CaixaBank, SA

and companies composing the CaixaBank Group

Condensed interim consolidated financial statements and management report for the six months ended June 30, 2013.

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

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel.: +34 932 80 40 40
Fax: +34 932 80 28 10
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with International Standard on Review Engagements (ISRE) 2410. In the event of a discrepancy, the Spanish-language version prevails.

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

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

We have performed a limited review of the accompanying half-yearly condensed consolidated financial statements ("the half-yearly financial statements") of CaixaBank, S.A. ("CaixaBank") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet at 30 June 2013 and the related condensed consolidated income statement, condensed consolidated statement of recognised income and expense, condensed consolidated statement of changes in total equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The directors of CaixaBank are responsible for the preparation of these half-yearly financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these half-yearly financial statements based on our limited review.

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

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying half-yearly financial statements for the six-month period ended 30 June 2013 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Without affection our conclusion, we draw attention to Note 1 to the accompanying half-yearly condensed consolidated financial statements, which indicates that the aforementioned half-yearly financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying half-yearly financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid

The accompanying interim consolidated directors' report for the first six months of 2013 contains the explanations which the directors of CaixaBank consider appropriate about the significant events that took place in that period and their effect on the half-yearly financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the half-yearly financial statements for the first six months of 2013. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

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

DELOITTE, S.L.

Francisco García-Valdecasas

31 July 2013

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAIXABANK GROUP FOR THE SIX MONTHS ENDED JUNE 30, 2013

- Condensed interim consolidated balance sheet at June 30, 2013 and December 31, 2012
- Condensed interim consolidated income statement for the six months ended June 30, 2013 and 2012
- Condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2013 and 2012
- Condensed interim consolidated statement of total changes in equity for the six months ended June 30, 2013 and 2012
- Condensed interim consolidated statement of cash flows for the six months ended June 30, 2013 and 2012
- Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2013

Condensed interim consolidated financial statements of the CaixaBank Group

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2013 and December 31, 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	6/30/13	12/31/12 (*)
Cash and balances with central banks	**5,002,055**	**7,855,216**
Financial assets held for trading (Note 7)	**9,633,907**	**15,925,451**
Other financial assets at fair value through profit or loss (Note 7)	**284,903**	**254,641**
Available-for-sale financial assets (Note 7)	**56,502,878**	**51,273,926**
Loans and receivables (Note 7)	**219,824,708**	**223,985,388**
Held-to-maturity investments (Note 7)	**17,429,342**	**8,940,186**
Adjustments to financial assets - macro-hedges	**73,442**	**96,191**
Hedging derivatives	**4,770,933**	**6,283,248**
Non-current assets held for sale (Note 8)	**6,461,179**	**5,273,971**
Investments (Note 10)	**9,167,903**	**9,938,171**
Associates	8,000,215	8,785,739
Jointly controlled entities	1,167,688	1,152,432
Insurance agreements related to pensions	**0**	**0**
Reinsurance assets	**567,118**	**583,296**
Tangible assets (Note 11)	**5,071,145**	**4,548,682**
Property and equipment	3,250,309	3,379,675
Investment properties	1,820,836	1,169,007
Intangible assets (Note 12)	**3,895,290**	**3,577,215**
Goodwill	3,123,311	2,891,891
Other intangible assets	771,979	685,324
Tax assets (Note 17)	**9,341,417**	**7,409,998**
Current	412,388	304,608
Deferred	8,929,029	7,105,390
Other assets (Note 13)	**2,962,319**	**2,228,494**
Total assets	**350,988,539**	**348,174,074**

Memorandum items

Contingent liabilities (Note 21)	**10,765,504**	**10,437,321**
Contingent commitments (Note 21)	**53,508,132**	**51,918,261**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at June 30, 2013.

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2013 and December 31, 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities and equity

	6/30/13	12/31/12 (*)
Liabilities		
Financial liabilities held for trading (Note 14)	**8,939,005**	**15,928,091**
Other financial liabilities at fair value through profit or loss (Note 14)	**1,071,139**	**1,019,706**
Financial liabilities at amortized cost (Note 14)	**274,570,591**	**268,445,655**
Adjustments to financial liabilities - macro-hedges	**2,599,462**	**3,643,957**
Hedging derivatives	**1,548,721**	**1,807,504**
Liabilities associated with non-current assets held for sale	**0**	**0**
Liabilities under insurance contracts	**29,532,537**	**26,511,379**
Provisions (Note 15)	**4,742,121**	**3,429,006**
Tax liabilities (Note 17)	**2,352,160**	**2,642,219**
Current	158,629	395,543
Deferred	2,193,531	2,246,676
Welfare fund	**0**	**0**
Other liabilities	**1,865,444**	**2,035,385**
Capital having the nature of a financial liability	**0**	**0**
Total liabilities	**327,221,180**	**325,462,902**
Equity (Note 16)		
SHAREHOLDERS' EQUITY	**23,683,246**	**22,792,646**
Capital	4,736,359	4,489,749
Share premium	10,392,750	10,125,140
Reserves	5,994,673	5,969,013
Other equity instruments	2,185,134	2,188,279
Less: Treasury shares	(33,911)	(194,024)
Profit attributable to the Parent	408,241	229,700
Less: Dividends and remuneration **(Note 3)**	0	(15,211)
VALUATION ADJUSTMENTS	**94,285**	**(116,503)**
Available-for-sale financial assets	272,423	163,440
Cash flow hedges	(33,803)	(29,232)
Hedges of net investment in foreign operations	0	0
Exchange differences	62,681	(4,204)
Non-current assets held for sale	0	0
Entities accounted for using the equity method	(207,016)	(246,507)
Other valuation adjustments	0	0
EQUITY ATTRIBUTABLE TO THE PARENT	**23,777,531**	**22,676,143**
NON-CONTROLLING INTERESTS	**(10,172)**	**35,029**
Valuation adjustments	1,130	1,224
Other	(11,302)	33,805
Total equity	**23,767,359**	**22,711,172**
Total equity and liabilities	**350,988,539**	**348,174,074**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at June 30, 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended June 30, 2013 and 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2013	2012 (*)
Interest and similar income	**4,768,634**	**4,150,908**
Interest expense and similar charges	**(2,809,231)**	**(2,365,166)**
Remuneration of capital having the nature of a financial liability	**0**	**0**
NET INTEREST INCOME	**1,959,403**	**1,785,742**
Return on equity instruments	**98,919**	**214,727**
Share of profit (loss) of entities accounted for using the equity method	**340,996**	**301,144**
Fee and commission income	**963,698**	**907,724**
Fee and commission expense	**(73,890)**	**(68,572)**
Gains/(losses) on financial assets and liabilities (net)	**465,493**	**201,156**
Exchange differences (net)	**(24,840)**	**47,133**
Other operating income	**525,133**	**388,438**
Other operating expenses	**(626,053)**	**(363,561)**
GROSS INCOME	**3,628,859**	**3,413,931**
Administrative expenses	**(2,631,146)**	**(1,412,230)**
Personnel expenses	(2,134,040)	(1,093,967)
Other general administrative expenses	(497,106)	(318,263)
Depreciation and amortization	**(208,532)**	**(153,304)**
Provisions (net)	**(138,822)**	**23,802**
Impairment losses on financial assets (net)	**(2,737,190)**	**(1,924,664)**
PROFIT/(LOSS) FROM OPERATIONS	**(2,086,831)**	**(52,465)**
Impairment losses on other assets (net)	**(89,738)**	**2,443**
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	**44,451**	**122,937**
Negative goodwill in business combinations (Note 9)	**2,365,206**	**0**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations	**(159,392)**	**(70,752)**
PROFIT BEFORE TAX	**73,696**	**2,163**
Income tax	**329,359**	**163,596**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**403,055**	**165,759**
Profit from discontinued operations (net)	**0**	**0**
CONSOLIDATED PROFIT FOR THE PERIOD	**403,055**	**165,759**
Profit attributable to the Parent	**408,241**	**165,940**
Profit attributable to non-controlling interests	**(5,186)**	**(181)**
Earnings per share from continuing and discontinued operations		
Basic earnings per share (euros) **(Note 3)**	0.08	0.04
Diluted earnings per share (euros) **(Note 3)**	0.08	0.04

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated income statement for the six months ended June 30, 2013.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2013 and 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2013	2012 (*)
Consolidated profit for the period	**403,055**	**165,759**
Other comprehensive income/(expenses)	**210,694**	**(419,459)**
Items transferred to the income statement in future periods	**210,694**	**(419,459)**
Available-for-sale financial assets	176,275	(1,078,592)
Revaluation gains (losses)	*273,341*	*(1,147,197)*
Amounts transferred to income statement	*(97,066)*	*68,605*
Other reclassifications	*0*	*0*
Cash flow hedges	(5,945)	(18,818)
Revaluation gains (losses)	*(4,582)*	*(19,186)*
Amounts transferred to income statement	*(1,363)*	*368*
Amount transferred to the initial carrying amount of hedged items	*0*	*0*
Other reclassifications	*0*	*0*
Hedges of net investment in foreign operations	0	0
Revaluation gains (losses)	*0*	*0*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Exchange differences	66,108	152,671
Revaluation gains (losses)	*36,101*	*152,671*
Amounts transferred to income statement	*30,007*	*0*
Other reclassifications	*0*	*0*
Non-current assets held for sale	0	0
Revaluation gains (losses)	*0*	*0*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Entities accounted for using the equity method	39,483	174,707
Revaluation gains (losses)	*39,483*	*174,707*
Amounts transferred to income statement	*0*	*0*
Other reclassifications	*0*	*0*
Other comprehensive income	0	0
Income tax	(65,227)	350,573
Items not transferred to the income statement in future periods	**0**	**0**
Actuarial gains (losses) on pension plans	0	0
Revaluation gains (losses)	73,948	0
Amounts transferred to reserves	(73,948)	0
Total comprehensive income/(expense)	**613,749**	**(253,700)**
Attributable to the Parent	619,029	(253,482)
Attributable to non-controlling interests	(5,280)	(218)

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2013.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2013 and 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
CURRENT PERIOD	Capital	Share premium	Accumulated reserves/(losses)	Other equity instruments	Less: Treasury shares	Profit attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at December 31, 2012	**4,489,749**	**10,125,140**	**5,969,013**	**2,188,279**	**(194,024)**	**229,700**	**(15,211)**	**22,792,646**	**(116,503)**	**35,029**	**22,711,172**
Adjustments due to changes in accounting policy								0			0
Adjustments made to correct errors								0			0
Adjusted opening balance	**4,489,749**	**10,125,140**	**5,969,013**	**2,188,279**	**(194,024)**	**229,700**	**(15,211)**	**22,792,646**	**(116,503)**	**35,029**	**22,711,172**
Total comprehensive income/(expense)						**408,241**		**408,241**	**210,788**	**(5,280)**	**613,749**
Other changes in equity	**246,610**	**267,610**	**25,660**	**(3,145)**	**160,113**	**(229,700)**	**15,211**	**482,359**	**0**	**(39,921)**	**442,438**
Reclassification of financial liabilities to other equity instruments	163,234	266,268	(10,709)		182,637			601,430			601,430
Reclassification of other equity instruments to financial liabilities								0			0
Payment of dividends			(20,255)					(20,255)			(20,255)
Transactions with own equity instruments (net)			(53,645)	321				(53,324)			(53,324)
Business combination with Banco de Valencia			(17,620)		26,963			9,343			9,343
Transfers between equity items	83,376	1,342	131,898	(3,466)	1,339	(229,700)	15,211	0			0
Other increases/(decreases) in equity			(4,009)		(50,826)			(54,835)		(39,921)	(94,756)
Final balance at June 30, 2013	**4,736,359**	**10,392,750**	**5,994,673**	**2,185,134**	**(33,911)**	**408,241**	**0**	**23,683,246**	**94,285**	**(10,172)**	**23,767,359**

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated statement of changes in total equity for the six months ended June 30, 2013.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2013 and 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

PREVIOUS PERIOD (*)	Equity attributable to the Parent									Non-controlling interests	Total equity
	Shareholders' equity								Valuation adjustments		
	Capital	Share premium	Reserves: Accumulated reserves/(losses)	Other equity instruments	Less: Treasury shares	Profit attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity			
Opening balance at December 31, 2011	**3,840,103**	**9,381,085**	**5,703,347**	**1,500,010**	**(270,017)**	**1,053,495**	**(457,232)**	**20,750,791**	**(55,197)**	**18,915**	**20,714,509**
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**	**5,703,347**	**1,500,010**	**(270,017)**	**1,053,495**	**(457,232)**	**20,750,791**	**(55,197)**	**18,915**	**20,714,509**
Total comprehensive income/(expense)						**165,940**		**165,940**	**(419,422)**	**(218)**	**(253,700)**
Other changes in equity	**14,729**	**0**	**257,822**	**1,445,932**	**(123,253)**	**(1,053,495)**	**457,232**	**998,967**	**0**	**0**	**998,967**
Reclassification of financial liabilities to other equity instruments				1,445,942				1,445,942			1,445,942
Increase in other equity instruments								0			0
Payment of dividends			(159,603)					(159,603)			(159,603)
Transfers between equity items	14,729		581,534			(1,053,495)	457,232	0			0
Other increases/(decreases) in equity			(164,109)	(10)	(123,253)			(287,372)			(287,372)
Final balance at June 30, 2012	**3,854,832**	**9,381,085**	**5,961,169**	**2,945,942**	**(393,270)**	**165,940**	**0**	**21,915,698**	**(474,619)**	**18,697**	**21,459,776**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated statement of changes in total equity for the six months ended June 30, 2013.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

for the six months ended June 30, 2013 and 2012 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2013	2012 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(104,819)**	**8,199,380**
Consolidated profit for the period	**403,055**	**165,759**
Adjustments to obtain cash flows from operating activities	**2,266,401**	**2,808,940**
Depreciation and amortization	208,532	153,304
Other adjustments	2,057,869	2,655,636
Net increase/(decrease) in operating assets and liabilities	**(2,444,916)**	**5,388,277**
Other operating assets	2,319,697	(6,589,037)
Other operating liabilities	(4,764,613)	11,977,314
Income tax (paid)/received	**(329,359)**	**(163,596)**
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**(1,677,901)**	**(1,318,144)**
Payments	**3,348,783**	**2,154,027**
Tangible assets	145,711	112,885
Intangible assets	44,186	70,288
Investments	92,932	493,543
Subsidiaries and other business units	266,640	0
Non-current assets and associated liabilities held for sale	2,799,314	1,477,311
Held-to-maturity investments	0	0
Other payments related to investing activities	0	0
Proceeds	**1,670,882**	**835,883**
Tangible assets	78,633	13,175
Intangible assets	0	0
Investments	1,047,524	439,514
Subsidiaries and other business units	0	103,021
Non-current assets and associated liabilities held for sale	504,230	256,156
Held-to-maturity investments	40,495	24,017
Other proceeds related to investing activities	0	0
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(1,069,984)**	**(798,091)**
Payments	**4,379,675**	**1,656,791**
Dividends	20,255	385,213
Subordinated liabilities	0	0
Buyback and cancellation of treasury shares	0	0
Acquisition of treasury shares	188,461	132,546
Other payments related to financing activities	4,170,959	1,139,032
Proceeds	**3,309,691**	**858,700**
Subordinated liabilities	0	0
Issue of own equity instruments	0	0
Disposal of own equity instruments	309,691	0
Other inflows related to financing activities	3,000,000	858,700
D) EFFECT OF EXCHANGE RATE CHANGES	**(457)**	**609**
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(2,853,161)**	**6,083,754**
F) CASH AND CASH EQUIVALENTS AT JANUARY 1	**7,855,216**	**2,711,857**
G) CASH AND CASH EQUIVALENTS AT JUNE 30 (E+F)	**5,002,055**	**8,795,611**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT JUNE 30		
Cash	1,181,833	905,488
Cash equivalents at central banks	3,820,222	7,890,123
TOTAL CASH AND CASH EQUIVALENTS AT JUNE 30	**5,002,055**	**8,795,611**

(*) Presented for comparison purposes only.

The accompanying notes 1 to 22 are an integral part of the condensed interim consolidated statement of cash flows for the six months ended June 30, 2013.

Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2013

CONTENTS **PAGE**

Explanatory notes to the condensed interim consolidated financial statements for the six months ended June 30, 2013

CAIXABANK, SA
AND COMPANIES COMPOSING THE CAIXABANK GROUP

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

1. Corporate information, basis of presentation and other information

CaixaBank, SA and its subsidiaries compose the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group"). CaixaBank, SA (hereinafter "CaixaBank") is the bank through which Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") carries on its business indirectly as a credit institution in accordance with article 5 of Royal Decree-Law 11/2010, of July 9, and article 3.4 of the consolidated text of the Catalan Savings Bank Law of March 11, 2008. "la Caixa" is CaixaBank's majority shareholder, with a stake of 70.35% at June 30, 2013.

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

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

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

Basis of presentation

On February 21, 2013, the Board of Directors authorized for issue the CaixaBank Group's 2012 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU regulations, complying with Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and subsequent amendments thereto.

In the preparation of the 2012 consolidated financial statements, the consolidation principles, accounting policies and measurement bases described in note 2 therein were applied to give a true and fair view of the consolidated equity and financial position of the CaixaBank Group at December 31, 2012 and of the results of its operations, changes in consolidated equity and cash flows in the year then ended.

The accompanying condensed interim consolidated financial statements of the CaixaBank Group for the first half of 2013 were prepared in accordance with IFRSs, particularly IAS 34 *Interim Financial Reporting*. They were also drawn up taking into consideration Bank of Spain Circular 4/2004 and subsequent amendments, and the Spanish Securities Market Regulator (CNMV) Circular 1/2008. These condensed consolidated financial statements were authorized for issue by the Board of Directors of CaixaBank at its meeting of July 25, 2013.

According to IAS 34, the interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. Therefore, for an appropriate understanding of the information contained in the accompanying condensed interim consolidated financial statements, they should be read in conjunction with the CaixaBank Group's 2012 consolidated financial statements.

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

Standards and interpretations issued by the International Accounting Standard Board (IASB) that have become effective in the first half of 2013

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

- IAS 1 *Financial Instruments: Disclosures* (Amendment)
The amendment changes the disclosure of items presented in “Other comprehensive income” in the statement of comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified.

Contrary to previous ones, the amendment does not require presenting comprehensive income in a single statement. The final wording allows for the format used by the Group in its financial statements.

This standard did not have a major impact on the presentation of the financial information in the statement of comprehensive income.

- IAS 19 *Employee Benefits* (Amendment)
The main change of the amendment to IAS 19, effective from January 1, 2013, is in the accounting treatment of defined benefit plans, as from then all actuarial gains and losses are recognized immediately in equity so that any surplus or deficit in the plan can be recognized in the consolidated balance sheet. In addition, interest costs and the expected return on plan assets are replaced in the new standard with an amount net of interest, calculated by applying the discount rate to the benefit liability (or asset). The amendment also entails changes in the presentation of the components of the expense in the statement of comprehensive income, which are group and presented differently.

The application of this standard did not have any effect on the Group’s equity. The entity recognized actuarial gains (losses) as income (expense). Therefore, with the application for the first time of this standard, the Company continued to recognize the actuarial losses (gains) in the Group’s voluntary reserves.

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

The amendment of and IFRS 7 did not result in any additional disclosures, as the analysis carried out by the Group to decide whether to present certain financial assets or liabilities on a net basis is in line with the clarification provided in the standard.

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

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

The Group has analyzed the potential impact of the new definition of fair value in its measurements, resulting in changes to the determination of fair value of financial liabilities measured at fair value.

Standards and interpretations issued by the IASB but not yet effective

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

The Group has assessed the impacts arising from these standards and interpretations and has elected not to early adopt them, where possible, because it would have no significant impact.

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Approved for use in the EU		
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014
Amendment to IAS 27	Separate Financial Statements	January 1, 2014
Amendment to IAS 28	Investments in Associates	January 1, 2014
Amendment to IAS 32	Financial Instruments: Presentation	January 1, 2014
Not approved for use in the EU		
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2015

- IFRS 10 *Consolidated Financial Statements*

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

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

The main change introduced in IFRS 10 is in the definition of control. Control is now defined through three required elements: power over the investee; exposure or rights to variable returns from the investee; and the ability to use its power over the investee to affect the amount of these returns.

Adoption of the new definition of control is not expected to cause any significant changes in the list of entities controlled by the Group at present.

- IFRS 11 *Joint Arrangements*

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

The Institution accounts for joint ventures using the equity method. Therefore, application of the new standard is not expected to have any impact.

- IFRS 12 *Disclosure of Interests in Other Entities*

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

The application of this standard will require increased disclosure on associates and jointly controlled entities, especially regarding reconciliations between their contributions to profit or loss and attributable profit or loss.

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

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

- IAS 32 *Financial Instruments: Presentation* (Amendment)
This amendment of IAS 32 provides additional clarification regarding the requirements for offsetting financial assets and financial liabilities shown on the balance sheet. IAS 32 already states that a financial asset and liability can only be offset if the entity currently has a legally enforceable right to set off the recognized amounts.

The amended implementation guidance states, *inter alia,* that to meet this condition, the right to offset should not be contingent on the occurrence of a future event and should be legally enforceable in the normal course of business, as well as in the event of breach, insolvency or bankruptcy of the entity and all its counterparties.

- IFRS 9 *Financial Instruments: Classification and Measurement*
IFRS 9 will replace the part of IAS 39 that deals with classification and measurement of financial instruments. There are some major differences with respect to the current standard regarding financial assets. These include the approval of a new classification model based on only two categories: amortized cost and fair value, entailing the elimination of the current classifications of the "held-to-maturity investments" and "available-for-sale financial assets" categories; a single impairment method only for assets carried at amortized cost and the non-separation of embedded derivatives in financial asset contracts.

Regarding financial liabilities, the categories proposed in IFRS 9 are the same as those currently included in IAS 39. Therefore, there should not be any major differences except for the requirement to changes in fair value related to credit risk as a component of equity for financial liabilities under the fair value option.

Management estimates that the future application of IFRS 9 will have a significant impact on the financial assets and liabilities currently reported. The Institution is currently analyzing all the future impacts of the adoption of this amendment and is unable to provide a reasonable estimate of its impact until this analysis has been carried out.

- IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (Amendment)
The amendments introduce the definition of "Investment Entity" and exceptions whereby investees defined as an "Investment Entity" are not consolidated, but rather measured at fair value through profit or loss.

The amendments also set out disclosure requirements for entities defined as "Investment Entities."

- IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* (Amendment)

This amendment proposes restricting current disclosures of the recoverable amount of an individual asset or a cash-generating unit to the reporting periods for which the entity has recognized or reversed an impairment loss and removing the requirement to disclose the recoverable amount when it has not recognized or reversed an impairment loss.

It also introduces new disclosures when recoverable amount is measured at fair value less costs of disposal and the entity has recognized or reversed an impairment loss. This amendment will require the entity to disclose the level of the IFRS 13 fair value hierarchy and, within Level 2 or 3, to describe the main valuation techniques and key assumptions used, such as the current and previous discount rate.

- IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (Amendment)
This amendment allows entities to continue hedge accounting if a derivative, that had been designated as a hedging derivative, was novated, provided certain criteria are met for offsetting through a central counterparty, as a consequence of existing or newly introduced laws or regulations.

The amendment was made in response to changes in laws in regulations to include the commitments by the G20 to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives.

- IFRIC 21 *Levies*
The interpretation provides guidance on when to recognize a liability for a levy based on financial information of a period that is different to that when the activity that triggered payment occurred.

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For example, if the entity is required to pay a levy based on revenues generated from the previous period, but according to legislation it is only liable to pay if it is carrying out this activity on January 1 of the subsequent period, there is no constructive obligation until January 1. Therefore, it would not recognize the liability until that date.

Responsibility for the information and for the estimates made

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

- Impairment losses on certain financial assets and the fair value of the related guarantees
- The measurement of goodwill
- The useful life of and impairment losses on other intangible assets and property and equipment
- The measurement of investments in jointly controlled entities and associates
- Actuarial assumptions used to measure liabilities arising under insurance contracts
- Actuarial assumptions used to measure post-employment liabilities and commitments
- The fair value of certain financial assets and liabilities
- The measurement of the provisions required to cover labor, legal and tax contingencies
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations
- The income tax expense based on the income tax rate expected for the full year

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

Comparison of information and changes in scope of consolidation

IFRSs require that the information presented in the consolidated financial statements be consistent. In the first six months of 2013, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information (see note 2).

However, the information at December 31, 2012 has been restated to reflect the final accounting for the business combination with Banca Cívica, detailed in Note 9, which differs from that included in the 2012 consolidated financial statements authorized for issue by the Board of Directors on February 21, 2013.

The information related to the first half of 2012 contained in these condensed interim consolidated financial statements is presented solely for purposes of comparison with the six months ended June 30, 2013.

The main changes in the consolidation scope in the first six months of 2013 are detailed in Note 9.

In comparing the condensed interim financial statements for the six months ended June 30, 2013 with those of the previous year, this year's include the impacts of the business combinations with Banca Cívica (with effect for accounting purposes from July 1, 2012) and Banco de Valencia (with accounting effect for accounting purposes from January 1, 2013).

Seasonality and materiality of transactions

The cyclical or seasonal nature of the operations of the companies composing the CaixaBank Group is not significant. Therefore, these explanatory notes to the condensed interim consolidated financial statements for the first six months of 2013 do not include specific disclosures in that regard.

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

Deposit guarantee fund of credit institutions

Following the enactment of Royal Decree-Law 19/2011, of December 2, the annual contribution to the Deposit Guarantee Fund of Credit Institutions was set at 2 per thousand of the calculation basis of guaranteed deposits.

In addition, at its meeting of July 30, 2012, the Management Committee of the Deposit Guarantee Fund agreed to recognize a shortfall among the members, estimated based on the contributions as at December 31, 2011, which may be settled through equal annual instalments over the next 10 years. These contributions may be deducted from CaixaBank's ordinary annual contribution up to the amount of these ordinary contribution. In this respect, at June 30, 2013, the Group 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 €282,989 thousand and an asset account for the same amount to recognize accrual of the payment in the income statement over the entire settlement period.

The contributions to made during the course of 2013 amount to €286,241 thousand and include the shortfall indicated in the preceding paragraph. The amount accrued as of June 30, 2013 was €143,121 thousand, recognized under "Other operating expenses" in the accompanying condensed interim consolidated income statement.

Lastly, to perform the duties of the Deposit Guarantee Fund for Credit Institutions set out in Royal Decree-Law 6/2013, of March 22, a one-off extraordinary shortfall was determined of 3 per thousand of eligible deposits at December 31, 2012, to be settled according to the schedule and subject to the deductions envisaged by the Management Committee of the Deposit Guarantee Fund

As of the reporting date, the Management Committee of the Deposit Guarantee Fund had not notified the entities affected of the settlement schedule or the deductions applicable to the shortfall. Therefore, the amount of the shortfall cannot be estimated reliably. Accordingly, this is considered a contingent liability not payable at the date of authorization for issue and, therefore, no amount in this connection was recognized.

Acquisition of Banco de Valencia

As explained in detail in Note 9, CaixaBank completed the acquisition of Banco de Valencia on February 28, 2013, after obtaining the required administrative approvals and authorizations and under the terms and conditions agreed with the Fund for Orderly Bank Restructuring (FROB) on November 27, 2012.

On April 4, 2013, the Boards of Directors of CaixaBank and Banco de Valencia approved the Joint Merger Project between CaixaBank (absorbing company) and Banco de Valencia (absorbed company). The merger deed was filed with the Companies Register on July 19, 2013.

As the merger by absorption of Banco de Valencia by CaixaBank had been placed on record as at the date of authorization for issue of these condensed interim consolidated financial statements, the financial statements at June 30 provide information on the merged entity.

Events after the reporting period

Between June 30, 2013 and the date these condensed interim consolidated financial statements were authorized for issue, no events occurred that are not described herein that had a significant effect thereon.

2. Accounting policies and measurement bases

The accompanying condensed interim consolidated financial statements of the CaixaBank Group were prepared using the same accounting principles, policies and criteria as those used in the 2012 consolidated financial statements (see Note 2 to the 2012 consolidated financial statements), taking into consideration new IFRSs, amendments and interpretations that became effective in the first half of 2013 (see Note 1).

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

3. Shareholder remuneration and earnings per share

Shareholder remuneration

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

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

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

Under this policy, shareholder remuneration in the first half of 2013 was as follows:

At its meeting of March 7, 2013, CaixaBank's Board of Directors initiated distribution of the dividend included under the Optional Scrip Dividend program, resulting in the cash payment to shareholders opting to sell rights to CaixaBank at a fixed price of €0.06 per right for a total of €20,255 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on April 4, 2013, with the issuance of 83,043,182 shares of €1 par value each with a charge to restricted reserves made at the Extraordinary General Shareholders' Meeting held on June 26, 2012. These shares were admitted to trading on a regulated market on April 10, 2013.

The cash payment was recognized against 2012 profit. The resolution regarding the distribution of 2012 profit approved by the Ordinary Shareholders' Meeting of April 25, 2013, estimated a cash payment of €18,857 thousand and stated that if the final payment in cash post-distribution of profit differed from this estimate, the difference would automatically be applied to increase or decrease the amount earmarked to increase voluntary reserves.

Shareholder remuneration in first half of 2013 and 2012 can be summarized as follows:

Dividends paid in the first half of 2013
(Thousands of euros)

	Euro per share	Amount	Date of announcement	Payment date
Optional Scrip Dividend				
Payment of third interim dividend against 2012 results (*)	0.060	269,385	07.03.2013	04.04.2013

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

Dividends paid in the first half of 2012
(Thousands of euros)

	Euro per share	Amount	Date of announcement	Payment date
Dividends paid from reserves:				
Optional Scrip Dividend program (*)	0.050	192,005	24.05.2012	20.06.2012
Dividends paid from profits:				
Second interim dividend - 2011	0.060	225,610	15.12.2011	27.03.2012

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

At the Ordinary Annual General Meeting of April 25, 2013, shareholders approved four additional capital increases with market values of up to €242,000 thousand, €302,000 thousand, €309,000 thousand and €316,000 thousand, respectively. With these increases, the Board of Directors can decide each quarter whether to remunerate shareholders with the traditional dividend or under the Optional Scrip Dividend program.

Under the scope of the resolution adopted at the General Shareholders' Meeting of April 25, 2013, on April 25, 2013, the Board of Directors of CaixaBank approved the interim dividend for the second quarter of 2013 under the Optional Scrip Dividend program, which will allow for the inclusion in such payment of the new CaixaBank shareholders arising from the merger with Banco de Valencia. The amount of the dividend to be paid is €0.05 per share. The payment of cash to shareholders opting to sell their rights to CaixaBank will be charged to 2012 profit in accordance with the distribution of profit approved at the General Shareholders' Meeting of April 25, 2013. The amount of the scrip issue carried out to deliver shares to shareholders opting to receive shares will be charged to restricted reserves.

CaixaBank paid its majority shareholder, "la Caixa," €195,996 thousand in dividends in the first half of 2013. This amount is equivalent to the market value of the shares received by "la Caixa" under the Optional Scrip Dividend program.

Earnings per share

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

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

Calculation of basic and diluted earnings per share:

Calculation of basic earnings per share

	30.06.13	30.06.2012
Numerator		
Profit attributable to the Parent (thousands of euros)	**408,241**	**165,940**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	4,452,741	3,755,044
Adjustment for scrip issue at June 27, 2012		14,728
Adjustment for scrip issue at March 30, 2013	35,703	
Adjustment for scrip issue at April 4, 2013	83,043	
Adjustment for mandatory convertible instruments	537,829	577,667
Adjusted number of shares (basic earnings per share)	**5,109,316**	**4,347,439**
Basic earnings per share (in euros)	**0.08**	**0.04**

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

Calculation of diluted earnings per share

	30.06.2013	30.06.2012
Numerator		
Profit attributable to the Parent (thousands of euros)	**408,241**	**165,940**
Adjustment for conversion of the mandatory convertible bonds	13,486	
Profit attributable to the Parent	**421,727**	**165,940**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	4,452,741	3,755,044
Adjustment for scrip issue at June 27, 2012		14,728
Adjustment for scrip issue at March 30, 2013	35,703	
Adjustment for scrip issue at April 4, 2013	83,043	
Adjustment for mandatory convertible instruments	537,829	577,667
Adjustment for dilutive effect of share options	19,387	
Adjustment for conversion of the mandatory convertible bonds	172,450	
Adjusted number of shares (diluted earnings per share)	**5,301,153**	**4,347,439**
Diluted earnings per share (euro)	**0.08**	**0.04**

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

4. Risk management

Credit risk

NPL ratios of credit institutions continued to increase in the first half of 2013 due to the struggling economy and the loss in value of real-estate sector assets.

The CaixaBank Group's NPL ratio at June 30, 2013 stood at 11.17% (December 31, 2012: 8.63%). The increase in the first includes the application of new criteria for classifying refinanced transactions as "doubtful assets." Excluding the impact on the amount of doubtful refinancing operations, the ratio would be 9.75%. The Spanish banking sector ratio at May 31, 2013, the latest available figure, was 11.21%.

In the first half of 2013, the Group continued to carefully implement measures to recover distressed assets as soon as signs of any deterioration in debtor creditworthiness appeared, with constant monitoring. Meanwhile, the overall uptick in default levels throughout the economy is undermining credit quality, requiring banks to apply rigorous loan acceptance criteria.

In any event, the Group has continued to apply measures to cushion the impact of the crisis on its customers when, despite their intention to repay their debt obligations, they encounter temporary difficulties in doing so. Where possible, after an in-depth analysis, CaixaBank considers matching a debtor's short-term payments to their actual repayment capacity, confident that deferral will help the transactions be completed successfully. The best option for each customer (e.g. grace periods, deferment clauses, debt consolidation, payment moratorium) is studied individually. By continuing these policies in the first half of 2013, the Group helped interested individuals to meet their debt obligations.

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

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

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

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

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

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

Regarding risk acceptance, the main advances in the first half of 2013 were:

- The technological integration with the two Banca Cívica entities that had yet to be integrated (Caja Canarias and Caja Burgos) and with Banco de Valencia. These were the top priorities in the first half. Specific task forces were created at the three savings banks to oversee the key features of the merger. Their many responsibilities included the following:
    - Definition of authorization system during the transitional periods (e.g. branch offices, regions, central services committees).
    - Convergence with the risk policies and criteria applied in CaixaBank (e.g. catalogue of asset products, prices, collaterals, maturities, accumulation of risks).
    - Gaps in products in the technological integration.
    - Treatment of measurement tools.
    - Planning of risk training.

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

- However, Banco de Valencia maintained its existing risk structure and decision-making bodies, with CaixaBank loan officers moving in to standardize the risk criteria applied in approvals. Specific circuits were also put in place for customers included in the asset protection scheme and for assets transferred to Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB).

- These integration transactions also entailed an organizational change. The regional structure was reorganized to adapt to the new situation arising from the integration of Banca Cívica's and Banco de Valencia's branch networks into CaixaBank. The new regional structure is composed of 13 Territorial Divisions. The latest movement was the split of Catalonia Territorial Division into the Barcelona Territorial Division, which covers the commercial network in the city of Barcelona and the Barcelona province, and the Catalonia Territorial Division, which covers the network in the Lleida, Tarragona and Girona provinces.

- The second major development was the reinforcement of the risk-adjusted return (RAR) tool to the corporate and business centers network. Based on this RAR measure, the division has been able to undertake, together with the commercial network, a specific commercial action to boost returns and optimize this ratio. Elsewhere, the results of the pilot RAR for the SMEs segment in the universal network have been satisfactory and plans are being drawn up to extend it to the rest of the network over the course of this year.

- In terms of loan acceptance procedures, new risk parameters were implemented for individuals, with an impact on pricing and scoring cut-off levels. In addition, pricing and commercial rates have been applied to loans and credit facilities to self-employed professionals.

- As for processes, a new circuit was implemented for admitting risk operations from the public sector managed by institutional customer centers. Now, transactions requiring risk approval will be centralized in Central Services, which will make decisions based on specific analysis of risk in this segment.

- As for amendments to mortgage loans and mortgage to individuals, Law 1/2013 of May 14, 2013, set out a series of measures that the entity has applied to strengthen protection of mortgagors, debt restructuring and subsidized rents. The new law is designed to better protect borrowers that mortgaged their primary residence.

- In April, a campaign was carried out to drive consumer lending, promoting consumer finance among households, entrepreneurs through revolving loans and cards, with support given to ensure the right risk profile of the customers involved.

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

In line with the CaixaBank Group's reporting transparency policy and Bank of Spain guidelines, the main data at June 30, 2013 and December 31, 2012 regarding financing for property development, home purchasing and foreclosed assets are discussed below.

The Group's policy regarding distressed real estate assets and the assets acquired in lieu of payment of debts are described in note 3.1 "Credit risk" to the 2012 consolidated financial statements.

Memorandum items: Data on the CaixaBank Group

(Thousands of euros)	Carrying amount	
	30.06.2013	**31.12.2012**
Total loans and advances to customers excluding public sector (businesses in Spain)	198,761,764	199,246,627
Total assets	350,988,539	348,174,074
Impairment and credit risk provisions. General provisions	64,383	27,803

Note: Balances at June 30, 2013 include the business combination with Banco de Valencia (see Note 9).

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at June 30, 2013 and December 31, 2012. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

30.06.2013

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**24,963,742**		**6,857,015**
Of which: doubtful	12,628,963	4,680,197	6,030,675
Mortgage	10,643,911	4,680,197	4,769,659
Personal	1,985,052		1,261,016
Of which: substandard	2,605,790	393,815	826,339
Mortgage	2,389,832	393,815	775,627
Personal	215,958		50,712
Memorandum items			
Asset write-offs	1,878,037		

(*) Does not include the provision for non-distressed developer risk, recognized for real estate assets at December 31, 2011.

31.12.2012

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**26,992,217**		**5,765,320**
Of which: doubtful	11,934,984	3,864,728	4,667,778
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		

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the "la Caixa" Group's real estate companies, mainly the Servihabitat Group, which at 30 June 2013 and 31 December 2012 amounted to €2,977 and €3,026 million, respectively. This financing is in the form of loans and debt securities (see Note 7).

New provisions recorded in the first half of 2013 to cover real estate credit risk existing at December 31, 2011 amounted €902 million.

The level of cover for real estate developers and developments considering distressed assets at June 30, 2013 stood at 45% (December 31, 2012: 38.2%). If mortgage collateral is taken into account, cover at June 30, 2013 was 131% (December 31, 2012: 127%). Coverage of distressed assets in the property development sector stands at 59% considering the provision for non-distressed developer risk related to real estate assets at December 31, 2011, which amounted to €2,130 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 collateral

(Thousands of euros)	Carrying amount	
	30.06.2013	**31.12.2012**
Without mortgage collateral	**2,933,803**	**2,582,235**
With mortgage collateral	**22,029,939**	**24,409,982**
Completed buildings	14,365,871	15,817,050
Homes	*10,021,895*	*11,336,678*
Other	*4,343,976*	*4,480,372*
Buildings under construction	2,704,358	2,970,829
Homes	*2,220,189*	*2,516,654*
Other	*484,169*	*454,175*
Land	4,959,710	5,622,103
Built land	*1,825,709*	*2,723,217*
Other	*3,134,001*	*2,898,886*
Total	**24,963,742**	**26,992,217**

Financing for home purchases

The breakdown of home loans for buyers at June 30, 2013 and December 31, 2012 is as follows:

(Thousands of euros)	Gross amount	
	30.06.2013	**31.12.2012**
Without mortgage collateral	969,022	958,714
Of which: doubtful	*22,438*	*18,351*
With mortgage collateral	89,842,434	87,247,103
Of which: doubtful (*)	*4,365,371*	*2,570,266*
Total home loans	**90,811,456**	**88,205,817**

(*) The increase in doubtful loans was due mainly to the reclassifications made in the review of the criteria for refinancing operations.

Home purchase loans with a mortgage guarantee at June 30, 2013 and December 31, 2012, by the loan-to-value (LTV) ratio, based on the latest available appraisal, in accordance with Circular 4/2004, are as follows:

(Thousands of euros)	30.06.2013		31.12.2012	
LTV ranges	**Gross amount**	***Of which: doubtful***	**Gross amount**	***Of which: doubtful***
LTV ≤ 40%	15,432,357	*260,657*	*14,515,629*	*126,557*
40% < LTV ≤ 60%	27,644,358	*829,061*	*25,712,152*	*355,619*
60% < LTV ≤ 80%	37,147,283	*2,159,503*	*36,873,975*	*1,140,643*
80% < LTV ≤ 100%	8,643,774	*885,756*	*9,071,097*	*694,070*
LTV > 100%	974,662	*230,394*	*1,074,250*	*253,377*
Total home loans	**89,842,434**	***4,365,371***	**87,247,103**	***2,570,266***

Foreclosed assets

The table below shows foreclosed assets by source and type of property at June 30, 2013 and December 31, 2012.

Foreclosed real-estate assets

(Thousands of euros)	30.06.2013		31.12.2012	
	Net carrying amount	**Of which: Allowances (*)**	**Net carrying amount**	**Of which: Allowances (*)**
Property acquired in loans to real estate developers	**4,566,555**	**(4,590,408)**	**3,805,930**	**(3,400,238)**
Completed buildingS	2,715,471	(1,839,735)	2,361,203	(1,197,150)
Homes	*2,194,752*	*(1,484,146)*	*1,934,141*	*(954,910)*
Other	*520,719*	*(355,589)*	*427,062*	*(242,240)*
Buildings under construction	285,678	(342,822)	190,794	(226,648)
Homes	*222,226*	*(279,990)*	*163,190*	*(207,473)*
Other	*63,452*	*(62,832)*	*27,604*	*(19,175)*
Land	1,565,406	(2,407,851)	1,253,933	(1,976,440)
Built land	*818,327*	*(1,036,794)*	*518,159*	*(740,835)*
Other	*747,079*	*(1,371,057)*	*735,774*	*(1,235,605)*
Property acquired in mortgage loans to homebuyers (1)	**1,243,443**	**(984,623)**	**1,051,418**	**(634,099)**
Other property foreclosures	**349,699**	**(345,991)**	**230,307**	**(205,817)**
Equity instruments, investments and financing granted to unconsolidated companies holding these assets				
Total	**6,159,697**	**(5,921,022)**	**5,087,655**	**(4,240,154)**

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

(1) Does not include foreclosure rights deriving from auctions in the amount of €496 million net (€411 million net at December 31, 2012).

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 28 September, which includes the treatment and classification of refinancing and debt restructuring operations. It considers as refinancing operations, 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, which set 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.

Nevertheless, on April 30, 2013, the Bank of Spain issued a document containing the criteria for establishing a benchmark for compliance with Circular 4/2004, to further reinforce the definition, documentation, monitoring and review of financing policies, and to guarantee consistency in the criteria used by the various financial institutions. CaixaBank carried out a review, through individual studies, of the accounting classification of refinanced or restructured portfolios to ensure it complies with the aforementioned criteria.

Following the in-depth review and pursuant to the requirements of the Group's internal models, CaixaBank's financial statements at June 30, 2013 included a larger provision, of €540 million, gross, for doubtful and substandard refinancing operations. The review led to the reclassification of €3,287 million of assets classified as normal to doubtful, and €768 million to substandard.

The table below shows the outstanding balance of refinanced operations carried out at June 30, 2013, by classification of customer insolvency risk:

Outstanding balance of refinancing and restructuring operations. Standard

(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	27	57,195	2	71,861	106	452,275
Other legal persons and individual entrepreneurs	11,255	3,355,910	262	213,734	4,235	1,492,754
Of which: finance for construction and development	*2,482*	*1,477,338*	*38*	*55,437*	*149*	*84,915*
Other natural persons	63,863	4,156,124	1,616	83,191	17,086	123,111
Total	**75,145**	**7,569,229**	**1,880**	**368,786**	**21,427**	**2,068,140**

Outstanding balance of refinancing and restructuring operations. Substandard

(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	1	9,000					1,350
Other legal persons and individual entrepreneurs	3,468	2,140,176	60	174,351	1,009	523,064	733,910
Of which: finance for construction and development	*2,161*	*1,516,192*	*23*	*78,770*	*58*	*136,083*	*570,554*
Other natural persons	18,102	1,646,441	606	65,455	2,977	27,657	127,504
Total	**21,571**	**3,795,617**	**666**	**239,806**	**3,986**	**550,721**	**862,764**

Outstanding balance of refinancing and restructuring operations. Doubtful

(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	42	42,449	1	3,035	25	28,260	18,574
Other legal persons and individual entrepreneurs	12,866	4,799,162	654	869,559	4,210	1,841,143	3,393,188
Of which: finance for construction and development	*6,534*	*3,321,193*	*351*	*675,913*	*594*	*1,024,955*	*2,429,964*
Other natural persons	40,250	3,467,914	1,956	228,167	12,769	101,554	686,435
Total	**53,158**	**8,309,525**	**2,611**	**1,100,761**	**17,004**	**1,970,957**	**4,098,197**

Outstanding balance of refinancing and restructuring operations. Total

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	204	664,075	19,924
Other legal persons and individual entrepreneurs	38,019	15,409,853	4,127,098
Of which: finance for construction and development	*12,390*	*8,370,796*	*3,000,518*
Other natural persons	159,225	9,899,614	813,939
Total	**197,448**	**25,973,542**	**4,960,961**

Risk associated with debt securities

The balance of debt securities at June 30, 2013 and December 31, 2012, excluding where applicable any impairment allowances recognized, is as follows, broken down by the Standard & Poor's ratings:

30.06.2013

(Thousands of euros)	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA	1,131	1,543	246,027	4,502,882	4,751,583
AA+		1,248	581,443		582,691
AA			12,866		12,866
AA-	2,787,933	1,588	235,166		3,024,687
A+	4,050		344,100		348,150
A			237,564		237,564
A-	7,165		2,958,245		2,965,410
BBB+	4,660	48,487	569,839	433,765	1,056,751
BBB	520,245	333,188	3,156,517	555,719	4,565,669
BBB-		1,643,108	39,206,339	10,936,749	51,786,196
Investment grade	**3,325,184**	**2,029,162**	**47,548,106**	**16,429,115**	**69,331,567**
	70.1%	98.4%	90.6%	94.3%	90.3%
BB+	4,870		375,093		379,963
BB		707	2,049,255	1,000,227	3,050,189
BB-	2,288	10,703	255,852		268,843
B+	3,400	1,883	46,877		52,160
B		4,642	11,450		16,092
B-	850	2,648			3,498
CCC+	1,000				1,000
CCC	2,460		2,950		5,410
CCC-	5,142				5,142
CC	856		66,141		66,997
C	21,007		23,451		44,458
No rating	1,379,357	12,396	2,130,381		3,522,134
Non-investment grade	**1,421,230**	**32,979**	**4,961,450**	**1,000,227**	**7,415,886**
	29.9%	1.6%	9.4%	5.7%	9.7%
Balance at June 30, 2013	**4,746,414**	**2,062,141**	**52,509,556**	**17,429,342**	**76,747,453**

31.12.2012

(Thousands of euros)	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA		37,388	265,463		302,851
AA+		240	684,841		685,081
AA			58,988		58,988
AA-	1,445,991	531	407,566		1,854,088
A+			367,981		367,981
A	6,888		225,006		231,894
A-	519,408	182,389	3,469,237		4,171,034
BBB+	1,869		746,999	427,479	1,176,347
BBB	233	237,274	2,792,072	555,429	3,585,008
BBB-		1,016,755	34,828,602	5,954,293	41,799,650
Investment grade	**1,974,389**	**1,474,577**	**43,846,755**	**6,937,201**	**54,232,922**
	53.2%	99.0%	93.0%	77.6%	88.5%
BB+		876	467,135		468,011
BB		1,682	1,750,359	2,002,985	3,755,026
BB-		650	220,426		221,076
B+		182	49,358		49,540
B		255	10,327		10,582
B-		4,086	13,406		17,492
CCC			75,858		75,858
CCC-			0		0
CC			21,254		21,254
C			80,680		80,680
D			413		413
No rating	1,738,248	7,415	626,675		2,372,338
Non-investment grade	**1,738,248**	**15,146**	**3,315,891**	**2,002,985**	**7,072,270**
	46.8%	1.0%	7.0%	22.4%	11.5%
Balance at December 31, 2012	**3,712,637**	**1,489,723**	**47,162,646**	**8,940,186**	**61,305,192**

The Standard&Poor's short- and long-term sovereign credit ratings on the Kingdom of Spain at June 30, 2013, were A-3 and BBB-, respectively (unchanged from December 31, 2012).

Market risk

Average VaR (value at risk or the potential maximum daily loss with a 99% confidence level) in the first half of 2013 in trading activities was €8 million.

The highest market risk levels (i.e. €13.1 million) were reached in the second quarter, mainly as VaR anticipates a potentially different movement in the daily market value of equity positions (mainly transactions with equity derivatives).

The VaR estimate is the highest amount obtained from applying parametric approaches to historical data of two different time horizons (75 days and 1 year of market data) and historical simulation of data for a calendar year. Monitoring of market risk is rounded off with in-depth analysis of the impact under extreme conditions (stress test) and verification of the model (back test).

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

Parametric VaR by risk factors
(Thousands of euros)

	Nominal interest	Exchange rate	Share price	Inflation	Commodity price	Credit spread	Interest rate volatility	Exchange rate volatility	Share price volatility
Average VaR	**2,431**	**467**	**3,158**	**112**	**0**	**1,934**	**237**	**38**	**1,066**

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

Structural balance sheet interest rate risk

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

The CaixaBank Group manages this type of 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.

The Asset and Liability Management (ALM) and Liquidity Division is responsible for analyzing this risk and proposing hedging transactions in accordance with these objectives to the ALCO.

Even when balance sheet interest rate risk assumed by the CaixaBank Group is below levels considered significant (outliers), in keeping with the proposals of the NBCA and Bank of Spain regulations, the CaixaBank Group continues to take a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

Information on sovereign risk exposure

The CaixaBank Group's general policy for accepting risk regarding the position in sovereign debt is explained note 3.2 "Market risk" to the CaixaBank Group's 2012 consolidated financial statements.

In line with the Group's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at June 30, 2013 and December 31, 2012 are shown below. The information is presented to distinguish directly between the positions held by CaixaBank and those held by the insurance group, the most important entity of which is VidaCaixa, SA de Seguros y Reaseguros.

30.06.2013 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months (1)	97,454	(139,579)	221,418	944,895	
	Between 3 months and 1 year (2)	478,961	(451,728)	3,038,074	2,409,492	1,101,590
	Between 1 and 2 years	208,673	(70,447)	5,330,383	854,600	5,990,822
	Between 2 and 3 years	61,137	(100,283)	3,847,164	715,115	1,129,941
	Between 3 and 5 years	577,630	(157,140)	1,250,844	1,616,445	1,028,594
	Between 5 and 10 years	169,996	(113,813)	3,187,973	2,072,535	134,007
	Over 10 years	202,120	(186,261)	1,538,518	1,890,439	
	Total	**1,795,971**	**(1,219,251)**	**18,414,374**	**10,503,521**	**9,384,954**
Belgium	Between 3 months and 1 year	1,100				
	Between 5 and 10 years	1				
	Over 10 years	487				
	Total	**1,588**	**0**	**0**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Less than 3 months	5,314				
	Between 3 months and 1 year	18,693				
	Between 1 and 2 years	21,881	(16,794)			
	Between 2 and 3 years	30,721	(37,920)			
	Between 3 and 5 years	14,479	(22,749)			
	Between 5 and 10 years	10,792	(20,115)			
	Over 10 years	48	(210)			
	Total	**101,928**	**(97,788)**	**0**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
	Between 3 months and 1 year	88		693	0	
	Between 1 and 2 years	76				
	Between 2 and 3 years	1				
	Between 3 and 5 years	1,778		467,700	6,409	
	Between 5 and 10 years	785			13,879	
	Over 10 years	63				
	Total	**2,791**	**0**	**468,393**	**20,288**	**0**
Total countries		**1,902,278**	**(1,317,039)**	**18,882,767**	**10,523,809**	**9,384,954**

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

(2) "Held-to-maturity investments" relates to positions held by InverCaixa Gestión, SGIIC, SA.

30.06.2013 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			49,885		
	Between 3 months and 1 year			237,031		
	Between 1 and 2 years			315,818		
	Between 2 and 3 years			409,535		
	Between 3 and 5 years			713,724		
	Between 5 and 10 years			2,338,074		
	Over 10 years			16,890,086		
	Total	**0**	**0**	**20,954,153**	**0**	**0**
Belgium	Between 3 months and 1 year			129		
	Between 1 and 2 years			2,347		
	Between 2 and 3 years			4,469		
	Between 3 and 5 years			3,918		
	Between 5 and 10 years			10,969		
	Over 10 years			82		
	Total	**0**	**0**	**21,914**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			**1,585**		
	Total	**0**	**0**	**1,585**	**0**	**0**
Italy	Between 3 months and 1 year			55,352		
	Between 1 and 2 years			309,151		
	Between 2 and 3 years			4,837		
	Between 3 and 5 years			40,164		
	Between 5 and 10 years			18,597		
	Over 10 years			428,146		
	Total	**0**	**0**	**856,247**	**0**	**0**
Portugal	Between 5 and 10 years			1,419		
	Over 10 years			1,391		
	Total	**0**	**0**	**2,810**	**0**	**0**
Other	Between 3 months and 1 year			834		
	Between 1 and 2 years			10,156		
	Between 2 and 3 years			15,530		
	Between 3 and 5 years			6,111		
	Between 5 and 10 years			12,578		
	Over 10 years			49,597		
	Total	**0**	**0**	**94,806**	**0**	**0**
Total countries		**0**	**0**	**21,931,515**	**0**	**0**
Total CaixaBank Group		**1,902,278**	**(1,317,039)**	**40,814,282**	**10,523,809**	**9,384,954**

31.12.2012 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months	36,240	(27,365)	1,009,912	1,788,309	
	Between 3 months and 1 year (1)	217,288	(404,285)	2,060,973	932,184	1,689,262
	Between 1 and 2 years	215,119	(117,715)	1,469,710	679,230	3,490,210
	Between 2 and 3 years (2)	95,901	(120,133)	5,332,028	674,986	2,198,018
	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	461,894	(443,398)	293,253	2,043,060	
	Total	**1,259,992**	**(1,349,536)**	**14,691,499**	**13,171,224**	**7,377,490**
Belgium	Less than 3 months	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	15,321	(5,264)			
	Total	**122,476**	**(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 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)**	**15,163,610**	**13,209,788**	**7,377,490**

(1) Loans and receivables includes €20.8 million from InverCaixa Gestión, SGIIC, SA and €0.6 million from Caixa Card 1 EFC, SAU.

(2) Available-for-sale financial assets includes €27.5 million from InverCaixa Gestión, SGIIC, SA and €2 million from Banca Cívica Gestión de Activos.

31.12.2012 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			90,475		
	Between 3 months and 1 year			201,860		
	Between 1 and 2 years			520,735		
	Between 2 and 3 years			329,781		
	Between 3 and 5 years			1,028,508		
	Between 5 and 10 years			2,768,730		
	Over 10 years			13,945,359		
	Total	**0**	**0**	**18,885,448**	**0**	**0**
Belgium	Between 1 and 2 years			2,482		
	Between 2 and 3 years			4,490		
	Between 3 and 5 years			754		
	Between 5 and 10 years			17,632		
	Over 10 years			87		
	Total	**0**	**0**	**25,445**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			**1,552**		
	Total	**0**	**0**	**1,552**	**0**	**0**
Italy	Less than 3 months			5,115		
	Between 2 and 3 years			19,440		
	Between 3 and 5 years			44,152		
	Between 5 and 10 years			19,706		
	Over 10 years			758,936		
	Total	**0**	**0**	**847,349**	**0**	**0**
Portugal	Between 5 and 10 years			1,391		
	Over 10 years			1,277		
	Total	**0**	**0**	**2,668**	**0**	**0**
Other	Less than 3 months			1,045		
	Between 3 months and 1 year			6,319		
	Between 1 and 2 years			6,582		
	Between 2 and 3 years			19,624		
	Between 3 and 5 years			8,117		
	Between 5 and 10 years			23,848		
	Over 10 years			99,367		
	Total	**0**	**0**	**164,902**	**0**	**0**
Total countries		**0**	**0**	**19,927,364**	**0**	**0**
Total Group (CaixaBank + Insurance Group)		**1,422,939**	**(1,541,883)**	**35,090,974**	**13,209,788**	**7,377,490**

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

Liquidity risk

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the European Central Bank (ECB), was €64,604 million and €53,092 million at June 30, 2013 and December 31, 2012, respectively.

The 2011-2014 Strategic Plan approved by the Board of Directors of the "la Caixa" Group establishes that liquidity should be higher than 10% of CaixaBank's assets. This level was comfortably met in the first half of 2013, with a level of 18.4% at June 30, 2013. At December 31, 2012, the CaixaBank Group had a liquidity level of 15.2%.

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

Issuance capacity is as follows:

Issuance capacity of emission
(Thousands of euros)

	30.06.2013	31.12.2012
Mortgage covered bond issuance capacity (Note 22)	2,516,055	3,767,291
Public-sector covered bond issuance capacity	1,560,881	1,229,146

Total liquidity: €64,604 million (18.4% of the CaixaBank Group's assets) at June 30, 2013.

At June 30, 2013, customer deposits accounted for 66% of financing sources, the same as at December 31, 2012.

Efforts continued to optimize on-balance sheet liquid assets, including the early redemption of a securitization fund (FonCaixa Leasing 1 FTA), the creation of a new securitization fund (FonCaixa Leasing 2 FTA) and the issue of mortgage-covered and public-sector covered bonds, which were repurchased by CaixaBank and used to increase the liquid assets pledged to the ECB. The cash balance of assets pledged amounted to €65,633 and €63,928 million at June 30, 2013 and December 31, 2012, respectively. Optimizing the use of on-balance sheet liquid assets allowed for the early redemption of issues secured by the Spanish Treasury for an amount of €6,000 million, kept on the balance sheet to provide collateral for the ECB facility.

The CaixaBank Group has €67,563 million in liquid assets as defined by the Bank of Spain in its liquidity statements. This amount can be readily converted, as it includes the haircuts required by the ECB.

Liquid assets (1)
(Thousands of euros)

	30.06.20133	31.12.2012
Liquid assets (nominal value)	70,333,422	59,128,744
Liquid assets (market value and ECB haircut)	67,562,991	51,770,198
of which: Central government debt	25,139,915	21,030,213

(1) Bank of Spain liquidity criteria.

Applying a conservative approach to liquidity management, the CaixaBank Group repaid part of the balance raised from the BCE's extraordinary three-year auctions (LTRO) for an amount of €6,500 million. In addition, it did not roll over ECB financing from ordinary auctions for €5,800 million related to Banco de Valencia and US dollars 400 million to CaixaBank. With this, maturities of 2015 auctions have been repaid and requests to the ECB for financing reduced. At June 30, the Group had €2,400 million invested in the ECB deposit facility.

CaixaBank has seized its opportunities, raising €3,000 million of funds from institutional investors through two senior debt issues -the first for €1,000 million of three-year bonds in January and the second for €1,000 million of five-year bonds in May- and an issue of five-year mortgage covered bonds in March for €1,000 million.

The Group'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	4,021,071	7,406,741	5,700,463	6,012,289	19,546,721	42,687,285
Public-sector covered bonds					350,000	350,000
Senior debt	929,400	1,193,400	1,286,000	1,008,900	1,708,700	6,126,400
Subordinated debt and preference shares			48,600	161,919	178,052	388,571
Convertible bonds						0
Total wholesale issue maturities	**4,950,471**	**8,600,141**	**7,035,063**	**7,183,108**	**21,783,473**	**49,552,256**

Counterparty risk

Spain's banking system restructuring continued in the first half of 2013. After the 2012 decrees on provisioning real estate loans, the industry is facing new write-downs, this time for refinanced operations.

The outlook indicates that Europe's banking industry is far from returning to normal. Progress has been made on the institutional design of the EU's financial system. At the end of June, the EU defined its position regarding the new directive on the recovery and resolution of credit institutions. Its two main pillars are a scheme for the absorption of losses by bank creditors and the creation of national resolution funds.

Meanwhile, the EU passed a law authorizing the ECB to conduct comprehensive assessments, including a balance-sheet assessment, of any bank it will supervise.

The ECB and the EU banking regulator (EBA) plan to carry out joint stress tests on European banks. The new stress test, for which a private consultant has been engaged, was commissioned before the ECB takes on supervision. The test will cover 130 euro area banks, which representing a combined 85% of total banking assets.

With the lack of confidence, most financial institutions are still unable to tap the capital markets and the interbank market has virtually disappeared; ECB liquidity injections are needed for the system to operate.

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

On the export front, Spain has so far managed to escape from the plunge in trade affecting the rest of Europe's major exporters. Buoyant exports have fed through to continuous growth in documentary credit confirming and further diversification of banking risks.

Net exposure to credit institutions, including deposits and net exposure in derivatives, at June 30, 2013 stood at €5,583 million (December 31, 2012: €6,955 million).

5. Capital adequacy management

Regulatory framework

The capital adequacy of financial institutions is regulated by Bank of Spain Circular 3/2008, which adapt the Spanish legal framework to European directives 2006/48/EC and 2006/49/EC which, in turn, transposed EU legislation in accordance with the international Basel II accord.

The reform to solvency regulations is current near completion as the international financial crisis uncovered the need to amend the regulations of the banking system in order to make it stronger. In this respect, the Basel Committee on Banking Supervision (BCBS) defined a new regulatory framework in December 2010, known collectively as Basel III, which was transported in June 2013 by the European Union through Directive 2013/36/EC (CRD IV) and Regulation 575/2013 (CRR). The CRR will become effective on January 1, 2014.

In addition, the Bank of Spain introduced the principal capital measure, setting a minimum of 9% of risk-weighted assets.

Capital adequacy of CaixaBank

At June 30, 2013, CaixaBank's Core Capital and Tier 1 ratios stood at 11.6% and total eligible capital at 12.5% of risk-weighted assets, implying a buffer of €6,782 million above the minimum capital requirements of Circular 3/2008.

The principal capital ratio was 11.6%, with an excess over the minimum requirements of Circular 7/2012 of €3,948 million.

The trend in solvency is evidence of the Group's ability to generate capital organically, thanks to both its earnings and prudent risk management, and the non-recurring transactions carried out in the year's first half: the integration of Banco de Valencia, the early repayment of public aid from the FROB to Banca Cívica in February 2011, the partial disposal of the stake in Grupo Financiero Inbursa, and extraordinary provisions, including provisions for restructuring costs and impairment on loans in accordance with internal models, to comply with the requirements of Royal Decree-Law 18/2012.

Risk-weighted assets (RWA) totaled €151,052 million at June 30, 2013, an decrease of €10,148 million or 6.3% from December 31, 2012. Enabling RWA to decline was the lower level of lending, as well as the Group's ability to optimize capital, including the application of internal models to the portfolios received from Banca Cívica. These effects was offset partially by the addition of assets from Banco de Valencia.

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

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

(Thousands of euros)	30.06.2013 (1)		31.12.2012	
	Amount	**in %**	**Amount**	**in %**
+ Capital, reserves, profits and non-controlling interests	23,494,410		24,260,740	
- Goodwill, intangible assets and other	(5,951,547)		(6,607,912)	
Core Capital	**17,542,863**	**11.6%**	**17,652,828**	**11.0%**
+ Preference shares	0		89,698	
- Deductions of basic capital	0		(89,698)	
Basic capital (Tier 1)	**17,542,863**	**11.6%**	**17,652,828**	**11.0%**
+ Subordinated financing	3,482,867		3,569,385	
+ Eligible general provisions and others	382,516		450,832	
- Deductions of Tier 2 capital	(2,541,767)		(3,031,791)	
Tier 2 capital	**1,323,616**	**0.9%**	**988,426**	**0.6%**
Total capital (Total tier)	**18,866,479**	**12.5%**	**18,641,254**	**11.6%**
Minimum capital requirements (Pillar 1)	**12,084,142**	**8.0%**	**12,895,968**	**8.0%**
Capital cushion	**6,782,337**	**4.5%**	**5,745,286**	**3.6%**
Memorandum items: risk-weighted assets	***151,051,774***		***161,199,597***	
Principal capital Bank of Spain Circular 7/2012 (2)	**17,542,863**	**11.6%**	**17,563,130**	**10.9%**

(1) Estimated data.
(2) Includes €750 million from series I/2011 mandatorily convertible bonds issued in June 2011, whose clauses were modified in the first quarter of 2013 to ensure eligibility for calculation as principal capital according to the definition in Bank of Spain Circular 7/2012.

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

Note 9 to the CaixaBank Group's 2012 consolidated financial statements provides details on remuneration and other benefits paid to directors and senior executives in 2012. The table below shows remuneration paid in the six months ended June 30, 2013 and 2012.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body as of June 30, 2013 and 2012 are shown below:

Remuneration

Remuneration	30.06.2013		30.06.2012	
	From the entity	From Group companies	From the entity	From Group companies
Total remuneration (*)	3,052	140	3,094	545
Total	**3,052**	**140**	**3,094**	**545**

(*) Includes fixed remuneration. Also includes payments in kind and variable remuneration and other long-term benefits payable to the Chief Executive Officer. Variable remuneration is included in full in the first half.

In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the director in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

The Board of Directors was composed of 19 members at June 30, 2013 and 2012.

CaixaBank's Board of Directors approved a 10% cut in their remuneration as directors starting August 1.

CaixaBank has a group third-party liability insurance policy to cover its Board members and executives. The premiums paid in this connection in the six months ended June 30, 2013 and 2012 were €290 thousand and €277 thousand, respectively.

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

Remuneration received in first half of 2013 and 2012 by the directors of CaixaBank in connection with their duties as representatives of CaixaBank on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies, excluding Group companies, for which attendance fees paid are shown in the preceding table, amounted to €548 and €607 thousand, respectively, recognized in the companies' respective income statements. CaixaBank is understood to have a significant presence or representation in all the Group subsidiaries and, in general, all other companies in which it holds an ownership interest of 20% or more.

Remuneration of executives

CaixaBank's senior management at 30 June 2013 comprised 10 people, holding the following positions: CEOs (5), Senior Executive Vice Presidents (4) and General Secretary (1). At June 30, 2012, the senior management of CaixaBank comprised 11 executives. The decrease, of one member, came at the end of the first half.

The following table presents total remuneration paid to members of CaixaBank's senior management in the first half of 2013 and 2012 related to the periods in which they belonged to this group. Accordingly, it includes the share of remuneration of directors joining or departing during the period. This remuneration is recognized in "Personnel expenses" in CaixaBank's income statement.

(Thousands of euros)	30.06.2013	30.06.2012
Short-term remuneration (*)	5,284	5,177
Post-employment benefits	623	827
Other non-current benefits	227	178
Total	**6,134**	**6,182**

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

Remuneration received by senior executives of CaixaBank in the first half of 2013 and 2012 for representing the Parent on the boards of directors of listed companies and other companies in which the Parent has a significant presence or representation and that are included in CaixaBank's scope of consolidation amounted to €295 and €343 thousand, respectively, recognized in the companies' respective income statements.

7. Financial assets

The breakdown of financial assets at June 30, 2013 and December 31, 2012 by nature and category, excluding "Cash and balances with central banks" and "Hedging derivatives" is shown in the following table. Where applicable, all assets are shown net of impairment provisions:

30.06.2013
(Thousands of euros)

	Financial assets held for trading	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit		18,739		5,812,887		5,831,626
Loans and advances to customers				209,265,407		209,265,407
Debt securities	2,062,141	93,975	52,509,556	4,746,414	17,429,342	76,841,428
Equity instruments	82,179	172,189	3,993,322			4,247,690
Trading derivatives	7,489,587					7,489,587
Total	**9,633,907**	**284,903**	**56,502,878**	**219,824,708**	**17,429,342**	**303,675,738**

31.12.2012
(Thousands of euros)

	Financial assets held for trading	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit		21,863		7,836,736		7,858,599
Loans and advances to customers				212,436,015		212,436,015
Debt securities	1,489,723	102,001	47,162,646	3,712,637	8,940,186	61,407,193
Equity instruments	85,840	130,777	4,111,280			4,327,897
Trading derivatives	14,349,888					14,349,888
Total	**15,925,451**	**254,641**	**51,273,926**	**223,985,388**	**8,940,186**	**300,379,592**

Financial assets held for trading

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

The introduction of new settlement and reporting requirements for OTC derivatives following recent amendments to EU legislation, including the EMIR (European Market Infrastructure Regulation), as well as improvements to netting processes among banks, has led to the need to manage positions more actively and efficiently with respect to capital use, and reduce the risks offset between them. The resulted in a decrease in the amounts of derivative assets and liabilities recognized in the balance sheet.

The Group has determined the value of its uncollateralized OTC derivatives positions based on the best estimates of the credit risk of the counterparties to the instruments at the date of preparation of the balance sheet. This estimate was made by accruing the margin applied to the transactions. Meanwhile, following the entry into force on January 1, 2013 of IFRS 13, the Group included credit risk in the fair-value measurement of its financial instruments issued.

Available-for-sale financial assets

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

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

(Thousands of euros)

	30.06.2013	31.12.2012
Debt securities (*)	**52,509,556**	**47,162,646**
Spanish government debt securities	39,368,527	33,576,947
Treasury bills	*966,612*	*1,787,529*
Government bonds and debentures	*33,116,144*	*27,566,400*
Other issues	*5,285,771*	*4,223,018*
Foreign government debt issues (**)	1,445,755	1,514,027
Issued by credit institutions	7,834,713	8,229,802
Other Spanish issuers	2,491,215	2,411,475
Other foreign issuers	1,369,346	1,430,395
Equity instruments	**3,993,322**	**4,111,280**
Shares in listed companies	2,585,338	2,652,143
Shares in unlisted companies	1,222,175	1,283,906
Ownership interests in investment funds and other	185,809	175,231
Total	**56,502,878**	**51,273,926**
Less impairment losses:		
Debt securities		
Total	**56,502,878**	**51,273,926**

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

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

The changes in “Available-for-sale financial assets – Equity instruments” in the first half of 2013 and 2012 are as follows:

(Thousands of euros)

	Acquisitions and capital increases	**Additions due to integration of Banca de Valencia (1)**	**Disposals**	**Amounts transferred to income statement**	**Adjustments to market value**	**Other**	**Impairment losses**	**Total**
Total balance at December 31, 2012								**4,111,280**
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb)	31,300							31,300
Telefónica, SA	66,408		(41,100)	(4,760)	(88,882)			(68,334)
Bolsas y Mercados Españoles SHMSF, SA					1,529			1,529
Other	67,890	17,578	(148,034)	(12,736)	23,232	46,135	(76,518)	(82,453)
Changes in 2013	**165,598**	**17,578**	**(189,134)**	**(17,496)**	**(64,121)**	**46,135**	**(76,518)**	**(117,958)**
Balance at June 30, 2013								**3,993,322**

(1) Addition of the portfolio from Banco de Valencia at fair value (see Note 9).

(Thousands of euros)

	Acquisitions and capital increases	**Additions due to integration of Banca Cívica**	**Disposals**	**Amounts transferred to income statement**	**Adjustments to market value**	**Other**	**Impairment losses**	**Total**
Total balance at December 31, 2011								**3,632,673**
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb)	118,000							118,000
Telefónica, SA	429,043		(380,560)	(6,636)	(747,244)	4,742		(700,655)
Bolsas y Mercados Españoles SHMSF, SA					(9,844)			(9,844)
Other	60,729	1,450,001	(344,418)	54,915	(66,373)	(56,110)	(27,638)	1,071,106
Changes in 2012	**607,772**	**1,450,001**	**(724,978)**	**48,279**	**(823,461)**	**(51,368)**	**(27,638)**	**478,607**
Balance at December 31, 2012								**4,111,280**

The main changes in the first half of 2013 are as follows:

Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, SA (SAREB)

In December 2012, the "la Caixa" Group, through CaixaBank signed an agreement to invest in the SAREB, together with the FROB, Banco Santander, Banco Sabadell, Banco Popular and KutxaBank. In December 2012, the Institution 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.

On February 13, SAREB carried out a new capital increase, providing entry to new investors and payment of the obligations assumed by the initial investors (including CaixaBank). CaixaBank paid €31.3 million in the capital increase, raising its investment to €149.3 million at June 30, 2013.

At June 30, 2013, CaixaBank's stake in SAREB was 12.4%.

In addition, VidaCaixa SA had an investment in SAREB subordinated debt amounting to €431.9 million at June 30, 2013, of which €354 million was subscribed in 2012. This investment is recognized in "Available-for-sale financial assets – debt securities" in the accompanying consolidated balance sheet.

Telefónica

In the first half of 2013, CaixaBank increased its stake in Telefónica, SA by directly investing €66 million, representing a 0.13% stake. It also sold shares representing a 0.09% stake, generating a pre-tax gain of €5 million.

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

At June 30, 2013, CaixaBank's stake in Telefónica, SA stood at 5.59%, with a market value of €2,507 million.

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 or delay 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 in the income statement.

Impairment of equity instruments classified as available-for-sale financial assets

The CaixaBank Group tested all the equity instruments classified as available-for-sale financial assets for impairment.

These tests uncovered the need to charge against profit for the first half of 2013 an amount of €76,518 thousand for its investments, none of which individually was for a significant amount, recognizing under "Impairment losses on financial assets (net)" in the accompanying income statement.

Loans and receivables

"Loans and receivables – Debt securities" comprises the following:

- Bonds for a nominal amount of €2,649 million issued by multi-seller securitization funds to which Banca Cívica contributed covered bonds it issued over the course of several years for an amount of €8,873 million. The covered bonds are recognized under "Financial liabilities at amortized cost – Customer deposits" in the balance sheet.

- €1,350 million to plain vanilla bonds issued by Servihabitat XXI, SAU (subsidiary of the "la Caixa" Group) 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 for a nominal amount of €1,050 million issued by multi-seller securitization funds to which Banco de Valencia contributed covered bonds it issued, for an amount of €2,150 million. The covered bonds are recognized under "Financial liabilities at amortized cost – Customer deposits" in the balance sheet.

The main line item under this heading is "Loans and advances to customers," which at June 30, 2013 and December 31, 2012 breaks down as follows:

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

	30.06.2013	31.12.2012
Public sector	10,373,868	13,052,094
Commercial loans	5,069,856	6,238,655
Secured loans	130,755,978	133,393,775
Reverse repurchase agreement (repos)	38,940	107,342
Other term loans	40,071,542	42,114,002
Finance leases	2,346,405	2,333,895
Receivables on demand and others	11,466,043	7,376,033
Doubtful assets	25,501,417	19,989,085
Total gross	**225,624,049**	**224,604,881**
Impairment allowance	(16,572,219)	(12,563,854)
Other valuation adjustments (*)	213,577	394,988
Total valuation adjustments	**(16,358,642)**	**(12,168,866)**
Total	**209,265,407**	**212,436,015**

(*) Includes accrued interest, fees and commissions, and other fair-value adjustments arising from the integration

The contribution by Banco de Valencia to "Loans and advances to customers" at the date of the business combination amounted to €10,536,699 thousand.

In the first half of 2013, loans and receivables from public administrations decreased due to the early repayment, in May 2013, pursuant to the Framework Agreement signed on May 16, 2012 by the Fund to Finance Payments to Suppliers (*Fondo para la Financiación de los Pagos a Proveedores*, or "FFPP"), the Spanish General Secretariat of the Treasury and Financial Policy and the lenders in the syndicated loan arranged on the same date, of the loan granted by the FFPP via a bond issue. This resulted in the cancellation of the €3,072 million classified under this line item and the subscription of six bonds for €512 million each, with the following maturities: November 30, 2014, May 31, 2015, November 30, 2015, May 31, 2016, November 30, 2016 and May 31, 2017. These bonds are classified in "Held-to-maturity investments."

The balance of "Receivables on demand and others" relates mostly to the asset recognized under the scope of the business combination with Banco de Valencia. As indicated in Note 9, within the award to CaixaBank of Banco de Valencia, a protocol of financial support measures implemented through an Asset Protection Scheme was signed, which will see the FROB assuming, over a period of 10 years, 72.5% of any losses from Banco de Valencia's SME/self-employed professionals portfolio and contingent liabilities, once any existing provisions covering these assets have been used. In the purchase price allocation process, an asset was recognized to reflect the 72.5% of the expected loss for the protected portfolio, which amounted to €1,203 million. Total expected loss less provisions at Banco de Valencia was recognized as an increase in impairment allowances for loans and receivables.

The following table shows the changes in doubtful loans and advances to customers in the first half of 2013:

(Thousands of euros)

	30.06.2013
Balance at January 1	**19,989,085**
Plus:	
Business combination with Banco de Valencia	1,705,902
Additions (*)	9,873,872
Less:	
Foreclosed assets	(2,120,342)
Standardized and other assets	(3,165,318)
Assets written off and derecognized	(781,782)
Balance at June 30	**25,501,417**

(*) Includes €3,287 million from the reclassification of bases following the review of the criteria applied to refinanced operations (see Note 4)

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

(Thousands of euros)

	30.06.2013	31.12.2012
Public sector	**107,279**	**97,228**
Private sector	**25,394,138**	**19,891,857**
Mortgage loans	19,751,203	16,000,150
Other loans	3,516,226	2,311,423
Credit accounts	1,489,178	1,110,587
Factoring	21,454	22,075
Commercial loans	172,550	83,727
Other credit	443,527	363,895
Total	**25,501,417**	**19,989,085**

Doubtful loans amounted to €25,876 million and €20,150 million at June 30, 2013 and December 31, 2012, respectively, including contingent liabilities. This increase was caused by the general economic downturn and the application of prudent loan scoring criteria, as well as the integration of Banco de Valencia's portfolio, resulting in a non-performing loans ratio (doubtful loans and contingent risks as a percentage of total risk) of 11.17% at June 30, 2013 (December 31, 2012: 8.62%). Stripping out the extraordinary impact of reclassifications to doubtful loans and charges to provisions for changes of criteria in the assessment of refinancing operations (see Note 4), doubtful loans would amount to €22,589 million, with an NPL ratio of

9.75%. The ratio for the Spanish financial system as a whole according to the figures for May 2013 stood at 11.21%.

Provisions for loans and contingent risks at June 30, 2013 amounted to €17,041 million, €4,370 million more than at the end of 2012. The difference includes an allocation of €902 million for real estate credits at December 31, 2011, estimated based on the Institution's internal models. As explained in Note 4 - "Refinancing policies", the Company increased provisions for refinancing operations by €540 million in the first half of 2013. Provisions for contingent liabilities are recognized under "Provisions" on the liabilities side of the accompanying condensed interim balance sheet (see Note 15). Coverage at June 30, 2013 stood at 66% (146% considering mortgage collateral), or 75% excluding the impact of refinanced transactions.

The following table shows the movement in the first half of 2013 and 2012 in impairment provisions relating to "Loans and receivables."

(Thousands of euros)	**Balance at 31.12.2012**	**Business combination with Banco de Valencia**	**Net allowances**	**Amounts used**	**Transfers and other**	**Balance at 30.06.2013**
Specific allowance	**12,565,780**	**3,766,959**	**2,190,292**	**(1,572,314)**	**(394,110)**	**16,556,607**
Loans and advances to credit institutions	2,499		314			2,813
Loans and advances to customers	12,533,972	3,722,209	2,209,424	(1,572,314)	(387,700)	16,505,591
Public sector	*953*		*(516)*	*(106)*	*6,430*	*6,761*
Other sectors	*12,533,019*	*3,722,209*	*2,209,940*	*(1,572,208)*	*(394,130)*	*16,498,830*
Debt securities	29,309	44,750	(19,446)		(6,410)	48,203
General allowance	**27,803**	**0**	**8,292**	**0**	**28,288**	**64,383**
Loans and advances to customers	27,803		8,292		28,288	64,383
Country risk allowance	**2,079**	**0**	**169**	**0**	**(3)**	**2,245**
Loans and advances to customers	2,079		169		(3)	2.245
Total	**12,595,662**	**3,766,959**	**2,198,753**	**(1,572,314)**	**(365,825)**	**16,623,235**

(Thousands of euros)

	Balance at 31.12.2011	Net allowances	Amounts used	Transfers and other	Balance at 30.06.2012
Specific allowance	**3,877,183**	**2,403,642**	**(472,631)**	**(285,046)**	**5,523,148**
Loans and advances to credit institutions	8	23			31
Loans and advances to customers	3,875,697	2,403,097	(472,631)	(285,047)	5,521,116
Public sector	*349*	*46*		*11*	*406*
Other sectors	*3,875,348*	*2,403,051*	*(472,631)*	*(285,058)*	*5,520,710*
Debt securities	1,478	522		1	2,001
General provisions for real estate assets	**0**	**1,255,000**	**(279,500)**	**0**	**975,500**
General allowance	**1,760,121**	**(1,760,121)**	**0**	**0**	**0**
Loans and advances to customers	1,760,121	(1,760,121)			0
Country risk allowance	**2,393**	**(8)**	**0**	**(150)**	**2,235**
Loans and advances to customers	2,393	(8)		(150)	2,235
Total	**5,639,697**	**1,898,513**	**(752,131)**	**(285,196)**	**6,500,883**

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

The breakdown of assets which, based on the analyzes carried out, are considered assets with substandard risk or doubtful assets for reasons other than customer default, by collateral at June 30, 2013 and December 31, 2012 is as follows:

30.06.2013

Substandard and impaired assets determined individually (*)

(Thousands of euros)

	Substandard		Doubtful	
Collateral	**Amount**	**Provision**	**Amount**	**Provision**
Personal	1,386,407	489,758	1,542,439	1,056,087
Mortgage	7,191,917	1,248,942	5,281,781	1,323,349
Other	385,616	69,582	48,821	12,814
Total	**8,963,940**	**1,808,282**	**6,873,041**	**2,392,250**

(*) Includes all assets classified as substandard and doubtful assets for reasons other than customer default. Includes the impact of reclassifications to doubtful due to the review of the criteria for refinanced operations.

31.12.2012

Substandard and impaired assets determined individually (*)

(Thousands of euros)

	Substandard		Doubtful	
Collateral	**Amount**	**Provision**	**Amount**	**Provision**
Personal	1,910,274	216,632	1,547,590	657,554
Mortgage	5,582,154	1,479,092	2,180,344	661,044
Other	282,089	55,890	182,329	58,543
Total	**7,774,517**	**1,751,614**	**3,910,263**	**1,377,141**

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

The changes in the first half of 2013 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 consolidated balance sheet.

(Thousands of euros)

	30.06.2013
Balance at January 1	**5,896,422**
Additions:	**3,009,104**
Due to business combination with Banco de Valencia	683,594
With a charge to impairment losses	1,572,314
With a direct charge to the income statement	419,130
Other causes (*)	334,066
Disposals:	**(1,231,058)**
Cash recovery of principal	(121,190)
Cash recovery of past-due receivables	(27,674)
Forgiveness or expiry	(1,071,058)
Disposal of NPLs	0
Other	(11,136)
Balance at June 30	**7,674,468**

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.

Held-to-maturity investments

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

The amount provided for the integration of Banco de Valencia under this line item was €6,462 million (see Note 9) and includes the bonds (issued by the ESM) received as consideration for the capital increase subscribed by the FROB for €4,500 million and those received as consideration for the transfer of assets to SAREB for €1,962 million. The SAREB bonds are backed by an irrevocable guarantee of the Spanish government. The market value of the financial instruments from Banco de Valencia included in this balance sheet item does not different significantly from the carrying amount at June 30, 2013.

In May 2013, pursuant to the Regulatory Framework Agreement signed on May 16, 2012 by the FFPP, the Spanish General Secretariat of the Treasury and Financial Policy and the lenders in the syndicated loan arranged on the same date, the loan granted by the FFPP was repaid early via a bond issue. This resulted in the cancellation of the €3,072 million classified under "Loans and receivables" (see section on "Loans and receivables" in this Note) and the subscription of six bonds for €512 million each, with the following maturities: November 30, 2014, May 31, 2015, November 30, 2015, May 31, 2016, November 30, 2016 and May 31, 2017.

8. Non-current assets held for sale

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

The changes in this condensed interim consolidated balance sheet heading in the first six months of 2013 is as follows:

Thousands of euros)	30.06.2013	
	Foreclosed assets	**Other assets**
Balance at January 1	**6,131,745**	**587,980**
Plus:		
Business combination with Banco de Valencia	290,413	17,929
Additions in the period	2,604,459	194,855
Transfers	(751,593)	17,715
Less:		
Disposals due to sale	(584,936)	(3,391)
Balance at June 30	**7,690,088**	**815,088**
Less:		
Impairment allowance	(2,021,485)	(22,512)
Total	**5,668,603**	**792,576**

At June 30, 2013 and 2012, “Foreclosed assets” comprises foreclosure rights deriving from auctions in the amount of €496 million and €411 million, net, respectively. Note 4, “Risk management”, provides details on the remaining foreclosed assets by source and type of property.

“Other assets” includes prepayments related to bonds placed with courts to participate in auctions, provisions of funds and payments to notaries and administrative agencies for a variety of procedures related to properties, as well as prepayments on unallocated foreclosure rights on properties expected to be allocated in the short term.

Changes in impairment allowances in the first half of 2013 are as follows:

(Thousands of euros)	30.06.2013	
	Foreclosed assets	**Other assets**
Balance at January 1	**1,429,771**	**15,984**
Plus:		
Additions due to integration of Banco de Valencia	171,321	2,716
Net allowances	80,012	
Transfers	408,465	3,812
Less:		
Amounts used	(68,084)	
Balance at June 30	**2,021,485**	**22,512**

9. Business combinations and ownership interests in subsidiaries

Acquisition of Banco de Valencia

On November 27, 2012, 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"). Following acceptance of this bid, the following agreements were entered into on November 27, 2012:

- A share purchase agreement through which CaixaBank would 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 had 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.

- 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 portfolio and contingent liabilities (guarantees), once any existing provisions covering these assets have been used.

The integration of Banco de Valencia in the CaixaBank Group leaves scope to realize additional synergies and economies of scale in order to obtain an appropriate return on Banco de Valencia's banking business, which has suffered from the squeeze on margins and the erosion of its loan portfolio. The merger also results in a combined entity with a stronger geographic presence in Valencia, where Banco de Valencia is a benchmark, with a significant market share.

The acquisition under the aforementioned terms was completed on February 28, 2013, after official approval and authorization by Spanish and EU authorities were given. CaixaBank ownership interest in Banco de Valencia increased to 98.9% after the acquisition of 454,992,242,050 shares from the FROB. As a result, the aforementioned asset protection scheme came into effect, retroactively from October 1, 2012.

On April 4, 2013, the Boards of Directors of CaixaBank and Banco de Valencia approved the Joint Merger Project between CaixaBank (absorbing company) and Banco de Valencia (absorbed company). The merger, which was subject to approval by the Spanish Ministry of the Economy and Competition, was carried out on July 19, 2013. The exchange rate was 1 CaixaBank share for every 479 Banco de Valencia shares. CaixaBank carried out the exchange by delivering 9,748,666 treasury shares.

Provisional accounting of the business combination

The business combination is recognized in the accompanying interim consolidated financial statements. The date control was effectively obtained was February 28, 2013, when the shares owned by the FROB were acquired for €1. For accounting purposes, the transaction was recognized on January 1, 2013. The impact on equity and profit of the difference between the acquisition date and the date control was effectively obtained is not significant.

CaixaBank has engaged an independent expert to determine the fair values of Banco de Valencia's assets and liabilities at January 1, 2013 ("Purchase Price Allocation" or PPA). 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 date of preparation of the accompanying financial statements and, in any case, are provisional. The fair values of Banco de Valencia's assets and liabilities at January 1, 2013, are as follows:

(Thousands of euros)	Carrying amount	Adjustments	Fair value
Assets			
Cash and balances with central banks	98,218		98,218
Financial assets held for trading	91,672	65	91,737
Available-for-sale financial assets (Note 7)	1,221,746	(4,985)	1,216,761
Debt securities	*1,199,612*	*(429)*	*1,199,183*
Equity instruments	*22,134*	*(4,556)*	*17,578*
Loans and receivables (Note 7)	13,055,189	(1,076,639)	11,978,550
Loans and advances to credit institutions	*235,745*		*235,745*
Loans and advances to customers	*11,538,100*	*(1,001,401)*	*10,536,699*
Debt securities	*1,281,344*	*(75,238)*	*1,206,106*
Held-to-maturity investments (Note 7)	6,460,534	1,266	6,461,800
Hedging derivatives	10,858		10,858
Non-current assets held for sale (Note 8)	199,614	(65,309)	134,305
Investments	111,983	(29,233)	82,750
Associates (Note 10)	*111,937*	*(29,233)*	*82,704*
Jointly controlled entities (Note 10)	*46*		*46*
Tangible assets (Note 11)	186,843	(41,908)	144,935
Intangible assets (Note 12)	6,253	144,114	150,367
Tax assets (Note 17)	18,829	1,761,433	1,780,262
Other assets	39,072		39,072
Liabilities			
Financial liabilities held for trading	99,793		99,793
Financial liabilities at amortized cost (Note 14)	18,826,074	(481,591)	18,344,483
Deposits from central banks and credit institutions	*7,766,676*		*7,766,676*
Customer deposits	*9,609,193*	*(41,049)*	*9,568,144*
Marketable debt securities	*778,998*	*(24,763)*	*754,235*
Subordinated liabilities	*415,843*	*(415,779)*	*64*
Other financial liabilities	*255,364*		*255,364*
Hedging derivatives	78,935		*78,935*
Provisions (Note 15)	246,955	717,716	*964,671*
Tax liabilities (Note 17)	19,142	263,241	*282,383*
Other liabilities	29,760		*29,760*
Equity	2,200,152	189,438	2,389,590
Net equity acquired (net of non-controlling interests)			2,365,206
Consideration transferred			
Negative goodwill, gross			**2,365,206**

In the PPA exercise, the following assets, liabilities and contingent liabilities of the acquiree were measured:

- The fair value of loans and receivables was obtained by applying the estimated percentages of expected loss, determined basically in accordance with the characteristics of the financing granted and the collateral of the debt. In addition, an asset is recognized under "Loans and receivables" to reflect the expected losses borne by the FROB under the scope of the asset protection scheme agreement on the SME/self-employed professionals loan portfolio. The asset recognized amounts to €1,203 million.

- The fair value of the portfolio of real estate assets was obtained considering parameters such as use of the assets, appraisals, asset location, etc.

- The fair values of the portfolio of non-listing holdings was estimated using a variety of generally accepted valuation techniques, including discounted cash flows.

- The wholesale debt issues, including acquired by group companies, were estimated at their fair values.

- Liabilities and contingent liabilities are measured at the best estimate of the outflow of resources that could be required of uncertain timing.

- The related deferred tax asset and liability have been accounted for in each adjustment.

- Finally, the Group recognized tax assets from Banco de Valencia which, at the date of the integrated, were estimated to be recoverable by the ”la Caixa” tax group.

The consideration transferred amounts to €1, as indicated above. The negative goodwill arising on the business combination, considering the acquisition of 98.9% of the company’s equity, amounts to €2,365 million. As a result, the Group recognized a positive amount equivalent to the negative difference arising on consolidation under “Negative goodwill” in the accompanying consolidated income statement (€1,777 million after tax). The Company intends to submit a consultation to the General Directorate of Tax to obtain confirmation of the tax treatment of the negative goodwill and the calculation of its tax expense.

The expenses incurred in the transaction amounted to €2.7 million, recognized under “Other operating expenses” in the accompanying income statement.

The estimated amount of consolidated ordinary income, considered as consolidated gross income, contributed by the acquiree from the acquisition date for accounting purposes (January 1, 2013) was €134,537 thousand.

Final accounting of the business combination with Banca Cívica

The business combination with Banca Cívica is explained in detail in Note 7 of the CaixaBank Group's 2012 consolidated financial statements. As indicated, the fair-value adjustments of Banca Cívica’s assets, liabilities and contingent liabilities were provisional and based on the best estimate at the date of preparation of those financial statements. Under IFRS 3, the measurement period shall not exceed one year from the acquisition date. During this period, the acquirer may retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

During the measurement period, CaixaBank identified facts and circumstances related to loans and receivables that should result in an adjustment to the provisional amounts recognized. Certain factors related to the credit risk inherent in these assets and their fair value should be updated. The analyses were completed during the measurement period, involving a detailed review of the credit files, of the related collateral and the characteristics of certain files. The review resulted in the need to make additional adjustments to loans and receivables amounting to €1,000 million. The impact of the additional adjustments is as follows:

(Thousands of euros)	Amount of adjustment
Goodwill **(Note 12)**	700,000
Loans and receivables **(Note 7)**	(1,000,000)
Net tax assets **(Note 17)**	300,000

The above adjustments had not impact on the Group's net equity and complete the provisional accounting made on July 1, 2012 and included in the 2012 consolidated financial statements.

Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones

In line with the plan to reorganize Banca Cívica's insurance portfolio, in March 2013, CaixaBank entered into a sale purchase agreement with CASER to acquire 50% of the shares the latter held in Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones. This move gave CaixaBank control over these companies at the end of March 2013, as it previously held 50% stakes in each. The total amount paid in the transaction was €215,500 thousand. This amount includes the costs for breaking the shareholder agreements, which included exclusivity clauses. In the allocation of the purchase price paid for Banca Cívica, CaixaBank had recognized a provision in this connection, which was used in the transaction (see Note 15), for an amount of €63,089 thousand. After the transaction, the assets, liabilities and contingent liabilities of the three companies were recognized at their fair value in the Group's balance sheet. The provisional fair values of the assets and liabilities of the combined businesses were €584,684 and €268,399, respectively, and include intangible assets related to the insurance portfolio of €48,586 thousand, which had an estimated useful life of 10 years for the life and six years for the non-life business, and generated goodwill of €180,280 thousand (see Note 12). This business combination did not produce any accounting result, as the previously held interest was acquired at fair value in the business combination with Banca Cívica. The contribution of these businesses to CaixaBank's income statement is not significant.

Transactions with subsidiaries

The main changes occurring in the first half of 2013 in relation to entities and businesses controlled by the Group, which had no impact on the consolidated financial information, are as follows:

VidaCaixa Grupo, SAU y VidaCaixa, SA, de Seguros y Reaseguros

For the business restructuring of the Group's insurance activity, on March 5, 2013, the Boards of Directors of VidaCaixa Grupo, SAU and VidaCaixa, SA, de Seguros y Reaseguros approved the Joint Merger Project between VidaCaixa Grupo, S.A.U. (absorbed company) and VidaCaixa, SA, de Seguros y Reaseguros (absorbing company). Pursuant to the merger by absorption, the absorbed company will be integrated in the absorbing company through the transfer of all its assets, and extinguished without liquidation. All the shares of the absorbing company are attributed to CaixaBank, the sole shareholder of the absorbed company.

The merger was carried out on June 28, 2013, once the required authorization from the Directorate General of Insurance and Pension Funds was obtained.

Previously, on March 20, 2013, CaixaBank fully subscribed and paid up the €481,600 thousand cash capital increase made by VidaCaixa Grupo, SAU of which €96,160 thousand corresponded to capital and the remainder to the share premium. The purpose of the capital increase was the subsequent subscription and payment by VidaCaixa Grupo, SAU of the €481,600 thousand cash capital increase made by VidaCaixa, SA, de Seguros y Reaseguros, of which €96,160 thousand corresponded to capital and the remainder to the share premium.

CaixaBank's ownership interest in VidaCaixa, SA, de Seguros y Reaseguros (the company resulting from the aforementioned merger) at June 30, 2013 was 100%.

Banca Cívica Vida y Pensiones, SA de Seguros

On March 26, 2013, CaixaBank sold its 56.69% stake in Banca Cívica Vida y Pensiones, SA de Seguros to VidaCaixa, SA, de Seguros y Reaseguros for €159 million.

At June 30, 2013, the Group's stake was 100%.

Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo)

In March 2013, CaixaBank subscribed and paid a cash contribution of €85 million to Credifimo to offset losses and restore the company's equity balance.

After this capital increase, the Company recognized a €73 million impairment loss on its stake in Credifimo. This amount, included in the business combination with Banca Cívica, was classified previously as an impairment allowance under "Provisions – Other provisions" in the consolidated balance sheet (see Note 15).

At June 30, 2013, CaixaBank's stake in Credifimo was 100%.

Caixa Card 1, EFC, SAU

On December 28, 2012, CaixaBank subscribed a capital increase at Caixa Card 1, EFC, SAU 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). Subsequently, Caixa Card 1, EFC, SAU distributed a share premium for the amount of €1,840 million, recognized as a reduction from the cost of the investment.

Regarding the capital increase, the Company paid the outstanding €100 million in the first half of 2013. This payment was made through the non-monetary contribution of the credit, debit and prepaid card businesses from Caja Burgos and Caja Canarias (€54 million) and the remainder through a cash contribution.

CaixaBank's stake in Caixa Card 1, EFC, SA at June 30, 2013 was 100%.

BuildingCenter, SAU

At its meeting of January 17, 2013, CaixaBank Executive Committee resolved to subscribe to BuildingCenter, SAU's cash capital increase for a nominal €1,250 million plus a total issue premium of €500 million. The deed of the capital increase was executed on February 1.

The capital increase was carried out so that the BuildingCenter 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 June 30, 2013, the entire amount of the capital increase had be paid, with CaixaBank's stake in BuildingCenter, SAU standing at 100%.

Vip Gestión de Inmuebles, SLU

On June 13, 2013, CaixaBank subscribed a capital increase at VIP Gestión de Inmuebles, SLU for the amount of €94,332 thousand, of which €62,888 thousand corresponded to capital and the remainder to the share premium. The subscription was carried out via the non-monetary contribution of 1,678 properties from Banco de Valencia.

In addition, on the same date a non-cash capital increase was carried out through the offsetting of participating loans for €228,100 thousand, all of which are capital.

10. Investments

Notes 2.1 and 2.2 of the CaixaBank Group's 2012 consolidated financial statements set out the criteria used to determine the classification of companies as subsidiaries, jointly controlled entities, associates or available-for-sale equity instruments, along with the consolidation and measurement bases used for each for the purpose of preparing the consolidated annual financial statements. Appendices 1, 2 and 3 in the notes thereto provide key information on subsidiaries, jointly controlled entities and associates.

For the preparation of these condensed interim consolidated financial statements for the first half of 2013, the same accounting principles, policies and criteria as those used in 2012 were used, taking into consideration, in any event, new IFRSs, interpretations and amendments that became effective in the first half of 2013.

Jointly controlled entities and associates

The detail of and changes in investments in jointly controlled entities and associates in the first half of 2013 are as follows:

Investments in associates and jointly controlled entities
(Thousands of euros)

	30.06.2013	**31.12.2012**
Listed banking investments	5,072,425	5,745,456
Underlying carrying amount	*3,714,323*	*4,050,785*
Goodwill	*1,358,102*	*1,694,671*
Other listed companies	3,425,559	3,472,246
Underlying carrying amount	*3,425,559*	*3.472.246*
Goodwill		
Unlisted	1,408,028	1,456,485
Underlying carrying amount	*1,081,723*	*958,367*
Goodwill	*326,305*	*498,118*
Subtotal	**9,906,012**	**10,674,187**
Less:		
Impairment allowance	(738,109)	(736,016)
Total	**9,167,903**	**9,938,171**

Investments in associates and jointly controlled entities.

(Thousands of euros)

	Underlying carrying amount	Goodwill	Impairment allowance	Total
Balance at December 31, 2012	**8,481,398**	**2,192,789**	**(736,016)**	**9,938,171**
Acquisitions and capital increases	193,302	4,182		197,484
Business combinations **(Note 9)**	73,179	9,571		82,750
Disposals and capital reductions	(591,330)	(356,792)		(948,122)
Profit for the period	340,996			340,996
Dividends declared	(166,120)			(166,120)
Translation differences	22,854	16,041		38,895
Changes in consolidation method (1)	(283,860)	(22,427)		(306,287)
Valuation adjustments - investees	69,575			69,575
Reclassifications and others	81,611	(158,957)	(2,093)	(79,439)
Balance at June 30, 2013	**8,221,605**	**1,684,407**	**(738,109)**	**9,167,903**

(1) After the acquisition of 50% of Cajasol Vida y Pensiones, Caja Canarias Vida y Pensiones and Cajasol Seguros Generales, they became fully-consolidated subsidiaries.

Investments in associates and jointly controlled entities. Acquisitions and sales

30.06.2013

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
<u>Acquisitions and capital increases</u>			
The Bank of East Asia, Ltd.	18,464	4,182	22,646
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA	60,000		60,000
Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA	51,000		51,000
Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA	60,000		60,000
Other	3,838		3,838
	193,302	**4,182**	**197,484**

30.06.2013

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
<u>Disposals and capital reductions</u>			
Grupo Financiero Inbursa	(571,772)	(356,792)	(928,564)
Other	(19,558)		(19,558)
	(591,330)	**(356,792)**	**(948,122)**

The main changes occurring in the first half of 2013 were as follows:

Grupo Financiero Inbursa

On June 6, 2013, CaixaBank reached an agreement with Inmobiliaria Carso, SA to sell a package of 250 million shares of Grupo Financiero Inbursa, SAB de CV, representing approximately 3.7% of its share capital, at a price of 26 Mexican pesos (MXN) per share. The total amount of the sale was MXN 6,500 million (€387 million), which was hedged by exchange rate insurance.

Subsequently, on June 26, 2013, CaixaBank placed 423 million shares of Grupo Financiero Inbursa, SAB de CV, representing approximately 6.4% of its share capital, at a price of MXN 26 per share. The total amount of the sale was MXN 11,008 million (€654 million). The deal had the following features:

- Placement of 296 million shares, representing approximately 4.5% of Grupo Financiero Inbursa's outstanding shares, through a public secondary offering on the Mexican Stock Exchange and a private placement in the international capital markets, including a greenshoe option in favor of the placement agents.

- Underwriting offering: To support the offering, Inversora Bursátil, SA de CV, Casa de Bolsa, a Grupo Financiero Inbursa subsidiary, agreed irrevocably to place 30% of shares sold in the offering at the offering price (considering the anchor portion) at the offering price, contingent on settlement. A total of 127 million shares were placed under this offering, representing approximately 1.9% of the outstanding shares of Grupo Financiero Inbursa.

The Group entered into derivatives to hedge the currency risk.

The net gains generated on the sale of Grupo Financiero Inbursa shares in the first half of 2013 amounted to €63 million, recognized under "Gains/(losses) on disposal of assets not classified as non-current assets held for sale" in the accompanying consolidated income statement.

After the transactions explained above, CaixaBank remains committed to Grupo Financiero Inbursa and its main shareholders. It has signed a new agreement governing its relations as shareholder of Grupo Financiero Inbursa and its representation on the company's governing bodies.

The "la Caixa" Group's stake in Grupo Financiero Inbursa at June 30, 2013 was 9.9%. On July 2, 2013, the underwriters of the aforementioned sale exercised their greenshoe option, acquiring 59,271,775 shares of Grupo Financiero Inbursa at a price of MXN 26 per share. The investment in Grupo Financiero Inbursa after this transaction stood at 9.01%.

The Bank of East Asia, LTD

During the first half of 2013, The Bank of East Asia paid a scrip dividend, in which CaixaBank elected to receive shares worth €22.6 million in April 2013.

CaixaBank's ownership interest in The Bank of East Asia at June 30, 2013 was 16.47%.

Cajasol Vida y Pensiones de Seguros y Reaseguros, SA, Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA and Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA

As described in Note 9, the Company has acquired control over these companies in March 2013, paying out €60,000 thousand, €51,000 and €60,000 thousand, respectively. Following these acquisitions, these companies are now fully consolidated and have been reclassified from associates to subsidiaries.

Impairment losses on associates

The Group has a methodology in place (described in note 17 of the CaixaBank Group 2012 consolidated annual financial statements) for performing half-yearly assessments of potential indicators of impairment in the carrying amounts of investments in associates.

The analyzes carried out to June 30, 2013, using the same assumptions as at December 31, 2012, which are described in detail in Note 17 of the CaixaBank Group's 2012 consolidated financial statements, uncovered the need to recognize additional impairment losses of €2 million for investments of insignificant amounts.

Market value of listed investees

The table below shows the main listed companies classified as associates or available-for-sale financial assets, detailing the percentage of ownership and market value.

(Thousands of euros)		30.06.2013		31.12.2012	
Company		**% stake**	**Market value**	**% stake**	**Market value**
Telefónica, SA	(AFS)	5.59%	2,506,519	5.55%	2,574,853
Grupo Financiero Inbursa	(ASSOC)	9.90%	1,108,497	20.00%	3,042,441
Repsol, SA	(ASSOC)	12.20%	2,537,018	12.46%	2,400,072
The Bank of East Asia, LTD	(ASSOC)	16.47%	1,026,009	16.38%	1,057,572
Erste Group Bank AG	(ASSOC)	9.93%	803,711	9.93%	941,680
Banco BPI, SA	(ASSOC)	46.22%	583,356	46.22%	605,842
Boursorama, SA	(ASSOC)	20.70%	119,263	20.70%	90,858
Bolsas y Mercados Españoles SHMSF, SA	(AFS)	5.01%	78,819	5.01%	77,290
Market value			**8,763,192**		**10,790,608**

(ASSOC)= Associates; (AFS) = Available-for-sale

Goodwill

The breakdown of goodwill at June 30, 2013 and December 31, 2012 arising from companies consolidated using the equity method is as follows:

(Thousands of euros)	**30.06.2013**	**31.12.2012**
Grupo Financiero Inbursa (1)	344,134	689,428
The Bank of East Asia, LTD (1)	597,464	588,739
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros (2)	299,618	388,850
Banco BPI, SA	350,198	350,198
Boursorama, SA	66,306	66,306
Comercia Global Payments, Entidad de Pago, SL (2)		53,410
Cajasol Seguros Generales		19,653
Self Trade Bank, SA (2)		16,317
Can Seguros Generales	13,412	13,412
Other	13,275	6,476
Total	**1,684,407**	**2,192,789**

(1) Equivalent value in euros of goodwill recorded in foreign currency.

(2) The goodwill on these investments consolidated using the equity method arising in business combinations that occurred in the investee was capitalized as an increase in the value of the investment, as it was not generated on the acquisition of the company by CaixaBank.

11. Tangible assets

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

Changes in the period

The most significant movement in this heading of the consolidated balance sheet relates to the business combination with Banco de Valencia. The amount at fair value provided for Banco de Valencia at the date of integration was €144,935 thousand.

In the first six months of 2013, there were no significant gains or losses on any individual sale**.** At June 30, 2013, the CaixaBank Group had no significant commitments to acquire items of property and equipment.

In addition, property and equipment for own use are allocated to the Banking Business cash-generating unit (CGU). At June 30, 2013, an impairment test was performed on the net amount of the associates associated with the Banking Business CGU. The results of the tests carried did not uncover any need to make allowances for the assets included under this heading in the first half of 2013.

12. Intangible assets

Goodwill

The balance of this heading of the accompanying condensed consolidated balance sheet at June 30, 2013, was different from the situation at December 31, 2012, due to the business combination with Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Seguros, as described in Note 9. The most significant existing goodwill derived from acquisitions in previous years of the businesses of Banca Cívica, Morgan Stanley in Spain, VidaCaixa, S.A. de Seguros y Reaseguros, and Bankpime, SA.

Impairment tests on the cash-generation units (CGUs) to which this goodwill is associated and the updates of the impairment tests carried out at December 31, 2012 show no need to made additional allocations to goodwill existing at June 30, 2013.

Goodwill
(Thousands of euros)

	CGU	30.06.2013	31.12.2012
Acquisition of Banca Cívica **(Note 9)**	Banking	2,019,996	2,019,996
Acquisition of Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones **(Note 9)** (1)	Insurance	194,975	
Acquisition of Banca Cívica Vida y Pensiones	Insurance	126,730	83,085
Acquisition of Banca Cívica Gestión de Activos	Banking	9,220	16,420
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance (2)	402,055	402,055
Acquisition of Bankpime, SA	Banking	39,406	39,406
Acquisition of VidaCaixa, SA de Seguros y Reaseguros (VidaCaixa Grupo, SA Group)	Insurance	330,929	330,929
Total		**3,123,311**	**2,891,891**

(1) Of which €180,280 thousand arise from the business combination with CaixaBank and the remainder to prior Cajasol Seguros Generales mergers.
(2) Of which €3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

The provisional goodwill arising from the business combination with Banca Cívica totalled €1,340,361 thousand. In the second half of 2012, various disposals were carried out, reducing goodwill by €20,365 thousand. In addition, as explained in Note 9, under IFRS 3, the measurement period shall not exceed one year from the acquisition date. During this period, the acquirer may retrospectively adjust the provisional amounts recognized at the acquisition date. During this measurement period, CaixaBank identified factors resulting in an adjustment to the provisional amounts recognized. This led to an increase in the goodwill arising on the business combination with Banca Cívica of €700,000 thousand. Therefore, the final goodwill at June 30, 2013 from the business combination with Banca Cívica amounted to €2,019,996 thousand.

Other intangible assets

The change in this condensed interim consolidated balance sheet heading in the first six months of 2013 is as follows:

Other intangible assets
(Thousands of euros)

	30.06.2013
Balance at January 1	**685,324**
Plus:	
Business combination with Banco de Valencia **(Note 9)**	150,367
Business combination with Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones **(Note 9)**	48,586
Additions of software and others	43,399
Less:	
Reclassifications and others	(65,349)
Amortization recognized in profit or loss	(85,952)
Write-downs	(4,396)
Balance at June 30	**771,979**

13. Other assets

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

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

The breakdown of "Inventories" is as follows:

(Thousands of euros)	30.06.2013		31.12.2012	
	Foreclosed assets	Other assets	Foreclosed assets	Other assets
Land and buildings	2,071,948	293,071	1,878,598	63,882
Other		163,455		355,459
Less:				
Impairment allowance	(1,084,628)	(161,267)	(1,081,514)	(118,498)
Total	**987,320**	**295,259**	**797,084**	**300,843**

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

Changes in impairment allowances for "Inventories" in the first six months of 2013 is as follows:

Changes in impairment allowances
(Thousands of euros)

	6/30/13
Balance at January 1	**1,200,012**
Plus:	
Addition for integration of Banco de Valencia	
Allowances	74,089
Transfers	(21,859)
Less:	
Amounts used	(6,347)
Balance at June 30	**1,245,895**

14. Financial liabilities

The detail of the balance of "Financial liabilities" in the accompanying condensed interim consolidated balance sheet by nature and category of the portfolio for measurement purposes at June 30, 2013 and December 31, 2012 is as follows:

30.06.2013
(Thousands of euros)

	Financial liabilities held for trading	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			26,360,747	26,360,747
Deposits from credit institutions			20,674,933	20,674,933
Customer deposits		1,071,139	175,846,135	176,917,274
Marketable debt securities			43,587,417	43,587,417
Trading derivatives	7,617,688			7,617,688
Subordinated liabilities			4,082,856	4,082,856
Short positions	1,321,317			1,321,317
Other financial liabilities			4,018,503	4,018,503
Total	**8,939,005**	**1,071,139**	**274,570,591**	**284,580,735**

31.12.2012
(Thousands of euros)

	Financial liabilities held for trading	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			32,976,829	32,976,829
Deposits from credit institutions			18,334,133	18,334,133
Customer deposits		1,019,706	160,833,865	161,853,571
Marketable debt securities			46,626,080	46,626,080
Trading derivatives	14,379,707			14,379,707
Subordinated liabilities			5,941,528	5,941,528
Short positions	1,548,384			1,548,384
Other financial liabilities			3,733,220	3,733,220
Total	**15,928,091**	**1,019,706**	**268,445,655**	**285,393,452**

The inclusion of Banco de Valencia under "Deposits at central banks" and "Deposits from credit institutions", totaled €5,800,483 and €1,966,193 thousand, respectively.

The fair value contributed by Banco de Valencia at the integration date to "Customer deposits" amounted to €9,568,144 thousand.

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

The table below provides a detail at June 30, 2013 and 2012 of the outstanding balance of debt securities at those dates issued by CaixaBank or any other CaixaBank Group company, along with details of the most significant movements in the first six months of 2013.

30.06.2013
(Thousands of euros)

	Outstanding balance at 31.12.2012	Business combination with Banco de Valencia (1)	Issues	Buy-backs or redemptions	Adjustments for exchange rates and other (2)	Outstanding balance at 30.06.2013
Debt securities issued by a European Union member state that have required the filing of a prospectus	52,567,608	754,299	5,878,000	(10,341,955)	(1,187,679)	47,670,273
Total	**52,567,608**	**754,299**	**5,878,000**	**(10,341,955)**	**(1,187,679)**	**47,670,273**

(1) The amount contributed by the inclusion of Banco de Valencia at the date of the business combination included €3,193 million related to the counterparty of the subsequent securitizations at January 1, 2004, whose risk has not be subtsantially transferred and therefore have not been derecognized from assets. This amount is shown net of bonds issued by securitization funds that had been acquired by Banco de Valencia, for an amount of €2,420 million.

(2) Includes valuation adjustments and the impact of the elimination on consolidation of purchases and redemptions of CaixaBank issues by Group companies.

30.06.2012
(Thousands of euros)

	Outstanding balance at 31.12.2011	Issues	Buy-backs or redemptions	Adjustments for exchange rates and other	Outstanding balance at 30.06.2012
Debt securities issued by a European Union member state that have required the filing of a prospectus	49,283,377	33,073,676	(26,909,251)	(973,409)	54,474,393
Total	**49,283,377**	**33,073,676**	**(26,909,251)**	**(973,409)**	**54,474,393**

Other issues guaranteed by the Group

At June 30, 2013 and 2012, there were no debt securities issued by associates or third parties (outside the Group) guaranteed by CaixaBank or any Group company.

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

The main features of the most important issues, buy-backs or redemptions made by CaixaBank Group in the first six months of 2013 and 2012 are as follows:

CaixaBank Group at 30.06.2013

Details of the issuing entity — Details of issues, buy-backs or — (1 / 2)

Entity	Relationship with entity	Country of residence	Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)	ISIN	Type of security	Type of transaction	Issue or redemption date	Currency	Amount	Outstanding amount at 6/30/13	Interest rates	Market in which it is listed	Collateral
Caixabank	Subsidiary	Spain	A3 / - / AA-/ -	ES0414970287	Mortgage covered bonds	Redemption	6/20/13	Eur	(100,000)		E3M	AIAF	Entity's capital
						Buy-back	6/20/13		20,300				
CaixaBank	Subsidiary	Spain	A3 / - / AA-/ -	ES0440609206	Mortgage covered bonds	Issue	3/22/13	Eur	2,000,000		3.000%	AIAF	Entity's capital
						Buy-back			(1,000,000)				
CaixaBank	Subsidiary	Spain	A3 / - / AA-/ -	ES0414961104	Mortgage covered	Redemption		Eur	(25,000)		E6M+0.26	AIAF	Entity's capital
CaixaBank (*)	Subsidiary	Spain	A3 / - / AA-/ -	---	Mortgage covered	Buy-back	---	Eur	(422,939)	19,357,531	---	AIAF	Entity's capital
FTGENCAT 3,FTA	Subsidiary	Spain	A3(sf) / A+ sf / - / -	ES0337937017	Securitization funds	Redemption		Eur	(14,789)	113,116	E3M+0.03	Barcelona Stock	Entity's capital
FTGENCAT 4,FTA	Subsidiary	Spain	Baa1 (sf) / A- sf/ - / -	ES0338013016	Securitization funds	Redemption		Eur	(15,532)	165,292	E3M+0.04	Barcelona Stock	Entity's capital
FTGENCAT 5,FTA	Subsidiary	Spain	Baa2 (sf)/ BBB- (sf) / - / -	ES0337782017	Securitization funds	Redemption		Eur	(7,164)	442,236	E3M+0.10	Barcelona Stock	Entity's capital
Valencia	Subsidiary	Spain	Baa1 sf / AA - sf / - / -	ES0382744003	Securitization funds	Redemption		Eur	(9,353)	111,872	E3M+0.185	AIAF	Entity's capital
Valencia	Subsidiary	Spain	Ba2 sf / AA - / - / -	ES0382744011	Securitization funds	Redemption		Eur	(506)	6,047	E3M+0.53	AIAF	Entity's capital
Valencia	Subsidiary	Spain	B1sf / BBB+ / - / -	ES0382744029	Securitization funds	Redemption		Eur	(253)	3,023	E3M+1.05	AIAF	Entity's capital
Valencia	Subsidiary	Spain	Baa1 (sf) / AA- sf/ - / -	ES0382745000	Securitization funds	Redemption		Eur	(27,681)	380,391	E3M+0.14	AIAF	Entity's capital
Valencia	Subsidiary	Spain	Baa2 (sf) / AA- sf/ - / -	ES0382746016	Securitization funds	Redemption		Eur	(23,192)	453,956	E3M+0.15	AIAF	Entity's capital
Pyme Valencia	Subsidiary	Spain	A3 (sf) / A / - / -	ES0372241010	Securitization funds	Redemption		Eur	(13,824)	176,676	E3M+0.13	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	P-3 / F2 / A-3 / R-1 (low)	---	Promissory notes	Redemption		Eur	(4,373,235)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609132	Structured	Issue	1/31/13	Eur	15,000		6% (1)	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609165	Structured	Issue	3/25/13	Eur	7,600		Variable(2)	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609173	Structured	Issue	4/23/13	Eur	800		Variable(2)	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609181	Structured	Issue	5/29/13	Eur	4,600		Variable(2)	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0314970122	Structured	Redemption	2/13/13	Eur	(1,450)		Variable(3)	AIAF	Entity's capital
CaixaBank (*)	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	---	Structured	Buy-back	---	Eur	(4,400)	301,700	---	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A3 / - / - / -	ES0414970436	Public-sector	Redemption	2/28/13	Eur	(200,000)		E6M+0.135	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A3 / - / - / -	ES0414970550	Public-sector covered bonds	Redemption	4/29/13	Eur	(1,000,000)		2.500%	AIAF	Entity's capital
						Buy-back			1,550				
CaixaBank	Subsidiary	Spain	A3 / - / - / -	ES0414981235	Public-sector	Redemption	2/12/13	Eur	(100,000)		E3M+0.15	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A3 / - / - / -	ES0440609230	Public-sector covered bonds	Issue	6/7/13	Eur	1,300,000		3.000%	AIAF	Entity's capital
						Buy-back	6/7/13		(950,000)				
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609140	Plain vanilla bonds	Issue	1/22/13	Eur	1,000,000		3.250%	AIAF	Entity's capital
						Buy-back	1/22/13		(1,100)				
CaixaBank	Subsidiary	Spain	- / BBB / - / -	ES0340609157	Plain vanilla bonds	Issue	1/30/13	Eur	300,000		3.964%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0240609026	Plain vanilla bonds	Issue	4/11/13	Eur	250,000		4.358%	AIAF	Entity's capital

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2013									(2 / 2)
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 6/30/13**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0340609199	Plain vanilla bonds	Issue	5/14/13	Eur	1,000,000		3.125%	AIAF	Entity's capital
						Buy-back	5/14/13		(1,300)				
CaixaBank (*)	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	---	Plain vanilla bonds	Buy-back	---	Eur	(57,865)	5,941,885	---	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0314961139	Plain vanilla bonds	Redemption	4/8/13	Eur	(30,000)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	Baa3 / BBB / BBB- / A (low)	ES0358197053	Plain vanilla bonds	Redemption	6/28/13	Eur	(190,000)			AIAF	Entity's capital
									(2,669,733)				

(*) In accordance with CNMV rules on the presentation of financial information, buy-backs of treasury shares have an aggregated as they are for insignificant amounts.

(1) Variable from the second coupon payment date (31.07.2014) and fluctuates in line with the performance of a portfolio of underlying BBVA shares.

(2) The interest rate is known on each payment date and fluctuates in line with the performance of the IBEX 35.

(3) The interest rate will be known at maturity and will fluctuate in line with the performance of a portfolio of underlying shares (Telefónica, France Telecom and KPN).

Individual details of certain issues of subordinated liabilities

The main movements in subordinated liabilities issued by the CaixaBank Group in the first six months of 2013 are as follows:

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2013									
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)**	**ISIN**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount**	**Outstanding amount at 6/30/13**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Subsidiary	Spain	Ba2 / BBB- / - / -	ES0214961023	Subordinated debt	Redemption	6/30/13	Eur	(95,000)		E6M+4.5%	AIAF	Entity’s capital
CaixaBank	Subsidiary	Spain	Ba2 / BBB- / - / -	ES0214969042	Subordinated debt	Redemption	5/8/13	Eur	(60,000)		E6M	AIAF	Entity’s capital
CaixaBank	Subsidiary	Spain	Ba2 / BBB- / - / -	ES0348873029	Subordinated debt	Redemption	3/30/13	Eur	(307,153)		Fixed	AIAF	Entity’s capital
CaixaBank	Subsidiary	Spain	Ba2 / BBB- / - / -	ES0348873037	Subordinated debt	Redemption	6/30/13	Eur	(295,025)		Fixed	AIAF	Entity’s capital
CaixaBank (*)	Subsidiary	Spain	Ba2 / BBB- / - / -	----	Subordinated debt	Buy-back	----	Eur	(17,529)	3,706,336	----		
CaixaBank	Subsidiary	Spain	B2 / - / - / -	ES0848873016	Preference shares	Redemption	4/8/13	Eur	(977,000)		7.75% + 0.15% annual	AIAF	Entity’s capital
CaixaBank (*)	Subsidiary	Spain	B2 / - / - / -	----	Preference shares	Buy-back	----	Eur	(42,515)	31,696	---		
									(1,794,222)				

(*) In accordance with CNMV rules on the presentation of financial information, buy-backs of treasury shares have an aggregated as they are for insignificant amounts.

Subordinated liabilities

Mandatorily convertible and exchangeable Series B/2012 shares issued by Banca Cívica in May 2012

On March 7, 2013, the Board of Directors of CaixaBank agreed the full conversion and/or exchange of the bonds into newly issued CaixaBank shares or treasury shares on March 30, 2013, for all holders of these instruments. The exchange price was set at €2.778 per share (weighted average of the weighted average fluctuation in CaixaBank's share price in the 15 trading days prior to March 30, 2013). To carry out this conversion, CaixaBank:

- Issued 71,072,823 new shares
- Delivered 39,487,933 treasury shares
- Paid a total of €15.2 thousand in cash relating to the fractions resulting from the calculation of the shares.

Mandatorily convertible and exchangeable Series C/2012 shares issued by Banca Cívica in June 2012

On May 30, 2013, the Board of Directors of CaixaBank agreed the full conversion and/or exchange of the bonds into newly issued CaixaBank shares or treasury shares on June 30, 2013, for all holders of these instruments. The exchange price was set at €2.518 per share (weighted average of the weighted average fluctuation in CaixaBank's share price in the 15 trading days prior to June 30, 2013). To carry out this conversion, CaixaBank:

- Issued 92,161,318 new shares
- Delivered 25,000,000 treasury shares
- Paid a total of €13 thousand in cash relating to the fractions resulting from the calculation of the shares.

Preference shares subscribed by the FROB

As part of the business combination with Banca Cívica, an amount of €977 million of convertible preference shares subscribed by the FROB were integrated in CaixaBank. On April 8, 2013, the Company redeemed them for a total of €989 million, of which €977 million related to principal and the remainder to accrued interest payable up to that date.

15. Provisions

The table below presents the balances at June 30, 2013 and December 31, 2012 and the nature of provisions recognized in the accompanying condensed interim consolidated balance sheet:

(Thousands of euros)

	Balance at 31.12.2012	Business combination with Banco de Valencia (Note 9)	Provisions net of releases charged to income	Other charges	Amounts used	Transfers and other	Balance at 30.06.2013
Provisions for pensions and similar obligations	**2,647,336**	**0**	**2,002**	**806,219**	**(255,312)**	**(92,446)**	**3,107,799**
Defined benefit post-employment plans	1,712,731			3,219	(41,292)	(85,118)	1,589,540
Other long-term defined employee benefits	934,605		2,002	803,000	(214,020)	(7,328)	1,518,259
Provisions for taxes and other legal contingencies	**142,722**	**250,021**	**97,243**	**0**	**(8,703)**	**22,189**	**503,472**
Provisions for taxes	98,438	3,000	84,505		(1,619)	75,371	259,695
Other legal contingencies	44,284	247,021	12,738		(7,084)	(53,182)	243,777
Provision for contingent liabilities and commitments	**126,414**	**358,793**	**8,823**	**0**	**0**	**1,983**	**496,013**
Country risk allowance	415		208				623
Allowance for identified losses	125,992	358,793	8,615	0	0	1,990	495,390
Contingent liabilities	*108,834*	*358,791*	*4,664*			*1,992*	*474,281*
Contingent commitments	*17,158*	*2*	*3,951*			*(2)*	*21,109*
Allowance for inherent losses	7					(7)	0
Other provisions	**512,534**	**355,857**	**30,754**	**0**	**(324,397)**	**60,089**	**634,837**
Losses from agreements not formalized and other risks	356,427		8,202		(131,042)	(621)	232,966
Onerous contracts to finance specific assets	25,348					2,738	28,086
Ongoing legal proceedings	107,742	76,793	3,768		(2,346)		185,957
Other funds	23,017	279,064	18,784		(191,009)	57,972	187,828
Total provisions	**3,429,006**	**964,671**	**138,822**	**806,219**	**(588,412)**	**(8,185)**	**4,742,121**

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

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

At June 30, 2013, the commitments were recalculated based on changes in the discount obtained using the rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed. Accordingly, an actuarial gain of €74 million was recognized under "Valuation adjustments" in equity and immediately reclassified to reserves in application of the amendment to IAS 19 explained in Note 1.

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

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

On June 18, 2012, CaixaBank, "la Caixa" and workers' representatives signed an agreement to establish an extraordinary pre-retirement program valid until December 31, 2012 for CaixaBank and "la Caixa" staff. Under this agreement, staff at each entity complying with a series of requirements could choose to adhere to the early retirement program. There were no early retirements in the first half of 2013. As a result, the Group did not recognize any allocation to the early retirement fund.

On March 27, 2013, CaixaBank reached a labor agreement trade union representatives, which involves reducing staff by 2,600 employees exclusively through voluntary redundancies, paid leave and geographical mobility initiatives with economic compensation. Under the terms of the agreement, which has been fully covered, employees accepting these measures may, *inter alia,* benefit from a reinsertion plan overseen by an external outplacement company, and receive training, advice on finding new employment and become self-employed professionals, and geographic mobility support.

The labor agreement is part of the restructuring carried out to improve the efficiency of the Company's resources by rationalizing the mergers with Banca Cívica and Banco de Valencia (see Note 9). The extraordinary restructuring cost was recognized in the first half of 2013 and amounted to €821 million, with the bulk recognized under "Personnel expenses" and the remainder under "Other general administrative expenses" in the accompanying income statement.

Provisions for taxes and other legal contingencies

A provision for taxes amounting to €83,300 thousand was recognized in the first half of 2013 related to the estimate of the tax on customer deposits at credit institutions for 2012 applicable in certain regions of Spain.

Within the scope of the business combination, a provision for other legal contingencies of €194,000 thousand was recognized to cover the potential contingent liability related to the construction of assets of Banco de Valencia to the SAREB.

Provisions for contingent liabilities and commitments

In the first six months of 2013 a provision for contingent liabilities and commitments of €358,793 thousand was recognized relating to the business combination with Banco de Valencia, and corresponding to the expect loss in this heading at Banco de Valencia at the date of the business combination.

Other provisions

In the first half of 2013, the most significant movements were as follows:

- The integration of Banco de Valencia required provisions for a total amount of €355,857 thousand. The most relevant transactions are as follows:
    - In other provisions, a total of €133,571 million were included at the combination date in relation to restructuring costs at BdV resulting from the streamlining of the bank's structure and the rationalization of its branch network and workforce, as part of the action plan and on receipt of public aid. This amount includes the amounts pending payment in relation to the redundancy program of October 10, 2012, and the subsequent agreement between the bank and workers' representatives reached on November 12, which limited the downsizing measure to a total of 360 employees through early retirement and paid leave, aimed at specific groups of workers and which were to be carried out before December 31, 2012, extendible to April 30, 2013 for organizational reasons.
    - Ongoing legal proceedings includes, from the date of the business combination, €76,793 thousand. Given the nature of these obligations, the expected timing of outflows of funds, should they arise, is uncertain.
    - Other provisions included, at the date of the business combination, €85,000 thousand for the commitment assumed by CaixaBank with the former holders of the 3rd issue of subordinated bonds of Banco de Valencia to repay the loss in the nominal value after the exchange of the 1st issue of bonds mandatorily convertible and/or exchangeable for shares of Banco de Valencia (see Note 16).
- In the first half of 2013, €63,089 thousand was used of the fund for cancelling insurance contracts that Banca Cívica had held as part of the transaction to acquire 50% of the shares held by CASER in Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones (see Note 9).

16. Equity

Share capital

At June 30, 2013 CaixaBank had 4,736,358,755 shares in issue, of which 92,161,318 had yet to be placed on record with the Companies Register. This took place on July 3, 2013, and the shares were admitted for trading on July 9, 2013.

The shares have a par value of €1 each and all have the same economic and voting rights.

Share capital increases

Date	Purpose	No. of shares	Date of first listing	Nominal amount (€ thousand)
Balance at December 31, 2012		**4,489,748,634**		**4,489,749**
30.03.2013	Early redemption of Series B BCIV issue **(Note 14)**	71,072,823	16.04.2013	71,073
30.03.2013	Window for voluntary conversion of Series I/2011 bonds	332,798	16.04.2013	333
04.04.2013	Optional Scrip Dividend	83,043,182	10.04.2013	83,043
30.06.2013	Early redemption of Banca Cívica Series C/2012 issue **(Note 14)**	92,161,318	09.07.2013	92,161
Balance at June 30, 2013		**4,736,358,755**		**4,736,359**

Share premium

The balance of this heading at June 30, 2013 stood at €10,392,750 thousand. The changes in the first half of 2013 are as follows:

(Thousands of euros)		
Balance at December 31, 2012		10,125,140
3/30/13	Capital increase resulting from the mandatory conversion and exchange of Banca Cívica Series B/2012 mandatorily convertible and/or exchangeable subordinated bonds.	126,367
3/30/13	Capital increase resulting from the voluntary conversion and exchange of Series I/2011 mandatorily convertible and/or exchangeable subordinated bonds.	1,342
6/30/13	Capital increase resulting from the mandatory conversion and exchange of Banca Cívica Series C/2012 mandatorily convertible and/or exchangeable subordinated bonds.	139,901
Balance at June 30, 2013		**10,392,750**

Reserves

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

(Thousands of euros)	30.06.2013	31.12.2012
Reserves attributable to the parent company of the CaixaBank Group	4,471,708	3,849,735
Legal Reserve (*)	*783,671*	*756,411*
Restricted reserves related to the Optional Scrip Dividend program	*373,242*	*129,722*
Restricted reserves for financing the acquisition of treasury shares	*52,131*	*63,679*
Other restricted reserves	*151,224*	*65,737*
Unrestricted reserves	*2,612,853*	*2,887,538*
Other consolidation reserves assigned to the Parent	*498,587*	*(53,352)*
Reserves of fully-consolidated subsidiaries (**)	161,729	819,603
Reserves of subsidiaries accounted for using the equity method (***)	1,361,236	1,299,675
Total	**5,994,673**	**5,969,013**

(*) Approval was given at the Ordinary General Meeting of April 25, 2013 to appropriate €27,260 thousand of 2012 profit to the legal reserve.

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

(***) Reserves relating to equity-accounted subsidiaries correspond mainly to Repsol, SA, The Bank of East Asia, LTD., Grupo Financiero Inbursa and Banco BPI, SA.

In the first half of 2013, “Transactions with own equity instruments” in the statement of total changes in equity show a decrease of €53,645 thousand related to the payment of the coupon on the issue of mandatory convertible bonds.

“Other decreases in equity” in the same statement show a decrease of €4,009 thousand. This movement entailed an increase of €73,948 thousand for actuarial gains on pension plans and a decrease of €77,957 thousand due mainly to changes in the period in equity of associates of jointly-controlled entities consolidated by the CaixaBank Group using the equity method.

Other equity instruments

The detail of “Equity - Other equity instruments” at June 30, 2013 is as follows:

Mandatorily Convertible Subordinated Bonds

(Thousands of euros)						Outstanding amount at	
Date	**Series**	**Initial nominal amount of the issue**	**Nominal interest rate**	**Exchange price**	**Redemption date**	**30.06.2013**	**31.12.2012**
6/10/11	I/2011	1,500,000 €	7.00%	5.030	6/3/15	748,324	750,000
2/9/12	I/2012	1,445,942 €	7.00% (*)	3.700	12/30/15	1,436,489	1,438,279
2/15/13	BdV	14,999 €	2.50%	0.010 (**)	12/30/14	321	
Total		**2,960,941**				**2,185,134**	**2,188,279**

(*) The annual interest rate of the issue went from 6.50% to 7% on July 1, 2012, an increase of 0.5bp.

(**) The conversion price is €0.01 for the par amount of BdV shares. From July 19, the merger date, the exchange will be €4.70 per CaixaBank share

The balance of this heading at June 30, 2013, stood at €2,185,134 thousand.

Mandatorily Convertible Series I/2011 Subordinated Bonds

At the Bondholders General Assembly on March 8, 2013, the following changes to this issue were approved:

- The replacement, in accordance with regulatory amendments, of full mandatory conversion in “emergency situations” with full mandatory conversion in the event of contingency or inviability. If any of these situations occurs, CaixaBank will report it to the Bank of Spain and the CNMV, and publish a significant event notice as rapidly as possible within the following 5 days and will exercise the utmost diligence to ensure the bonds are converted through the issue of shares by the end of the month following the date on which the mandatory conversion occurs, at the very latest.

- Modification of voluntary conversion and forecasting the opening of the voluntary conversion period, at the discretion of the bondholders, during the 15 natural days prior to December 30, 2013, and June 30 and December 30, 2014. Further, it is no longer necessary to open a voluntary conversion period when CaixaBank, at its sole discretion, decides not to effect the (full or partial) bond remuneration.

- Mandatory conversion at the discretion of CaixaBank, by which CaixaBank, at its sole discretion may decide to effect the full mandatory conversion of the bonds by all bondholders, on December 30, 2013 and June 30 and December 30, 2014. The mandatory conversion must be made public at least 17 days beforehand.

- Elimination of the limits on remuneration of ordinary shares, whereby CaixaBank is empowered to pay dividends on its ordinary shares or distribute any other monetary compensation or compensation in kind on its ordinary shares, even though the conditions for the payment of the bond remuneration have not simultaneously materialized.

- Extension of the final maturity of the bonds to June 30, 2015.

- Other technical modifications to adapt to the provisions of Circular 7/2012.

On April 3, 2013, once the voluntary conversion period for this issue had been closed, 639 conversion requests were received, corresponding to 33,512 bonds, for which, on the basis of the conversion price (€5.03) 332,798 CaixaBank shares were delivered through newly-issued shares. A total of €1.6 thousand in case was paid for the fractions of shares left over.

The outstanding balance of this issue at June 30, 2013 was €748,324 thousand.

Mandatorily Convertible Series I/2012 Subordinated Bonds

During the voluntary partial conversion and/or exchange period which ended on June 30, 2013, 304 conversion and/or exchange requests were received, corresponding to 17,907 bonds. On July 2, 2013, on the basis of the conversion and/or exchange price (€3.70), a total of 483,841 CaixaBank shares were satisfied through the delivery of treasury shares.

The outstanding balance of this issue at June 30, 2013 was €1,436,489 thousand.

Subordinated bonds mandatorily convertible and/or exchangeable in CaixaBank shares for the amount of €14,999,850

At December 31, 2012, Banco de Valencia had the following issues classified under "Financial liabilities at amortized cost – Subordinated liabilities":

- 3rd subordinated bond issue for a nominal value of €99,999 thousand
- 4th subordinated bond issue for a nominal value of €59,100 thousand
- 5th subordinated bond issue for a nominal value of €191,500 thousand
- Preference shares issued by BVA Preferentes, SA Unipersonal, for an outstanding nominal amount of €65,300 thousand.

On February 12, 2013, and subsequent to the execution of the Banco de Valencia restructuring plan approved by the Bank of Spain and the EC and following completion of the first recapitalization measures, the following actions were carried out:

- Issue of 33,333 mandatorily convertible and/or exchangeable subordinated bonds with a nominal amount of €3,000 for a total nominal amount of €14,999 thousand, to be subscribed by holders of the 3rd issue of subordinated bonds, prior to their buy-back by Banco de Valencia for 15% of their nominal value.
- Mandatory buy-back of the 4th and 5th subordinated bond issues for the amount of €37,590 thousand, equivalent to 15% of their nominal value, for the subsequent capital increase for the same amount to be subscribed by holders of these bonds.
- Mandatory buy-back of preference shares for a global price of €6,530 thousand, equivalent to 10% of their nominal value, paid in cash for immediate use in the subscription and payment for a capital increase for the same amount.

All repurchases were redeemed early. The new issue of mandatorily convertible and/or exchangeable subordinated bonds was classified under "Equity - other equity instruments" at the date of the business combination with Banco de Valencia.

On April 4, 2013, CaixaBank's Board of Directors made a purchase offer to holders of the new subordinated bonds, containing the following conditions:

- The effective date of the Purchase Offer was May 13, 2013.
- The offer was targeted at holders of bonds on April 4, 2013
- The price of the offer was 100% of the nominal amount of the bonds (€450 per bond). Additionally, CaixaBank will make the following contributions, calculated on the unit nominal amount (€3,000) of the bonds comprising the 3rd subordinated issue:
    - May 13, 2013: 35% of the nominal amount
    - November 13, 2013: 10% of the nominal amount
    - May 13, 2014: 10% of the nominal amount
    - November 13, 2014: 10% of the nominal amount
    - December 15, 2014: 20% of the nominal amount contingent on maintaining during the period prior to this date an average balance of financial liabilities at CaixaBank.

These contributions would be paid mandatorily into a time deposit at CaixaBank, with a (non-extendible) duration of 19 months and 2 days from May 3, 2013, and are unavailable until the maturity date. The purchase offer was accepted by 97.7% of the bonds it targeted. At June 30, 2013, the outstanding balance of bonds in circulation amounted to €321 thousand.

During the purchase price allocation process for the business combination with Banco de Valencia (see Note 9), CaixaBank identified a contingent liability for this concept, considering that the real market value of the issue made by Banco de Valencia was its nominal value, and that this was the amount that should be repaid to retail investors. Therefore, a liability of €85 million was recognized to cover these repurchases and setting up the deposits (see Note 15). At June 30, 2013, €34 million of this provision had been used.

Treasury shares

In 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 Section 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.

Movement in treasury shares during the first half of 2013 is as follows:

(Thousands of euros)	**31.12.2012**	**Acquisition and other**	**Disposal and other**	**30.06.2013**
Number of treasury shares	39,005,918	69,005,356	(105,511,289)	2,499,985
% of share capital (*)	0.824%			0.053%
Cost / Sale	120,501	188,461	(301,771)	7,191

(*) percentage calculated on the basis of the total number of CaixaBank shares at June 30, 2013.

At June 30, 2013, CaixaBank held 2,499,985 treasury shares representing 0.053% of its share capital, acquired at a cost of €7,191 thousand. This heading also includes equity of €26,720 thousand corresponding to future payment obligations associated with financial derivatives on own equity instruments.

In April and June 2013, 39,487,933, 483,841 and 25,000,000 CaixaBank treasury shares were delivered to cover the exchange part of the Series B/2012, I/2012 and C/2012 Mandatorily Convertible and/or Exchangeable Subordinated Bonds, respectively.

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

Net losses on transactions involving treasury shares in the first half of 2013 amounted to €14,513 thousand, recognized under "Unrestricted Reserves."

Valuation adjustments

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

The increase in valuation adjustment attributable to the Group in the first half of 2013 was €210,788 thousand and corresponds mainly to the increase in value caused by the share price performances of equity instruments classified as “Available-for-sale financial assets.” At June 30 the balance of this heading was €94,285 thousand.

Non-controlling interests

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

17. Tax position

As established in Note 9, the business combination with Banco de Valencia took place in the first half of 2013, with effect for accounting purposes from January 1, 2013. On July 19, the merger took place whereby Banco de Valencia was extinguished by dissolution without liquidation and its total net assets transferred en bloc to CaixaBank, which acquired by universal succession the rights and obligations of this company.

Tax consolidation

CaixaBank and CaixaBank Group subsidiaries belong to a consolidated tax group for income tax whose parent company has been Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") since 1991.

As a result of CaixaBank's business combination and subsequent merger with Banco de Valencia, the subsidiaries of the fiscal group previously headed by Banco de Valencia in which "la Caixa" has acquired a direct or indirect stake of 70% or higher, have joined the tax group for income tax headed by "la Caixa".

Furthermore, "la Caixa" and some of its subsidiaries also belong to a consolidated tax group for value added tax (VAT) whose parent company has been "la Caixa" since 2008.

Deferred tax assets/liabilities

Pursuant to current tax legislation, there are certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The deferred tax assets/liabilities recognized in the consolidated balance sheet at June 30, 2013 and 2012 arose from the following:

Deferred tax assets

(Thousands of euros)	30.06.2013 (1)	31.12.2012 (1)
Pension plan contributions	103,330	88,688
Allowances for non-performing loans (2)	1,958,374	2,001,116
Fund for early retirement obligations	153,089	282,080
Provision for foreclosed property	562,039	188,767
Origination fees for loans and receivables	17,580	17,580
Tax assets for equity valuation adjustments	20,256	15,606
Tax loss carryforwards (3)	3,428,810	1,644,158
Unused tax credits	1,285,587	1,250,818
Other tax assets arising on business combinations	984,327	759,816
Other (4)	415,637	856,762
Total	**8,929,029**	**7,105,390**

(1) 2012 includes mainly deferred tax assets from the business combination with Banca Cívica. 2013 also includes those arising in the business combination with Banco de Valencia, among others.

(2) Mainly general, substandard and specific provisions.

(3) Includes €1,087 million from the integration of Banco de Valencia.

(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 Banco de Valencia (see Note 9), deferred tax assets totaling €1,780 million were included at the date of the business combination, of which:

- €673 million relate to the measurement at fair value of the assets and liabilities of Banco de Valencia during the price purchase allocation process; and

- €1,087 million relate to the recognition of tax loss carryforwards from Banco de Valencia estimated to be recoverable by the ”la Caixa” tax group.

These assets were classified according to their nature.

The Company has assessed the recoverable amount of the deferred assets recognized at June 30, 2013, estimating that they will be recovered before the legal recovery period elapses.

Deferred tax liabilities
(Thousands of euros)

	30.06.2013 (1)	31.12.2012 (1)
Revaluation of property on 1st time application of IFRS	271,484	255,251
Tax liabilities on measurement of available-for-sale financial assets	105,195	77,665
Tax liabilities relating to intangible assets generated in business combinations	50,815	72,047
Tax liabilities relating to an extraordinary allowance to the mathematical provision	271,329	271,329
Tax liabilities corresponding to gains from the sale of a stake to the "la Caixa" Group	417,372	469,873
Other deferred tax liabilities arising on business combinations	595,250	709,500
Other	482,086	391,011
Total	**2,193,531**	**2,246,676**

(1) 2012 includes mainly deferred tax liabilities from the business combination with Banca Cívica. 2013 also includes those arising in the business combination with Banco de Valencia, among others.

As a result of the business combination with Banco de Valencia (see Note 9), deferred tax liabilities were included for a total amount of €282 million at the date of the business combination, of which €263 million relate to the measurement at fair value of the assets and liabilities of the Banca Cívica Group in the purchase price allocation process. These liabilities were mostly classified according to their nature.

18. Related-party transactions

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

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

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and senior executives is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement (see Notes 2.9 and 35 of the Notes to the 2012 financial statements).

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

Transactions between CaixaBank and group companies take place in the ordinary course of business and are carried out on an arm’s length basis.

All material inter-company balances held by the consolidated entities at June 30, 2013 and 2012 and the effect of inter-company transactions were eliminated on consolidation. The details are provided below of the most significant balances with associates, jointly controlled entities in relation to the portion not eliminated on consolidation, Directors, Senior Executives and other related parties (relatives and companies with links to members of the Board of Directors, Control Committee and Senior Executives, to the best of the Group’s knowledge), of CaixaBank, ”la Caixa” and Criteria CaixaHolding, and those held with other related parties such as the employee pension plan. The table also shows the amounts recognized in the consolidated income statement as a result of the transactions carried out.

30.06.2013

(Thousands of euros)

	With majority shareholder "la Caixa" and the "la Caixa" Group	Associates and jointly controlled entities	Directors and senior executives (1)	Other related parties (2)
ASSETS				
Loans and advances to credit institutions	70,197	118,671		
Loans and receivables	3,989,323	880,062	10,316	268,995
Reverse repurchase agreement (repos)				
Mortgage loans	*491,130*	*64,248*	*9,454*	*60,513*
Other (3)	*3,498,193*	*815,814*	*862*	*208,482*
Total	**4,059,520**	**998,733**	**10,316**	**268,995**
LIABILITIES				
Deposits from credit institutions (4)	143,382	368,202		
Customer deposits (4)	2,993,868	933,823	65,568	134,208
Off-balance sheet liabilities (5)			11,193	41,457
Total	**3,137,250**	**1,302,025**	**76,761**	**175,665**
PROFIT AND LOSS				
Interest expense and similar charges	(16,592)	(7,756)	(535)	(1,522)
Interest and similar income	76,220	10,293	81	4,208
Total	**59,628**	**2,537**	**(454)**	**2,686**
OTHER				
Contingent liabilities - Guarantees and other	324,324	92,900	305	33,222
Contingent commitments - Drawable by third parties and others (6)	1,539,269	394,244	6,030	71,973
Post-employment benefits accrued			50,600	
Total	**1,863,593**	**487,144**	**56,935**	**105,195**

(1) Directors and senior executives referred to are those of "la Caixa", CaixaBank and Criteria CaixaHolding.

(2) Family members and entities related to members of the Board of Directors of "la Caixa," CaixaBank, Criteria CaixaHolding and the Control Committee of "la Caixa" and related parties such as the employee pension plan.

(3) Includes other loans, credits and other available securities.

(4) Includes deposits, marketable debt securities and subordinated debt.

(5) Includes mutual funds, insurance contracts, pension funds and post-employment obligations contributed.

(6) Includes amounts drawable against commercial risk lines and reverse factoring transactions.

30.06.2012

(Thousands of euros)

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

(1) Includes transactions with "la Caixa", and its Group companies, jointly controlled entities and associates.

(2) Directors and senior executives referred to are those of "la Caixa", CaixaBank and Criteria CaixaHolding.

(3) Family members and entities related to members of the Board of Directors of "la Caixa," CaixaBank, Criteria CaixaHolding and the Control Committee of "la Caixa" and 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.

At June 30, 2013 and 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 June 30, 2013 and 2012 arranged with serving Directors and Senior Executives at June 30, 2013 and 2012 have an average maturity of 21.72 and 23 years, respectively, and bear interest at an average rate of 2.12% and 2.39%, respectively.

Financing provided in 2013 and 2012 to serving Directors and Senior Executives occupying these posts at June 30, 2013 and 2012 amounted to €76 and €188 thousand, respectively, with an average maturity period of 1.81 and 0.3 years, earning interest at an average rate of 0% and 0.34%, respectively (includes mainly amounts drawn on credit cards).

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” -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.

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.

19. Segment information

Segment reporting is carried out on the basis of internal control, monitoring and management of the CaixaBank Group's activity and results, and developed in accordance with the various areas of business established with regard to the Group's structure and organization. The Board of Directors is the highest operational decision-making body of each business.

The business segments are defined bearing in mind the inherent risks and management characteristics of each. For the purposes of business segment reporting of activities and income, the core business units on which accounting and management figures are available are taken as a reference. The same general principles are applied as those used in Group management information, and the measurement, valuation bases and accounting principles applied are basically the same as those used to prepare the interim financial statements, with no asymmetric allocations.

CaixaBank Group's business segments are:

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

This segment includes the result of the Group's insurance companies, mainly the VidaCaixa, whose retail products are distributed to the same customer base and through the CaixaBank branch office network.

Investments: includes the results of investments in the international banking investee portfolio (G.F. Inbursa, The Bank of East Asia, Erste Bank, Banco BPI and Boursorama) and the investments in Repsol, SA and Telefónica, SA. Gross income in this business includes dividend income and income from the equity accounting of the respective investments, net of the related financing charge, equivalent to the opportunity cost of holding the investment over the long term.

Segment operating expenses include both direct and indirect expenses, which are allocated in accordance with internal distribution methods.

Capital is assigned to the different business segments by distributing the CaixaBank Group's total shareholders' equity, based on internal Group economic capital models, taking into account the risks assumed by each business segment. In 2013, the models were recalibrated essentially to take into account the inclusion of Banca Cívica and Banco de Valencia, increasing the proportion of capital assigned to the banking and insurance business.

Segment results of the CaixaBank Group for the six months ended June 30, 2013 and 2012 are as follows:

Consolidated income statement of the CaixaBank Group - By business segment
(Millions of euros)

	Banking and insurance (*)		Investments		TOTAL CAIXABANK GROUP	
	January-June		January-June		January-June	
	2013	2012	2013	2012	2013	2012
Net interest income	**2,233**	**1,958**	**(274)**	**(172)**	**1,959**	**1,786**
Dividends and profits due to application of the equity method	33	36	407	480	440	516
Net fee and commission income	890	839			890	839
Gains/(loss) on financial assets and liabilities and other operating income and expense	340	273			340	273
Gross income	**3,496**	**3,106**	**133**	**308**	**3,629**	**3,414**
Administrative expenses	(2,630)	(1,410)	(1)	(2)	(2,631)	(1,412)
Amortization/depreciation	(209)	(154)			(209)	(154)
Pre-impairment income	**657**	**1,542**	**132**	**306**	**789**	**1,848**
Impairment on financial and other assets	(2,876)	(1,900)			(2,876)	(1,900)
Profit/(loss) from operations	**(2,219)**	**(358)**	**132**	**306**	**(2,087)**	**(52)**
Gains/(losses) on disposal of assets and other	2,106	54	55		2,161	54
Profit before tax	**(113)**	**(304)**	**187**	**306**	**74**	**2**
Income tax	239	117	90	47	329	164
Profit for the period	**126**	**(187)**	**277**	**353**	**403**	**166**
Profit attributable to non-controlling interests	(5)				(5)	
Profit attributable to the Group	**131**	**(187)**	**277**	**353**	**408**	**166**
Equity (**)	*19,142*	*15,252*	*3,972*	*6,537*	*23,115*	*21,789*

(*) Net profit for the insurance business in the first half of 2013 amounted to €241 million. Key indicators for the insurance group at June 30, 2013 include on-balance sheet assets of €49,734 million, mathematical provisions of €32,005 million and premiums earned in the period of €2,656 million.

(**) Average equity in the period allocated to the businesses.

Attributable profit
(Thousands of euros)

	January-June	
	2013	**2012**
Banking and insurance	131,030	(186,956)
Investments	277,211	352,896
Total profit attributable to reporting segments	**408,241**	**165,940**
Unattributed results		
Elimination of internal results (between segments)		
Plus: other results (including result attributable to non-controlling interests)	(5,186)	(181)
Plus: income tax and/or gains/(losses) on discontinued operations	(329,359)	(163,596)
Total profit before tax	**73,696**	**2,163**

The income of the CaixaBank Group for the six months ended June 30, 2013 and 2012 by segment and geographical area is as follows.

Distribution of interest and similar income by geographical area

(Thousands of euros)	January-June			
	CaixaBank		CaixaBank Group	
	2013	2012	2013	2012
Domestic market	3,727,780	3,530,339	4,761,087	4,141,285
Export	7,546	9,482	7,547	9,623
a) European Union	6,179	8,380	6,180	8,521
b) OECD countries				
c) Other countries	1,367	1,102	1,367	1,102
Total	**3,735,326**	**3,539,821**	**4,768,634**	**4,150,908**

Ordinary income – CaixaBank Group (*)

(Thousands of euros)	January-June					
	Ordinary income from customers		Ordinary income between segments (**)		Total ordinary income	
	2013	2012	2013	2012	2013	2012
Banking and insurance	6,756,012	5,684,114	0	0	6,756,012	5,684,114
Spain	*6,747,590*	*5,673,298*			*6,747,590*	*5,673,298*
Other countries	*8,422*	*10,816*			*8,422*	*10,816*
Investments	406,861	479,983	0	0	406,861	479,983
Spain	*198,658*	*337,032*			*198,658*	*337,032*
Other countries	*208,203*	*142,951*			*208,203*	*142,951*
Total	**7,162,873**	**6,164,097**	**0**	**0**	**7,162,873**	**6,164,097**

(*) Correspond to the following captions of the CaixaBank Group's published income statement calculated pursuant to Bank of Spain Circular 6/2008.

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

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

20. Average number of employees

The following table shows the breakdown of average headcount by gender for the six months ended June 30, 2013 and 2012. The increase in average headcount was caused by the integrations of Banca Cívica with effect from July 2012 and Banco de Valencia with effect from January 2013.

Average number of employees

(Number of employees)	30.06.2013		30.06.2012	
	CaixaBank	**CaixaBank Group**	**CaixaBank**	**CaixaBank Group**
Male	15,254	16,909	12,681	13,510
Female	15,005	16,808	12,202	13,219
Total	**30,259**	**33,717**	**24,883**	**26,729**

21. Contingent liabilities and commitments

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

Contingent liabilities
(Thousands of euros)

	30.06.2013	31.12.2012
Bank guarantees and other collateral deposited	9,211,733	8,727,040
Documentary credits	1,533,224	1,682,276
Assets assigned to third-party obligations	20,547	28,005
Total	**10,765,504**	**10,437,321**

Contingent commitments
(Thousands of euros)

	30.06.2013		31.12.2012	
	Limits	Drawable	Limits	Drawable
Drawable by third parties	115,641,408	48,766,864	126,134,853	48,660,694
Credit institutions	*2,069,510*	*29,767*	*2,029,727*	*67,142*
Public sector	*4,142,556*	*2,487,002*	*3,810,848*	*2.429,796*
Other sectors	*109,429,342*	*46,250,095*	*120,294,278*	*46.163,756*
of which: conditionally drawable		*4,060,070*		*4,661,419*
Other contingent commitments		4,741,268		3,257,567
Total	**115,641,408**	**53,508,132**	**126,134,853**	**51,918,261**

22. Other disclosure requirements

Disclosures required under the Mortgage Market Law

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

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

   CaixaBank and Banco de Valencia are Group entities 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 June 30, 2013 and December 31, 2012:

Mortgage covered bonds issues
(Thousands of euros)

	30.06.2013	31.12.2012
Mortgage covered bonds issued in public offers (debt securities)	**38,470**	**38,470**
Residual maturity up to 1 year		
Residual maturity between 1 and 2 years		
Residual maturity between 2 and 3 years	10,646	
Residual maturity between 3 and 5 years	27,824	38,470
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**63,506,431**	**64,323,164**
Residual maturity up to 1 year	8,913,000	3,800,792
Residual maturity between 1 and 2 years	1,796,000	5,568,000
Residual maturity between 2 and 3 years	7,724,977	4,508,602
Residual maturity between 3 and 5 years	10,152,500	9,502,500
Residual maturity between 5 and 10 years	17,075,000	19,250,000
Residual maturity over 10 years	17,844,954	21,693,270
Deposits	**13,324,854**	**11,959,061**
Residual maturity up to 1 year	2,681,420	1,995,628
Residual maturity between 1 and 2 years	2,980,178	1,797,341
Residual maturity between 2 and 3 years	1,993,889	2,032,837
Residual maturity between 3 and 5 years	1,935,000	2,313,889
Residual maturity between 5 and 10 years	2,286,162	2,371,161
Residual maturity over 10 years	1,448,205	1,448,205
Total	**76,869,755**	**76,320,695**
Of which: not recognized under liabilities	**30,356,532**	**31,754,380**

In the first half of 2013, mortgage and public sector covered bonds were issued that were repurchased in full by CaixaBank and used to increase the liquid assets pledged to the ECB (see Note 4).

The nominal value of mortgage participations issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2013 and December 31, 2012 is as follows:

Mortgage participations issued
(Thousands of euros)

	30.06.2013	31.12.2012
Mortgage participations issued in public offers	**367,730**	**0**
Residual maturity up to 3 years	3,880	
Residual maturity between 3 and 5 years	9,130	
Residual maturity between 5 and 10 years	53,981	
Residual maturity over 10 years	300,739	
Mortgage participations not issued in public offers	**26,320**	**23,763**
Residual maturity up to 3 years	792	642
Residual maturity between 3 and 5 years	1,266	1,082
Residual maturity between 5 and 10 years	7,076	5,549
Residual maturity over 10 years	17,186	16,490
Total	**394,050**	**23,763**

The increase in mortgage participations issued in public offers derive from the inclusion of Banco de Valencia.

The nominal value of mortgage transfer certificates issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2013 and December 31, 2012, is as follows:

Mortgage transfer certificates issued
(Thousands of euros)

	30.06.2013	31.12.2012
Mortgage transfer certificates issued in public offers	**727,584**	**0**
Residual maturity up to 3 years	18,122	
Residual maturity between 3 and 5 years	33,289	
Residual maturity between 5 and 10 years	151,494	
Residual maturity over 10 years	524,679	
Mortgage transfer certificates not issued in public offers	**5,351,812**	**5,111,623**
Residual maturity up to 3 years	117,772	117,819
Residual maturity between 3 and 5 years	224,622	850,195
Residual maturity between 5 and 10 years	889,649	194,371
Residual maturity over 10 years	4,119,769	3,949,238
Total	**6,079,396**	**5,111,623**

Efforts continued in the first half of 2013 to optimize liquid assets. A securitization fund (Foncaixa Leasing 1 FTA) was settled early and a new one (Foncaixa Leasing 2 FTA) was created. The total increase in mortgage transfer certificates was due to the inclusion of Banco de Valencia.

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)

	30.06.2013	31.12.2012
Total loans	**152,233,929**	**148,230,936**
Mortgage participations issued	**464,811**	**109,310**
Of which: On balance sheet loans	*394,050*	*23,763*
Mortgage transfer certificates issued	**6,096,124**	**5,121,010**
Of which: On balance sheet loans	*6,079,396*	*5,111,623*
Mortgage loans pledged in guarantee for financing received (SAREB)	**2,877,583**	**0**
Loans backing mortgage bonds issues and covered bond issues	**142,795,411**	**143,000,616**
Non-eligible loans	43,324,783	42,538,216
Meet eligibility requirements, except for limits established in article 5,1, of Royal Decree 716/2009 of April 24	*12,751,491*	*12,225,526*
Other	*30,573,292*	*30,312,690*
Eligible loans	99,470,628	100,462,400
Non-computable amounts	238,365	352,417
Computable amounts	99,232,263	100,109,983
Loans backing mortgage bond issues		
Loans suitable for backing mortgage bond issues	*99,232,263*	*100,109,983*

The increase in total loans was due mainly to the inclusion of Banco de Valencia, specifically €2,878 million related to loans contributed to the SAREB in 2012 and now managed by Banco de Valencia.

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

Mortgage loans and credits
(Thousands of euros)

	30.06.2013		31.12.2012	
	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	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Originated by the entity	139,736,691	97,244,732	141,656,551	99,460,022
Assumed from other entities	299,886	247,936	361,380	291,972
Other	2,758,834	1,977,960	982,685	710,406
By currency	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Euro	142,308,237	99,088,026	142,790,561	100,399,757
Other	487,174	382,602	210,055	62,643
By payment situation	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Normal	122,772,736	97,239,363	123,861,316	97,990,970
Past-due	20,022,675	2,231,265	19,139,300	2,471,430
By average residual maturity	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Up to 10 years	25,035,873	12,907,334	24,561,818	13,306,521
From 10 to 20 years	42,742,005	31,500,498	40,598,593	30,351,400
From 20 to 30 years	61,207,417	45,793,643	63,595,210	47,489,885
Over 30 years	13,810,116	9,269,153	14,244,995	9,314,594
By type of interest rate	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Fixed	1,971,090	623,046	6,557,176	3,824,132
Variable	140,097,265	98,230,393	135,957,469	96,230,225
Mixed	727,056	617,189	485,971	408,043
By holder	**142,795,411**	**99,470,628**	**143,000,616**	**100,462,400**
Natural persons and business entities	47,414,147	21,129,474	48,925,602	23,600,123
Of which: Real estate developers	*14,212,439*	*6,015,548*	18,103,122	8,307,130
Other individuals and not-for-profit institutions		78,341,154		76,862,277
By collateral	**142,795,411**	**99,470,628**	**0 143,000,616**	**100,462,400**
Assets / finished buildings	**131,739,014**	**97,083,229**	**131,689,416**	**97,314,845**
- Residential	113,460,136	89,270,627	115,343,584	89,368,979
Of which: Subsidized housing	*5,167,455*	*4,697,474*	5,266,239	4.702.056
- Commercial	6,747,573	3,379,889	5,536,912	3,223,716
- Other	11,531,305	4,432,713	10,808,920	4,722,150
Assets / buildings under construction	**4,524,259**	**1,854,863**	**4,716,256**	**2,125,954**
- Residential	3,725,046	1,690,562	4,062,411	1,921,607
Of which: Subsidized housing	*294,955*	*68,422*	305,625	117.417
- Commercial	142,016	17,433	107,784	44,883
- Other	657,197	146,868	546,061	159,464
Land	**6,532,138**	**532,536**	**6,594,944**	**1,021,601**
- Built	2,072,840	480,260	3,540,912	883,798
- Other	4,459,298	52,276	3,054,032	137,803

CaixaBank's portfolio of eligible loans and credits for the purposes calculating the limit for issues of mortgage covered bonds at June 30, 2013 and December 31, 2012 totaled €99,232 million and €100,110 million, respectively.

The amounts available (undrawn committed amounts) of the entire portfolio of mortgage loans and credits pending payment at June 30, 2013 and December 31, 2012, are as follows:

Available mortgage loans and credits

(Thousands of euros)

	30.06.2013	31.12.2012
Potentially eligible	15,489,449	15,637,916
Other	3,933,446	3,958,975
Total	**19,422,895**	**19,596,891**

The table below shows the breakdown of eligible mortgage loans and credits tied to CaixaBank's mortgage covered bond issues at June 30, 2013 and December 31, 2012 in accordance with the principal amount receivable on the loans and credits divided by the latest fair value of the corresponding collateral (LTV):

Eligible mortgage loans and credits

(Thousands of euros)

	30.06.2013	31.12.2012
Mortgage on homes	**90,855,836**	**90,360,565**
Transactions with LTV below 40%	21,753,943	21,117,618
Transactions with LTV between 40% and 60%	32,795,935	31,938,494
Transactions with LTV between 60% and 80%	36,305,958	37,304,453
Other assets received as collateral	**8,614,792**	**10,101,835**
Transactions with LTV below 40%	4,237,296	4,517,847
Transactions with LTV between 40% and 60%	4,138,637	5,142,673
Transactions with LTV over 60%	238,859	441,315
Total	**99,470,628**	**100,462,400**

At June 30, 2013 and December 31, 2012, there were no replacement assets assigned to mortgage covered bond issues.

Changes in mortgage loans and credits, which back the issue of mortgage covered bonds, broken down into additions and reductions in the first half of 2013, are shown below:

Mortgage loans and credits. Changes in nominal value during the period.
(Thousands of euros)

	Eligible loans	Non-eligible loans
Balance at January 1	**100,462,400**	**42,538,216**
Reductions in the period	**6,557,936**	**4,108,999**
Cancellations on maturity	110,304	86,928
Early cancellation	408,872	741,701
Assumed by other entities	7,896	2,887
Others (*)	6,030,864	3,277,483
Additions in the period	**5,566,164**	**4,895,566**
Additions due Banco de Valencia	3,610,685	1,781,315
Originated by the entity	1,713,415	1,977,831
Assumed by other entities	10,230	852
Other	231,834	1,135,568
Balance at June 30	**99,470,628**	**43,324,783**

(*) Includes retirements due to acquisitions from developers and payments in lieu to individuals

The calculation of the collateralization and overcollateralization of CaixaBank's mortgage covered bonds issued at June 30, 2013 and December 31, 2012 is as follows:

Collateralization and overcollateralization
(Thousands of euros)

		30.06.2013	31.12.2012
Non-bearer mortgage covered bonds		63,544,901	64,361,634
Bearer mortgage covered bonds placed as customer deposits		12,413,112	11,048,111
Bearer mortgage covered bonds issued by credit institutions		911,742	910,950
Mortgage covered bonds issues	**(A)**	**76,869,755**	**76,320,695**
Total outstanding mortgage loans and credits (**)		152,233,929	148,230,936
Mortgage participations issued		(464,811)	(109,310)
Mortgage transfer certificates issued		(6,096,124)	(5,121,010)
Mortgage bonds issued			
Mortgage loans pledged in guarantee for financing received (SAREB)		(2,877,583)	
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**142,795,411**	**143,000,616**
Collateralization:	**(B)/(A)**	**186%**	**187%**
Overcollateralization:	**[(B)/(A)]-1**	**86%**	**87%**

(**) Includes on and off balance sheet portfolio

The degree of collateralization of the mortgage bonds issued by CaixaBank at June 30, 2013 was the same as at December 31, 2012 and reflects the prudent measures adopted to strengthen the liquidity position in order to face potential pressures or market crises.

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the ECB (including €460 million of assets in the process of being included) increased from €53,092 million at December 31, 2012 to €64,604 million at June 30, 2013. The €11,512 million increase is due mainly to the application of the measures described above (see Note 4).

CAIXABANK GROUP MANAGEMENT REPORT

FOR THE FIRST HALF OF 2013

This report describes the key data and events of the first half of 2013 shaping the financial position of the CaixaBank Group ("the Group") and the development of its businesses, risks and outlook. The condensed interim consolidated financial statements for the first half of 2013 which this Management Report supplements were prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of December 22 and subsequent amendments.

CaixaBank, SA ("CaixaBank"), formerly Criteria CaixaCorp, SA, is the listed bank through which Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") carries on its business indirectly as a credit institution "la Caixa" is CaixaBank's majority shareholder, with a stake of 70.35% at June 30, 2013.

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

Economic landscape

The economic outlook continues to point to a gradual improvement globally. However, certain factors have cropped up in the last couple of months that have triggered an uptick in volatility in international financial markets. For instance, the Fed's announcement that it could curtail bond purchases around the end of 2013 if economic conditions remain propitious took the financial markets by surprise. The knee-jerk reaction was a spike in volatility globally, and especially in emerging economies. Yields of both safe-haven and riskier bonds widened, while equity markets worldwide were battered. These bouts of volatility were exacerbated by rising tension in China's credit market. Europe, which this time was not at the root of the problems, did little to restore calm to the markets. It was slow to react and showed little if any ambition in THE measures adopted to overcome, once and for all, the institutional deficiencies persisting.

Even though the Fed's quick reaction to signs of improvement in the US economy had an adverse impact on financial markets, the timeline laid out to gradually normalize policy is not negative, as it suggests that the recovery of the world's largest economy will gather steam. In the midst of market instability, a number of Fed members spoke out. While their stances may have differed, they all agreed that the official plan did not imply that the monetary authority was stepping on the brakes with regard to stimulus measures, merely that it was easing off the accelerator. What's more, some showed a clear willingness to step up expansive measures if the economy did not fare as well as expected. Looking ahead to the medium and long term, the Fed's plan would appear to have more pros than cons for the financial markets. The balance between transparency and specifics, on the one hand, and flexibility and gradualism on the other, removes uncertainties while paving the way for a lengthy period of lax monetary conditions.

In China, financial tension has flared up at the same time as economic growth has shown signs of slowing. This setting prompted the Chinese central bank to ensure liquidity for any institution that could require it. Meanwhile, whereas it make take longer than initially expected for the Chinese economy to accelerate again, it is still growth at a healthy pace, with forecast GDP growth of over 7% this year. Moreover, the Asian giant has built up massive currency reserves, not to mention the ample room it has to adopt additional stimulus measures if forced.

Turning back to Europe, economic recovery is proceeding at the same pace as the institutional reforms are being carried out; i.e. slow. Yet again, the European Council meeting in June concluded with just agreements on basics, although they are headed in the right direction. The most important agreement was over the banking union, one of the three pillars for the new economic and monetary union. Specifically, rules of intervention in insolvent banks were defined, setting a preference of claims to liabilities in the event of a bail-in and ensuring that both retail deposits and covered bonds were protected. Also agreed was the creation of ex-ante resolutions funds with harmonized rules, where these would have to reach, within 10 years, a target level of at least 0.8% of covered deposits. These national funds are considered an intermediate step towards the creation of a Single Resolution Mechanism.

Meanwhile, the European Council also took measures devoted to youth unemployment and stimulating credit for SMEs. Regarding youth unemployment, the EU agreed to set aside €8,000 million, of which Spain stands to receive €2,000 million. Regarding measures to stimulate credit to SMEs, the European Investment Bank, in conjunction with the EC, sent a report to the European Council proposing a series of alternatives to encourage banks to lend to SMEs, possibly in partnerships with national credit institutes. The European Council pledged to promote this type of initiative and in the coming months should provide details on how it will be articulated.

Nevertheless, despite the fragile state of the economy, the euro area is showing increasing signs of recovery. Various business indicators point to gradual expansion, with growth in both services and manufacturing. However, the recovery has yet to really take hold. As a result, in the wake of the shift in the Fed's monetary policy stance, the ECB quickly reminded that activity in the euro areas was still weak and that the inflationary scenario remained subdued, making a change in monetary policy unnecessary. In fact, for the first time ever, the ECB adopted a policy of forward guidance. At its July council meeting, the ECB said it expected the key ECB interest rates to remain at present or lower levels for an extended period of time.

In Spain, the shift in trend towards a more moderate contraction seems firm, with activity set to begin growing again in the second half of the year. Supply indicators have all shown improvement, with some now at levels consistent with growth.

Domestic demand also appears to have bottomed out, yet remains relative low. Leading consumption indicators point to a clear turning point. Retail sales fell less in May, while consumer confidence jumped in June. After five years of struggles in the Spanish labor market, which has undermined consumer confidence, indications that employment is stabilizing have helped reverse the situation little by little.

Private sector deleveraging continues to constrain credit, with lending down 12.3% year-on-year in April. Part of the reduction was due to the transfer of assets by nationalized banks to the SAREB between December last year and February this year. Even if we strip out this impact, lending still fall sharply, by around 8%, underscoring the weakness of both supply of and demand for credit. Before credit can flow again, it is still crucial that the confidence of international investors be shored up. And for this, Spain must comply with the deficit limits set by the European Commission. In this respect, fiscal consolidation in Spain is on track. Until now, the adjustment to public accounts is not jeopardizing this year's deficit target of 6.5% of GDP (compared to 7.0% in 2012).

Integration of Banca Cívica and business combination with Banco de Valencia

In 2012, as described in detail in the consolidated financial statements and management report for 2012, approval was given at the extraordinary general shareholders' meetings of CaixaBank and Banca for the merger by absorption of Banca Cívica (absorbed company) by CaixaBank (absorbing company), whereby Banca Cívica would be extinguished by dissolution without liquidation, with the block transfer of all its assets to CaixaBank. The merger was placed on file with the Companies Register on August 3, 2012, after which CaixaBank began taking great strides to integrate Banca Cívica into its commercial, technological and organizational structure as quickly and effectively as possible. Caja Navarra's and Cajasol's platforms were integrated in 2012, while the technological integration of Caja Canarias' and Caja Burgos' platforms was completed in April 2013, marking the full commercial, technological and organizational integration.

On November 27, 2012, the FROB selected CaixaBank's binding bid to acquire all shares held by the FROB in Banco de Valencia. Note 9 to the condensed interim consolidated financial statements provides details of the acquisition, which resulted in the acquisition of shares representing 98.9% of Banco de Valencia's share capital on February 28, 2013. The agreement with the FROB included a protocol of financial support measures implemented through an asset protection scheme, whereby the FROB will assume, over a period of 10 years, 72.5% of any losses from Banco de Valencia's SME/self-employed professionals portfolio and contingent liabilities.

On April 4, 2013, the Boards of Directors of CaixaBank and Banco de Valencia approved the Joint Merger Project between CaixaBank (absorbing company) and Banco de Valencia (absorbed company). The merger was completed on July 19 and placed on file with the Companies Register. The IT platform is expected to be integrated by the end of July 2013.

The integration of Banco de Valencia leaves scope to realize additional synergies and economies of scale in order to obtain an appropriate return on the banking business. The merger also gives the combined entity a stronger geographic presence in Valencia, where Banco de Valencia is a benchmark, with a significant market share.

Business performance

CaixaBank's commercial strength, with 33,417 employees, the largest network in the Spanish financial system, with 6,132 branches, 9,595 ATMs and a leading position in on-line and e-banking (12.8 million cards), means that the Group is showing balanced and high quality growth in its banking and commercial businesses.

CaixaBank continues to focus its commercial efforts on attracting new business and creating long-term ties with customers, prioritizing service and boosting market shares. CaixaBank holds a 15.2% share in total loans and 13.8% in total deposits (latest available data at March 2013, prepared in-house, source: Bank of Spain).

Banking business volume which combines customer deposits and loans in accordance with management criteria, amounted to €526,552 million in the first half of 2013, an increase of 2.4% from the same period last year.

Total customer funds managed[1] amounted to €305,585 million, an increase of €14,657 million or 5.0% on December 2012. Thanks to the integration of Banco de Valencia and CaixaBank's strong commercial efforts,

[1] *Includes off-balance sheet funds, which in the first half are presented following a new accounting criteria that provides a truer view of the funds effectively managed by the Group. Data at December 2012 have been re-estimated to allow for better comparison, although this has not had a significant impact on the accounts.*

focused on attracting new business and creating long-term ties with customers, prioritizing service, retail funds increased by 5.1% in the first half of 2013 to €254,990 million. At June 30, 2013, on-balance sheet funds were €251,063 million, up 5.5% or €13,001 million in the first half of 2013.

Gross loans (management criteria) managed by the CaixaBank Group decreased by 0.9% in the first half of 2013 to €220,967 million, after the integration of Banco de Valencia and affected by the reduction in exposure to developer risk and other.

CaixaBank has acted ahead of the application of new criteria for classifying refinanced transactions. The NPL ratio at June 30, 2013 stood at 11.17%, or 9.75% stripping out the impact of the revision of refinanced transactions. Coverage at June 30, 2013 stood at 66%, or 75% excluding the impact of refinanced transactions.

The net value of foreclosed real estate assets available for sale at the end of the first half 2013 was €6,160 million, with a coverage ratio of 49%, 3.5 percentage points higher than at December 31, 2012. The coverage ratio for foreclosed land stood at 60.6%.

Results

Profit attributable to the CaixaBank Group amounted to €408 million in the first half of 2013, up 146.0% on the same period of 2012. Affecting the year-on-year performance were:

- The inclusion of earnings from Banca Cívica (as from July 1, 2012) and from Banco de Valencia (as from January 1, 2013), with an impact on different income statement headings
- The recognition in the first half of 2013 of non-recurring costs incurred under the Group's structure optimization plan, for €821 million
- The recognition of a large volume of non-recurring provisions, which were backed by CaixaBank's internal models and allow for compliance with the requirements of Royal Decree-Law 18/2012 and future requirements on refinanced loans.
- The accounting of the negative consolidation difference from Banco de Valencia.

The CaixaBank Group's condensed consolidated income statement for the first half of 2013 and 2012 is shown in the table below:

Consolidated condensed income statement of the CaixaBank Group - Management report

(Millions of euros)	January-June		
	2013	**2012**	**% change**
Interest and similar income	4,769	4,151	14.9
Interest expense and similar charges	(2,810)	(2,365)	18.8
Net interest income	**1,959**	**1,786**	**9.7**
Dividends	99	215	(53.9)
Share of profit (loss) of entities accounted for using the equity method	341	301	13.2
Net fee and commission income	890	839	6.0
Gains/(losses) on financial assets and liabilities and exchange differences	441	248	77.5
Other operating income and expense	(101)	25	
Gross income	**3,629**	**3,414**	**6.3**
Recurring operating expenses	*(2,019)*	*(1,566)*	*28.9*
Extraordinary operating expenses	*(821)*		
Total operating expenses	(2,840)	(1,566)	81.4
Pre-impairment income	**789**	**1,848**	**(57.3)**
Pre-impairment income excluding non-recurring items	**1,610**	**1,848**	**(12.9)**
Impairment losses on financial and other assets (net)	(2,876)	(1,900)	51.3
Gains/(losses) on disposal of assets and other	2,161	54	
Profit before tax	**74**	**2**	
Income tax	329	164	101.3
Profit for the period	**403**	**166**	**143.2**
Profit attributable to non-controlling interests	(5)		
Profit attributable to the Group	**408**	**166**	**146.0**

Net interest income increased by 9.7% year-on-year in the first half of 2013. The increase, affected by the integration of Banca Cívica and Banco de Valencia in the accounts, is in line with prior quarter trends, with higher margins on new investments, control over finance costs by optimizing the funding structure, and lower income due to the impact of the interest rate curve when repricing the mortgage portfolio, deleveraging and customer arrears.

Net fee and commission income performed well, rising 6.0% to €890 million. This increase was the result of the growth in the banking and insurance activity, intense commercial activity and the segment-specific approach.

The strength of the CaixaBank Group's portfolio, coupled with diversification in the international banking segment (9.9% of GF Inbursa, 46.2% of BPI, 16.5% of The Bank of East Asia, 9.9% of Erste Bank and 20.7% of Boursorama) and services (5.6% of Telefónica and 12.2% of Repsol), have enabled the Group to maintain high levels of income on its equity investments, of €440 million in the first half of 2013. The strong points brought in by CaixaBank's investees partially offset the lower income from Telefónica dividends.

Gains on financial assets and liabilities and exchange differences amounted to €441 million, driven mainly by income from the active management of the Group's financial assets and liabilities.

Other operating income and expense reflects the reinsurance agreement reached in the fourth quarter of 2012 in respect of VidaCaixa's individual life-risk portfolio. It also includes higher contributions to the Deposit Guarantee Fund following changes in the scope of consolidation following the integration of Banca Cívica and Banco de Valencia.

This left gross income of €3,629 million, up 6.3% on the first half of 2012.

Total operating expenses amounted to €2,840 million, affected by non-recurring costs incurred under the Group's structure optimization plan and the change in the scope of consolidation following the integration of Banca Cívica and Banco de Valencia.

CaixaBank has a strict cost containment and streamlining policy, which led to a 6.3% year-on-year reduction in recurring expenses on a like-for-like basis (i.e. pro-forma incorporating Banca Cívica and Banco de Valencia from January 1, 2012 and excluding the non-recurring costs in 2013 incurred from the Group's structure optimization process). The Group's meticulous optimization process led to an increase in estimated synergies to €682 million to 2015.

As a result, pre-impairment income fell by 57.3% from the first half of 2012 to €789 million this year. Stripping out non-recurring costs, pre-impairment income was €1,610 million, down 12.9% from the year-earlier figure.

Impairment losses on financial assets and other provisions totaled €2,876 million, an increase of 51.3% compared to the same period of 2012.

"Gains/(losses) on disposal of assets and other," which in the first half of 2013 were affected mainly by the recognition of negative goodwill from Banco de Valencia, 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," "Negative goodwill in business combinations" and "Gains/(losses) on non-current assets held for sale not classified as discontinued operations."

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

Profit attributable to the CaixaBank Group amounted to €408 million, up 146.0% on the same period of 2012.

Capital management and liquidity

Despite the adverse economic and financial environment, the CaixaBank Group managed to shore up its solvency in the first half of 2013, achieving (BIS II) Core Capital ratio of 11.6% and increasing liquidity to €64,604 million.

CaixaBank had eligible capital at the end of the first half of 2013 of €18,866 million, €225 million more than at December 31, 2012 (+1.2%) and €6,782 million (56.1%) above the minimum requirement.

Risk-weighted assets (RWA) at June 30, 2013 stood at €151,052 million, down €10,148 million or 6.3% from December 31, 2012. Enabling RWA to decline was the lower level of lending, as well as the Group's ability to optimize capital, including the application of internal models to the portfolios received from Banca Cívica. These effects was offset partially by the inclusion of requirements from Banco de Valencia.

The Core Capital BIS II increased by 66 basis points in the first six months of the year, from 11% to 11.6%.

The trend in solvency was shaped by the ability to generate capital organically and prudent risk management, as well as a series of non-recurring transactions, mainly: the integration of Banco de Valencia, the early repayment of public aid from the FROB to Banca Cívica in February 2011, the partial disposal of the stake in Grupo Financiero Inbursa, restructuring costs and non-recurring provisions, including impairment, supported by internal models, to comply with the requirements of RDL 18/2012.

At June 30, 2013, the CaixaBank Group's principal capital ratio was 11.6%, €3,948 million above the minimum requirement of 9%.

Meanwhile, the CaixaBank Group's long-term ratings stand at BBB- (Standard & Poor's), Baa3 (Moody's), BBB (Fitch) and A low by DBRS.

Liquidity management is a strategic cornerstone at CaixaBank. Group liquidity stands at €64,604 million (18.4% of assets), almost all readily available. It is worth noting that dependence on the wholesale funding markets is minimal. This provides great stability and evidences the Group's strong sense of anticipation.

Liquidity increased by €11,512 million in the first half of 2013 and €22,115 in the 12 months then ended, underpinned by the optimization of on-balance sheet liquid assets serving as collateral for the ECB facility, the impact of the integrations of Banca Cívica and Banco de Valencia and pro-active management of funding sources.

Maturities pending in 2013 total €4,950 million. Drawing from its strong liquidity position and the active management of its growth, the Group should be able to meet wholesale market maturities comfortably.

At the same time, CaixaBank's financial strength and the reopening of the wholesale markets have boosted international investor interest, allowing CaixaBank to successfully place two senior debt issues, one for three and one for five years, and an issue of five-year mortgage-covered bonds. All three issues were for a nominal value of €1,000 million.

CaixaBank shares

CaixaBank shares closed the first half of 2013 at €2.361 per share, down 10.5% (down 8.2% when taking into account the dividend paid). CaixaBank's share price performance is in line with the general trend marked by Spanish financial institutions, which on average were down 14.2% through the end of June this year.

As for benchmark indices, the IBEX 35 lost 5.0%, the EURO STOXX 50 fell 1.3% and the STOXX Europe Bank shed 1.6%. Key CaixaBank share price indicators in the first half of 2013 are as follows.

	30.06.2013
Market capitalization (Millions of euros)	11,183
Number of shares outstanding (excluding treasury shares) (1)	4,733,858,770
Share price (€/share)	
Share price at the beginning of the period	2,637
Share price at the close of June 30, 2013	2,361
High price (2)	3,149
Low price (2)	2,347
Trading volume (*number of shares, excluding special transactions*)	
Highest daily trading volume	67,375,798
Lowest daily trading volume	1,212,466
Average daily trading volume	6,195,718
Market ratios	
Net profit (€ million) *(12 months)*	472
Average number of shares in circulation - fully diluted (3)	4,942,089,051
Earnings per share (EPS) (€/share)	**0.10**
Adjusted equity (€ million)	23,683
Number of shares in circulation at 6/30/13 - fully diluted (4)	5,249,357,958
Book value per share (€/share)	**4.51**
P/E ratio	**24.72**
P/B ratio	**0.52**
Dividend yield (5)	**8.5%**

(1) Number of shares including treasury shares.

(2) Trading session closing price

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

(4) The number of shares is calculated including the shares resulting from the conversion of all the mandatorily convertible bonds issued in June 2011 (series I/2011) and February 2012 (series I/2012). Treasury shares at 30.06.2013 are deducted.

(5) Calculated by dividing the estimated return for 2013 (€0.20/shares) by the closing price at the end of the period (€2.361/share).

At the April 25, 2013 General Shareholders' Meeting, the Bank announced its intended payout of €0.20 per share for 2013, entailing four Optional Scrip Dividends (one each quarter) of €0.05/share each. The objective is to split remuneration into quarterly payments using the scrip dividend formula.

The first dividend in the Optional Scrip Dividend program was approved on July 25, 2013 and will include the new CaixaBank shareholders arising from the merger with Banco de Valencia.

The CaixaBank Optional Scrip Dividend program entails remunerating shareholders through a bonus issue. 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.

In the latest optional scrip dividend installment carried out in March 2013, the bonus shares had a take-up of 92.5%, demonstrating the confidence shareholders place in the Bank.

Shareholder remuneration highlights under the CaixaBank Optional Scrip Dividend program for the past 12 months are as follows:

Item	€/share	Approval date	Payment date
CaixaBank Optional Scrip Dividend	0.060	26.06.2012	04.04.2013
CaixaBank Optional Scrip Dividend	0.060	26.06.2012	27.12.2012
CaixaBank Optional Scrip Dividend	0.060	19.04.2012	28.09.2012

Outlook

Global economic activity is expected to pick up pace gradually in the second half of 2013. Meanwhile, doubts surrounding the ability of emerging economies to grow should be cleared up little by little. The main emerging economies still have room to stimulate their economies, although probably not as much as in the past few years. As a result, the pace of growth in general should remain healthy. Meanwhile, the US and Japanese economic recoveries should become firmer. Monetary policy will play a key role in both cases. In the US, the withdrawal of monetary stimulus policies should be gradual, in line with the pace of economic recovery. By contrast, in Japan the abenomics should help bolster confidence over the economy.

In the euro area, economic activity should stabilize in the year's second half. Although overall GDP for the area looks set to contract by 0.5%, as it did in 2012, the third and fourth quarters could post quarter-on-quarter increases. Germany will continue to lead the recovery. With all-time low unemployment and wage growth outstripping inflation, household consumption in Germany could come to the fore. Little by little, Germany is likely to get help from the peripheral economies, which in 2014 should leave recession behind.

In Spain, the economy could retreat in the second quarter before growing in the third, once again driven by net exports. Both internal and external confidence are rising –this is essential for the recovery to continue- and should not be hindered by the debate over achieving budget deficit targets. As things stand now, budget out-turn data for the various levels of administration are good, indicating that the deficit target could be reached, although there are still a great deal of adjustments left to be made. In this respect, the government has said it will eliminate the deductions given to large enterprises and levy new environmental and consumer taxes on tobacco and alcohol. These measures could enable tax revenue to extend the upward trend seen in recent months.

The structural reforms emerging are still the main guarantee of sustainable growth over the long term. In June, the government went a step further by presenting, in accordance with EC guidelines, the main outline of its reform of the public administrations, designed to streamline the public sector and make it more efficient. A swift adoption of these and the remaining reforms planned will be important to steer the recovery.

The global outlook still presents uncertainties for the financial sector in general, and for CaixaBank in particular. Looking ahead to the second half of 2013, the performance of Spain's banking sector will largely be determined by the deleveraging of the Spanish economy, trends in the quality of lending portfolios and the continued plight of the construction industry. To keep risks at relative low levels, the Group will maintain its conservative policies of prudent approvals and appropriate coverage. Coverage ratios were high at June 30, 2013 (see Note 7 of the explanatory notes to the financial statements for the six months ended June 30, 2013), leaving CaixaBank in a comfortable position for the second half of the year.

Pressure on the regulatory and oversight fronts should remain intense, with a number of reforms. For instance, the ECB and the European Banking Authority (EBA) intend to carry out new stress tests on European banks. The Group must ensure capital adequacy levels and in any event comply with regulatory requirements, i.e. BIS II, Principal Capital and BIS III. Moreover, legal and judicial provisions on issue related to mortgage loans extended to our customers (e.g. floor clauses, payments in lieu, mortgage foreclosures, restrictions on the use of foreclosed assets), new taxes (regional and/or state), amendments to the terms of certain mortgage loans (including the potential substitution of benchmark indices), the IRPH reference index of mortgage loans, etc., heighten pressure on Spain's banking system.

As for liquidity, banks may be unable to tap the capital markets at certain times. The lack of confidence will cause the interbank market to virtually disappear. CaixaBank must maintain liquidity to fund its growth and future investments, continuing to follow a pro-active and prudent approach that will enable it to face potential liquidity pressures and market crises (see Note 4 of the explanatory notes to the financial statements for the six months ended June 30, 2013).

CaixaBank is also faced with the challenge of Banco de Valencia's commercial, technological and organizational integration. The IT platform is expected to be integrated by the end of July 2013, a few days after the filing of the merger deed. The experience gained with the integration of Banca Cívica's franchises has enabled CaixaBank to achieve the integration in record time.

To boost income in this adverse environment, the Group intends to continue pursuing a prudent risk management policy and pro-active management of returns on products and services. It will also maintain a tight grip on costs, as part of the Group structure optimization plan, to boost efficiency and productivity, while ensuring that the estimated synergies from the integration of Banca Cívica and Banco de Valencia are realized.