, with the partial cancellation of the associated derivative and settlement through cash payment. CaixaBank prospectively discontinues the hedge accounting of flows that are not expected to occur and reclassifies any capital gains attributable to surplus hedges to profit/loss for the year.

Foreign currency exposure is managed in cash positions, forward transactions and derivative financial instruments. Gains and loss are recognized under “Exchange differences” and “Gains/(losses) on financial assets and liabilities – Held-for-trading portfolio – Financial derivatives” in the accompanying income statement. The gains generated in 2012 and 2011 were €96,875 and €70,261 thousand, respectively.

In 2012, due to offer to purchase preference issues (see Note 20.4), the hedge was canceled, with the result that €97 million were recognized in this item of the balance sheet.

Additionally, the repurchase of mortgage covered bonds resulted in a gain of €33 million and the subsequent cancellation of the associated hedges, with a gain of €84 million.

31. Other operating income

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

(Thousands of euros)	2012	2011
Financial fees and commissions offsetting direct costs **(Note 2.4)**	28,838	33,192
Income from investment properties	10,556	9,503
Other income	60,534	42,300
Total	**99,928**	**84,995**

32. Other operating expenses

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

(Thousands of euros)	2012	2011
Contribution to deposit guarantee fund **(Note 1)**	(277,411)	(117,812)
Operating expenses on investment property	(10,431)	(7,032)
Other	(83,374)	(43,440)
Total	**(371,216)**	**(168,284)**

33. Personnel expenses

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

Breakdown by type of remuneration
(Thousands of euros)

	2012	2011
Wages and salaries	(1,616,591)	(1,461,527)
Social security contributions	(331,129)	(289,837)
Transfers to defined contribution plans	(130,599)	(114,419)
Transfers to defined benefit plans **(Note 21)**	(4,014)	(4,485)
Other personnel expenses	(201,314)	(220,050)
Total	**(2,283,647)**	**(2,090,318)**

The expense recognized in "Transfers to defined contribution plans" includes mainly mandatory contributions stipulated in the labor agreement on the pension scheme entered into on July 31, 2000 at "la Caixa" and upheld by CaixaBank after the ''la Caixa" Group's reorganization. Contributions are made to the pension plan to cover retirement, disability and death obligations of serving employees. To cover retirement, CaixaBank makes a monthly contribution equal to a percentage of pensionable wage items ranging from 0% to 8.5% depending on the length of service at the Institution and other agreed terms and conditions. Specifically, a 60 month period for standardizing conditions has been established for former Banca Cívica personnel. The contribution for disability and death is annual and equals the cost of the premium required to ensure against these risks.

"Other personnel expenses" in 2012 and 2011 includes €51,279 and €40,226 thousand, respectively, in non-monetary remuneration paid to CaixaBank employees through credit facilities, estimated as the difference between market rates and the rates agreed with employees. The applicable rates are set each year as the 1-year Euribor rate prevailing in October, applicable as of January 1 the following year.

The market rates applied through September 30, 2011 were the Euribor+0.50 points for mortgage loans and the Euribor+1.0 points for personal loans. From September 30, 2011, they were the Euribor +0.30 points for loans to homebuyers and the Euribor +1.25 points for other loans.

The interest rate agreed for mortgage loans is Euribor -2.50 points, with a clause stipulating a minimum rate of 0.10%, whereas the interest rate agreed for personal loans is equal to the Euribor rate.

"Other personnel expenses" in 2011 also included €55,547 thousand incurred when furnishing CaixaBank employees with CaixaBank shares within the scope of the Group's reorganization. This item also includes training expenses, education grants and indemnities.

The average number of employees, by professional category, in 2012 and 2011 is as follows:

Average number of employees
(Number of employees)

	2012		2011	
	Male	Female	Male	Female
Executives	93	10	86	7
Managers	8,670	5,101	8,027	4,524
Clerical staff	5,092	8,288	4,814	7,614
Assistants	4	4	4	5
Temporary employees	12	11	21	22
Total	**13,871**	**13,414**	**12,952**	**12,172**

At December 31, 2012 and 2011, the workforce was as follows:

Active workforce

(Number of employees)	31/12/2012		31/12/2011	
	Male	**Female**	**Male**	**Female**
Executives	99	12	80	7
Managers	9,534	5,685	7,952	4,620
Clerical staff	5,721	9,350	4,673	7,557
Assistants	4	4	4	4
Temporary employees	18	15	11	7
Total	**15,376**	**15,066**	**12,720**	**12,195**

Following the integration of Banca Cívica 6,184 employees were added.

34. Other general administrative expenses

The breakdown of this item on the accompanying income statement is as follows:

(Thousands of euros)	2012	2011
Property and fixtures	(173,157)	(142,683)
IT and systems	(170,716)	(153,219)
Avertising and publicity (1)	(75,055)	(73,003)
Communications	(44,473)	(40,882)
Outsourced administrative services	(41,383)	(35,847)
Taxes other than income tax	(21,372)	(22,909)
Surveillance and security carriage services	(34,448)	(25,952)
Representation and travel expenses	(32,515)	(32,206)
Printing and office materials	(26,903)	(16,108)
Contribution and taxes on property	(16,323)	(10,835)
Technical reports	(13,975)	(31,199)
Other expenses	(55,989)	(43,065)
Total	**(706,309)**	**(627,908)**

(1) Includes advertising in media, sponsorships, promotions and other commercial expenses

In 2012, "Technical reports" included €1,185 thousand as fees and expenses paid to Deloitte, SL for audit work, and €1,758 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €903 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2012. None of these amounts includes the related VAT.

In 2011, "Technical reports" included €1,045 thousand as the fees and expenses of Deloitte, SL for audit work, and €2,441 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €473 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2011. None of these amounts includes the related VAT.

The fees of Deloitte, SL for audit services include fees for limited reviews of the condensed financial statements for the six months ended June 30, 2012 and 2011.

Information on payments to suppliers: Disclosure requirements of Law 15/2010 of July 5

The entry into force of Law 15/2010, of July 5, amending Law 3/2004, of December 29, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly public information on the payment periods to their suppliers in the notes to the financial statements. Pursuant to this disclosure obligation, on December 31, 2010, the corresponding resolution was issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Official State Gazette (BOE).

In accordance with Transitional Provision Two of this ruling, following is a breakdown of the information required relating to payments made and pending at the balance sheet date:

Payments made and outstanding at the reporting date

(Thousands of euros)

	2012	
	Amount	%
Payments made within statutory period	847,389	93.28%
Other	61,078	6.72%
Total payments in the year	**908,467**	**100%**
Weighted average days late	3.3	
Payment deferrals surpassing statutory period at the reporting date (thousands of euros)	147	

Payments made and outstanding at the reporting date

(Thousands of euros)

	2011	
	Amount	%
Payments made within statutory period	859,994	94.95%
Other	45,749	5.05%
Total payments in the year	**905,743**	**100%**
Weighted average days late	2.5	
Payment deferrals surpassing statutory period at the reporting date (thousands of euros)	0	

In 2012, in accordance with Transitional Provision Two of Law 15/2010, the maximum statutory periods have been reduced by 10 days compared to 2011.

35. Impairment losses on financial assets (net)

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

Impairment losses on financial assets (net)
(Thousands of euros)

	2012	2011
Loans and receivables	(3,801,940)	(2,221,977)
Specific allowance	(5,538,750)	(2,221,977)
Net allowances **(Note 12.4)**	*(5,019,383)*	(2,038,841)
Write-downs	*(677,836)*	(259,024)
Recovery of loans written off **(Note 25.4)**	*158,469*	75,888
General allowance **(Note 12.4)**	1,736,810	
Other financial instruments not measured at fair value through profit or loss	(57,812)	(6,372)
General allowance for debt securities	17,972	
Write-downs	(75,784)	(6,372)
Equity instruments **(Note 11)**	*(22,056)*	*(6,372)*
Debt securities	*(53,728)*	
Total	**(3,859,752)**	**(2,228,349)**

The tables below show the provisions at December 31, 2012 and 2011 against impairment losses on certain assets. These balances and the changes recognized are first classified by type of asset, and subsequently by portfolio, the value of which is adjusted in the balance sheet.

2012
Changes in impairment allowances by type of asset
(Thousands of euros)

	Balance at 31/12/2011	Addition due to integration of Banca Cívica	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2012
Debt securities	**19,450**	**32,001**	**(19,450)**	**0**	**(2,692)**	**29,309**
Specific allowance	1,478	30,364	(1,478)		(1,055)	29,309
General allowance	17,972	1,637	(17,972)		(1,637)	0
Loans and advances to credit institutions	**8**	**85,358**	**1,021**	**0**	**(83,888)** (**)	**2,499**
Loans and advances to customers	**5,498,088**	**6,309,667**	**3,283,030**	**(2,150,603)**	**(1,336,895)**	**11,603,287**
Country risk allowance	2,379		(3)		(300)	2,076
Specific allowance	3,758,899	6,309,667	5,019,843	(2,150,603)	(1,336,595) (**)	11,601,211
General allowance	1,736,810		(1,736,810)			0
Total	**5,517,546**	**6,427,026**	**3,264,601**	**(2,150,603)**	**(1,423,475)**	**11,635,095**

(1) Positive amounts are expenses and negative amounts are income.
(**) See Note 12.4.

2011

Changes in impairment allowances by type of asset

(Thousands of euros)

	Balance at 01/01/2011	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2011
Debt securities	**18,754**	**696**	**0**	**0**	**19,450**
Specific allowance	782	696			1,478
General allowance	17,972				17,972
Loans and advances to credit institutions	**4,901**		**(2)**	**(4,891)**	**8**
Loans and advances to customers	**4,754,247**	**2,038,145**	**(1,082,460)**	**(211,844)**	**5,498,088**
Country risk allowance	2,383	(4)			2,379
Specific allowance	3,014,919	2,038,149	(1,082,460)	(211,709) (**)	3,758,899
General allowance	1,736,945			(135)	1,736,810
Total	**4,777,902**	**2,038,841**	**(1,082,462)**	**(216,735)**	**5,517,546**

(1) Positive amounts are expenses and negative amounts are income.

(**) See Note 12.4.

Changes in impairment allowances by portfolio

(Thousands of euros)

	Balance at 31/12/2011	Addition due to integration of Banca Cívica	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2012
Available-for-sale financial assets **(Note 11)**	17,972	1,637	(17,972)		(1,637)	0
Loans and receivables (*) **(Note 12.4)**	5,499,574	6,425,389	3,282,573	(2,150,603)	(1,421,838)	11,635,095
Total	**5,517,546**	**6,427,026**	**3,264,601**	**(2,150,603)**	**(1,423,475)**	**11,635,095**

(*) Includes impairment losses on debt instruments at amortized cost.

(1) Positive amounts are expenses and negative amounts are income.

Changes in impairment allowances by portfolio

(Thousands of euros)

	Balance at 01/01/2011	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2011
Available-for-sale financial assets **(Note 11)**	17,972				17,972
Loans and receivables (*) **(Note 12.4)**	4,759,930	2,038,841	(1,082,462)	(216,735)	5,499,574
Total	**4,777,902**	**2,038,841**	**(1,082,462)**	**(216,735)**	**5,517,546**

(*) Includes impairment losses on debt instruments at amortized cost.

(1) Positive amounts are expenses and negative amounts are income.

36. Impairment losses on other assets (net)

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

Impairment losses on other assets (net)
(Thousands of euros)

	2012	2011
Goodwill and other intangible assets (Note 18)	**(8,111)**	**(7,772)**
Otros activos	**(333,167)**	**(599,433)**
Investments **(Note 16)**	(324,045)	(593,364)
Write-downs of property and equipment **(Note 17)**	(8,999)	(6,015)
Other assets	(123)	(54)
Total	**(341,278)**	**(607,205)**

The tables below show the provisions at December 31, 2012 and 2011 against impairment losses on certain investments. The balances and movements in 2012 and 2011 by type of asset are as follows:

2012
Investments
(Thousands of euros)

	Balance at 31/12/2011	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2012
Investments in associates **(Note 16.1)**	766,000				766,000
Investments in jointly controlled entities					
Investments in Group entities **(Note 16.3)**	294,305	324,045	(391)	499,151	1,117,110
Total	**1,060,305**	**324,045**	**(391)**	**499,151**	**1,883,110**

(1) Positive amounts are expenses and negative amounts are income.

2011
Investments
(Thousands of euros)

	Balance at 01/01/2011	Net allowances (1)	Amounts used	Transfers and other	Balance at 31/12/2011
Investments in associates **(Note 16.1)**	350,000	416,000			766,000
Investments in jointly controlled entities		34,830	(34,830)		
Investments in Group entities **(Note 16.3)**	211,095	142,534		(59,324)	294,305
Total	**561,095**	**593,364**	**(34,830)**	**(59,324)**	**1,060,305**

(1) Positive amounts are expenses and negative amounts are income.

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

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

(Thousands of euros)	2012	2011
Gains on disposals of tangible assets	208,521	8,567
Losses on disposals of tangible assets	(3,921)	(2,809)
Gains/(Losses) on disposals of other assets	113,356	23,030
Total	**317,956**	**28,788**

Gains on the disposal of tangible assets relate mainly to the sale of investment properties described in Note 17.

The following transactions took place in 2012, the results of which were recorded under "Gains/(losses) on disposal of other assets":

- 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 depository businesses to the Association of Spanish Savings Banks.

  An initial total price of €100 million was set in the transaction.

  In December 2012, Banca Cívica's depository business was transferred to the Association of Spanish Savings Banks under the scope of the agreement entered into in January 2012. The transaction amounted to €3.8 million, recognized as a decrease in the goodwill arising on the Banca Cívica acquisition.

- In December 2012, CaixaBank sold the card payments processing business of Banca Cívica to Comercia Global Payments, Entidad de Pago, SL., which is 49%-owned by CaixaBank, for €17,500 thousand. As a result of this transaction, an intangible asset relating to the business combination with Banca Cívica was derecognized for the amount of €5,764 thousand (see Note 18), and a capital gain of €11,736 thousand was recognized in the accompanying income statement.

In 2011, "Gains/(losses) on disposals of other assets" included a gain on the sale of the stake of GDS Correduría de Seguros, SL (see Note 16.3).

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

The breakdown of this item on the accompanying income statement for 2012 and 2011 is as follows:

(Thousands of euros)	2012	2011
Gains on disposal of non-current assets held for sale	20,837	22,983
Losses on disposal of non-current assets held for sale	(33)	(7,674)
Net write-downs of non-current assets held for sale	(10,525)	465
Other equity instruments	2,747	103,851
Total	**13,026**	**119,625**

In 2011, under “Other equity instruments”, €97,969 thousand was recognized for the disposal of 0.69% of Telefónica SA and the capital gain arising on the sale of the hospital group.

The total gains and losses on the disposal of non-current assets relate to property to satisfy loans, none of which were for significant amounts individually.

39. Related-party transactions

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

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

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and senior executives is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement.

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

The most significant balances at December 31, 2012 and 2011 between CaixaBank and subsidiaries, jointly controlled entities and associates, and with Directors, senior executives and other related parties (relatives and companies with links to members of the Board of Directors, Control Committee of ”la Caixa” and senior executives, to the best of the Institution’s knowledge), of both CaixaBank and ”la Caixa” and Criteria CaixaHolding, and those with other related parties such as the employee pension plan, etc., are shown in the table below. Details are also provided of the amounts recognized in the income statement from transactions carried out. All transactions between related parties form part of the ordinary course of business and are carried out under normal market conditions.

31/12/2012

(Thousands of euros)	With the majority shareholder "la Caixa" and its Group (1)	Group companies	Associates and jointly controlled entities	Directors and senior executives (2)	Other related parties (3)
ASSETS					
Loans and advances to credit institutions		2,563,609	9,246		
Loans and receivables	4,550,922	20,026,389	1,046,725	9,979	85,987
Reverse repurchase agreement (repos)		10,665,062			
Mortgage loans	490,653	1,507	77,291	8,975	61,999
Other (4)	4,060,269	9,359,820	969,434	1,004	23,988
Total	**4,550,922**	**22,589,998**	**1,055,971**	**9,979**	**85,987**
LIABILITIES					
Deposits from credit institutions	283,087	232,811	55,872		
Customer deposits (5)	1,801,322	16,791,255	934,387	32,832	258,762
Off-balance sheet liabilities (6)				18,196	50,842
Total	**2,084,409**	**17,024,066**	**990,259**	**51,028**	**309,604**
PROFIT AND LOSS					
Interest expense and similar charges (7)	(25,969)	(305,773)	(28,679)	(828)	(3,770)
Interest and similar income	177,707	336,303	17,263	217	2,444
Total	**151,738**	**30,530**	**(11,416)**	**(611)**	**(1,326)**
OTHER					
Contingent liabilities - Guarantees and other	316,877	368,260	69,408	306	19,703
Contingent commitments – Drawable by third parties and others (8)	1,480,413	1,069,187	483,650	4,721	69,638
Accrued defined benefit post-employment obligations				35,525	
Total	**1,797,290**	**1,437,447**	**553,058**	**40,552**	**89,341**

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

31/12/2011

(Thousands of euros)	With the majority shareholder "la Caixa" and its Group (1)	Group companies	Associates and jointly controlled entities	Directors and senior executives (2)	Other related parties (3)
ASSETS					
Loans and advances to credit institutions	31,626	703,827	221,988		
Loans and advances to customers	5,021,342	14,217,522	557,509	9,113	156,116
Reverse repurchase agreement (repos)		10,317,710			
Mortgage loans	482,057		6,904	8,203	63,596
Other loans and credits	4,539,285	3,899,812	550,605	910	92,520
Total	**5,052,968**	**14,921,349**	**779,497**	**9,113**	**156,116**
LIABILITIES					
Deposits from credit institutions	2,108,335	9,432	11,319		
Customer deposits (4)	1,035,819	20,715,505	486,073	35,795	259,055
Off-balance sheet liabilities (5)				16,687	54,862
Total	**3,144,154**	**20,724,937**	**497,392**	**52,482**	**313,917**
PROFIT AND LOSS					
Interest expense and similar charges (6)	(27,212)	(452,777)	(13,069)	(823)	(7,969)
Interest and similar income	194,931	229,408	8,248	189	3,567
Total	**167,719**	**(223,369)**	**(4,821)**	**(634)**	**(4,402)**
OTHER					
Contingent liabilities - Guarantees and other	273,510	242,047	34,683	47	22,683
Contingent commitments – Drawable by third parties and others (7)	1,576,313	940,903	437,194	4,864	57,593
Accrued defined benefit post-employment obligations				43,543	
Total	**1,849,823**	**1,182,950**	**471,877**	**48,454**	**80,276**

(1) Includes transactions with "la Caixa", and its Group companies, jointly controlled entities and associates.

(2) Directors and senior executives referred to are those of "la Caixa", CaixaBank and Criteria CaixaHolding.

(3) Family members and entities related to members of the Board of Directors and senior executives 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.

The most significant balances and transactions includes in the aforementioned amounts, in addition to those described in the different notes, corresponding to 2012 are as follows:

- Demand and time deposits held by ”la Caixa” at CaixaBank, for an amount of €284,087 thousand. Of this balance, the most significant amount was a demand deposit for €129,215 thousand.

- Derivatives arranged by la Caixa” with CaixaBank to hedge its bond and subordinated debt issues, with a balance of €739 million at December 31, 2012.

- VidaCaixa maintains time deposits at CaixaBank for €10,619 million. Additionally, at December 31, repurchase agreements were held with CaixaBank totaling €10,665 million and reverse repurchase agreements with CaixaBank totaling €907 million. Cash held in the current account by VidaCaixa in CaixaBank at December 31, 2012, stands at €93 million.

- Acquisition by Banca Cívica Vida y Pensiones of hybrid financial liabilities issued by CaixaBank and classified as Time deposits, for the amount of €523 million.

- Loan of €1,502 million granted by CaixaBank to CaixaCard 1, EFC, SA.

- Loan taken out by Servihabitat XXI, SAU with CaixaBank with a balance of €650 million at December 31. Additionally, €395 million from a credit account has been drawn down. Additionally, CaixaBank has acquired plain vanilla bonds issued by Servihabitat XXI, SAU for €1,350 million.
- Loan taken out by BuildingCenter, SAU with CaixaBank for €32 million and credit account with a balance of €6,604 million at December 31.

The most significant transactions included in the aforementioned amounts related to 2011 are as follows:

- Promissory note issued by CaixaBank and acquired by ”la Caixa” on December 15, 2011, maturing on February 2, 2012 and bearing interest at a rate of 4% AER. At December 31, 2011, the balance of this item was €1,644,341 thousand.
- Credit account issued with Finconsum EFC, SA, of which €583,983 thousand had been drawn down at December 31, 2011, leaving €122,837 thousand available.
- €2,000 million loan extended to Servihabitat XXI, SAU accruing interest at a rate of 4.525% and maturing on November 1, 2013. Servihabitat XXI, SAU also had a credit account, €254,592 thousand of which had been drawn down leaving €493,625 thousand available at December 31, 2011. Additionally, in 2011, CaixaBank subscribed and paid €1,420,000 thousand in a rights issue at Servihabitat XXI, SAU, as part of the reorganization process of the ”la Caixa” Group described in Note 1.
- €382,615 thousand loan to CaixaRenting. A credit account was also made available, of which €154,724 thousand had been drawn down at December 31, 2011, leaving €310,388 thousand available.
- FonCaixa Empresas 1, FTA, time deposit for the amount of €679,895 thousand.
- FonCaixa Empresas 2, FTA, time deposit for the amount of €682,075 thousand.
- Caixa Preference SAU subordinated deposit for the amount of €3,000 million (see Note 20.4).
- Sale of assets of VidaCaixa, SA de Seguros y Reaseguros, under repurchase agreement with a balance of €10,317,710 thousand at December 31, 2011. Additionally, a reverse asset repurchase agreement carried out by CaixaBank for the amount of €1,240,880 thousand, and VidaCaixa held a time deposit at CaixaBank for the amount of €9,093,621 thousand. VidaCaixa also had other time deposits, with a balance of €600,000 thousand, and acquired mortgage covered bonds and bond for an amount of €1,513,550 thousand.

At December 31, 2012, there was no evidence of impairment to the value of the financial assets or the guarantees or contingent commitments held with “key management personnel and executives.”

The balances of loans at December 31, 2012 and 2011 arranged with serving Directors and Senior Executives at these two dates have an average maturity of 24.20 and 25.18 years, respectively, and bear interest at an average rate of 2.16% and 2.18%, respectively.

Financing provided in 2012 to serving directors and senior executives serving at December 31, 2012 and 2011 amounted to €3,210 thousand and €3,084 thousand, respectively, with an average maturity period of 3.84 and 4.83 years, earning interest at an average rate of 0.73% and 2.00%, respectively.

Description of the relationship between ”la Caixa” and CaixaBank

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, ”la Caixa” and CaixaBank signed an internal relations protocol on 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.

40. Other disclosure requirements

40.1. Customer Ombudsman and Customer Care Service

The report on the customer care service for 2012 is summarized below. This report describes the outcome of the claims and complaints ("complaints") handled by the Customer Care Service of Caja de Ahorros y Pensiones de Barcelona and CaixaBank.

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

Complaints received by the CaixaBank Customer Care Service (01/01/2012 to 31/12/2012)

Type of resolution					
Resolved in the customer's favor	Resolved via withdrawal, agreement or order	Resolved in favor of CaixaBank	Not resolved and pending reply	Not admitted for consideration	Total
2	10	70	15	14	111

Payments amounting to €29 thousand were made in 2012.

Of CaixaBank companies operating the Customer Care Service Regulations, it should be reported that three complaints were received from VidaCaixa, SA de Seguros y Reaseguros in 2012.

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

By complainant

Member entities	Number of complaints 2012
CaixaBank, SA	5,128
VidaCaixa Adeslas, SA de Seguros Generales y Reaseguros	293
VidaCaixa, S.A. Seguros y Reaseguros	88
Finconsum, EFC, SA	10
CaixaRenting, SA	4
InverCaixa Gestión, SGIIC, SA	10
Nuevo Micro Bank, SAU	4
Total	**5,537**

By type of resolution

Type of resolution	Number of complaints 2012
Upheld (totally or partially)	509
Rejected	1,338
Irrelevant	1,762
Waived by customer	16
Pending resolution	1,826
Referred to Customer Care Service	86
Total	**5,537**

Other internal channels for submission of complaints

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

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

	Number of complaints
Free customer care telephone service	8.664
Letters to the CEO	8.261
Internet portal	9.002
Total	**25.927**

40.2. Environmental information

With society increasingly aware of the need to protect the environment in which we live and do business and as part of our continuous improvement policy, CaixaBank has implemented an environmental management system in accordance with European regulation EMAS 1221/2009 and ISO standard 14001 to guide its environmental protection and preservation actions.

For CaixaBank, mainstreaming an EMS is the best way to ensure that we meet the environmental requirements of all our stakeholders and comply with prevailing legislation, providing a better service to customers to guarantee the continuous improvement of our Organization.

CaixaBank’s new environmental policy, drafted and approved in February 2012 following the Institution’s restructuring in 2011, is instrumented through its Environment Committee, which ensures that all business is conducted in due consideration of the environment, and actively encourages awareness and participation among the Institution’s stakeholders. The main differences from the previous environmental policy include CaixaBank’s embracement of the Equator Principles and the United Nations Global Compact, the commitment to promote environmentally-friendly technologies, the inclusion of environmental criteria in its products and services and the support of initiatives to combat climate change.

Our commitment extends to employees and the companies that work with us, but it must also provide an extra benefit to our customer relations.

In 2012, a number of initiatives were undertaken that directly affect efficiency in consumption and employee awareness raising.

Efficiency actions, geared largely towards the impact of the business on energy usage, included completing the replacement of PCs with higher-efficiency equipment, changing power switches for different peripherals, installing condenser batteries or moving the Data Processing Center from the headquarters to a new site with more efficient installations.

Regarding paper usage, the “Ready to Buy” service was reinforced and extended in the branch network, whereby customers can sign contracts though Línea Abierta rather than having to go to the office and sign the related paper copies. Other milestones in 2012 include the reduction of paper usage at our headquarters.

Steps to raise employee awareness in 2012 included updating the Best Practices Guide to include activities carried out by branches in the regional network and more information for employees on CaixaBank’s to achieve its environmental targets.

In addition to these efforts and aware that our business has an impact on the environment, CaixaBank offset the CO_2 emissions generated through five institutional events: The 2012 Managers Convention, the CaixaBank 2012 Extraordinary Shareholders’ Meeting, the CaixaBank Annual General Meeting, the Bondholders’ General Assembly, and Employees 25-35 years Event, participating in two projects involving the substitution of fuel for biomass in Brazil, with a total of 383 Tn of CO_2 offset.

40.3. Disclosures required under the Mortgage Market Law

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 especially secured, with no need for registration, by mortgages on all the bonds registered in favor of the Institution, without prejudice to liability of the Institution’s assets.

   The securities include credit rights for holders vis-à-vis the Institution, guaranteed as stated in the preceding paragraphs, and entail execution to claim payment for the issuer after they mature. The holders of these securities are considered to be creditors with special preference, as stipulated in section 3 of Article 1,923 of the Civil Code, vis-à-vis any other creditor, in relation to the total mortgage credits and loans registered in favor of the issuer. All holders of bonds, irrespective of their date of issue, have the same seniority over the loans and credits which guarantee the bonds.

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

   - Relationship between the sum of loans and credits and the appraisal value of the mortgaged asset.
   - Relationship between the borrower’s debt and the income of the borrower, 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 owned on the securities issued.
- Proper procedures for the selection of appraisers.

2. Information concerning mortgage market issues

The table below shows the nominal value of mortgage covered bonds issued by CaixaBank and outstanding at December 31, 2012 and 2011:

Mortgage covered bonds issues

(Thousands of euros)

	31/12/2012	31/12/2011
Mortgage covered bonds issued in public offers (debt securities)	**38,470**	**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	38,470	968,470
Residual maturity between 5 and 10 years		1,143,282
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**64,323,164**	**34,694,217**
Residual maturity up to 1 year	3,800,792	1,649,200
Residual maturity between 1 and 2 years	5,568,000	3,727,286
Residual maturity between 2 and 3 years	4,508,602	5,568,000
Residual maturity between 3 and 5 years	9,502,500	9,150,152
Residual maturity between 5 and 10 years	19,250,000	10,602,500
Residual maturity over 10 years	21,693,270	3,997,079
Deposits	**11,959,061**	**2,332,568**
Residual maturity up to 1 year	1,995,628	191,122
Residual maturity between 1 and 2 years	1,797,341	166,936
Residual maturity between 2 and 3 years	2,032,837	691,463
Residual maturity between 3 and 5 years	2,313,889	392,130
Residual maturity between 5 and 10 years	2,371,161	538,510
Residual maturity over 10 years	1,448,205	352,407
Total	**76,320,695**	**39,706,142**
Of which: repurchases (shown as a reduction of the liability)	31,754,380	548,985

The increase in the nominal value of the total mortgage covered issued and those not recognized under liabilities is due mainly to two factors. The first is the impact of the business combination with Banca Cívica, which increased the total value of mortgage covered bonds issued and those not recognized under liabilities by €15,844 million and €5,700 million, respectively. The second is the prudent measures adopted by CaixaBank in 2012 to deal with potential liquidity pressures or market crises. Specifically, in 2012 CaixaBank issued €25,700 million of mortgage covered bonds, of which €24,500 million were repurchased to increase the liquid assets pledged to the ECB (see Note 3.3).

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

Mortgage participations issued

(Thousands of euros)

	31/12/2012	31/12/2011
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	**23,763**	**556,859**
Residual maturity up to 3 years	642	6,977
Residual maturity between 3 and 5 years	1,082	10,488
Residual maturity between 5 and 10 years	5,549	52,852
Residual maturity over 10 years	16,490	486,543
Total	**23,763**	**556,859**

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

Mortgage transfer certificates issued

(Thousands of euros)

	31/12/2012	31/12/2011
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	**5,111,623**	**17,929,962**
Residual maturity up to 3 years	117,819	246,607
Residual maturity between 3 and 5 years	850,195	479,687
Residual maturity between 5 and 10 years	194,371	2,798,001
Residual maturity over 10 years	3,949,238	14,405,667
Total	**5,111,623**	**17,929,962**

In 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 was the main reason for the reduction in the mortgage participations and mortgage transfer certificates 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 calculating the mortgage covered bonds issue limit, is as follows:

Mortgage loans. Eligibility and accountability in relation to the mortgage market
(Thousands of euros)

	31/12/2012	31/12/2011
Total loans	**148,230,936**	**119,928,336**
Mortgage participations issued	**109,310**	**2,048,837**
Of which: On balance sheet loans	*23,763*	*556,859*
Mortgage transfer certificates issued	**5,121,010**	**17,929,962**
Of which: On balance sheet loans	*5,111,623*	*17,929,962*
Mortgage loans pledged in guarantee for financing received		
Loans backing mortgage bonds issues and covered bond issues	**143,000,616**	**99,949,537**
Non-eligible loans	**42,538,216**	**48,239,349**
Meet eligibility requirements, except for limits established in article 5.1. of Royal Decree-Law716/2009, of April 24	12,225,526	9,174,350
Other	30,312,690	39,064,999
Eligible loans	**100,462,400**	**51,710,188**
Non-computable amounts	352,417	147,932
Computable amounts	100,109,983	51,562,256
Loans backing mortgage bond issues		
Loans suitable for backing mortgage bond issues	*100,109,983*	*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)

	31/12/2012		31/12/2011	
	Total portfolio of loans and credits	**Total portfolio of eligible loans and credits**	**Total portfolio of loans and credits**	**Total portfolio of eligible loans and credits**
By source	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Originated by the entity	141,656,551	99,460,022	99,648,258	51,574,004
Assumed from other entities	361,380	291,972	281,990	128,996
Other	982,685	710,406	19,289	7,188
By currency	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Euro	142,790,561	100,399,757	99,719,861	51,680,814
Other currencies	210,055	62,643	229,676	29,374
By payment situation	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Normal	123,861,316	97,990,970	90,497,352	50,769,346
Other	19,139,300	2,471,430	9,452,185	940,842
By average residual maturity	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Up to 10 years	24,561,818	13,306,521	15,164,996	3,446,931
From 10 to 20 years	40,598,593	30,351,400	23,643,454	11,708,235
From 20 to 30 years	63,595,210	47,489,885	50,269,850	30,916,963
Over 30 years	14,244,995	9,314,594	10,871,237	5,638,059
By type of interest rate	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Fixed	6,557,176	3,824,132	634,328	116,284
Variable	135,957,469	96,230,225	98,949,243	51,364,545
Mixed	485,971	408,043	365,966	229,359
By holder	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Natural persons and business entities	48,925,602	23,600,123	31,472,698	7,321,001
Of which: Real estate developers	18,103,122	8,307,130	16,834,726	4,109,456
Other individuals and not-for-profit institutions	94,075,014	76,862,277	68,476,839	44,389,187
By collateral	**143,000,616**	**100,462,400**	**99,949,537**	**51,710,188**
Finished assets / buildings	**131,689,416**	**97,314,845**	**90,120,015**	**50,094,300**
Homes	115,343,584	89,368,979	81,974,507	49,505,932
Of which: Subsidiezed housing	*5,266,239*	*4,702,056*	*3,045,371*	*2,041,116*
Commercial	5,536,912	3,223,716	2,626,330	225,799
Other	10,808,920	4,722,150	5,519,178	362,569
Assets / buildings under construction	**4,716,256**	**2,125,954**	**5,205,936**	**753,335**
Homes	4,062,411	1,921,607	4,650,318	744,804
Of which: Subsidiezed housing	*305,625*	*117,417*	*457,445*	*18,838*
Commercial	107,784	44,883	51,945	1,234
Other	546,061	159,464	503,673	7,298
Land	**6,594,944**	**1,021,601**	**4,623,586**	**862,552**
Built	3,540,912	883,798	3,279,942	768,976
Other	3,054,032	137,803	1,343,644	93,576

CaixaBank's portfolio of eligible loans and credits for use as the basis for calculating the limit for issues of mortgage covered bonds at December 31, 2011 totaled €51,710 million, and may be immediately increased by the Institution to €72,708 million. In 2012, CaixaBank decided to expand its issuance capacity by taking 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 RD 716/2009, of April 24. The increase in CaixaBank's portfolio of eligible loans and credits in 2012 is due mainly to this measure and to the business combination with Banca Cívica, which led to an increase of €22,369 million. CaixaBank's portfolio of eligible loans and credits for the purposes calculating the limit for issues of mortgage covered bonds at December 31, 2012 totaled €100,110 million.

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

Available mortgage loans and credits
(Thousands of euros)

	31/12/2012	31/12/2011
Potentially eligible	15,637,916	6,953,962
Not eligible	3,958,975	10,753,321
Total	**19,596,891**	**17,707,282**

The nominal value 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)

	31/12/2012	31/12/2011
Not eligible: Meet eligibility requirements, except for limits established in article 5.1. of R.D. 716/2009	12,225,526	9,174,350
Not eligible: Other	30,312,690	39,064,999
Total	**42,538,216**	**48,239,349**

The table below shows the breakdown of eligible mortgage loans and credits tied to CaixaBank's mortgage covered bond issues at December 31, 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)

	31/12/2012	31/12/2011
Mortgage on homes	**90,360,565**	**50,284,055**
Transactions with LTV below 40%	21,117,618	6,374,268
Transactions with LTV between 40% and 60%	31,938,494	16,384,966
Transactions with LTV between 60% and 80%	37,304,453	27,524,820
Transactions with LTV over 80%		
Other assets received as collateral	**10,101,835**	**1,426,133**
Transactions with LTV below 40%	4,517,847	367,591
Transactions with LTV between 40% and 60%	5,142,673	917,647
Transactions with LTV over 60%	441,315	140,895
Total	**100,462,400**	**51,710,188**

At December 31, 2012 and 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, are shown below:

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

(Thousands of euros)	31/12/2012	
	Eligible loans	**Non-eligible loans**
Balance at January 1	**51,710,188**	**48,239,349**
Reductions in the year	**7,792,565**	**25,683,493**
Cancellations on maturity	12,648	376,632
Early cancellation	62,146	732,017
Assumed by other entities	2,731	8,417
Other	7,715,040	24,566,427
Additions in the period	**56,544,777**	**19,982,360**
Originated by the entity	15,944,394	5,011,015
Subrogated from other entities	12,871	5,247
Business combinations	22,368,987	14,753,201
Other	18,218,525	212,897
Balance at December 31	**100,462,400**	**42,538,216**

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 December 31, 2012 and 2011 is as follows:

(Thousands of euros)		**31/12/2012**	**31/12/2011**
Bearer mortgage covered bonds		64,361,634	37,373,573
Non-bearer mortgage covered bonds placed as customer deposits		11,048,111	1,325,000
Non-bearer mortgage covered bonds issued by credit institutions		910,950	1,007,569
Mortgage covered bonds issues	**(A)**	**76,320,695**	**39,706,142**
Total outstanding mortgage loans and credits (*)		148,230,936	119,928,336
Mortgage participations issued		(109,310)	(2,048,837)
Mortgage transfer certificates issued		(5,121,010)	(17,929,962)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**143,000,616**	**99,949,537**
Collateralization:	**(B)/(A)**	**187%**	**252%**
Overcollateralization:	**[(B)/(A)]-1**	**87%**	**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 CaixaBank to strengthen its liquidity position in order to face potential pressures or market crises.

Therefore, the increase in mortgage covered bonds is due mainly to issues by CaixaBank in 2012 for the amount of €24,500 million. These issues were repurchased by CaixaBank and used to increase the liquid assets pledged to the ECB. The degree of collateralization at December 31, 2012, excluding the €24,500 million issued and repurchased by CaixaBank to strengthen the liquidity and that the CaixaBank Group may redeem just as soon as market stress eases, would be 276% (overcollateralization level of 176%).

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.

Last, the business combination with Banca Cívica led to an increase in the mortgage bonds issued and the portfolio of loans and credits used as collateral.

CaixaBank's liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the policy, and the balance that can be drawn on the credit facility with the ECB increased from €20,948 million at December 31, 2011 to €53,092 million at December 31, 2012. The €32,594 million increase is due mainly to the application of the measures described above (see Note 3.3).

Appendix 1

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Aris Rosen, SAU Services	Av. Diagonal, 621-629 08029 Barcelona	100.00	15	741	4,363	5,021
Arquitrabe activos, SL Holder of property assets	Plaza Santo Domingo de Guzmán, 1 2º Burgos	100.00	98,431	(31,516)	(2,631)	33,216
Banca Cívica servicios 2011, SL Investment holding and business consultancy	Paseo de Recoletos, 37 28004 Madrid	100.00	2,369	(3,834)	297	6,369
Banca Cívica Vida y Pensiones Sociedad de seguros, SA Insurance, reinsurance and pensions funds	Av. Carlos III, 8 31002 Pamplona Navarre	56.69	20,780	63,494	26,750	154,308
Biodiesel Procesing, SL Research, creation, development and sale of biofuel manufacturing projects	Plaza de la Libertad, s/n (Casa del Cordón) 09004 Burgos	85.99	745	-	-	-
BuildingCenter, SAU Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	750,060	347,437	(356,962)	258,869
Caixa Capital Biomed, S.C.R de Régimen Simplificado, S.A. Venture capital management	Av. Diagonal, 613 3er A 08028 Barcelona	90.91	16,500	(6)	(3,089)	12,148
Caixa Capital Micro, SCR de Régimen Simplificado, SAU Venture capital management	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	8,000	(269)	(115)	7,693
Caixa Capital Risc, SGECR, SA Venture capital management	Av. Diagonal, 613 3er A 08028 Barcelona	99.99	1,000	1,362	361	2,616

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Caixa Capital Semilla, SCR de Régimen Simplificado, SA Venture capital management	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	13,290	3,631	(760)	17,512
Caixa Capital TIC SCR de Régimen Simplificado, SA Venture capital management	Av. Diagonal, 613 3er A 08028 Barcelona	80.65	20,001	1,880	(1,093)	16,434
Caixa Card 1 EFC, SA Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	161,803	169	1,986	161,980
Caixa Corp, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	361	219	(6)	585
Caixa Emprendedor XXI, SA Development of business and entrepreneurial initiatives	Av. Diagonal, 613 3er B 08028 Barcelona	100.00	20,000	14,797	(661)	34,500
Caixa Innvierte Industria SCR de Regimen Simplificado, SA Venture capital management	Av. Diagonal, 613 3r A 08028 Barcelona	52.17	5,750	(9)	(300)	3,000
Caixa Preference, SAU Finance	Av. Diagonal 621-629 08028 Barcelona	100.00	60	2,109	10	3,047
CaixaBank Electronic Money, EDE, SL Payment entity	Gran Via Carles III, 84-98 08028 Barcelona	100.00	350	200	199	550
CaixaRenting, SAU Vehicle and machinery rentals	Gran Via de Carles III, 87 08028 Barcelona	100.00	10,518	25,693	3,821	31,680
Caja San Fernando Finance, SA Finance	Plaza San Francisco, 1 41004 Seville	100.00	60	33,161	(1,680)	33,221

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Cajasol inversiones de capital, SAU Venture capital	Plaza de Villasís, 2 41003 Seville	100.00	100,000	63,736	(4,228)	160,066
Cajasol participaciones preferentes, SAU Finance	Plaza De San Francisco, 1 41004 Seville	100.00	60	375	9	159
CAN Mediación, Operador de banca-seguros vinculado, SLU Insurance consultancy	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	90	141	96	231
CAN Seguros de salud, SA Direct insurance, except life, and reinsurance	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	-	-	(213)	2,694
Canaliza 2007, SL Business advisory and consultancy services	La Alhóndiga (Plaza del Vínculo), 6 1º derecha 31002 Pamplona Navarre	100.00	60	328	(558)	-
Centro Médico Zamora, SAU Rendering of medical services	Av. Diagonal, 611 2on A 08028 Barcelona	100.00	324	109	(16)	355
Club baloncesto Sevilla, SAD Promotion and developing of sports activities	Palacio Municipal De Deportes - C/ Dr. Laffon Soto s/n 41007 Seville	99.99	2,514	3,853	(2,379)	3,509
Corporación empresarial Cajasol, SAU Holding company. Consulting and administration service.	Plaza de Villasís, 2 41003 Seville	100.00	300,000	201,701	(113,191)	319,058
Corporación Hipotecaria Mutual, EFC, SA Mortgage credit	Av. Diagonal, 611 2on A 08028 Barcelona	100.00	3,005	77,630	1,521	81,987

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Credifimo Mortgage credit	Paseo de Recoletos, 27 28004 Madrid	100.00	70,415	(158,312)	(4,607)	-
El monte capital, SA Finance	Plaza de Villasis, 2 41003 Seville	100.00	60	176	41	107
El monte finance, SA Finance	Plaza de la independencia, 9. Entresuelo Dcha 28001 Madrid	100.00	60	166	-	227
El monte participaciones preferentes, SA Finance	Plaza de Villasís, 2 41003 Seville	100.00	60	123	(78)	-
e-la Caixa, SA Electronic channel management	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	13,670	15,437	1,459	21,144
Finconsum, EFC, SA Consumer finance	Gran Via Carles III, 87, baixos 1er. B 08028 Barcelona	100.00	126,066	5,882	14,133	123,000
GDS-CUSA, SA Services	Provençals, 39 planta 2 08019 Barcelona	100.00	1,803	5,929	1,215	2,862
General de Inversiones Tormes, SA Real estate investment	Av. Diagonal, 611 08028 Barcelona	100.00	5,000	4,437	(54)	11,072
GestiCaixa, SGFT, SA Securitization fund management	Pere i Pons, 9-11 9è 3ª Edifici Màsters 08034 Barcelona	91.00	1,502	300	1,839	2,630
Hermenpo Eólica, SL Real estate promotion, management, construction and sale	Plaza de la Libertad, s/n (Casa del Cordón) 09004 Burgos	100.00	3,532	2,338	(1)	5,671

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
HipoteCaixa 2, SL Mortgage loan management company	Av. Diagonal, 611 08028 Barcelona	100.00	3	201,081	1,455	173,843
Hiscan Patrimonio, SL Holding company for industrial stakes	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	46,867	256,470	(194)	383,900
Holret, SAU Real estate services	Av. Diagonal, 621-629 Torre II Pl. 8 08028 Barcelona	100.00	156,433	32,568	12,703	202,396
InverCaixa Gestión, SGIIC, SA Management of collective investment institutions	Av. Diagonal, 621-629 Torre II Pl. 7 08028 Barcelona	100.00	81,910	20,237	16,088	89,350
Inversiones Corsan 99 Simcav, SA Investment company	María de Molina, 6 28006 Madrid	67.53	4,651	(1,986)	14	1,822
Inversiones Inmobiliarias Oasis Resort, SL Services	Av. Del Mar, s/n (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	8,356	8,852	(1,236)	10,655
Inversiones Inmobiliarias Teguise Resort, SL Services	Av. Del Jablillo, 1 (Hotel Teguise Playa) (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	7,898	8,632	623	11,218
Hospital cleaning and maintenance Cleaning services for offices, businesses and hospitals	Av. Diagonal, 611 2on A 08028 Barcelona	100.00	3	-	-	15
Lince servicios sanitarios, SAU Health care services	Av. Diagonal, 611 08028 Barcelona	100.00	660	2,092	(132)	2,868

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Negocio de Finanzas e Inversiones II, SL Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	6	38,363	493	38,367
Nuevo MicroBank , SAU Financing of micro-credits	Juan Gris, 10-18 08014 Barcelona	100.00	90,186	32,524	15,877	90,186
Parque Isla Mágica, SA Operation of theme park	Isla de la Cartuja Pabellón de España 41092 Seville	82.78	22,822	(4,302)	(4,676)	1,085
PromoCaixa, SA Product marketing	Av. Carles III 105 1ª pl. 08028 Barcelona	99.99	60	1,561	133	1,644
Puerto Triana, SA Real estate developer specialized in shopping center	Av. Inca Garcilaso s/n, Edificio Expo-WTC 41092 Seville	100.00	44,290	(5,590)	(12,389)	41,008
Saldañuela residencial, SL Real estate	Ctra. de Soria s/n, Palacio de Saldañuela Burgos	67.00	24,859	8,563	(28)	44,545
Sercapgu, SL Real estate holding company	Av. Eduardo Guitián, 11 19002 Guadalajara	100.00	4,230	(10,821)	(1,131)	632
Servicio de Prevención Mancomunado del Grupo la Caixa, CB Health and safety advisory and prevention	Gran Via Carles III, 103 08028 Barcelona	83.33	25	-	-	20
Silc Immobles, SA Real estate management and administration	Av. Diagonal, 621-629 08028 Barcelona	0.00	40,070	105,932	53	-
Silk Aplicaciones, SL Provision of IT services	Av. Diagonal, 621-629 08028 Barcelona	100.00	15,003	99,602	1,132	176,211

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Suministros Urbanos y Mantenimientos, SA Project management, maintenance, logistics and procurement	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	1,803	1,872	903	2,053
Tenerife desarrollo exterior Promotion of economic activities	Plaza Patriotismo s/n Santa Cruz de Tenerife Tenerife	100.00	60	34	-	94
Trade Caixa I, SA Administrative and advisory services	Av. Diagonal, 611 2on B 08028 Barcelona	100.00	5,000	1,778	138	6,716
VidaCaixa Grupo, SA Holding company	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona	100.00	930,729	1,701,729	956,674	3,127,398

(C) Quoted companies. Latest publicly-available data at the date of preparation of the notes to these consolidated financial statements.
Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income	Cost of direct ownership interest (net)
Banco BPI, SA (C) Banking	Rua Tenente Valadim, 284 4100 476 Oporto Oporto Portugal	46.22	45,184,375.00	43,348,270	1,190,000	804,827	117,057	2,011,977	613,516
Boursorama, SA (C) Direct Banking	18, Quai du Point du Jour 92659 Boulogne-Billancourt France	1.33	4,579,365.00	3,856,937	35,133	560,760	18,804	148,794	11,092
Cajacanarias aseguradora de vida y pensiones Insurance	Plaza Patriotismo s/n Santa Cruz de Tenerife Tenerife	50.00	105,856.00	78,575	6,912	11,059	9,044	32,021	29,930
Cajasol seguros generales Insurance	Plaza de San Francisco, 1 41004 Seville	50.00	72,650.00	49,621	7,392	(32)	3,109	27,092	37,779
Cajasol vida y pensiones de seguros y reaseguros, SA Life insurance	Plaza de San Francisco, 1 41004 Seville	50.00	171,306.00	116,393	22,915	16,245	15,827	21,554	55,300
CAN Seguros generales, SA Direct insurance, except life, and reinsurance	Av. Carlos III, 8 31002 Pamplona Navarre	50.00	33,756.00	21,376	9,015	1,925	2,095	16,774	20,342
Ceder Sierra De Cádiz, SA Business promotion in the Sierra de Cádiz	Castillo-Palacio Los Ribera, Plaza Alcalde José Gon 11640	50.00	-	-	219	(202)	-	-	5
Celeris, servicios financieros, SA EFC Financial services	Juan Esplandiu, 13 Planta C-1 Madrid	26.99	365,362.00	307,353	84,940	1,599	(28,530)	57,952	-
Cementiri de Girona, SA Funeral services	Plaça del Ví, 1 17004 Gerona	30.00	1,857.00	1,150	613	126	(32)	27	217
Centro de transportes aduana de Burgos, SA Merchandise storage and handling. Operation of customs warehousing authorization from a free zone	Ctra. Madrid-Irún, Km 245 09007 Villafría Burgos	22.96	15,928.00	7,435	4,461	3,277	126	2,660	140

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income	Cost of direct ownership interest (net)
Cobros y gestiones canarias, SA Collection management	Plaza Weyler, 4 2º D Santa Cruz de Tenerife Tenerife	20.00	347.00	266	60	14	7	839	-
Cultivos in vitro de Tenerife, SA Farming	Plaza Esperanza, Edificio Cabildo Tacoronte 38350 Santa Cruz de Tenerife Tenerife	49.00	1,856.00	196	300	1,303	57	1,350	897
Edicions 62, SA Book publishing	Peu de la Creu, 4 08001 Barcelona	30.13	57,865.00	34,126	20,277	1,023	2,439	5,960	6,161
Erste Group Bank AG (C) Banking	Graben, 21 01010 Vienna Austria	9.93	216,990,000.00	200,590,000	2,547,000	10,155,700	597,300	8,338,100	980,601
GDS-Risk Solutions, Correduría de Seguros, SL Insurance brokerage	Via Augusta, 252-260 6è 08017 Barcelona	20.00	17,061.00	15,630	30	8	1,393	-	3,756
Gestión de aguas de Alcolea, SA Engineering and concessions	Av. Martín Alonso Pinzón, 11 21003 Huelva	49.00	39.00	-	60	(20)	(1)	-	20
Gestión de cobros y asesoramiento, SA Collection of unpaid loans	José de la Cámara, 5 3º 41018 Seville	20.00	1,250.00	848	36	37	329	4,158	-
Girona, SA Integrated water distribution	Travesia del Carril, 2 6è 2ona 17001 Gerona	34.22	5,669.00	162	1,200	3,579	728	1,175	1,642
Grupo Financiero Inbursa, SAB de CV (C) (**) (1) Banking	Paseo de las Palmas, 736 11000 Lomas de Chapultepec Mexico D.F. Mexico	20.00	322,448,279.00	247,047,022	27,582,215	68,139,421	5,382,300	29,625,259	1,608,173
Ircio inversiones, SL Develoment of industrial buildings	Vitoria, 2 Miranda de Ebro Burgos	35.00	-	-	675	(1,136)	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income	Cost of direct ownership interest (net)
IT Now, SA IT services	Av. Diagonal, 615 08028 Barcelona	49.00	35,453.00	32,377	3,382	12	(318)	42,061	1,663
Monty & Cogroup, SL Transfer reception	Marqués de Villamejor, 5 2ª planta Burgos	27.63	1,609.00	1,193	27	9	405	62	252
Oesia Networks, SL IT and defence electronics consulting	Edificio Biscay TIK. Av. Zugazarte, 31 48930 Getxo Vizcaya	6.29	217,454.00	218,571	1,269	105	(21,491)	140,722	-
Parque científico tecnológico de Córdoba, SL Science park operation and management	Av. Gran Capitán, 46 3ª Oficina 8 14001 Córdoba	15.49	-	-	20,558	(7,171)	(74)	-	7,059
Polígon Industrial Girona, SA Real estate development	Farigola, 11 17457 Riudellots de la Selva Gerona	39.18	16,673.00	9,041	6,712	417	503	1,415	2,697
Promociones al desarrollo Bumari, SL Holding company	Plaza de la Libertad, s/n 09004 Burgos	48.00	4,219.00	9	6,386	(2,054)	(122)	(6)	-
Repsol, SA (C) Oil and gas market operation	Paseo de la Castellana, 278-280 28046 Madrid	12.46	-	-	1,256,179	23,866,000	1,796,000	-	3,337,391
Self Trade Bank, SA Banking	Marqués de Urquijo, 5 28008 Madrid	49.00	163,926.00	88,436	86,658	(11,268)	100	8,928	38,175
Telefónica Factoring do Brasil, LTDA Factoring	Rua Desembragador Eliseu Guilherme, 69 pt. E 04004-(Paraíso - Sao Paulo Brazil	20.00	194,302.00	146,301	5,000	20,964	22,037	56,828	2,029
Telefónica Factoring EFC, SA Factoring	Zurbano, 76 pl. 8 28010 Madrid	20.00	165,561.00	152,390	5,109	1,643	6,419	26,057	2,525

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income	Cost of direct ownership interest (net)
The Bank of East Asia, LTD (C) (2) Banking	10, des Voeux rd. Hong Kong China	16.38	641,487,000.00	586,601	5,250,000	39,362,000	2,988,000	13,172,000	1,197,494

(C) Quoted companies. Latest publicly-available data at the date of preparation of the notes to these consolidated financial statements.
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Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS
(**) Public data under Mexican GAAP
(1), (2) All data except the cost of the stake are in local currency; (1) Mexican peso. (2) Hong-Kong dollar

Joint ventures (jointly controlled entities)

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Anira Inversiones, SL Equity investments in other companies	Paseo de la Castellana, 89 28046 Madrid	30.00	41,500	(5,254)	(3,185)	10,605
Banco europeo de finanzas, SA Activities of a wholesale or investment bank	Severo Ochoa, 5 29590 Malaga	39.52	60,702	20,559	604	32,057
Cartera Perseidas, SL Holding company	Paseo de recoletos, 29 28004 Madrid	40.54	59,900	15,530	2,398	36,278
Comercia Global Payments, Entidad de Pago, SL Payment entity	Provençals, 39 (Torre Pujades) 08019 Barcelona	49.00	4,425	12,591	26,940	104,403
Compañia andaluza de rentas e inversiones, SA Investment administration and ownership	Plaza San Francisco, 1 41001 Seville	46.61	88,517	4,504	2,139	45,165
Gestur CajaCanarias inversiones y desarrollo, SA Real estate	Robayna, 25 Santa Cruz de Tenerife Tenerife	49.00	19,000	(17,514)	(103)	728
Global Uninca, SA Real estate development	Ocaña, 1 45004 Toledo	50.00	12,000	(5,669)	14	1,539
Infocaja, AIE IT project development	Ramírez de Arellano, 35 Madrid	20.00	700	-	-	-
Inversiones Alaris, SA Holding company	Av. Carlos III, 8 31002 Pamplona Navarre	33.33	34,312	(46,452)	(178)	-

Joint ventures (jointly controlled entities)

(2 / 2)

(Thousands of euros)

Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Laxmi Nivaria, SL Securities holding company	Plaza Patriotismo s/n Santa Cruz de Tenerife Tenerife	50.03	4	-	-	-
Liquidambar inversiones financieras, SL Investment administration and ownership	Paseo Recoletos, 29 28004 Madrid	26.70	130,800	(54,107)	(9,762)	16,761
Madrigal Participaciones, SA Short-term investment in profitable financial instruments	María de Molina, 3 Valladolid	14.30	126,000	(18,428)	770	15,388

(C) Quoted companies. Latest publicly-available data at the date of preparation of the notes to these consolidated financial statements.
Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS

Appendix 2

Tax credit for reinvestment of extraordinary profit

Profit qualifying for the tax credits set forth in article 42 of Royal Decree-Law 4/2004, of March 5, approving the consolidated text of the Corporation Tax Law:

(Thousands of euros)	CaixaBank				Banca Cívica		
Year	Income qualifying	Amount used	Tax credit (1)	Year of reinvestment	Income qualifying	Tax credit	Year of reinvestment
2007	18,684	617,639	123,526	2007	33,298	3,706	2006 and 2007
2008	1,797	544,763	108,806	2008	13,204	435	2007 and 2008
2009	12,458	12,458	1,495	2009	73,665	12,019	2008 and 2009
2010	368,883	368,883	44,266	2010	76,824	6,023	2010
2011	9,875	9,875	1,185	2011	69,242	8,309	2011

Note: Includes amounts of ”la Caixa” for years prior to 2011.

(1) There are unused tax credits due to a shortage of taxable income in the consolidated income tax return.

In 2011, CaixaBank and Banca Cívica obtained profit eligible for tax credits of €9,875 thousand and €69,242 thousand, respectively. Investments by companies in their respective tax groups reported were enough to claim the entire credit.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on tangible assets, intangible assets and investment properties relating to the business activity. Banca Cívica’s assets are earmarked to meet the Group’s investment commitments.

Appendix 3

Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2012

(Article 155 of the Corporate Enterprise Act and article 53 of Spanish Securities Market Law 24/1998).

Following the takeover and absorption of Banca Cívica announced in the significant notice filed on August 3, 2012, CaixaBank holds (direct or indirect) the following voting rights:

Company	Voting rights
Adveo Group International, SA	5.065%
Amper, SA	5.100%
Campofrío Food Group, SA	4.173%
Cie Automotive, SA	5.000%
Construcciones y Auxiliar de Ferrocarriles, SA	3.010%
Deoleo, SA	5.960%
Dinamia Capital Privado, SCR	7.519%
Fluidra, SA	7.999%
General de Alquiler de Maquinaria, SA	9.326%
Tubacex, SA	8.830%

Similarly, on December 5, 2012, all the shares of Dinamia Capital Privado, SCR held by Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, SAU were sold to Cajasol Inversiones de Capital, SAU, SCR. Both of these companies are controlled by CaixaBank. Therefore, CaixaBank still holds 7.519% of the voting rights of Dinamia Capital Privado, SCR.

Appendix 4

BANCA CÍVICA BALANCE SHEET

At June 30, 2012, in thousands of euros

(Thousands of euros)

	Amount
Assets	
Cash and balances with central banks	830,524
Financial assets held for trading	208,181
Other financial assets at fair value through profit or loss	
Available-for-sale assets	6,814,582
Debt securities	*6,106,644*
Equity instruments	*707,938*
Loans and receivables	55,573,661
Loans and advances to credit institutions	*2,600,181*
Loans and advances to customers	*49,837,473*
Debt securities	*3,136,007*
Held-to-maturity investments	4,529,807
Hedging derivatives	707,318
Non-current assets held for sale	240,695
Participaciones	2,374,698
Associates	*100,606*
Jointly controlled entities	*201,848*
Subsidiaries	*2,072,244*
Tangible assets	996,765
Intangible assets	2,275
Tax assets	2,032,805
Other assets	182,682
Total assets	**74,493,993**
Financial liabilities held for trading	135,915
Financial liabilities at amortized cost	70,371,924
Deposits from central banks and credit institutions	*18,396,231*
Customer deposits	*45,111,167*
Marketable debt securities	*3,593,342*
Subordinated liabilities	*2,875,717*
Other financial liabilities	*395,467*
Hedging derivatives	377,439
Provisions	908,993
Tax liabilities	389,596
Other liabilities	153,739
Total liabilities	**72,337,606**
Total equity	**2,156,387**
Total equity and liabilities	**74,493,993**

Appendix 5

BANCA CÍVICA BALANCE SHEET

At December 31, 2011, in thousands of euros

(Thousands of euros)

	Amount
Assets	
Cash and balances with central banks	879,975
Financial assets held for trading	357,163
Other financial assets at fair value through profit or loss	2,771
Available-for-sale assets	5,747,264
Debt securities	*4,915,475*
Equity instruments	*831,789*
Loans and receivables	56,976,018
Loans and advances to credit institutions	*2,323,231*
Loans and advances to customers	*50,953,969*
Debt securities	*3,698,818*
Held-to-maturity investments	1,290,473
Hedging derivatives	686,063
Non-current assets held for sale	998,748
Participaciones	1,333,871
Associates	*100,011*
Jointly controlled entities	*201,849*
Subsidiaries	*1,032,011*
Tangible assets	1,236,543
Intangible assets	25,527
Tax assets	1,752,627
Other assets	155,327
Total assets	**71,442,370**
Financial liabilities held for trading	73,113
Financial liabilities at amortized cost	67,309,569
Deposits from central banks and credit institutions	*8,760,055*
Customer deposits	*49,733,727*
Marketable debt securities	*5,404,701*
Subordinated liabilities	*3,041,136*
Other financial liabilities	*369,950*
Hedging derivatives	323,771
Provisions	449,930
Tax liabilities	400,650
Other liabilities	133,873
Total liabilities	**68,690,906**
Total equity	**2,751,464**
Total equity and liabilities	**71,442,370**

Appendix 6

Depreciable assets on CaixaBank's balance sheet by year of acquisition.
Banca Cívica

(Thousands of euros) Year of acquisition	Acquisition cost	Accumulated depreciation	Fair value adjustments	Net carrying amount
1953	4	(4)	59	59
1954	92	(50)		41
1957	1	(1)		
1958	52	(27)		26
1960	9,251	(2,491)	(2,925)	3,835
1961	156	(13)	(10)	133
1962	11	(0)	212	223
1963	348	(167)		182
1964	425	(49)	(35)	340
1965	609	(108)	69	569
1966	6,127	(562)	(389)	5,177
1967	301	(131)		170
1968	103	(49)		54
1969	195	(102)		93
1970	610	(259)		351
1971	249	(116)		133
1972	17	(16)		1
1973	206	(97)	97	206
1974	749	(282)	(29)	439
1975	1,268	(422)	311	1,157
1976	4,148	(715)	(243)	3,190
1977	4,499	(1,186)	(193)	3,120
1978	1,289	(559)	(54)	676
1979	2,282	(1,716)	(16)	550
1980	2,092	(1,569)	(305)	218
1981	13,868	(3,965)	(698)	9,205
1982	5,107	(2,272)	2,340	5,176
1983	4,131	(2,169)	(72)	1,890
1984	16,995	(3,756)	(2,667)	10,572
1985	5,246	(3,499)	(590)	1,156
1986	8,162	(3,927)	(279)	3,956
1987	37,506	(15,456)	(100)	21,950
1988	13,080	(11,102)	(117)	1,861
1989	20,863	(10,679)	(13,951)	(3,767)
1990	18,889	(12,189)	686	7,386
1991	15,326	(11,222)	(1,706)	2,398
1992	22,519	(16,635)	2,077	7,961
1993	13,038	(7,937)	557	5,658
1994	21,258	(18,115)	43	3,186
1995	16,366	(12,471)	1,415	5,309
1996	17,116	(17,854)	(92)	(830)
1997	26,782	(21,226)	(1,350)	4,206
1998	36,751	(26,337)	259	10,673
1999	30,265	(23,039)	325	7,550
2000	24,717	(17,602)	(263)	6,852
2001	41,910	(33,387)	(5,212)	3,311
2002	53,847	(39,174)	(1,450)	13,223
2003	58,588	(45,089)	(3,505)	9,993
2004	147,749	(41,218)	(7,735)	98,796
2005	148,406	(57,367)	(14,239)	76,799
2006	127,083	(71,043)	(4,037)	52,003
2007	289,105	(65,553)	(23,357)	200,196
2008	119,543	(38,998)	125	80,670
2009	82,532	(20,963)	(3,716)	57,852
2010	58,803	(8,124)	(853)	49,825
2011	58,488	(6,878)	(2,543)	49,067
2012 (up to the date of the merger)	6,302	(262)	(641)	5,399
Total	**1,595,428**	**(680,202)**	**(84,797)**	**830,429**

Note: Amounts at July 31, 2012, the date of the technological integration of Banca Cívica's tangible assets in CaixaBank

Appendix 7

List of agents and disclosures required under article 22 of Royal Decree 1245/1995, of July 14

Name
ALONSO Y FERNANDEZ ASESORIA
ANTARES Y CUESTA S L
ANTONIO PONCE DOMINGUEZ
ASESORIA CIFUENTES SL
AURORA JURADO ROMERO
COMPROAGRI SL
CONSULTING RAIMA SLU
EVA MARIA PEREZ EXPOSITO
FRANCISCO JAVIER DOMINGUEZ
GOMEZ Y SANCHEZ MOLERO SL
JOSE ANDRES CEJAS GALVEZ
JAVIER MUÑOZ CALDERON
JESUS RAFAEL SERRANO LOPEZ
JONATHAN PEREZ IGLESIA
LUIS DANIEL ROMERO GARCIA
LUIS PEREZ MOLERO
MARIA CARMEN ULGAR GUTIERREZ
RAFAEL GOMEZ CASAUS
MARIA REYES RODRIGUEZ NARANJO
VICENTE PADILLA AMAYA
VILLORES INTERMEDIARIOS SL
SEGITEMP SERVICIOS Y GESTIONES
FRANCISCO GONZALEZ CARMONA
EDUARDO CASQUETE DE PRADO
ILDEFONSO MARTINEZ LERIDA
FRANCISCO JOSE LEAL SALIDO
ANTONIO ALFONSO BOZA GARCIA
MERCEDES GONZALEZ POSTIGO
MARIA JULIANA GOMEZ PAEZ
JOSE MANUEL CRUZ MUÑIZ
APOLONIA GOMEZ SANTOS
ASECON-GLOBAL SL
MANUEL MILLAN MILLAN
FRANCISCO JAVIER GUERRERO
JOSE MANUEL CRUZ MUÑIZ
CENTRO ASESOR MONTEHERMOSO
ANTONIO ANGEL GARCIA JAIME
ANTONIO VALLEJO REMESAL
FRANCISCO ALTAREJOS VILAR
SOCIEDAD COOPERATIVA CAMPO DE TEJADA

PROPOSED APPROPRIATION OF PROFIT OF CAIXABANK

The proposed appropriation of profit for 2012 of CaixaBank which the Board of Directors will submit for approval at the Annual General Meeting is as follows:

Appropriation of CaixaBank's profit
(Euros)

	2012
Basis of appropriation	
Profit for the year	272,597,490.73
Appropriation (Note 6):	
A (1)	**50,461,434.98**
Acquisition of bonus subscription rights from shareholders in September 2012 under the Optional Scrip Dividend program (2)	*15,211,370.50*
Acquisition of bonus subscription rights from shareholders in March 2013 under the Optional Scrip Dividend program (3)	*18,856,944.26*
Acquisition of bonus subscription rights from shareholders in June 2013 under the Optional Scrip Dividend program (4)	*16,393,120.22*
To reserves (Note 23) (5)	**222,136,055.75**
Legal reserve	27,259,749.07
Restricted reserve for goodwill (6)	85,486,937.26
Voluntary reserves (7)	109,389,369.42
Net profit for the year	**272,597,490.73**

(1) Estimated amount to be appropriated in this connection, see Notes 3, 4, 5 and 7 below.

(2) In September 2012, shareholders representing 93.8% of the Company's share capital elected to acquire newly issue shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held April 19, 2012, under item 6.2 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €15,211,370.50 to the remaining shareholders (representing 6.2% of the share capital) who elected to sell their bonus subscription rights to the Company.

(3) Amount estimated to be paid in March 2013 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue approved at the General Shareholders' Meeting of June 26, 2012 under item 5.2 of the agenda (Optional Scrip Dividend) that the Board of Directors intends to carry out in March 2013. This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company.

(4) Amount estimated to be paid in June 2013 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue if approved at the Annual General Meeting to be held in 2013 (Optional Scrip Dividend). This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company. The Board of Directors intends to submit a proposal to the Annual General Meeting in 2013 for approval of the scrip issues offering shareholders the possibility of acquiring shares, selling their rights on the market or selling them to the Company (Optional Scrip Dividend).

(5) Estimated amount, see Note 7 below.

(6) In accordance with article 273.4 of the Corporate Enterprises Act.

(7) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment of the price of the bonus subscription rights increases or decreases (see Notes 3 and 4 above).