STATUTORY DOCUMENTATION

for 2015

Consolidated financial statements and Management report of the CaixaBank Group that the Board of Directors, at a meeting held on 25 February 2016, agreed to submit to the Annual General Meeting.

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.

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of CaixaBank, S.A.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CaixaBank, S.A. ("the Bank") and companies composing, together with the Bank, the CaixaBank Group ("the Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of total changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Bank's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of the Group in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 1 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Bank's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2015, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Bank's directors consider appropriate about the situation of the Group, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the 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 Group.

DELOITTE, S.L.
Registered in R.O.A.C. nº S0692

Francisco Ignacio Ambrós

26 February 2016

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CONSOLIDATED BALANCE SHEET

at 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	31.12.2015	31.12.2014 (*)
Cash and deposits at central banks (Note 10)	**5,771,567**	**4,156,781**
Financial assets held for trading (Note 11)	**13,532,064**	**12,256,760**
Debt securities	3,255,486	2,049,774
Equity instruments	470,387	32,616
Trading derivatives	9,806,191	10,174,370
Memorandum items: Loaned or advanced as collateral	*305,946*	
Other financial assets at fair value through profit or loss (Note 23)	**1,565,960**	**937,043**
Debt securities	969,076	549,070
Equity instruments	596,884	387,973
Available-for-sale financial assets (Note 12)	**62,997,235**	**71,100,537**
Debt securities	59,617,962	67,205,087
Equity instruments	3,379,273	3,895,450
Memorandum items: Loaned or advanced as collateral	*416,679*	*3,049,202*
Loans and receivables (Note 13)	**211,317,005**	**195,731,456**
Loans and advances to credit institutions	7,493,150	4,377,197
Loans and advances to customers	202,896,200	188,761,864
Debt securities	927,655	2,592,395
Memorandum items: Loaned or advanced as collateral	*64,393,412*	*59,642,121*
Held-to-maturity investments (Note 14)	**3,820,114**	**9,608,489**
Memorandum items: Loaned or advanced as collateral		*299,878*
Adjustments to financial assets - macro-hedges	**3,279**	**138,812**
Hedging derivatives (Note 15)	**3,917,462**	**5,155,973**
Non-current assets held for sale (Note 16)	**7,960,663**	**7,247,941**
Investments (Note 17)	**9,673,694**	**9,266,397**
Associates	8,530,921	8,110,608
Jointly controlled entities	1,142,773	1,155,789
Reinsurance assets (Note 18)	**391,225**	**451,652**
Tangible assets (Note 19)	**6,293,319**	**6,404,416**
Property, plant and equipment	3,039,823	3,144,819
For own use	*3,039,823*	*3,144,819*
Investment property	3,253,496	3,259,597
Intangible assets (Note 20)	**3,671,588**	**3,634,566**
Goodwill	3,050,845	3,050,845
Other intangible assets	620,743	583,721
Tax assets (Note 26)	**11,123,143**	**10,097,557**
Current	1,029,933	707,311
Deferred	10,093,210	9,390,246
Other assets (Note 21)	**2,217,157**	**2,435,069**
Inventories	1,135,337	1,197,035
Other	1,081,820	1,238,034
Total assets	**344,255,475**	**338,623,449**
Memorandum items:		
Contingent liabilities **(Note 27)**	10,650,071	10,241,836
Contingent commitments **(Note 27)**	58,028,933	50,706,226

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated balance sheet at 31 December 2015.

CONSOLIDATED BALANCE SHEET

at 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities and equity

	31.12.2015	31.12.2014 (*)
Liabilities		
Financial liabilities held for trading (Note 11)	**12,200,290**	**11,974,880**
Trading derivatives	9,498,607	10,105,414
Short positions	2,701,683	1,869,466
Other financial liabilities at fair value through profit or loss (Note 23)	**2,075,402**	**1,442,391**
Customer deposits	2,075,402	1,442,391
Financial liabilities at amortised cost (Note 22)	**253,498,820**	**247,538,656**
Deposits from central banks	23,753,214	12,156,872
Deposits from credit institutions	10,509,238	13,762,059
Customer deposits	184,031,637	180,200,450
Marketable debt securities	28,069,587	32,920,219
Subordinated liabilities	4,345,199	4,396,075
Other financial liabilities	2,789,945	4,102,981
Adjustments to financial liabilities - macro-hedges	**2,213,205**	**3,242,925**
Hedging derivatives (Note 15)	**756,163**	**876,116**
Liabilities associated with non-current assets held for sale	**79,059**	
Liabilities under insurance contracts (Note 23)	**40,574,638**	**40,434,093**
Provisions (Note 24)	**4,597,740**	**4,370,507**
Provisions for pensions and similar obligations	2,858,645	2,964,457
Provisions for taxes and other legal contingencies	514,206	396,589
Provisions for contingent liabilities and commitments	381,477	563,597
Other provisions	843,412	445,864
Tax liabilities (Note 26)	**1,555,970**	**1,671,832**
Current	379	265
Deferred	1,555,591	1,671,567
Other liabilities (Note 21)	**1,499,638**	**1,839,481**
Total liabilities	**319,050,925**	**313,390,881**
Equity		
Shareholders' equity (Note 25)	**23,688,634**	**23,372,983**
Capital	5,823,990	5,714,956
Share premium	12,032,802	12,032,802
Reserves	5,264,729	5,069,833
Accumulated reserves/(losses)	*4,356,286*	*3,982,602*
Reserves/(losses) of entities accounted for using the equity method	*908,443*	*1,087,231*
Other equity instruments	5,120	0
Other equity instruments	*5,120*	
Less: Treasury shares	(19,713)	(11,013)
Profit/(loss) attributable to the Group	814,460	620,020
Less: Dividends and remuneration	(232,754)	(53,615)
Valuation adjustments (Note 25)	**1,480,290**	**1,821,656**
Available-for-sale financial assets	816,586	1,601,142
Cash flow hedges	85,622	(20,872)
Exchange differences	378,102	174,915
Entities accounted for using the equity method	199,980	66,471
Non-controlling interests (Note 25)	**35,626**	**37,929**
Valuation adjustments	530	560
Other	35,096	37,369
Total equity	**25,204,550**	**25,232,568**
Total equity and liabilities	**344,255,475**	**338,623,449**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated balance sheet at 31 December 2015.

CONSOLIDATED INCOME STATEMENT

for the years ended 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2015	2014 (*)
Interest and similar income (Note 29)	**8,373,068**	**8,791,327**
Interest expense and similar charges (Note 30)	**(4,020,418)**	**(4,636,761)**
NET INTEREST INCOME	**4,352,650**	**4,154,566**
Return on equity instruments (Note 31)	**202,719**	**185,374**
Share of profit/(loss) of entities accounted for using the equity method (Note 17)	**375,135**	**305,705**
Fee and commission income (Note 32)	**2,156,832**	**1,973,488**
Fee and commission expense (Note 32)	**(143,395)**	**(148,328)**
Gains/(losses) on financial assets and liabilities (net) (Note 33)	**742,625**	**573,596**
Financial assets and liabilities held for trading	58,779	(41,767)
Other financial instruments not measured at fair value through profit or loss	670,611	452,787
Other	13,235	162,576
Exchange differences (net)	**123,824**	**65,990**
Other operating income (Note 34)	**1,216,738**	**1,057,288**
Income from insurance and reinsurance contracts	735,197	637,237
Sales and income from provision of non-financial services	154,977	129,516
Other operating income	326,564	290,535
Other operating expenses (Note 34)	**(1,301,510)**	**(1,228,074)**
Expenses from insurance and reinsurance contracts	(520,702)	(488,501)
Changes in inventories	(131,740)	(124,519)
Other operating expenses	(649,068)	(615,054)
GROSS INCOME	**7,725,618**	**6,939,605**
Administrative expenses	**(4,239,792)**	**(3,423,442)**
Personnel expenses **(Note 35)**	(3,178,805)	(2,577,893)
Other general administrative expenses **(Note 36)**	(1,060,987)	(845,549)
Depreciation and amortisation (Notes 19 and 20)	**(365,923)**	**(349,811)**
Provisions (net) (Note 24)	**(422,315)**	**(384,874)**
Impairment losses on financial assets (net) (Note 37)	**(2,094,068)**	**(2,193,370)**
Loans and receivables	(1,655,348)	(2,053,803)
Other financial instruments not measured at fair value through profit or loss	(438,720)	(139,567)
NET OPERATING INCOME/(LOSS)	**603,520**	**588,108**
Impairment losses on other assets (net) (Note 38)	**(322,762)**	**(48,809)**
Goodwill and other intangible assets	(48,076)	(14,119)
Other assets	(274,686)	(34,690)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 39)	**33,795**	**(28,149)**
Negative goodwill in business combinations (Note 7)	**602,183**	
Gains/(losses) on non-current assets held for sale not classified as discontinued operations (Note 40)	**(278,632)**	**(308,977)**
PROFIT/(LOSS) BEFORE TAX	**638,104**	**202,173**
Income tax (Note 26)	**180,758**	**417,752**
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**818,862**	**619,925**
Profit/(loss) from discontinued operations (net)	**(2,360)**	
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	**816,502**	**619,925**
Profit/(loss) attributable to the Parent	**814,460**	**620,020**
Profit/(loss) attributable to non-controlling interests (Note 25)	**2,042**	**(95)**
Earnings per share from continuing and discontinued operations		
Basic earnings per share (euros) **(Note 6)**	0.14	0.11
Diluted earnings per share (euros) **(Note 6)**	0.14	0.11

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated income statement for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2015	2014 (*)
Consolidated profit/(loss) for the period	**816,502**	**619,925**
Other comprehensive income (Note 25)	**(341,396)**	**1,117,495**
Items to be reclassified to profit or loss in subsequent periods	**(341,396)**	**1,117,495**
Available-for-sale financial assets	**(795,196)**	**790,068**
Revaluation gains/(losses)	*(408,641)*	*1,019,329*
Amounts transferred to income statement	*(386,555)*	*(229,261)*
Cash flow hedges	**182,755**	**(21,872)**
Revaluation gains/(losses)	*224,767*	*(19,079)*
Amounts transferred to income statement	*(42,012)*	*(2,793)*
Hedges of net investment in foreign operations	**0**	**0**
Exchange differences	**200,865**	**240,692**
Revaluation gains/(losses)	*189,498*	*240,692*
Amounts transferred to income statement	*11,367*	
Non-current assets held for sale	**0**	**0**
Entities accounted for using the equity method	**133,509**	**286,019**
Revaluation gains/(losses)	*133,509*	*286,019*
Other comprehensive income	0	0
Income tax	(63,329)	(177,412)
Items not to be reclassified to profit or loss in subsequent periods	**0**	**0**
Actuarial gains/(losses) from pension plans	**0**	**0**
Revaluation gains/(losses)	*90,022*	*(228,550)*
Amounts transferred to reserves	*(90,022)*	*228,550*
Total comprehensive income	**475,106**	**1,737,420**
Attributable to the Parent	473,094	1,737,663
Attributable to non-controlling interests	2,012	(243)

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of other comprehensive income for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the years ended 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
2015	**Share capital**	**Share premium**	**Accumulated reserves/ (losses)**	**Other equity instruments**	**Less: Treasury shares**	**Profit/ (loss) attributable to the Parent**	**Less: Dividends and remuneration**	**Total shareholders' equity**	**Valuation adjustments**	**Non-controlling interests**	**Total equity**
Opening balance at 31.12.2014	**5,714,956**	**12,032,802**	**5,069,833**	**0**	**(11,013)**	**620,020**	**(53,615)**	**23,372,983**	**1,821,656**	**37,929**	**25,232,568**
Adjustments due to changes in accounting policy								0			0
Adjustments made to correct errors								0			0
Adjusted opening balance	**5,714,956**	**12,032,802**	**5,069,833**	**0**	**(11,013)**	**620,020**	**(53,615)**	**23,372,983**	**1,821,656**	**37,929**	**25,232,568**
Total comprehensive income						**814,460**		**814,460**	**(341,366)**	**2,012**	**475,106**
Other changes in equity	**109,034**	**0**	**194,896**	**5,120**	**(8,700)**	**(620,020)**	**(179,139)**	**(498,809)**	**0**	**(4,315)**	**(503,124)**
Capital increases	109,034		(109,034)					0			0
Conversion of financial liabilities into capital								0			0
Increase of other equity instruments **(Note 25)**								0			0
Payment of dividends/remuneration to shareholders			(264,955)				(232,754)	(497,709)		(205)	(497,914)
Transactions with own equity instruments (net)			72		(8,700)			(8,628)			(8,628)
Transfers between equity items			566,405			(620,020)	53,615	0			0
Increases/(decreases) due to business combinations								0			0
Other increases/(decreases) in equity			2,408	5,120				7,528		(4,110)	3,418
Final balance at 31.12.2015	**5,823,990**	**12,032,802**	**5,264,729**	**5,120**	**(19,713)**	**814,460**	**(232,754)**	**23,688,634**	**1,480,290**	**35,626**	**25,204,550**

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the years ended 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
2014	Share capital	Share premium	Accumulated reserves/ (losses)	Other equity instruments	Less: Treasury shares	Profit/ (loss) attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at 31.12.2013 (*)	**5,027,610**	**10,583,008**	**5,649,317**	**1,938,222**	**(22,193)**	**502,703**	**(32,982)**	**23,645,685**	**704,013**	**(15,926)**	**24,333,772**
Adjustments due to changes in accounting policy			(200,369)			(186,831)		(387,200)			(387,200)
Adjustments made to correct errors								0			0
Adjusted opening balance	**5,027,610**	**10,583,008**	**5,448,948**	**1,938,222**	**(22,193)**	**315,872**	**(32,982)**	**23,258,485**	**704,013**	**(15,926)**	**23,946,572**
Total comprehensive income						**620,020**		**620,020**	**1,117,643**	**(243)**	**1,737,420**
Other changes in equity	**687,346**	**1,449,794**	**(379,115)**	**(1,938,222)**	**11,180**	**(315,872)**	**(20,633)**	**(505,522)**	**0**	**54,098**	**(451,424)**
Capital increases	214,715		(214,715)					0			0
Conversion of financial liabilities into capital								0			0
Increase of other equity instruments **(Note 25)**			(33,224)					(33,224)			(33,224)
Payment of dividends/remuneration to shareholders			(85,694)				(53,615)	(139,309)		(17)	(139,326)
Transactions with own equity instruments (net)			3,205		(3,820)			(615)			(615)
Transfers between equity items	472,631	1,449,794	282,890	(1,937,425)	15,000	(315,872)	32,982	0			0
Increases/(decreases) due to business combinations								0			0
Other increases/(decreases) in equity			(331,577)	(797)				(332,374)		54,115	(278,259)
Final balance at 31.12.2014	**5,714,956**	**12,032,802**	**5,069,833**	**0**	**(11,013)**	**620,020**	**(53,615)**	**23,372,983**	**1,821,656**	**37,929**	**25,232,568**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2015.

STATEMENT OF CASH FLOWS

for the years ended 31 December 2015 and 2014, in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2015	2014 (*)
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**2,259,995**	**(4,890,969)**
Consolidated profit/(loss) for the period	**816,502**	**619,925**
Adjustments to obtain cash flows from operating activities	**5,444,288**	**4,697,092**
Depreciation and amortisation	365,923	349,811
Other adjustments	5,078,365	4,347,281
Net increase/(decrease) in operating assets	**6,203,284**	**(11,182,867)**
Financial assets held for trading	(1,271,690)	(2,063,317)
Other financial assets at fair value through profit or loss	(628,917)	(486,838)
Available-for-sale financial assets	7,697,526	(14,283,045)
Loans and receivables	507,624	7,271,064
Other operating assets	(101,259)	(1,620,731)
Net increase/(decrease) in operating liabilities	**(9,935,272)**	**1,343,463**
Financial liabilities held for trading	217,024	4,084,237
Other financial liabilities at fair value through profit or loss	633,010	190,327
Financial liabilities at amortised cost	(5,964,461)	(7,882,629)
Other operating liabilities	(4,820,845)	4,951,528
Income tax (paid)/received	**(268,807)**	**(368,582)**
B. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**4,764,308**	**9,142,944**
Payments	**(2,294,023)**	**(1,350,555)**
Tangible assets	(421,803)	(835,442)
Intangible assets	(136,163)	(136,543)
Investments	(757,842)	(273,971)
Subsidiaries and other business units	(815,703)	
Non-current assets and associated liabilities held for sale	(162,512)	(104,599)
Proceeds	**7,058,331**	**10,493,499**
Tangible assets	158,185	267,271
Intangible assets	600	
Investments	852,203	157,771
Non-current assets and associated liabilities held for sale	303,445	1,457,484
Held-to-maturity investments	5,616,376	8,610,973
Other proceeds related to investing activities	127,522	
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(5,411,793)**	**(7,065,463)**
Payments	**(7,423,752)**	**(8,472,512)**
Dividends	(497,709)	(139,309)
Subordinated liabilities	(48,600)	
Buyback and cancellation of own equity instruments		(797)
Acquisition of own equity instruments	(38,587)	(60,772)
Other payments related to financing activities	(6,838,856)	(8,271,634)
Proceeds	**2,011,959**	**1,407,049**
Disposal of own equity instruments	29,959	71,952
Other proceeds related to financing activities	1,982,000	1,335,097
D. EFFECT OF EXCHANGE RATE CHANGES	**2,276**	**2,461**
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**1,614,786**	**(2,811,027)**
F. CASH AND CASH EQUIVALENTS AT 1 JANUARY	**4,156,781**	**6,967,808**
G. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**5,771,567**	**4,156,781**

Memorandum items		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Cash	1,796,141	1,721,313
Cash equivalents at central banks	3,975,426	2,435,468
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**5,771,567**	**4,156,781**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2015.

Notes to the consolidated financial statements of the CaixaBank Group for 2015

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AND COMPANIES COMPOSING THE CAIXABANK GROUP

As required by current legislation governing the content of consolidated financial statements, these notes to the consolidated financial statements complete, extend and discuss the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the consolidated statement of cash flows, and form an integral part of them to give a true and fair view of the equity and financial position of the CaixaBank consolidated group at 31 December 2015, and the results of its operations, the changes in consolidated equity and the cash flows during the year then ended.

1. Corporate and other information

Corporate information

CaixaBank, SA and its subsidiaries compose the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group"). CaixaBank, SA (“CaixaBank”), with tax identification (NIF) number A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 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 1 July 2011.

At 31 December 2015, Criteria Caixa, SAU ("Criteria") was CaixaBank's majority shareholder, with a stake conferring profit-sharing rights of 56.76% (58.96% at 31 December 2014) and a stake conferring voting rights of 56.17% (57.24% at 31 December 2014). Criteria is 100% owned by ”la Caixa” Banking Foundation.

The corporate object of CaixaBank mainly entails:

a) all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and performance of the activities of an insurance agency;
b) receiving public funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, and other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and
c) acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.

As a bank, it is subject to the oversight of the European Central Bank and the Bank of Spain.

Basis of presentation

The consolidated financial statements have been prepared in accordance with the Commercial Code, International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU Regulations, in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and subsequent amendments, and bearing in mind the provisions of Bank of Spain Circular 4/2004 of 22 December on Public and Confidential Financial Reporting Rules and Formats for Credit Institutions, which constitutes the adaptation of the IFRSs adopted by the European Union to Spanish credit institutions.

The financial statements were prepared from the accounting records of CaixaBank and the other Group companies, and include certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank.

Figures are presented in thousands of euros unless the use of another monetary unit is stated explicitly. Certain financial information in these notes was rounded off and, consequently, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

Standards and interpretations issued by the International Accounting Standard Board (IASB) that became effective in 2015

At the date of authorisation for issue of these consolidated financial statements, the Improvements to IFRSs 2011-2013 Cycle and 2010-2012 Cycle had become effective, the adoption of which by the CaixaBank Group did not have a significant impact on its consolidated financial statements.

Standards and interpretations issued by the IASB but not yet effective

At the date of authorisation for issue of these consolidated financial statements, following are 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 consolidated financial statements or because they had not yet been endorsed by the European Union.

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		
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2016
Amendments to IAS 1	Minor corrections: Presentation of Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38	*Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IFRS 11	*Acquisition of an Interest in a Joint Operation*	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 27	*Equity Method in Separate Financial Statements*	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	Minor corrections	1 January 2016
Not approved for use in the EU		
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
IFRS 15	*Revenue from Contracts with Customers*	1 January 2017
IFRS 9	*Financial Instruments: Classification and Measurement*	1 January 2018
IFRS 16	Leases	1 January 2019

IAS 19 *Defined Benefit Plans: Employee Contributions* (Amendment)

The amendment is issued to enable employees, under certain circumstances, to deduct contributions to defined benefit pension plans from the related service cost in the period in which they are paid without having to make estimations to attribute them to each year of service. Contributions from employees or third parties set out formally in a benefit plan are recognised as follows:

- If the contribution is independent of the number of years of service, it can be recognised as a deduction from the service cost in the period in which the benefit is paid (this is an accounting option that must be applied consistently over time).
- If the contribution depends on a specific number of years of service, it must be attributed to these periods of service.

IAS 1 *Presentation of Financial Statements* (Amendment)

This amendment has been published to encourage the use of judgement when preparing financial reporting. With regard to materiality, it applies to all parts of the financial statements with no distinction, while no immaterial information has to be disclosed.

Statement of financial position and income statement line items may be aggregated or disaggregated depending on their relevance.

Last, the notes do not need to be presented in the order suggested in paragraph 114 of IAS 1.

IAS 16 and IAS 38: *Acceptable Methods of Depreciation and Amortisation* (Amendments)

The amendment, to be applied prospectively, clarifies that the use of revenue-based methods to calculate depreciation and amortisation are not appropriate, because this does not reflect the expected pattern of consumption of the future economic benefits of an asset.

IFRS 11 *Acquisition of an Interest in a Joint Operation* (Amendment)

The amendment, to be applied prospectively, requires the application of IFRS 3 *Business Combinations* when the joint operation constitutes a business. Until now, this was not treated specifically.

IFRS 10 and 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception* (Amendment)

The amendment clarifies that financial statements do not have to be consolidated when a subsidiary or the parent is an investment entity.

IAS 27 *Equity Method in Separate Financial Statements* (Amendments)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)

The amendment establishes that when an entity sells or contributes assets comprising a business (including its consolidated subsidiaries) to an associate or a joint venture, the entity must fully recognise any gain or loss on the transaction. However, when the assets sold or contributed do not constitute a business, the entity must recognise the gain or loss only to the extent of the share of other non-related investors in the associate or joint venture.

This amendment is applicable to periods beginning on or after 1 January 2016, and may be applied early.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*, and the related interpretations on revenue recognition (IFRIC 13 *Customer Loyalty Programmes*), IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*). The model in IFRS 15 is more restrictive and principles based. Therefore, its application could result in changes to the profile of revenue.

The Group is currently analysing 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 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: amortised 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 amortised 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 recognise changes in fair value related to credit risk as a component of equity for financial liabilities under the fair value option.

The effective date of IFRS 9 is pending endorsement by the European authorities, although a favourable opinion has been issued by the European Financial Reporting Advisory Group (EFRAG). In any event, application of this standard is not mandatory for annual periods beginning before 1 January 2018 (see Note 3).

IFRS 16 *Leases*

This standard replaces the current IAS 17 *Leases* and interpretations on leases (IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*).

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 proposes a single model whereby all lessees recognise assets and liabilities in the balance sheet, with a similar impact as current finance leases (amortisation of the right-of-use and finance cost for the amortised cost of the liability). However, for lessors the proposal is to retain a dual accounting model for lessors, similar to the current IAS 17.

The Group is currently analysing 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.

Responsibility for the information and for the estimates made

The financial statements of CaixaBank and the consolidated financial statements of the CaixaBank Group for 2015 were authorised for issue by the Board of Directors at a meeting held on 25 February 2016. These financial statements have not yet been approved by the Annual General Meeting. However, the Board of Directors of CaixaBank expects they will be approved without any changes. The financial statements of CaixaBank and the CaixaBank Group's consolidated financial statements for 2014 were approved at the Ordinary Annual General Meeting held on 23 April 2015, and are presented solely for the purpose of comparison with the figures for 2015 (see "Comparison of information" in this Note). CaixaBank forms part of the Criteria Group, which in turn forms part of the Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation Group, the Parent of which is the Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" Banking Foundation.

The preparation of the financial statements required Senior Management of CaixaBank and consolidated companies to make certain judgements, 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 (Notes 12 to 14)
- The measurement of goodwill and intangible assets (Note 20)
- The useful life of and impairment losses on other intangible assets and tangible assets (Notes 19 and 20)
- Impairment losses on non-current assets held for sale (Note 16)
- The measurement of investments in jointly controlled entities and associates (Note 17)
- Actuarial assumptions used to measure liabilities arising from insurance contracts (Note 23)
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 24)
- The fair value of certain financial assets and liabilities (Note 2.2)
- The measurement of the provisions required to cover labour, legal and tax contingencies (Note 24)
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 7)
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets (Note 26)
- Determination of the share of profit (loss) of associates (Note 17).

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

Comparison of information and changes in consolidation perimeter

The 2014 figures presented in the accompanying 2015 financial statements are given for comparison purposes only.

The 2015 financial statements include the recognition of the business combination with Barclays Bank, SAU. Note 7 explains the balance sheet items integrated into the business combination with Barclays Bank, SAU at 1 January 2015.

In 2015 and 2014, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information.

Seasonality and materiality of operations

The cyclical or seasonal nature of CaixaBank's operations is not significant. Nevertheless, certain taxes and levies are expensed when the payment obligation arises. The most significant of these comprise the contributions to the Deposit Guarantee Fund (DGF), which are recognised at 31 December each year; and property tax, expensed on 1 January each year. New contributions to the National Resolution Fund (NRF) created in 2015 were recognised in the fourth quarter of 2015 after receiving communication from the FROB, which set the amount of the contribution.

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

Investments in credit institutions

At 31 December 2015, the CaixaBank Group held no direct ownership interests equal to or greater than 5% of the capital or voting rights in any credit institution other than the investments in subsidiaries and associates, as shown in Appendices 1 and 2. No Spanish or foreign credit institution or group of which a credit institution forms part holds an ownership interest equal to or greater than 5% of the capital or voting rights of any of the credit institutions that are subsidiaries of the CaixaBank Group.

Minimum reserve ratio

Throughout 2015, CaixaBank complied with the minimum reserve ratio required by applicable regulations.

Deposit guarantee fund of Credit Institutions

Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms became effective on 20 June 2015. This law amended the legal regime for the Deposit Guarantee Fund of Credit Institutions following the transposition of Directive 2014/49/EU, of 16 April 2014, which harmonised certain aspects of deposit guarantee schemes in Europe. This law was implemented by Royal Decree 1012/2015, of 6 November and it amends the Royal Decree 2606/1996, of 20 December, on Deposit Guarantee Fund of Credit Institutions.

The Fund is divided into two self-containing parts: (i) one relating to the guarantee for deposits, for which contributions will go to the tasks assigned by the Directive, and (ii) one relating to the guarantee of securities, which funds are for guarantee the owners of the securities and other financial instruments deposited on Credit Institutions.

Funds in the deposit guarantee must amount to at least 0.8% of guaranteed deposits by 3 July 2024, although this can be relaxed to 0.5% with prior authorisation by the European Commission.

Pursuant to the amendments, the basis for calculating contributions to the Fund is determined by the amounts effectively guaranteed. Deposits up to EUR 100,000 are not subject to absorbing losses and have preference in collection.

Also as a result of the amendments, the annual contributions by the entities to the deposit guarantee part are adjusted to their individual risk profile, once the Bank of Spain has developed the necessary mechanisms for their calculation. As the deadline for developing these mechanisms is 31 May 2016, no adjustments were made to the contributions for 2015.

Regarding the contribution to the Fund for 2015, at its meeting of 2 December 2015 the Management Committee of the Fund set the annual contribution for the deposit guarantee part at 1.6 per thousand of the calculation basis of deposits effectively guaranteed.

Contributions accrued in connection with the contributions explained in the preceding paragraphs in 2015 and 2014 amounted to EUR 185,996 thousand and EUR 293,119 thousand, respectively (see Note 34), recognised at 31 December of each year.

National Resolution Fund

The transposition of Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms led to the creation of the National Resolution Fund (NRF) through Law 11/2015. The purpose of the NRF is to finance the resolution measures carried out by the FROB (Fund for Orderly Bank Restructuring), which oversees its management and administration. The NRF is funded with contributions from credit institutions and investment firms and its financial resources must reach at least 1% of the deposits guaranteed by all the institutions by no later than 31 December 2024.

To this end, the FROB, at least annually and starting in 2015, will receive ordinary contributions from the institutions, including branches in the EU, based on: (i) the proportion it represents relative to the total aggregate of the institutions in terms of total liabilities, excluding own funds and the amount of guaranteed deposits, and (ii) the institution's risk profile, including an assessment, *inter alia*, of the probability of resolution, the complexity of its structure and resolvability, and indicators of the institution's financial situation and level of risk.

As scheduled, the Single Resolution Board in Europe became fully operational in January 2016, pooling together at the end of that month the National Resolution Fund (NRF) with the rest of the euro area Member State's national funds to form a Single Resolution Fund for Europe. Contributions for 2016 and beyond will go to this Fund, while the NRF will be used solely for investment firms.

The amount accrued in this connection in 2015, according to the communication received from the FROB, was EUR 93,000 thousand (see Note 34).

Take-over bid launched for ordinary shares of Portuguese bank BPI

On 17 February 2015 CaixaBank submitted a notice to the Portuguese stock market regulator, the Comissão do Mercado de Valores Mobiliários (CMVM), announcing its intention to launch a take-over bid for ordinary shares in the Portuguese bank, BPI.

The offer was voluntary and set a cash price of EUR 1.329 per share. The price was the weighted average of the last six months' prices and considered to be fair in accordance with Portuguese regulations. The offer was directed at all BPI's share capital not owned by CaixaBank and was conditional on: (i) obtaining acceptance from more than 5.9% of the shares issued, so that CaixaBank, considering its current stake of 44.1%, would go on to hold more than 50% of BPI's share capital after the operation, and (ii) the removal of the 20% restriction on the voting rights held by a single shareholder established in Article 12.4 of BPI's By-laws at the appropriate Annual General Meeting. For this restriction to be removed, 75% of the share capital attending the Annual General Meeting or represented therein needed to vote in favour of the motion and CaixaBank could only exercise 20% of the voting rights.

On 18 June 2015, CaixaBank reported that its Board of Directors had approved a filing to the CMVM requesting the withdrawal of the tender offer for BPI shares announced on 17 February, given that the condition concerning the elimination of the voting cap foreseen in BPI’s Bylaws was not fulfilled at the vote held during BPI’s Annual General Meeting held the day before.

On 4 February 2016, CaixaBank issued a positive opinion on the decision by BPI's Board of Directors, at the request of its Executive Committee, to submit a recommendation to shareholders to eliminate the voting cap from BPI's By-laws.

CaixaBank has yet to take any decision regarding its stake in BPI and is currently analysing its options bearing in mind the objectives of the 2015-2018 Strategic Plan.

Swap arrangement of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa

On 3 December 2015, the Boards of Directors of CaixaBank and CriteriaCaixa entered into a swap arrangement whereby CaixaBank must deliver to CriteriaCaixa shares representing 17.24% of The Bank of East Asia (BEA) and 9.01% of Grupo Financiero Inbursa (GFI), and CriteriaCaixa must deliver to CaixaBank shares it held representing 9.9% of CaixaBank's own share capital and EUR 642 million in cash.

CaixaBank's Board of Directors intends to propose, at the Annual General Meeting of CaixaBank, the redemption of a number of treasury shares representing no less than the shares acquired by Criteria under the swap agreement (9.9%) and no more than 10% of CaixaBank's share capital held as treasury shares at that point in time.

The completion of the swap is subject to (i) modification of agreements currently in place with CaixaBank in connection with its holdings in BEA and GFI, whereby Criteria will assume CaixaBank's position as the new shareholder of these banks, and CaixaBank will continue as their banking partner; (ii) securing of the applicable regulatory authorisations in Hong Kong and Mexico; (iii) authorisation by GFI's board of directors of Criteria's acquisition of GFI shares; and (iv) European Central Bank authorisation of CaixaBank's acquisition of CaixaBank treasury shares, as well as their subsequent redemption, which the CaixaBank board of directors expects to propose to its shareholders at the next general meeting.

Since delivery of the BEA and GFI shares will only take place once all the authorisations have been secured and as the Group has no intention of disposing of the stakes otherwise, a 31 December 2015, these companies were still recognised as associates.

CaixaBank will maintain its strategic relations with BEA and GFI post-swap.

Upon completion of the deal, CriteriaCaixa's stake in CaixaBank will drop from the current 56.8% to 52%. The fully-diluted holding (taking into account CriteriaCaixa's EUR 750 million bond exchangeable for CaixaBank shares maturing in November 2017) would decrease the stake from 54% to 48.9%.

Subsequent events

Between 31 December 2015 and the date these consolidated financial statements were authorised for issue, no events occurred that are not described in the remaining explanatory notes.

2. Accounting policies and measurement bases

The principal accounting policies and measurement bases used in the preparation of the consolidated financial statements of the CaixaBank Group for 2015 were as follows:

2.1. Business combinations and basis of consolidation

In addition to data relating to the parent company the consolidated financial statements also contain information on subsidiaries, jointly controlled entities and associates. The procedure for integrating the assets and liabilities of these companies depends on the type of control or influence exercised.

Subsidiaries

The Group considers as subsidiaries companies over which it has the power to exercise control. Control is evidenced when it has:

- power to direct the relevant activities of the investee, i.e. the rights (legal, statutory or through agreements) that give the ability to direct the activities of the investee that significantly affect the investee's returns,
- the present (practical) ability to exercise the rights to exert power over the investee to affect its returns, and,
- exposure, or rights, to variable returns from its involvement with the investee.

In general, voting rights give the ability to direct the relevant activities of a subsidiary. To calculate voting rights, all direct and indirect voting rights, as well as potential voting rights (e.g. call options on equity instruments of the subsidiary) are considered. In some circumstances, a company may have power to direct the activities without holding a majority of the voting rights.

In these cases, the investor considers whether it has the practical ability to direct the relevant activities unilaterally. Relevant activities include establishing financial and operating decisions, or appointing and remunerating management bodies, among other.

The financial statements of the subsidiaries are consolidated, without exception, on the grounds of their activity, with those of CaixaBank using the full consolidation method, which consists of the aggregation of the assets, liabilities, equity, income and expenses of a similar nature included in their separate financial statements. The carrying amount of direct and indirect investments in the share capital of subsidiaries is eliminated in proportion to the percentage of ownership in the subsidiaries held by virtue of these investments. All other balances and transactions between consolidated companies are eliminated on consolidation.

The share of third parties in the equity and profit and loss of the CaixaBank Group is shown under "Non-controlling interests" in the consolidated balance sheet and "Profit/(loss) attributable to non-controlling interests" in the consolidated income statement, respectively (see Note 25).

The results of subsidiaries acquired during the year are consolidated from the date of acquisition. Similarly, the results of subsidiaries that are no longer classified as subsidiaries in the year are consolidated at the amount generated from the beginning of the year up to the date on which control is lost.

Acquisitions and disposals of investments in subsidiaries without a change of control are accounted for as equity transactions, with no gain or loss recognised in the income statement. The difference between the consideration paid or received and the decrease or increase in the amount of non-controlling interests, respectively, is recognised in reserves.

According to IFRS 10, on loss of control of a subsidiary, the assets, liabilities, non-controlling interests and other items recognised in valuation adjustments are derecognised, and the fair value of the consideration received and any retained investment recognised. The difference is recognised in the consolidated income statement.

Regarding non-monetary contributions to jointly controlled entities, the IASB recognised a conflict in standard between IAS 27, under which on the loss of control, any investment retained is measured at fair value and the full gain or loss on the transaction is recognised in the income statement, and paragraph 48 of IAS 31 and the interpretation SIC 13, which, for transactions under their scope restrict gains and losses to the extent of the interest attributable to the other equity holders of the jointly controlled entity. The Group has elected to apply, in a consistent manner, the provisions of IAS 27 to transactions under the scope of these standards.

Relevant information on these entities is disclosed in Appendix 1. The above information is based on the most recent actual or estimated data available at the time of preparation of these Notes.

Joint ventures (jointly controlled entities)

The Group considers as jointly controlled entities those which are not subsidiaries and which are controlled jointly with other shareholders under a contractual arrangement. In these cases, decisions on relevant activities generally require the unanimous consent of the venturers that share control. The Group holds a 66.67% stake in Inversiones Alaris, SL, head of a group of companies operating in the healthcare sector, which by virtue of an agreement with other shareholders it considers a jointly controlled entity even though it holds the majority of the voting rights. This was the only important company in this situation at 31 December 2015.

The amortisation of intangible assets with a finite useful life identified as a result of a Purchase Price Allocation (PPA) is recognised with a charge to “Share of profit/(loss) of entities accounted for using the equity method” in the income statement.

Relevant information on these companies is disclosed in Appendix 3 and, where appropriate, Note 17. For listed companies, the latest public figures are shown. Otherwise, the information relates to the latest actual or estimated data available at the date of preparation of these notes to the financial statements.

Associates

Associates are companies over which the CaixaBank Group exercises significant direct or indirect influence, but which are not subsidiaries or jointly controlled entities. In the majority of cases, significant influence is understood to exist when it holds 20% of more of the voting power of the investee. If it holds less than 20%, significant influence is evidenced by the circumstances indicated in IAS 28. The existence of significant influence is usually evidenced by representation on the board of directors, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel or the provision of essential technical information.

Exceptionally, investees in which more than 20% of the voting rights is held, but it can clearly be demonstrated that significant influence does not exist, and therefore the CaixaBank Group effectively does not have the power to govern the Entity’s financial and operating policies, are not considered associates.

Based on these criteria, at 31 December 2015 and 2014, the Group held some equity investments ranging from 20% to 50% classified under "Available-for-sale financial assets" in the consolidated balance sheet. The most significant was the investment in the Isolux Group.

The most representative investments in which the Group has significant influence with a stake of less than 20% are as follows:

- The Bank of East Asia (BEA): the relationship with this investee, which was classified as an associate in 2009, began in 2007. There is a strategic and exclusive partnership agreement with this banking institution, whereby BEA is the springboard for expansion of the CaixaBank Group's banking business in Asia-Pacific. In this connection, a joint auto financing venture is beginning to operate in the Chinese market in which BEA and Brilliance Automotive, a Chinese car maker, and CaixaBank Consumer Finance, a CaixaBank subsidiary, have interests. In addition, CaixaBank's Chairman is a member of BEA's Board of Directors and Nomination Committee. There are also collaboration agreements between the foundation of the BEA and "la Caixa" Banking Foundation. CaixaBank's stake at 31 December 2015 was 17.24% (see Note 1 – Share swap agreement between CaixaBank and Criteria).

- Erste Bank: the relationship with this investee, which was classified as an associate in 2009, began in 2008. There is a preferred partnership agreement between Erste Bank's controlling shareholder (the Erste Foundation) and CaixaBank that confirms the amicable nature and long-term outlook of the investment, a corporate and sales collaboration agreement between Erste Bank and CaixaBank, and a collaboration agreement between Erste Foundation and "la Caixa". Under this preferred partnership agreement, CaixaBank can appoint a director to Erste Bank's Supervisory Board. In December 2014, CaixaBank strengthened its strategic agreement with Erste Foundation through an amendment to the preferred partnership agreement. Under the amended agreement, CaixaBank can appoint a second director to Erste Bank's Supervisory Board. CaixaBank will vote at the Annual General Meeting in the same way as Erste Foundation, solely in respect of the election of members of the Supervisory Board. Through this agreement, CaixaBank has become one of the Austrian bank's stable shareholders, alongside a group of Austrian savings banks and some of their foundations, and the WSW holding company. Combined, they have a shareholding of approximately 30%. CaixaBank's stake at 31 December 2015 was 9.92%.

- GF Inbursa: the relationship with this investee began in 2008, with the acquisition of a 20% stake. GFI Inbursa has been classified as an associate since. CaixaBank has a shareholder agreement with GFI Inbursa's controlling shareholders. In 2013, CaixaBank sold shares representing slightly more than half of its original investment and amended the shareholder agreement entered into in 2008 to adapt to its new shareholding. GF Inbursa's Board of Directors has two members related to CaixaBank, one of which is also a member of GF Inbursa's Audit Committee. In addition, a CaixaBank manager in charge of facilitating information and technical knowledge sharing between the two companies is a member of GF Inbursa's Management Committee. CaixaBank's stake at 31 December 2015 was 9.01% (see Note 1 – Share swap agreement between CaixaBank and Criteria).

- Repsol: with a stake of 12.14% at 31 December 2015, CaixaBank is currently Repsol's largest shareholder. Since it was created, CaixaBank has always held a relevant position in Repsol's shareholder structure and on its Board of Directors. CaixaBank's Chairman is a Repsol director and the First Vice Chairman of the Board and Member of its Delegate Committee. CaixaBank also has a Second First Vice Chairman on the Repsol Board, who is a member of the Nomination Committee, the Remuneration Committee and the Sustainability Committee. Meanwhile, Repsol and the Group have a shareholder agreement governing joint control of Gas Natural SDG, SA.

In the consolidated financial statements, investments in associates are accounted for using the "equity method", i.e. in the proportion of the Group's share of the assets of the investee, after adjusting for dividends received and other equity eliminations. The profits and losses arising from transactions with an associate are eliminated to the extent of the Group's interest in the share capital of the associate. The Group's share of the profit or loss according to its economic stake is recognised in the income statement.

The Group has not used the financial statements of companies accounted for using the equity method that refer to a different date than that of the Group's Parent.

The amortisation of intangible assets with a finite useful life identified as a result of a Purchase Price Allocation (PPA) is recognised with a charge to "Share of profit/(loss) of entities accounted for using the equity method" in the income statement.

Relevant information on these companies is disclosed in Appendix 2 and, where appropriate, Note 17. For listed companies, the latest public figures are shown. Otherwise, the information relates to the latest actual or estimated data available at the date of preparation of these notes to the financial statements.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Where the Group creates or holds ownership interests in entities to provide customers access to investments or transfer certain risks to third parties, it analyses whether it has control over the investee and, therefore, whether it should or should not be consolidated.

- *Consolidated structured entities*:

  To determine whether there is control over a structured entity and, therefore whether it should be consolidated, the Group analyses the contractual rights other than voting rights. For this, it considers the purpose and design of each entity and, *inter alia,* evidence of the ability to direct the relevant activities, potential indications of special relationships or the ability to affect the returns from its involvement.

  There are instances in which the Group is highly exposed to variable returns and has decision-making power over the entity, directly or through an agent. This is the case of securitisation funds. Information on these funds, the financial support given to the vehicles and the reason are detailed in Note 28.2. At 31 December 2015, there were no agreements to provide significant additional financial support to other types of consolidated structured entities than those described.

- *Unconsolidated structured entities*:

  The Group creates vehicles to provide its customers access to certain investments or to transfer risks or for other purposes. These vehicles are not consolidated, as the Group does not have control and as the criteria for consolidation set out in IFRS 10 are not met.

  At 31 December 2015, the Group did not have any significant interests in or provide financial support to unconsolidated structured entities.

Business combinations

Accounting standards define business combinations as the combination of two or more entities within a single entity or group of entities. “Acquirer” is defined as the entity which, at the date of acquisition, obtains control of another entity.

For business combinations in which the Group obtains control, the cost of the combination is calculated. Generally, it will be the fair value of the consideration transferred. This consideration includes the assets transferred by the acquirer, the liabilities assumed by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

In addition, the acquirer recognises, at the acquisition date, any difference between:

i) the aggregate of the fair value of the consideration transferred, of the non-controlling interests and the previously held equity interest in the company or business acquired, and

ii) the net amount of the identifiable assets acquired and liabilities assumed, measured at their fair value.

Any positive difference is recognised under “Intangible assets – Goodwill” in the balance sheet provided it is not attributable to specific assets or identifiable intangible assets of the company or business acquired. Any negative difference is recognised under “Negative goodwill in business combinations” in the income statement.

2.2. Financial instruments

Classification of financial assets and liabilities

Financial assets are classified in the balance sheet for management and measurement purposes under the categories of “Financial assets held for trading”, “Other financial assets at fair value through profit or loss”, “Available-for-sale financial assets”, “Loans and advances” and “Held-to-maturity investments”, unless they must be presented under “Non-current assets held for sale" or relate to “Cash and deposits at central banks”, “Adjustments to financial assets – macro-hedges” or “Hedging derivatives”, which are presented separately.

Financial liabilities are classified under “Financial liabilities held for trading”, “Other financial liabilities at fair value through profit or loss" and "Financial liabilities at amortised cost”, unless they should be presented under ”Liabilities associated with non-current assets held for sale” or related to “Adjustments to financial liabilities – macro-hedges” or “Hedging derivatives”, which must be presented separately.

Held for trading: comprises mainly financial assets or liabilities acquired or issued for the purpose of selling in the short term or which are part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent pattern of short-term profit-taking. The held-for-trading portfolio also covers short positions arising from sales of assets acquired temporarily under a non-optional reverse repurchase agreement or borrowed securities. Also included in the held-for-trading portfolio are derivative asset and liabilities that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

Other financial assets and liabilities at fair value through profit and loss: includes financial instruments designated by the CaixaBank Group upon initial recognition, e.g. hybrid financial assets or liabilities mandatorily measured at fair value and financial assets managed as a group with ”Liabilities under insurance contracts” measured at fair value, or with financial derivatives, the purpose of which is to mitigate the exposure to changes in fair value, or managed as a group with financial liabilities and derivatives to mitigate the overall exposure to interest rate risk. In general, the category includes all financial assets when such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatches) that would otherwise arise. Financial instruments in this category must be subject at all times to an integrated and consistent measurement system, management and control of risks and returns permitting verification that risk has effectively been mitigated. Financial assets and liabilities may only be included in this category on the date they are acquired or originated.

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

Loans and receivables: includes financing granted to third parties through ordinary lending and credit activities carried out by the CaixaBank Group, receivables from purchasers of goods and services it renders, and for debt securities not quoted or quoted in markets that are not sufficiently active.

Held-to-maturity investments: includes debt securities traded in an organised market with fixed or determinable payments and fixed maturity dates that the Entity has the positive intention and ability to hold to maturity.

Financial liabilities at amortised cost: includes financial liabilities not classified as financial liabilities in the held-for-trading portfolio or as other financial liabilities at fair value through profit or loss. The balances recognised in this category, irrespective of the substances of the contractual arrangement and maturity of such liabilities, arise from the ordinary deposit-taking activities of credit institutions.

Measurement of financial instruments and recognition of changes in subsequent measurements

All financial instruments are initially recognised at their fair value, which, unless there is evidence to the contrary, is the transaction price, which is mostly the price at the date of the transaction. The Entity did not recognise any asset or financial liability whose fair value differed from the transaction price and was not assessed using methodologies and assumptions that allowed its classification in Level 1 or Level 2. Therefore, no gains or losses were recognised to reflect the changes in the factors used in the valuation that market participants would have to take into account when establishing the price of the asset or liability.

Subsequently, at a specified date, the fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The most objective reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market. Accordingly, the quoted or market price is used.

If there is no market price, fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, always taking into account the specific features of the instrument to be measured and, in particular, the various types of risk associated with it.

Any changes in fair value of financial instruments, except for trading derivatives, due to the accrual of interest and similar items are recognised in "Interest and similar income" and "Interest expense and similar charges" as appropriate in the income statement in the period of accrual. Dividends received from other companies are recognised in "Return on equity instruments" in the consolidated income statement of the year in which the right to receive the dividend is established.

Changes in fair value after initial recognition for reasons other than those indicated in the preceding paragraph are treated as described below based on the category of financial asset or financial liability:

- Financial assets and liabilities classified as "Financial assets held for trading", "Financial liabilities held for trading", "Other financial assets at fair value through profit or loss" and "Other financial liabilities at fair value through profit or loss" are measured initially at fair value, with any changes in fair value recognised with a balancing entry in "Gains/(losses) on financial assets and liabilities (net)" in the income statement.

- Financial assets classified as "Available-for-sale financial assets" are measured initially at fair value, with subsequent changes, net of the related tax effect, recognised with a balancing entry in "Equity - Valuation adjustments - Available-for-sale financial assets" and "Equity - Valuation Adjustments - Exchange differences" in the consolidated balance sheet.

- Derivatives are recognised in the balance sheet at fair value. When derivatives are entered into, in the absence of evidence to the contrary, fair value is the transaction price. The derivative is recognised as an asset if the fair value is positive and a liability if it is negative. For derivatives classified in Levels 1 and 2 of the fair-value hierarchy (see section on "Fair value of financial instruments" of this Note), if the price differs from the fair value when the derivative is entered into, the difference is recognised immediately in the income statement.

  Subsequent changes in fair value of derivatives are recognised in the income statement under “Gains/(losses) on financial assets and liabilities (net)” except with cash flow hedges, in which case they are recognised under "Equity - Valuation adjustments – Cash flow hedges” .

  Derivatives embedded in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the instrument or host contract, provided a reliable fair value can be attributed to the embedded derivative taken separately.

- Financial assets and liabilities classified as "Loans and receivables", "Held-to-maturity investments" and "Financial liabilities at amortised cost" are measured at amortised cost. Amortised cost is the acquisition cost, plus or minus (as applicable) principal repayments and the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, in the case of assets, minus any reduction for impairment.

  The effective interest rate is the discount rate that exactly equates the initial value of a financial instrument to the estimated cash flows for all items until the instrument matures or is cancelled. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate plus any commission or transaction costs included in its yield. For floating-rate financial instruments, the effective interest rate is calculated as a fixed rate until the next reference rate reset.

Fair value of financial instruments

The fair value of the financial instruments and their carrying amounts at 31 December 2015 and 2014 are as follows:

Assets

(Thousands of euros)

	31.12.2015		31.12.2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held for trading (Note 11)	**13,532,064**	**13,532,064**	**12,256,760**	**12,256,760**
Debt securities	3,255,486	3,255,486	2,049,774	2,049,774
Equity instruments	470,387	470,387	32,616	32,616
Trading derivatives	9,806,191	9,806,191	10,174,370	10,174,370
Other financial assets at fair value through profit or loss	**1,565,960**	**1,565,960**	**937,043**	**937,043**
Available-for-sale financial assets (Note 12)	**62,997,235**	**62,997,235**	**71,100,537**	**71,100,537**
Debt securities	59,617,962	59,617,962	67,205,087	67,205,087
Equity instruments	3,379,273	3,379,273	3,895,450	3,895,450
Loans and receivables (Note 13)	**211,317,005**	**240,642,294**	**195,731,456**	**221,452,636**
Loans and advances to credit institutions	7,493,150	7,493,150	4,377,197	4,377,197
Loans and advances to customers	202,896,200	232,166,558	188,761,864	214,244,050
Debt securities	927,655	982,586	2,592,395	2,831,389
Held-to-maturity investments (Note 14)	**3,820,114**	**3,861,116**	**9,608,489**	**9,810,381**
Hedging derivatives (Note 15)	**3,917,462**	**3,917,462**	**5,155,973**	**5,155,973**
Total	**297,149,840**	**326,516,131**	**294,790,258**	**320,713,330**

Liabilities

(Thousands of euros)

	31.12.2015		31.12.2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities held for trading (Note 11)	**12,200,290**	**12,200,290**	**11,974,880**	**11,974,880**
Trading derivatives	9,498,607	9,498,607	10,105,414	10,105,414
Short positions	2,701,683	2,701,683	1,869,466	1,869,466
Other financial liabilities at fair value through profit or loss	**2,075,402**	**2,075,402**	**1,442,391**	**1,442,391**
Financial liabilities at amortised cost (Note 22)	**253,498,820**	**256,250,867**	**247,538,656**	**252,777,241**
Deposits from central banks	23,753,214	23,753,214	12,156,872	12,156,872
Deposits from credit institutions	10,509,238	10,509,238	13,762,059	13,762,059
Customer deposits	184,031,637	186,810,849	180,200,450	184,564,616
Marketable debt securities	28,069,587	27,833,496	32,920,219	33,613,545
Subordinated liabilities	4,345,199	4,458,233	4,396,075	4,495,303
Other financial liabilities	2,789,945	2,885,837	4,102,981	4,184,846
Hedging derivatives (Note 15)	**756,163**	**756,163**	**876,116**	**876,116**
Total	**268,530,675**	**271,282,722**	**261,832,043**	**267,070,628**

All financial instruments are classified into one of the following levels using the following hierarchy for determining fair value by valuation technique:

Level 1: on the basis of quoted prices in active markets.

Level 2: using valuation techniques in which the assumptions correspond to inputs that are observable for the asset or liability, directly or indirectly, or quoted prices for similar assets or liabilities in active markets.

Level 3: valuation techniques used in which certain of the significant assumptions are not supported by directly observable market inputs.

The fair value breakdown by methods used to calculate the fair value of the financial instruments held by the CaixaBank Group at 31 December 2015 and 2014 is as follows:

Assets

(Thousands of euros)

	31.12.2015			31.12.2014		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets held for trading (Note 11)	**3,766,407**	**9,765,657**	**0**	**1,603,397**	**10,653,363**	**0**
Debt securities	3,253,648	1,838		1,558,521	491,253	
Equity instruments	470,387			32,616		
Trading derivatives	42,372	9,763,819		12,260	10,162,110	
Other financial assets at fair value through profit or loss	**1,565,960**			**937,043**		
Available-for-sale financial assets (Note 12)	**61,072,609**	**1,242,035**	**682,591**	**68,398,761**	**1,825,978**	**875,798**
Debt securities	58,374,313	1,241,404	2,245	65,363,372	1,824,821	16,894
Equity instruments	2,698,296	631	680,346	3,035,389	1,157	858,904
Loans and receivables (Note 13)	**478,302**	**183,430**	**239,980,562**	**1,744,887**	**12,882**	**219,694,867**
Loans and advances to credit institutions			7,493,150			4,377,197
Loans and advances to customers			232,166,558			214,244,050
Debt securities	478,302	183,430	320,854	1,744,887	12,882	1,073,620
Held-to-maturity investments (Note 14)	**264,168**	**3,431,426**	**165,522**	**3,678,326**	**5,740,486**	**391,569**
Hedging derivatives (Note 15)		**3,917,462**			**5,155,973**	
Total	**67,147,446**	**18,540,010**	**240,828,675**	**76,362,414**	**23,388,682**	**220,962,234**

Liabilities

(Thousands of euros)

	31.12.2015			31.12.2014		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities held for trading (Note 11)	**2,786,572**	**9,413,718**	**0**	**1,862,449**	**10,112,431**	**0**
Trading derivatives	84,889	9,413,718		35,978	10,069,436	
Short positions	2,701,683			1,826,471	42,995	
Other financial liabilities at fair value through profit or loss	**2,075,402**			**1,442,391**		
Financial liabilities at amortised cost (Note 22)	**0**	**0**	**256,250,867**	**0**	**0**	**252,777,241**
Deposits from central banks			23,753,214			12,156,872
Deposits from credit institutions			10,509,238			13,762,059
Customer deposits			186,810,849			184,564,616
Marketable debt securities			27,833,496			33,613,545
Subordinated liabilities			4,458,233			4,495,303
Other financial liabilities			2,885,837			4,184,846
Hedging derivatives (Note 15)		**756,163**			**876,116**	
Total	**4,861,974**	**10,169,881**	**256,250,867**	**3,304,840**	**10,988,547**	**252,777,241**

Process for determining fair value

The Entity's process for determining fair value ensures that its assets and liabilities are measured appropriately. A committee structure has been put in place on which the process for proposing and approving the arrangement of financial instruments on the market is based. The market inputs and other risk quantification and measurement parameters and methodologies, together with the conditioning factors for registering trades and their potential accounting, legal and tax impacts, are analysed by the Areas responsible prior to authorisation. An independent unit is responsible for issues related to the measurement of derivatives and fixed-income securities. It reports organisationally to CaixaBank's Risks Area, which discloses the decisions taken to the management area where the new product should be arranged. Without reducing its freedom and independence when making decisions about risk evaluation and quantification, this analysis does entail a process of comparing, reconciling and, where possible, obtaining the consensus of the business areas.

For the CaixaBank Group, most of the financial instruments recognised as available-for-sale financial assets have, as the objective reference for determining their fair value, quoted prices in active markets (Level 1) and, therefore, the fair value is determined on the basis of the price that would be paid for it on an organised, transparent and deep market (“quoted price” or “market price”). In general, this level includes quoted debt instruments with a liquid market, quoted equity securities, derivatives traded on organised markets and mutual funds.

The fair value of the instruments classified in Level 2, for which there is no market price, is estimated on the basis of the quoted prices of similar instruments and valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. The fair value of OTC (over the counter) derivatives and financial instruments (mainly debt securities) traded in scantly deep or transparent organised markets is determined using methods such as “net present value” (NPV), where each flow is estimated and discounted bearing in mind the market to which it belongs, the index to which it refers and the credit risk assumed with the issuer or counterparty, or option pricing models based on observable market data (e.g. Black’76 for caps, floors and swaptions, Black-Scholes for exchange rates and equity options, and Black-Normal for inflation options). Virtually all the financial instruments classified as trading and hedging derivatives are measured following the criteria for Level 2.

The fair value of the rest of the financial instruments classified in Level 3, for which there are no directly observable market data, is determined using alternative techniques, including price requests submitted to the issuer or the use of market parameters corresponding to instruments with a risk profile that can be equated to that of the instrument being measured, adjusted to reflect the different intrinsic risks.

For unquoted equity instruments, classified in Level 3, acquisition cost less any impairment loss determined based on publicly available information is considered the best estimate of fair value.

The main valuation techniques, assumptions and inputs used in fair value estimation by type of financial instruments and the related balances at 31 December 2015 and 2014 are as follows:

Assets

(Thousands of euros)

	31.12.2015	31.12.2014		
	Level 2 and 3	**Level 2 and 3**	**Main valuation techniques**	**Main inputs used**
Financial assets held for trading (Note 11)	**9,765,657**	**10,653,363**		
Debt securities	1,838	491,253	Present value method	Market interest rates and risk premiums Market peers
Trading derivatives	9,763,819	10,162,110	Swaps: present value method; currency options: Black-Scholes model; interest-rate options: Black model; index and equity options: Black-Scholes model, local volatility, Heston model; inflation rate options: Black Normal model; credit: discounted cash flows and default intensity	Observable market data, correlations (equities), dividends (equities)
Available-for-sale financial assets (Note 12)	**1,924,626**	**2,701,776**		
Debt securities	1,243,649	1,841,715	Present value method	Observable market data (interest rates, risk premiums, market peers), Net Asset value
Equity instruments	680,977	860,061		
Hedging derivatives (Note 15)	**3,917,462**	**5,155,973**	Swaps: present value method; interest rate options: Black model	Observable market data
Total	**15,607,745**	**18,511,112**		

Liabilities

(Thousands of euros)

	31.12.2015	31.12.2014		
	Level 2 and 3	Level 2 and 3	Main valuation techniques	Main inputs used
Financial liabilities held for trading	**9,413,718**	**10,112,431**		
Trading derivatives	9,413,718	10,069,436	Swaps: present value method; currency options: Black-Scholes model; interest-rate options: Black model; index and equity options: Black-Scholes model, local volatility, Heston model; inflation rate options: Black Normal model; credit: discounted cash flows and default intensity	Observable market data, correlations (equities), dividends (equities)
Short positions	0	42,995	Present value method	Observable market data
Hedging derivatives (Note 15)	**756,163**	**876,116**	Swaps: present value method; interest rate options: Black model	Observable market data
Total	**10,169,881**	**10,988,547**		

The measurements obtained using internal models may differ if other techniques were applied or assumptions used regarding interest rates, credit risk spreads, market risk, foreign currency risk, or the related correlations and volatilities. Nevertheless, the Group's Directors consider the models and techniques applied appropriately reflect the fair values of financial assets and financial liabilities recognised in the balance sheet, and the gains and losses on these financial instruments.

Credit valuation adjustment

Credit Valuation Adjustment (CVA) is a valuation adjustment of OTC (over the counter) derivatives made due to the risk related to each counterparty's credit exposure.

The CVA is calculated bearing in mind the potential exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculated by estimating exposure at default, the probability of default and loss given default for all derivatives on any underlying at the level of the legal entity with which the CaixaBank Group has exposure.

The data necessary to calculate probability of default and loss given default come from the credit markets (Credit Default Swaps). Internal data are applied where available. Where the information is not available, the CaixaBank Group performs an exercise that considers, among other factors, the counterparty's sector and rating to assign the probability of default and the loss given default, calibrated directly to market or with market adjustment factors for the probability of default and the historical expected loss.

Debit Valuation Adjustment (DVA) is a similar valuation adjustment to CVA, but arises from the CaixaBank Group's own credit risk assumed by its counterparties in OTC derivatives. Similarly, DVA is calculated by multiplying the expected negative exposure given the probabilities of default by CaixaBank's loss given default.

The CVA and DVA adjustments recognised in the balance sheet at 31 December 2015 amounted to EUR -205.4 million and EUR 53.6 million, respectively, on the fair values of derivatives. At 31 December 2014, they amounted to EUR -217.6 million and EUR 47.8 million, respectively. The change in the value of the adjustments in 2015, for EUR 17.8 million, resulted in a positive impact on "Gains/(losses) on financial assets and liabilities (net)" in the income statement. In addition, the impact on 2015 of the CVA on matured or cancelled derivatives resulted in the recognition of a negative impact of EUR 0.9 million in 'Gains/(losses) on financial assets and liabilities (net)' in the income statement (see Note 33).

Transfers between levels

The criteria applied for the revaluation of the portfolio are reviewed at least monthly, and can give rise to two circumstances:

- Improvements in the valuation of the financial instruments for having obtained prices published by contributors to market prices or because the quality of the published price has improved.
- Deterioration in the valuation of the financial instruments as a result of contributors to market prices having ceased publishing prices or because the quality of the published price has deteriorated.

Transfers between levels of the fair value hierarchy in the measurement of financial assets and financial liabilities in 2015 were as follows:

Transfers between levels

(Thousands of euros)	FROM:	Level 1		Level 2		Level 3	
	TO:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Financial assets held for trading				522,481			
Available-for-sale financial assets		550		63,730			
LIABILITIES							
Total		**550**		**586,211**			**0**

In 2015, there were transfers mainly from Level 2 to Level 1. The transfers were the result of obtaining prices from a market information provider that improved the quality of the data used until then.

Movements in Level 3 financial instruments

Movements in Level 3 balances in 2015 and 2014 were as follows:

Level 3 movements - 2015

(Thousands of euros)	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Debt securities	Trading derivatives	Debt securities	Equity instruments
Balance at 31.12.2014	**0**	**0**	**16,894**	**858,904**
Additions due to business combinations (**Note 7**)				2,160
Total gains or losses	0	0	(2,836)	(89,275)
To profit and loss			(243.882)	(243,.882)
To equity valuation adjustments			154.607	154,607
Acquisitions				137,714
Settlements and others			(1,854)	(229,157)
Amortised			(9,959)	
Balance at 31.12.2015	**0**	**0**	**2,245**	**680,346**
Total gains/(losses) in the period for instruments held at the end of the period	**0**	**0**	**2,836**	**89,275**

Level 3 movements - 2014

(Thousands of euros)	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Debt securities	Trading derivatives	Debt securities	Equity instruments
Balance at 31.12.2013	**0**	**0**	**547,476**	**1,168,829**
Total gains or losses			(43,385)	(87,484)
To profit and loss			(43,047)	(104,857)
To equity valuation adjustments			(338)	17,373
Acquisitions				8,636
Reclassification to/from Level 3			(2,006)	
Settlements and others			(388,710)	
Net variation in financial instruments at amortised cost			(96,481)	(231,077)
Balance at 31.12.2014	**0**	**0**	**16,894**	**858,904**
Total gains/(losses) in the period for instruments held at the end of the period	**0**	**0**	**43,385**	**87,484**

Sensitivity analysis

To determine whether there is a significant change in the value of financial instruments classified in Level 3 due to changes in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions, the CaixaBank Group analysed the most significant instruments. This analysis indicated that the values obtained would not change significantly.

The impacts on the fair value of the main financial instruments categorised within Level 3 of changes to the value of the most important unobservable inputs, taking the highest value (best-case scenario) and lowest (worst-case scenario) at 31 December 2015 are as follows:

Impacts arising from changes in the assumptions used to measure financial instruments categorised in Level 3

(Thousands of euros)	Potential impact on profit and loss		Potential impact on valuation adjustments (*)	
	Best-case scenario	Worst-case scenario	Best-case scenario	Worst-case scenario
Available-for-sale financial assets – Equity instruments			23,812	(23,812)
Total	**0**	**0**	**23,812**	**(23,812)**

(*) Considering a ±5% change in the valuation.

2.3. Accounting hedges

The CaixaBank Group uses financial derivatives as a financial risk management tool (see Note 3). When these transactions meet certain requirements, they qualify for hedge accounting.

When the CaixaBank Group designates a transaction as a hedge, this is done at inception of the transaction or of the instruments included in the hedge and the hedging relationship is documented in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedging instrument or instruments, and the hedged item or forecast transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness will be assessed over its entire life.

The CaixaBank Group applies hedge accounting for hedges that are highly effective. A hedge is considered to be highly effective if, during its expected life, the changes in fair value or in the cash flows that are attributed to the hedged risk are almost entirely offset by changes in the fair value or in the cash flows, as appropriate, of the hedging instrument or instruments.

To measure the effectiveness of hedges, an analysis is performed to determine whether if, at the inception of the hedge and during its life, it can be expected, prospectively, that the changes in fair value or cash flows of the hedged item that are attributable to the hedged risk are nearly completely offset by changes in the fair value or cash flows of the hedging instrument and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item.

In compliance with IAS 39, the valuation methods used to estimate the fair value of the hedged and hedging instruments are adjusted to best market practices, while retrospective and prospective measures are used for assessing hedge effectiveness that meet the requirements of AG105-113:

- The effectiveness of the hedge is within a range of 80-125%.
- The formula used to retrospectively assess the hedge is as follows:

$$80\% \geq \frac{\text{(Change in PV + amount realised in the month) of hedging instruments}}{\text{(Change in PV + amount realised in the month) of hedged items}} \leq 125\%$$

PV: present value or fair value, is the present value of future cash flows from the transaction.
Realised: cash flows from the transaction already settled.

- Effectiveness is assessed, at a minimum, at the time an entity prepares its annual or interim financial statements for retrospective methods and daily for prospective methods.

- VaR and sensitivity methods verify the high statistical correlation between the changes in fair value of the hedged item and item to be hedged that arise from the hedged risk (mainly interest rate risk).
- VaR and sensitivity methods take into consideration the time value of money (sensitivities based on discounted cash flows and, therefore, present values).
- The prospective method verifies that the ratio of interest rate sensitivity of the item to be hedged and the interest rate sensitivity of the hedging instruments is within a range of 80-125%.
- Interest rate macro-hedges are verified daily to ensure that the ratio between the one-day VaR at 99% of the overall portfolio (item to be hedged and market hedges) and the one-day VaR at 99% of the item to be hedged is less than 10%.

The Group did not use the carve-outs in IAS 39 approved by the European Union in its fair value macro-hedges.

Hedging transactions performed by the CaixaBank Group are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk and could affect profit or loss.

- Cash flow hedges, which hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised financial asset or liability or with a highly probable forecast transaction and could affect profit or loss.

The CaixaBank Group also hedges a certain amount of interest-rate sensitive financial assets or liabilities which, although forming part of the instruments composing the portfolio, are not identified as specific instruments, for interest-rate risk. These hedges, known as macro-hedges, can be fair value hedges or cash flow hedges.

In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the income statement. In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognised directly in the income statement, but the balancing entry is recognised in "Adjustments to financial assets - macro-hedges" or "Adjustments to financial liabilities - macro-hedges" depending on the substance of the hedged item rather than in the items under which the hedged items are recognised.

In cash flow hedges, the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily in "Valuation adjustments – Cash flow hedges" in equity until the hedged transactions occur. At this moment, the amounts previously recognised in equity are taken to the income statement in a symmetrical manner to the hedged cash flows. The hedged items are recognised using the methods described in Note 2.2, without any changes for their consideration as hedged instruments.

When hedging derivatives no longer meet the requirements for hedging accounting, they are reclassified as trading derivatives. For cash flow hedges, the previously recognised gains or losses on the hedged item are recognised in the income statement using the effective interest rate method at the date hedge accounting is discontinued. For cash flow hedges, the cumulative gain or loss recognised in equity remain in equity until the forecast transaction occurs, at which point it is recognised in the income statement. However, if it is expected that the transaction will not be carried out, the cumulative gain or loss is recognised immediately in the income statement.

For the most part, the CaixaBank Group hedges the market risk related to derivatives arranged with customers individually by arranging symmetric derivatives on the market, recognising both in the trading portfolio. In this way, position or market risk arising from these operations is not significant.

2.4. Reclassification of financial assets

As at 31 December 2015, the amounts of reclassified financial assets and the related implications are as follows:

Reclassified financial assets

(Thousands of euros)

	Carrying amount at 31.12.2015	Fair value at 31.12.2015	Carrying amount at the reclassification date	Effective interest rate range at the reclassification date
First half of 2013 (1)				
ES00000120G4	102,898	103,141	100,590	4.85
ES00000122D7	50,575	58,549	49,961	6.16
ES00000123B9	85,865	102,477	86,740	6.38

(1) Reclassification in March 2013 from "Available-for-sale financial assets" to "Held-to-maturity investments" for a nominal amount of EUR 5,916 million of a number of bonds. The reasons for the reclassification related to the Group's strategy of effectively holding this investment until maturity and its sufficient financial ability to do so.

The losses and gains that would have been recognised in profit or loss or in other comprehensive income had there been no reclassifications of financial assets, and the gains, losses, income and expenses recognised in the income statement are summarised in the following tables:

(Thousands of euros)

	Amount
Contribution of financial assets reclassified in 2015	**0**
Recognised in equity	
Recognised in profit or loss for the period	
Changes in fair value	**(5,841)**
Would have been recognised in equity had the financial assets not been reclassified	(5,841)
Would have been recognised in profit or loss for the year had the financial assets not been reclassified	

2.5. Asset encumbrance

Assets securing certain financing transactions and unencumbered assets at 31 December 2015 and 2014 are as follows.

Assets securing financing operations and unencumbered assets

(Thousands of euros)

	31.12.2015		31.12.2014	
	Carrying amount of encumbered assets	Carrying amount of unencumbered assets	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Equity instruments	0	3,626,145	0	4,459,928
Debt securities	4,882,193	20,400,228	8,096,122	29,468,802
Loans and receivables	61,047,293	157,539,665	49,444,784	151,676,628
Other assets	2,395,393	68,411,288	2,130,503	77,738,998
Total	**68,324,879**	**249,977,326**	**59,671,409**	**263,344,356**

These assets relate mainly to loans securing issuances of mortgage covered bonds, public sector covered bonds and securitisation bonds; debt securities provided in repos and assets pledged as collateral (loans or debt securities) for access to ECB financing operations. They also include the balance of cash delivered to secure derivatives transactions.

In addition to the table above on own assets, the following presents information on assets received. These guarantees or collateral received arise mainly from reverse repos, cash and debt securities received to secure trading in derivatives and own guaranteed debt and senior debt instruments issued. Collaterals at 31 December 2015 and 2014 securing financing transactions and unencumbered assets are as follows.

(Thousands of euros)

	31.12.2015		31.12.2014	
	Fair value of encumbered assets	Fair value of unencumbered assets	Fair value of encumbered assets	Fair value of unencumbered assets
Collateral received	**2,370,017**	**20,360,312**	**6,028,307**	**12,250,006**
Equity instruments	0	0	0	0
Debt securities	2,370,017	16,426,531	6,028,307	8,080,546
Other guarantees received	0	3,933,781	0	4,169,460
Own securities issued (*)	**0**	**1,462,272**	**56,678**	**2,047,508**
Total	**2,370,017**	**21,822,584**	**6,084,985**	**14,297,514**

(*) Own securities issued other than mortgage/public sector covered bonds or securitisation bonds; i.e. secured debt retained in part of the fair value of encumbered assets and secured debt retained and senior debt retained in part of the fair value of unencumbered assets.

The asset encumbrance ratio at 31 December 2015 and 2014 is as follows:

Asset encumbrance ratio

(Millions of euros)

	31.12.2015	31.12.2014
Encumbered assets and collateral received	**70,694,896**	**65,699,716**
Equity instruments	0	0
Debt securities	7,252,210	14,124,429
Loans and receivables	61,047,293	49,444,784
Other assets	2,395,393	2,130,503
Total assets + Total assets received	**341,032,535**	**331,496,552**
Equity instruments	3,626,145	3,923,951
Debt securities	44,078,969	52,688,776
Loans and receivables	218,586,958	202,007,642
Other assets	74,740,463	72,876,183
Asset encumbrance ratio	**20.73%**	**19.82%**

The asset encumbrance ratio increased by 0.97 percentage points in 2015 due to increased financing from the European Central Bank through the various monetary policy instruments which accept as collateral mainly loans transformed into securitisation funds and covered bonds for discount at the European Central Bank. Meanwhile, lessening the impact of this was reduced repo activity, which explains the smaller balance of encumbered debt securities.

Secured liabilities and the assets securing them at 31 December 2015 and 2014 are as follow:

Secured liabilities

(Millions of euros)

	31.12.2015		31.12.2014	
	Liabilities hedged, contingent liabilities or securities ceded	**Assets, guarantees received and treasury instruments issued (*)**	**Liabilities hedged, contingent liabilities or securities ceded**	**Assets, guarantees received and treasury instruments issued (*)**
Financial liabilities	**56,330,344**	**68,040,774**	**53,435,549**	**63,050,625**
Derivatives	2,826,761	2,395,393	2,521,162	2,130,503
Deposits	28,672,993	28,156,644	17,379,605	18,868,931
Issuances	24,830,590	37,488,737	33,534,783	42,051,191
Other sources of charges	**2,701,683**	**2,654,122**	**2,705,769**	**2,705,769**
Total	**59,032,027**	**70,694,8960**	**56,141,318**	**65,756,394**

(*) Excluding encumbered covered and securitisation bonds

2.6. Offsetting of financial assets and liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance statement when, and only when, the entity currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Amendments to IAS 32 clarified the following issues with respect to offsetting assets and liabilities:

- The legally enforceable right to set off the recognised amounts should not be contingent on a future event and must be legally enforceable in all circumstances, including cases of default or insolvency of any or all of the counterparties.
- Settlements are considered equivalent to net settlement that meet the following requirements: they eliminate or result in insignificant credit and liquidity risk, and settlement of the asset and liability is made in a single settlement process.

At 31 December 2015, no amounts of financial assets and financial liabilities had been set off.

2.7. Derecognition of financial instruments

All or part of a financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the entity transfers the asset to a third party outside the entity.

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with ownership of the transferred assets are transferred to third parties. In this regard:

- If substantially all the risks and rewards of ownership of the transferred asset are transferred (such as in the case of: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deeply out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised.

- If substantially all the risks and rewards of ownership of the transferred financial asset are retained (such as in the case of: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar assets, or other similar arrangements) it is not derecognised and continues to be measured by the same criteria used before the transfer and the following are recognised:

    - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss; and

    - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offset.

- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of: a sale of a financial asset together with a put or call option that is neither deep-in-the-money nor deep-out-of-the-money, securitisations in which the transferor assumes a subordinated loan or other type of credit enhancement for part of the transferred asset, or other similar cases), the following distinction is made:

    - If the transferor does not retain control over the financial asset transferred it is derecognised and any right or obligation retained or arising from the transfer is recognised; or

    - If the transferor retains control over the financial asset transferred it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

According to the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the CaixaBank Group does not need to be written off the balance sheet.

Financial liabilities shall equally be derecognised when the obligation specified in the contract is discharged or cancelled or expires.

2.8. Financial guarantees

Financial guarantees issued

Financial guarantees are defined as contracts whereby the issuer thereof undertakes to make specific payments to reimburse the creditor for the loss incurred when a specific debtor fails to meet its payment obligations in accordance with contractual terms and conditions, irrespective of the legal form of the obligation, such as deposits, guarantees, insurance contracts or credit derivatives.

Financial deposits comprise all manner of deposits that directly or indirectly guarantee debt instruments such as: loans, credit facilities, finance leases and deferred payment arrangements for all types of debt.

Guarantees or "guarantee contracts" are insurance contracts that contain the obligation to compensate a beneficiary in the event of default on a specific obligation other than a debtor's payment obligation, such as bonds for ensuring participation in auctions and competitions, irrevocable documentary credits or any security bond.

All these transactions are recognised under the memorandum item “Contingent liabilities” in the balance sheet.

Financial guarantees and guarantee contracts are recognised upon execution at fair value plus transaction costs, which is equal to the premium received plus the present value of the future cash flows, under "Loans and receivables – Debt instruments,” with a balancing entry in “Financial liabilities at amortised cost – Other financial liabilities” and “Other liabilities,” respectively. The changes in the fair value of the contracts are recognised as finance income in the income statement.

Financial guarantee and guarantee contract portfolios, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any provision required. The credit risk is determined by applying criteria similar to those established for quantifying impairment losses on debt instruments measured at amortised cost (see Note 2.9 below).

Provisions set aside for this type of arrangements are recognised under "Provisions – Provisions for contingent liabilities and commitments" on the liability side of the balance sheet. Additions to and reversals of provisions are recognised in “Provisions” in the income statement.

Should it become necessary to establish provisions for these financial guarantees, any fees that may accrue on these transactions in future which would be recognised in “Financial liabilities at amortised cost – Other financial liabilities” are reclassified to "Provisions – Provisions for contingent liabilities and commitments".

Financial guarantees received

No significant guarantees or collateral were received with regard to which there is authorisation to sell or repledge without default by the owner of the guarantee or collateral, except for the collateral inherent to CaixaBank's treasury activity (see Note 2.5).

2.9. Impairment of financial assets

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows that were estimated at the transaction date, or when the asset’s carrying amount may not be fully recovered. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to “Impairment losses on financial assets (net)” in the income statement for the year in which the impairment becomes evident. The reversal, if any, of previously recognised impairment losses is recognised in the same item in the income statement for the year in which the impairment no longer exists or has decreased.

Debt securities measured at amortised cost

Debt securities are classified, on the basis of insolvency risk attributable to the customer or to the transaction, in one of the following categories:

- *Performing*: debt instruments that do not meet the requirements for classification in other categories.

- *Substandard*: debt instruments which, without qualifying individually for classification as non-performing or write-off, show weaknesses that may entail losses for the CaixaBank Group. This category includes, *inter alia*, the transactions of customers who form part of groups in difficulty (such as the residents in a specific geographical area or those belonging to a specific economic sector).

- *Non-performing*:

  - *Due to customer arrears*: includes the total amount of debt instruments, whoever the obligor and whatever the guarantee or collateral, any part of whose principal, interest or contractually agreed expenses is past-due more than 90 days, unless such instruments should be classified as write-off.

    The refinancing or restructuring of transactions whose payment is not up to date does not interrupt their arrears or give rise to their reclassification to the performing risk category unless there is reasonable certainty that the customer can make payment on schedule, or unless new effective guarantees or collateral are provided (see Note 2.10).

    Effective guarantees or collateral are considered to be collateral in the form of cash deposits, quoted equity instruments and debt securities issued by creditworthy issuers; mortgages on completed housing, offices and multi-purpose premises and on rural property, net of any prior charges; and personal guarantees (bank guarantees and other, inclusion of new obligors, etc.) which entail the direct and joint and several liability of the new guarantors to the CaixaBank Group, these being persons or entities whose solvency is sufficiently demonstrated as to ensure the full repayment of the transaction under the agreed terms.

  - *For reasons other than customer arrears*: includes debt instruments, where due or not, which are not classifiable as write-off or non-performing due to customer arrears, but for which there are reasonable doubts about their full repayment (principal and interest) under the contractual terms.

  As a general rule, only costs that can be claimed back judicially such as lawyers' or attorneys' fees are capitalised and therefore increase the value of the debt.

- *Write-off*: includes debt instruments, whether due or not, for which the CaixaBank Group, after analysing them individually, considers the possibility of recovery to be remote and proceeds to derecognise them, without prejudice to any actions that the CaixaBank Group may initiate to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

  Unless there is evidence to the contrary, this category includes all the debits, except amounts covered by sufficient effective guarantees or collateral, of customers that are declared subject to bankruptcy proceedings for which there is notice that the liquidation phase has been or is to be declared, or whose solvency has undergone a notable and irreversible deterioration, and the balances of transactions classified as non-performing due to arrears that are more than four years old.

An assessment is made at the end of each reporting period regarding whether there is objective evidence that a financial asset or group of financial assets is impaired. The main events that could indicate the existence of impairment are:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

To determine impairment losses, the lending portfolio is segmented based on internal credit risk management models. Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtor's ability to pay all amounts due. This analysis is carried out:

- Individually: assets classified as non-performing due to customer arrears of significant amounts are assessed individually to estimate impairment losses, taking into account the age of the past-due amounts, the guarantees or collateral provided and the economic situation of the customer and the guarantors. Assets classified as non-performing due to reasons other than customer arrears are also assessed individually to estimate impairment losses.

- Collectively: impairment losses on other transactions classified as non-performing due to customer arrears are calculated collectively, grouping together instruments with similar credit risk characteristics indicative of the debtors' ability to pay the amounts due, the principal and interest, according to the contractual terms. The credit risk characteristics considered to group assets include: asset type, the debtor's sector of activity, the geographical area of the activity, collateral type, age of past due amounts and any other relevant factor for estimating future cash flows.

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

For the estimate of the allowance for impairment of instruments classified as non-performing due to customer arrears, determined collectively, the percentages applied, at least, to the outstanding exposure of the transactions based on the time elapsed since the first payment not paid are as follows:

Allowance percentage	
Up to 180 days	25.00%
Over 180 days and up to 270 days	50.00%
Over 270 days and up to 1 year	75.00%
Over 1 year	100.00%

For debt instruments with mortgage collateral, the value of the rights received as collateral is considered to be the best estimate of the recoverable amount of the instruments, provided these are first call and duly constituted in favour of the Group.

The value of rights received as collateral is determined using the lower of the cost in the public deed or the accredited cost of the asset, and the appraisal value in its current condition. If the deed is manifestly old, the amount may be adjusted by an indicator that adequately reflects the change in cost between the date of the deed and that estimation date.

A percentage is applied to the collateral determined in this manner in accordance with the type of asset.

Weightings	
Completed homes, primary residence	80%
Rural buildings in use, and completed multi-purpose facilities, premises and offices	70%
Completed homes (other)	60%
Land, lots and other real estate assets	50%

Coverage of credit risk is estimated on the outstanding risk above the weighted value of the guarantee with the above percentages. The coverage percentages indicated above, based on the time elapsed since the maturity of the first unpaid payment, are applied to these values.

To ensure appropriate coverage of losses incurred for impairment of financial assets measured at amortised cost, the provisions calculated as described above are compared with the losses obtained using internal models. Based on the information provided by its internal management models, CaixaBank has a methodology for calculating the loss incurred based on multiplying three factors: exposure at default (EAD), probability of default (PD) and loss given default (LGD) (see Note 3.1.3.1).

At 31 December 2015, the Group's internal model showed an estimate of losses incurred for credit risk that were not materially different to the allowances recognised.

Debt securities classified as available for sale

The amount of the impairment losses incurred on debt securities included in the available-for-sale financial asset portfolio is the positive difference between their acquisition cost (net of any principal repayment) and their fair value less any impairment loss previously recognised in the income statement. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

When there is objective evidence that the differences arising on measurement of these assets are due to impairment, they are removed from “Equity – Valuation adjustments – Available-for-sale financial assets” and the cumulative amount considered impaired at that date is recognised in the income statement. If all or part of the impairment loss is subsequently reversed, the reversed amount is recognised in the income statement for the period in which the reversal occurs.

Equity instruments classified as available for sale

The amount of the impairment losses on equity instruments included in the available-for-sale financial asset portfolio is the difference between their acquisition cost and their fair value less any impairment loss previously recognised in the income statement.

When there is objective evidence that a decline in the fair value is due to impairment, such as a fall of 40% of its market price or a situation of continued losses over a period of more than 18 months, the unrealised losses are recognised in accordance with the impairment loss recognition criteria applied to available-for-sale debt instruments, with the exception that any recovery arising on these losses is recognised under "Equity – Valuation adjustments – Available-for-sale financial assets".

Equity instruments measured at cost

The impairment loss on equity instruments measured at cost is the difference between the carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities. In estimating the impairment, account is taken of the equity of the investee, except for "valuation adjustments" due to cash flow hedges, determined on the basis of the latest approved balance sheet, adjusted for the unrealised gains at the measurement date.

Impairment losses are recognised in the income statement for the period in which they arose, as a direct reduction of the cost of the instrument.

2.10. Refinancing or restructuring operations

Under current legislation, these relate to transactions in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, has amended the agreement, cancelled the agreement and/or arranged a new transaction.

The CaixaBank Group considers operations that meet any or all of the following conditions to be an exception to this classification:

- Operations with contractually agreed grace periods
- Operations with individuals that are up to date on payment at the date of refinancing and meet a specific debt ratio or an appropriate internal scoring level.
- Operations with legal persons that are up to date on payment at the date of refinancing and meet a specific financial debt/EBITDA ratio or an appropriate internal scoring level.
- For the Credíto Abierto (open credit) product, the number of drawdowns and purpose are analysed to determine the amount to be considered as refinanced

In general, refinanced or restructured and new operations carried out for refinancing, are classified in the substandard risk category. However, based on the specific characteristics of the operation, they may be classified into other risk categories:

- Non-performing: i) operations whose outstanding debt at the time of refinancing was less than the current debt outstanding, ii) previous refinancing and iii) operations granting principal repayment grace periods longer than 30 months.

- Performing: i) operations with a principal repayment grace period of less than six months, ii) operations granted to individuals with a debt ratio equal to or lower than 50% and iii) operations granted to legal persons whose financial debt/EBITDA ratio is equal to or lower than 5. When this requirement is not met because the ratio is higher, the internal rating is observed, and where it is lower than a specific level, the loan remains classified in the performing risk category.

Refinanced operations may be reclassified as performing risk subsequently when 10% of the refinanced debt has been collected or the customer meets the agreement obligations. The last conditions must coincide with the following circumstances:

- That from the time of the refinancing, the borrower meets its commitments for at least 12 consecutive months (six months in the case of financing for the purchase of a primary residence).
- That at the end of the grace period, deferment or moratorium, the borrower pays its debt for at least three months.

If this latter circumstance is not met, but the previous one is and the operation is classified as non-performing, it is reclassified as substandard, rather than performing.

For the other situations, reclassification of the risk of operations is not warranted and the operations remain classified in the risk category determined at the time of the refinancing. Nevertheless, all operations will be classified in the least favourable situation after applying the refinancing criteria or the criteria applicable in Bank of Spain Circular 4/2004.

2.11. Foreign currency transactions

The CaixaBank Group's functional and presentation currency is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in foreign currency. The functional currency is the currency of the primary economic environment in which the CaixaBank Group operates. The functional currency may be other than the euro, depending on the country in which the subsidiaries are based. The presentation currency is the currency in which the CaixaBank Group's financial statements are presented.

All foreign currency transactions are recorded, on initial recognition, by applying the spot exchange rate between the functional currency and the foreign currency.

At the end of each reporting period, foreign currency non-monetary items, including unmatured purchase and sale contracts considered as hedges, are translated to euros using the average exchange rate prevailing on the spot currency market at the end of each period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to euros using the exchange rate at the date of acquisition. Non-monetary items measured at fair value in a foreign currency are translated to euros using the exchange rates at the date when the fair value is determined.

Unmatured forward foreign exchange purchase and sale transactions not considered as hedges are translated to euros at the year-end exchange rates on the forward currency market.

The exchange rates used in translating the foreign currency balances to euros are those published by the European Central Bank at 31 December of each year.

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

In order to combine the separate financial statements of foreign branches whose functional currency is not the euro in the CaixaBank Group's consolidated financial statements, the following policies are applied:

- Translate the financial statements of the foreign branches to the CaixaBank Group's presentation currency. The translation is performed at the exchange rates used in translating foreign currency balances, except for income and expenses, which are translated at the closing exchange rate of each month.
- Recognise any differences under "Equity – Valuation adjustments – Exchange differences" in the balance sheet until the related item is derecognised, when it is reclassified to profit or loss.

2.12. Recognition of income and expenses

The main policies applied by the CaixaBank Group to recognise revenue and expenses are as follows:

Interest income, interest expenses, dividends and similar items

Interest income, interest expenses and similar items are recognised on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises. Interest accrued on non-performing loans, including loans exposed to country risk, is credited to profit or loss upon collection, which is an exception to the general rule. Dividends received from other companies are recognised as income when the right to receive payment is established. This is when the dividend is officially declared by the company's relevant body.

Fees and commissions

The criteria for recognising fee and commission income and expenses vary according to their nature.

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

  Fees and commissions offsetting directly related costs, understood to be those which would not have arisen if the transaction had not been arranged, are recognised under "Other operating income" as the loan is taken out. Individually, these fees and commissions do not exceed 0.4% of the principal of the financial instrument, subject to a maximum limit of EUR 400; any excess is recognised in the income statement over the life of the transaction. If the total sum of financial fees and commissions does not exceed EUR 90, it is recognised immediately in profit or loss. In any event, directly related costs identified individually can be recognised directly in the income statement upon inception of the transaction, provided they do not exceed the fee or commission collected (see Notes 32 and 34).

  For financial instruments measured at fair value through profit or loss, the amount of the fee or commission is recognised immediately in the income statement.

- Non-financial fees and commissions arising from the provision of services are recognised under "Fee and commission income" and "Fee and commission expense" over the life of the service, except for those relating to services provided in a single act, which are accrued when the single act is carried out.

Non-financial income and expense

Non-financial income and expenses are recognised for accounting purposes on an accrual basis.

Deferred receipts and payments

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

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

Mutual funds and pension funds managed are not presented on the face of the Group's consolidated balance sheet since the related assets are owned by third parties. The fees and commissions earned in the period from this activity are included under "Fee and commission income" in the consolidated income statement.

Other assets owned by third parties and managed by consolidated entities for which a management fee is received are not presented on the face of the consolidated balance sheet (see Note 28.1).

2.14. Employee benefits

Employee benefits include all forms of consideration given in exchange for services rendered to the Group by employees or for benefits payable after completion of employment. They can be classified into four categories:

- Short-term employee benefits.
- Post-employment benefits.
- Other long-term employee benefits.
- Termination benefits.

Short-term employee benefits

These are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service. They include: wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses; and non-monetary benefits payable to employees such as medical care, housing, cars and free or subsidised goods or services.

The cost of services rendered is recognised under "Administrative expenses – Personnel expenses" in the income statement.

Credit facilities made available to employees at below market rates are considered to be non-monetary benefits and are calculated as the difference between market rates and the rates agreed with employees. The difference is recognised under "Administrative expenses – Personnel expenses" with a balancing entry under "Interest and similar income" in the income statement.

Post-employment benefits

Post-employment benefits are employee benefits which are payable by the CaixaBank Group to its employees after completion of employment with the Group. They include: retirement benefits, such as pensions and one-off retirement payments; and other post-employment benefits, such as post-employment life insurance and post-employment medical care, at the end of the employment relationship.

Defined contribution plans

The CaixaBank Group's post-employment obligations with its employees are deemed to be defined contribution obligations when the Group makes pre-determined contributions to a separate entity and has no legal or constructive obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods. Defined contribution plans each year are recognised under “Administrative expenses – Personnel expenses” in the consolidated income statement.

Post-employment obligations that do not meet the aforementioned conditions are considered defined benefit obligations.

Defined benefit plans

The present value of defined benefit post-employment benefits, net of the fair value of plan assets, is recorded under “Provisions – Provisions for pension and similar obligations” in the consolidated balance sheet (see Note 24).

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

- They are not owned by the consolidated entities, but rather by a legally separate, non-related third party;
- Are available to be used only to pay or fund post-employment benefits and are not available to the Group’s own creditors, even in bankruptcy. Assets cannot be returned to the Group’s consolidated entities, unless the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity, or are used to reimburse it for post-employment benefits the Group has already paid to employees.

Virtually all the Group’s defined benefit post-employment benefits are assured through polices taken out with the Group subsidiary VidaCaixa, SA de Seguros y Reaseguros. Consequently, these contracts do not meet the requirements to be considered plan assets. The fair value of the insurance contracts is shown under “Insurance contracts linked to pensions” in CaixaBank’s separate balance sheet.

CaixaBank’s remaining defined benefit post-employment benefits, arising mostly from mergers, are assured through polices contracted with the entities that are not considered related parties and which do meet the requirements to be considered plan assets. The fair value of these insurance contracts is recognised as a decrease in the value of the liabilities under “Provisions – Provisions for pensions and similar obligations”. When the value of plan assets is greater than the value of the obligations, the positive difference is recognised under “Other assets – Other”.

The assets and liabilities of VidaCaixa, SA de Seguros y Reaseguros, which include the mathematical provisions of the policies taken out, are included on consolidation. Therefore, in this process the amount recognised under “Insurance contracts linked to pensions” is eliminated and the same amount is deducted from “Liabilities under insurance contracts”.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the income statement and includes the following:
    - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period, recognised under "Administrative expenses – Personnel expenses".

- Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments, recognised under "Provisions (net)".
- Any gain or loss arising on settlement of a plan is recognised in "Provisions (net)".

- The net interest on the net defined post-employment benefit liability/(asset), understood to be the change during the period in the net defined benefit liability/(asset) that arises from the passage of time, is recognised in "Interest expenses and similar charges", or "Interest and similar income" if it results in income, in the income statement.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Valuation adjustments" in the balance sheet. The standard provides the option of reclassifying them subsequently to voluntary reserves or maintaining them as valuation adjustments. In this respect, the Group elected to reclassify them to voluntary reserves.

  This includes:

  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan asset, excluding the amounts included in the net interest on the net defined post-employment liability/(asset) for defined benefit post-employment benefits.
  - Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the net defined post-employment liability/(asset) for defined benefit post-employment benefits.

Other long-term employee benefits

Other long-term employee benefits, understood as obligations with pre-retired employees (those who have ceased rendering services for the Entity but who, without being legally retired, continue to enjoy economic rights vis-à-vis the Entity until they acquire the status of legally retired), long-service bonuses and similar items, are treated for accounting purposes, where applicable, as established for defined benefit post-employment plans, except that the actuarial gains and losses are recognised in "Provisions" in the income statement (see Note 24).

Termination benefits

These benefits are payables as a result of an entity's decision to terminate an employee's employment before the normal retirement date, a valid expectation has been raised in the employee or an employee's decision to accept voluntary redundancy in exchange for those benefits.

A liability and an expense for termination benefits are recognised when there is no realistic possibility of withdrawing the offer to pay the termination benefits or when the costs for restructuring (guidance on which is provided in IAS 37) which involves the payment of termination benefits are recognised. These amounts are recognised as a provision under "Provisions for pensions and similar obligations" in the balance sheet until they are settled.

2.15. Income tax

The expense for Spanish corporation tax is considered to be a current expense and is recognised in the income statement, except when it results from a transaction recognised directly in equity, in which case the corresponding tax effect is recognised in equity.

Income tax expense is calculated as the sum of the current tax for the year resulting from applying the tax rate to the taxable profit for the year and any changes in deferred tax assets and liabilities recognised in the year in the income statement, less any allowable tax deductions.

Temporary differences, tax loss carryforwards pending offset and unused tax deductions are recognised as deferred tax assets and/or deferred tax liabilities. The amounts are recognised at the tax rates that are expected to apply when the asset is realised or the liability is settled.

All tax assets are recognised under "Tax assets" in the balance sheet as current, for amounts to be recovered in the next 12 months, or deferred, for amounts to be recovered in future reporting periods.

Similarly, tax liabilities are recognised in "Tax liabilities" in the balance sheet, also by current and deferred. Current tax liabilities include the amount of tax payable within the next 12 months and deferred tax liabilities as the amount expected to be paid in future periods.

Deferred tax liabilities arising from temporary differences related to investments in subsidiaries, associates and or joint ventures are not recognised when the CaixaBank Group is able to control the timing of the reversal of the temporary difference and, in addition, it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are only recognised when it is probable that sufficient future taxable profit will be obtained against which the deferred tax asset can be utilised.

Deferred tax assets recognised are reviewed at the end of each reporting period to ensure that they remain valid, and adjusted, where appropriate, based on any new estimates. Recognised tax assets are tested for impairment every six months to ensure that they can be utilised.

2.16. Tangible assets

"Tangible assets" includes the amount of property, land, furniture, vehicles, IT equipment and other facilities owned or acquired under a finance lease. "Tangible assets" in the balance sheet is broken down into two line items: "Property and equipment" and "Investment property".

"Property and equipment" comprises property and equipment for own use and other assets leased out under an operating lease. Property and equipment for own use includes assets held by the CaixaBank Group for present or future administrative uses or for the production or supply of goods and services that are expected to be used over more than one financial period.

"Investment property" reflects the carrying amounts of land, buildings and other structures owned to obtain rental income or gains through sale.

Tangible assets are generally stated at cost less accumulated depreciation and any impairment losses determined by comparing the carrying amount of each item to its recoverable amount.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their residual value. Land is not depreciated since it is considered to have an indefinite life.

The depreciation charge is recognised under “Depreciation and amortisation” in the income statement and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets.

Depreciation of tangible assets

	Years of estimated useful life
Constructions	
Buildings	16 - 50
Facilities	8 - 25
Furniture and fixtures	4 - 50
Electronic equipment	4 - 8
Other	7 - 14

At the end of each reporting period, the CaixaBank Group assesses tangible assets for any indications that their net carrying amount exceeds their recoverable amount, understood as fair value less costs to sell and value in use.

At CaixaBank, property and equipment for own use are mostly allocated to the Banking Business cash-generating unit (CGU). This CGU was tested for impairment to verify whether it generated sufficient cash flows to support the value of its assets.

In the particular case of investment property, fair value corresponds to the market appraisal of the asset in its current condition by independent experts. To determine fair value at 31 December 2015, appraisals were requested in accordance with the criteria established by Ministerial Order ECO/805/003 when the latest available appraisal was over two years old or the gross carrying amount of the asset was over EUR 1 million. Statistical appraisals were carried out for the rest of the assets.

In this respect, CaixaBank has a corporate policy that guarantees the professional competence and the independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March. The main appraisers and valuation agencies with which the CaixaBank Group worked in Spain in 2015 are listed in Note 19.

Any impairment loss determined is recognised with a charge to “Impairment losses on other assets (net) – Other assets” in the income statement and a reduction to the carrying amount of the asset to its recoverable amount. After the recognition of an impairment loss, the depreciation charges for the asset in future periods are adjusted in proportion to its revised carrying amount and remaining useful life.

Similarly, when there are indications of a recovery in the value of the assets, a reversal of the impairment loss recorded in prior periods is recognised and the depreciation charge for the asset in future periods is adjusted. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have had no impairment losses had been recognised in prior years.

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

Upkeep and maintenance expenses are recognised under "Administrative expenses – Other general administrative expenses" in the income statement. Similarly, operating income from investment property is recognised under "Other operating income" in the income statement and the related operating expenses under "Other operating expenses".

2.17. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance acquired from third parties or developed internally.

Goodwill

Goodwill represents the payment made by the acquirer in anticipation of future benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is only recognised in the acquisition of a business combination for valuable consideration.

In business combinations, goodwill arises as the positive difference between:

- the consideration transferred plus, as appropriate, the fair value of any previously-held equity interest in the acquiree and the amount of non-controlling interests; and
- the net fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recognised in "Intangible assets - Goodwill".

Goodwill is not amortised in any circumstance.

At the end of each reporting period or whenever there are indications of impairment, an estimate is made of any impairment that reduces the recoverable amount to below carrying amount and, where there is impairment, the goodwill is written down with a balancing entry in "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the income statement. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Other intangible assets

This includes the amount of other identifiable assets, such as assets arising in business combinations and computer software.

Other intangible assets have an indefinite useful life when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group, and a finite useful life in all other cases.

Intangible assets with an indefinite life are not amortised. However, at the end of each reporting period, or whenever there is any indication of impairment, the remaining useful lives of the assets are reviewed in order to determine whether they continue to be indefinite and, if this is not the case, to take the appropriate steps.

Intangible assets with a finite useful life are amortised over the useful life, applying policies similar to those followed for the depreciation of tangible assets.

The amortisation charge for these assets is recognised in "Depreciation and amortisation" in the income statement.

Any impairment losses on assets with either indefinite or finite useful lives are recognised with a balancing entry in "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the income statement. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for tangible assets.

Internally developed computer software

Computer software developed internally is recognised as an intangible asset when, among other requirements, it is capable of being used or sold, and it is identifiable and its ability to generate future economic benefits can be demonstrated.

Expenses incurred during the research phase are recognised directly in the income statement for the period in which they are incurred, and cannot subsequently be capitalised.

At 31 December 2015 and 2014, practically all intangible assets corresponding to software were developed by third parties.

2.18. Inventories

This item in the balance sheet includes non-financial assets held for sale in the ordinary course of business, that are in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost, including financial charges, and net realisable value. Net realisable value is defined as the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale. The accounting principles and measurement bases applied to assets received as payments of debts classified under this item are the same as those set out in Note 2.19.

The cost of inventories of items that are not ordinarily interchangeable and of goods and services produced and segregated for specific projects is determined individually, while the cost of other inventories is assigned mainly by using the First-In-First-Out method (FIFO) or weighted average cost formula, as appropriate.

Any write-downs to inventories or subsequent reversals of write-downs are recognised under “Impairment losses on other assets (net) – Other assets” in the income statement for the year in which the write-down or reversal occurs.

When inventories are sold, the carrying amount of those inventories is derecognised and an expense recognised in the income statement for the period in which the related revenue is recognised. The expense is recognised in “Other operating expenses – Changes in inventories” in the income statement when the sale relates to activities that do not form part of the Group’s ordinary business and “Other operating expenses – Other” in all other cases.

2.19. Non-current assets held for sale and liabilities associated with non-current assets held for sale

Assets recognised under this heading in the balance sheet reflect the carrying amount of individual assets or disposal groups, or assets that form part of a line of business that will be disposed of (discontinued operation) whose sale is highly probable in their present condition within one year from the reporting date. The carrying amount of these assets will be recovered principally through a sale transaction.

Specifically, property or other non-current assets received as total or partial settlement of debtors' payment obligations in credit operations are recognised under "Non-current assets held for sale" unless it has been decided to make continuing use of the assets.

At the same time, amounts payable arising from disposal groups and discontinued operations are recognised in "Liabilities associated with non-current assets held for sale" in the consolidated balance sheet.

The CaixaBank Group has centralised the ownership of virtually all the real estate assets acquired or foreclosed in payment of debts in its holding company BuildingCenter, SAU, in a bid to optimise management.

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

The acquisition-date carrying amount of non-current assets held for sale from foreclosures or recoveries is amortised cost, defined as the outstanding balance receivable on loans/credits at the date of cancellation, net of the estimated impairment, which is at least 10% . The fair value of non-current assets held for sale from foreclosures or recoveries is the market appraisal value of the asset received in its current condition less estimated costs to sell.

If the assets remain in the balance sheet for a longer time than initially envisaged, the value of the assets is reviewed to recognise any impairment losses arising from difficulties finding buyers or reasonable offers. In no circumstances does CaixaBank delay recognition of impairment which, at least, entails raising the hedging percentage from the aforementioned 10% to 20%, 30% or 40% for assets that remain in the balance sheet for more than 12, 24 or 36 months, respectively.

At 31 December 2015, the fair value of these assets was determined in accordance with appraisals or valuations carried out in accordance with the criteria of Ministerial Order ECO/805/003 by independent experts of up to two years old, or less if there are indications of impairment. Homes with a gross carrying amount of under EUR 500,000 are an exception. The values of these are updated using statistical appraisals. In this respect, the CaixaBank Group has a corporate policy that guarantees the professional competence, independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the CaixaBank Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March. The main appraisers and valuation agencies with which the CaixaBank Group worked in Spain in 2015 are listed in Note 16.

Non-current assets held for sale are not depreciated while they are classified as held for sale.

Impairment losses on an asset or disposal group from a reduction in carrying amount to fair value (less costs to sell) are recognised under "Gains/(losses) on assets held for sale not classified as discontinued operations" in the income statement. Gains on a non-current asset held for sale resulting from subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognised in the same consolidated income statement item up to an amount equal to the previously recognised impairment losses.

2.20. Leases

Finance leases

Leases that transfer substantially all the risks and rewards inherent in the asset to the lessee are considered finance leases.

Leases in which the CaixaBank Group acts as the lessor of the asset are recognised as lending under “Loans and receivables” in the balance sheet at the sum of the present values of the lease payments receivable. These payments include the exercise price of the lessee’s purchase option at expiry of the lease, where this price is sufficiently below the fair value of the asset at expiry of the purchase option making it reasonably certain that the option will be exercised.

When the CaixaBank Group acts as lessee, the cost of the leased asset is recognised in the related item on the balance sheet based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount (which is the lower of the fair value of the leased asset and the sum of the present value of the lease payments payable to the lessor plus, if appropriate, the exercise price of the purchase option).

These assets are depreciated using the same criteria as for the rest of the items of property and equipment for own use.

Finance income, when it acts as lessor, and finance cost, when it acts are lessee, are recognised in the income statement under “Interest and similar income” and “Interest expense and similar charges”, respectively.

Operating leases

Operating leases are leases in which substantially all the risks and rewards inherent in the asset and ownership of the asset are retained by the lessor.

In operating leases in which the CaixaBank Group acts as lessor, the acquisition cost of the leased assets is included under “Tangible assets” in the balance sheet. The assets are depreciated using the policies adopted for other items of property and equipment for own use and income from the leases is recognised under “Other operating income” in the income statement.

When the CaixaBank Group acts as lessee, the lease payments are recognised under “Administrative expenses – Other general administrative expenses” in the income statement.

Sale and leaseback transactions

In sales of assets at fair value and the leasing back under an operating lease, the profit or loss from the transaction is recognised immediately in the income statement. If the sale was made at a price below fair value, the gain or loss is also recognised immediately in the income statement unless the loss is compensated for by future lease payments at below market price, in which case the loss is deferred and recognised in proportion to the lease payments over the period for which the asset is expected to be used. Conversely, if the asset is sold above fair value, the profit is deferred and recognised in the income statement over the period for which the asset is expected to be used.

In sale and leaseback transactions, the CaixaBank Group has a procedure for monitoring the transaction prospectively, paying special attention to changes in market office rental prices compared to the contractual rents CaixaBank is required to pay and the condition of the assets sold.

The review is carried out annually or more frequently if exceptional circumstances in the office rental market or in the conditions of the properties make this advisable. The appropriate provisions will be recognised if, as a result of the monitoring described above, any permanent or significant situation occurs that requires it.

In addition, upon initial recognition an assessment is made of whether the lease includes a derivative embedded in a financial instrument that requires separation.

2.21. Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the contingent asset is disclosed.

2.22. Provisions and contingent liabilities

Provisions cover present obligations at the date of preparation of the financial statements arising from past events which could give rise to a loss that is considered likely to occur and which is certain as to its nature but uncertain as to its amount and/or timing.

The CaixaBank Group's financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liability side of the balance sheet on the basis of the obligations covered, e.g. provisions for pensions and similar obligations, provisions for tax and provisions for contingent liabilities and commitments.

Provisions, which are quantified based of the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each reporting period, are used for specific expenditures for which the provision was originally recognised. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

The Group's tax contingency policy is to set aside provisions for the possible tax expense and late-payment interest arising from the income tax assessments initiated by the tax authorities for the main applicable taxes, irrespective of whether an appeal has been lodged. Meanwhile, provisions are made for legal suits for claims exceeding EUR 150 thousand, in those instances where there is a 50% probability of losing the case.

The Group recognises any present obligations that are not likely to give rise to an outflow of resources embodying economic benefits as contingent liabilities. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes more probable than not that an outflow of future economic benefits will be required, a provision is recognised in the balance sheet.

Provisions are recognised under "Provisions" on the liability side of the balance sheet in accordance with the obligations covered. Contingent liabilities are recognised under memorandum items in the balance sheet.

2.23. Insurance transactions

The Group applies the requirements of IFRS 4 *Insurance Contracts* to all the assets and liabilities in its consolidated financial statements derived from insurance contracts in accordance with the definition provided in this standard.

The Group does not unbundle any deposit component of insurance contracts. This unbundling is voluntary. In addition, the fair value of the policyholders' option to surrender insurance contracts is estimated to be zero, otherwise it is measured as part of the value of the insurance contract liabilities.

In accordance with the applicable IFRSs, insurance entities must carry out an adequacy test of their on-balance sheet insurance contract liabilities in relation to their contractual obligations.

In this respect, it determines:

i) The difference between the carrying amount of the insurance contracts less any related deferred acquisition costs and any related intangible assets, and the present value of contractual cash flows from the insurance contracts and any related cash flows, such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.

ii) The difference between the carrying amount and the present value of projected cash flows from the financial assets related to the insurance contracts.

The present value of the contractual cash flows in insurance contracts is determined using the same interest rate as that used to estimate the present value of the financial assets related to the insurance contracts.

If the difference in i) is greater than the difference in ii), the liability recognised for insurance contracts in the consolidated balance sheet is inadequate and the deficiency is recognised in profit or loss for the period.

The main components of technical provisions are as follows.

- *Unearned premiums and unexpired risks*

  The provision for unearned premiums includes the proportion of premiums written in the year that must be allocated to the period between the close of the reporting period and the expiry of the policy period.

  The provision for unexpired risks is designed to complement the provision for unearned premiums by the amount which is not sufficient to cover the measurement of all the risks and expenses corresponding to the coverage period not elapsed at the end of the reporting period.

- *Life insurance*

  This provision consists mainly of the mathematical provisions of the insurance contracts and the provision for unearned premiums of insurance contracts with a period of coverage equal to or less than one year. Mathematical provisions represent the excess of the current actuarial value of the future obligations of subsidiary insurance companies over that of the premiums which the policyholder must satisfy.

  The insurance companies have used the PERM/F-2000P mortality and survival tables for all new contracts since 15 October 2000. PERM/F-2000C tables are applied to contracts before this date.

- *Life insurance provision where the investment risk is borne by the policyholders*

  These provisions correspond to the technical provisions of insurance contracts where the investment risk is born by the policyholder.

- *Claims*

  The provision for claims represents the total amount of outstanding liabilities on claims occurred before the end of the reporting period. The Group calculates this provision as the difference between the total estimated or exact cost of the claims that have occurred and are pending declaration, settlement or payment, including external and internal expenses for handling and processing the files, and the combined amount of the amounts already paid as a result of the claims.

- *Provisions for bonuses and rebates*

  These include the benefits accrued to the policyholders or beneficiaries and not yet assigned at the end of the reporting period. Not included is the effect of allocating part of the unrealised gains on the investment portfolio to policyholders.

Technical provisions corresponding to accepted reinsurance are determined using the same criteria as for direct insurance.

Technical provisions for direct insurance and accepted reinsurance are presented in the balance sheet under “Liabilities under insurance contracts” (see Note 23).

Technical provisions linked to risks assigned to reinsurers are calculated on the basis of the reinsurance contracts entered into and by applying criteria similar to those used for direct insurance. These provisions are recognised in the consolidated balance sheet under “Reinsurance assets” (see Note 18).

In addition, the Group has been applying the 'shadow accounting' in IFRS 4. According to this option, the insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset related to insurance contracts affects those measurements in the same way as a realised gain or loss does. The related adjustment to the insurance liability (or deferred acquisition costs or intangible assets) shall be recognised in the income statement in other comprehensive income if, and only if, the unrealised gains or losses are recognised in other comprehensive income.

2.24. Statement of cash flows

The following terms are used in the presentation of the statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments subject to an insignificant risk of changes in value.
- Operating activities: the indirect method is used to present cash flows from operating activities, which are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities: the acquisition, sale or other disposal of long-term assets, such as equity investments and strategic investments, and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that do not form part of operating activities, such as subordinated financial liabilities. The issuances launched by the CaixaBank Group and placed on the institutional market are classified as financing activities, whereas the issuances placed on the Spanish retail market are classified as operating activities.

2.25. Statements of changes in equity. Part A) Statement of other comprehensive income

This statement presents the income and expense recognised as a result of the Group's activity in the period, with a distinction between those taken to profit or loss in the income statement and other comprehensive income directly in equity.

The items used to present the statement of other comprehensive income are as follows:

i) The profit or loss for the year.

ii) The net income or expense recognised temporarily in consolidated equity as valuation adjustments.

iii) The net income or expense recognised definitively in equity.

iv) The tax accrued on the previous items

v) The total recognised income and expense calculated as the sum of the above items

2.26. Statements of changes in equity. Part B) Statement of total changes in equity

This statement presents all changes in the Group's consolidated equity, including those due to accounting policy changes and error corrections. This statement presents a reconciliation between the carrying amount of each component of equity at the beginning and the end of the period, grouping movements by nature under the following headings:

i) Adjustments due to changes in accounting policy and error corrections: includes changes in equity as a result of the retrospective restatement of financial statement balances on account of changes in accounting policies or for correction of errors.

ii) Total comprehensive income: represents the aggregate of all items recognised in the statement of total changes in equity income part A) other comprehensive income, outlined above.

iii) Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

3. Risk management

Adequate risk management is essential for the business of any credit institution, especially one like CaixaBank which mainly operates in retail banking and considers the confidence of its customers to be a core value.

The business environment in 2015 was difficult, with four factors having a significant impact on the priorities of the Entity's risk management[1]:

- **The macroeconomic environment**. Global economic growth underwent readjustment in 2015; growth in the emerging markets slowed while the expansion of the developed markets firmed. On a global level, we expect the 3.1% growth achieved in 2015 to increase next year to 3.6%. The less buoyant outlook for economic growth in the emerging markets is due mainly to three factors. The first is the current low price environment for raw materials, of which many of these countries are major exporters. Oil prices are a prime example of this process. The second factor is the normalisation of US monetary conditions. Lastly, the slowdown in China, the largest emerging market of all, and one of the most closely connected to the rest of the emerging nations.

  Against this backdrop, the economy of the euro area, and particularly Spain, continues to grow. For 2016, we expect GDP growth of 2.7%, slightly lower than the figure forecast for full-year 2015 (3.1%), but a substantial improvement on the 1.4% achieved in 2014.

  The relative strength of the Spanish economy is recent quarters can be partly put down to temporary factors, such as cheaper oil prices, accommodative monetary policy, the weakness of the euro and reduced fiscal adjustment. Growth is expected to slow down slightly as these factors gradually fade out of view.

  Internal demand is the main driver of growth, thanks to the pickup in both private consumption and investment. Foreign trade is also boosting growth (supported by a strong tourism sector).

  This brighter macroeconomic outlook is feeding through to family finances, whose available income has now climbed on the back of a healthier job market (albeit at a slower pace than at the start of 2015) and low interest rates, which have substantially reduced the debt burden of Spanish families. Looking ahead to the coming quarters, we expect that the much-needed reduction in household debt will prove compatible with the improvement in available financing.

  The real estate sector is showing signs of improvement, as evidenced by the increase in transactions, mortgage loans, housing prices and homes started.

  The banking sector is showing an uneven performance. The default rate continues to decline (since 2013). However, the outstanding loan balance remains negative despite the substantial rise in new loans. Deleveraging, coupled with interest rates at historic lows, has challenged the profitability of the banking sector in its current size and structure. The resolution of these challenges in the coming years will be key to ensuring a suitable return for shareholders, investors and society as a whole.

- **Regulatory changes**. 2015 featured further developments in Regulation and Supervision rules governing financial institutions concerning standards and reporting, as well as asset valuation and inspection. A few of the main changes are as follows:

  - Adaptation to the new capital requirements regulations: The Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR), as well as regulatory

[1] These factors were identified on the basis of studies conducted on risks and trends by reputable sources: e.g. “Risk Assessment of the European Banking System” by the EBA (December 2015) and “Financial Institutions 2025 Risk Index” by Willis Group Holdings.

monitoring and implementation of the Regulatory Technical Standards (RTS) and the Implementing Technical Standards (ITS) of both, which are being developed continuously. In 2015, the review conducted by the Basel Committee on Banking Supervision on the different standard methods of regulatory capital consumption (for credit, market and operational risk) stands out.

For these developments, both the BCBS and the European Banking Authority (EBA) have requested preliminary analyses of the changes (Quantitative Impact Study, QIS) and Surveys. The analyses carried out and/or being carried out in 2015 included:

- QIS Global Systemically Important Banks (G-SIB), including an analysis of assets and liabilities in the banking and trading books
- QIS Revisions to the Standardised Approach for credit risk, quantifying the impacts presented in the consultative document prepared by the BCBS.
- QIS Public Sector Entities, quantifying the weight of this type of borrower on the Bank's various portfolios
- Survey of Leveraged Lending, including a definition of this type of borrower and weight on the Bank's different portfolios
- QIS Shadow Banking, assessing the weight of this type of borrower on the Bank's exposures
- QIS to calibrate the proposed thresholds values of Credit Value Adjustment (CVA) risk under the supervisory review and evaluation process (SREP).

Lastly, the start-up of the project to standardise Options and National Discretions (more than 150 areas identified) undertaken at the request of the European Central Bank.

- Start of the Risk Data Aggregation (RDA) project: in January 2013, the Basel Committee issued a new regulation (BCBS-239 - "Principles for Effective Risk Data Aggregation and Risk Reporting"), setting out 14 principles for bolstering financial institutions' capabilities to aggregate data and generate risk reports. It is initially applicable to entities designated as global systemically important financial institutions (G-SIFIs), and will be obligatory as from January 2016. It also suggests that local supervisors apply the principles to banks identified as domestic systemically important banks (D-SIBs) three years after their designation as such.

  CaixaBank has taken a proactive stance, given that it is not a G-SIFI, and launched a programme to apply the RDA principles ahead of the required deadline.

  Based on the disclosure issued by the Bank of Spain, according to which the CaixaBank Group is to be considered as an "other entity of systemic importance" from 1 January 2016, the adoption of these principles could be mandatory in 2019, in the event that the Supervisor accepts the recommendation of the BCBS.

  The Group's intention is to enhance controls over the process of collating risk information to ensure it forms part of the reporting culture looking ahead, thereby mitigating and reducing the risk of reporting errors and driving up the efficiency of data generation. This project involves different areas at CaixaBank such as Systems, Risks and Accounts and Audit Inspection.

In 2015, several milestones were reached in different areas of this programme:

  - In the area of Governance, the creation and start-up of the Data Governance and Information Quality Committee, headed by three members of the Board of Directors, stands out.
  - With regard to the Data Model, significant progress has been made in the construction of a data dictionary and metrics and dimensions have been defined according to RDA methodology, as part of a transversal project.
  - With regard to the Process Model, the methodology has been defined to ensure RDA compliance with manual and automatic processes.
  - In the area of Validation, a self-assessment questionnaire has been designed and a validation exercise carried out.

- Full development of banking oversight through the Single Supervision Mechanism (SSM), which became functional in November 2014, in line with the EBA guidelines. The SSM took over the role previously carried out by the Bank of Spain (with respect to the Group), setting up Joint Supervisory Teams comprising personnel of the ECB and the Bank of Spain to carry out the ongoing monitoring of the Group.

- Application of Directive 2002/87/EC with the supplementary information requirements regarding financial conglomerates according to the definition provided therein.

- Monitoring of developments through the delegated acts and technical standards of the Bank Recovery and Resolution Directive (BRRD), especially with respect to the minimum indicators that should be included in recovery plans, the circumstances under which the failure of an entity may occur, the contributions to national resolution funds and the single resolution fund, as well as the minimum requirement for own funds and eligible liabilities (MREL).

- Analysis of the implications for the Directive on markets in financial instruments (MIFID 2) and the Regulation on markets in financial instruments (MIFIR), and their amendments to the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR), particularly with respect to ESMA consultations on technical advisory to the European Commission on development of the rules.

- *International Financial Reporting Standard (IFRS) 9 Financial Instruments*

  IFRS 9 provides a comprehensive set of accounting requirements for the recognition and measurement of financial assets and financial liabilities (except the part on macro hedging). The date of initial application is 1 January 2018, when it replaces the current International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement*.

  Regarding the classification and measurement of financial assets, the approach in IFRS 9 considers both the business model within which the assets are held and their contractual cash flows, effectively reducing the number of portfolios and impairment models currently envisaged in IAS 39. Financial assets that give rise to cash flows that are solely payments of principal and interest are measured at amortised cost if they belong to a business model whose objective is to collect the contractual cash flows, but at fair value through other comprehensive income if the objective is to both collect the cash flows and sell the instrument. All other financial assets, including embedded derivatives, must be fully measured at fair value through profit or loss.

For all assets not measured at fair value through profit or loss, the entities must recognise expected credit losses, differentiating between assets whose creditworthiness has not deteriorated significantly since initial recognition and those whose creditworthiness has.

It is precisely in the section of impairment in IFRS 9 where the main changes are compared to the currently model under IAS 39 based on the accounting of losses incurred for credit risk. In particular, IFRS 9 requires an entity to use an impairment model as a basis for measuring its loan loss allowance. The model differentiates between three stages. Measurement of expected loss depends on whether there has been a significant increase in the credit since initial recognition, whereby: (i) 12-month expected credit loss (Stage 1) applies to all assets (from initial recognition) as long as there is no significant deterioration in credit quality, (ii) life-time expected loss (Stages 2 and 3) applies when a significant increase in credit risk has occurred on an individual or collective basis. For impaired financial assets in Stage 3, interest revenue is calculated on net carrying amount.

The assessment of whether there has been a significant increase in credit risk should consider reasonable and supportable information that is available without undue cost or effort, that is an indicator of increases in credit risk from initial recognition and reflects historical, current and forward-looking information.

Noteworthy differences between the new expected loss model in IFRS 9 and the current incurred loss model of IAS 39 include:

- Upon initial recognition, IFRS requires entities to recognise 12-month expected loss for the typical lending and credit operations originated by the Group, including new loans extended, as well as for fixed income instruments acquired, irrespective of their initial credit rating,
- The degree of judgement required to incorporate forward-looking information and assumptions regarding the behaviour affecting the life of the instruments that should be considered and how the assumptions are incorporated in the measurement of expected losses, increases in the expected-loss model.
- The method used to calculate expected loss is more complex. To some extent it is comparable to the complexity associated with the use of advanced IRB models for capital, using similar items such as probability of default (PD), loss given default (LGD) and exposure at default (EAD).
- There are other factors that could give rise to variability in expected credit losses recognised in the income statement. For instance, changes in probability of default (PDs) would give rise to changes in the total amount of losses to be recognised under the expected-loss approach, but this is not necessarily the case under the incurred-loss approach.

Regarding financial liabilities, the categories set out in IFRS 9 are similar to those currently in IAS 39, and their measurement does not change, only the requirement to recognise changes in fair value related to own credit risk as a component of equity for financial liabilities designated under the fair value option.

For hedge accounting, the granularity in current IAS 39 requirements is replaced with a new model that better reflects internal risk management activities in the financial statements. There are changes with respect to IAS 39 in a number of other areas, such as hedged items, hedging instruments, the accounting of the time value of options and the assessment of effectiveness, which will enable Group entities that carry out financial activities to expand the transactions to which hedge accounting is applied and facilitate the application of hedge accounting, whereas the rest of the entities will benefit mainly from the possibility of hedging non-financial risks.

The Group has begun preparatory work for application of this standard. Spearheaded by an Internal Project Committee, this entails mainly taking the necessary steps to implement IFRS 9 in all areas of the Bank that are affected so as to ensure compliance at the effective date, and evaluating the potential quantitative and qualitative impacts (e.g. on the business, infrastructure) sufficiently in advance in order to enhance their management.

The Committee's main tasks are:

- To first draw up an approach to identify the key aspects of the new accounting standard, a diagnosis of different aspects to be analysed and an action plan to guarantee implementation of IFRS 9,
- To ensure all quantitative and qualitative requirements are identified and planned appropriately to achieve implementation by the effective date, and
- To guarantee that the impact can be calculated before the effective date.

The Committee, led by Financial Accounting, Control and Capital (FACC), in conjunction with the Corporate Global Risk Management Division, liaises with the Group's Management Committee and is in charge of operational management and strategic decision making (e.g. resources, deadlines, definition of models).

A number of teams (systems, models, impairment, financial accounting, accounting policies, monitoring) oversee day-to-day management. In addition, a Monitoring Committee has been set up, composed of the heads of each of these areas.

A series of key implementation milestones have been defined related to both classification and measurement, and to the loan loss allowance model, which began in 2015 and runs to 2017, when the operational development of the calculated is expected.

The Entity is currently calculating the potential impacts of the application of IFRS 9 on the value of the financial assets and financial liabilities it currently reports, along with an estimate of loan loss allowances.

This structural transformation of Europe's banking framework has had a major impact on day-to-day risk management, requiring internal changes to adapt to and cope adequately with these challenges.

- **Threats inherent to technological development**. The rapid proliferation of digital solutions to respond to the needs of individual customers and companies is giving rise to new patterns of consumption, payment, saving and financing. The appearance of numerous “FinTech” companies stands out: there are new companies created to provide services related to the finance industry, based on disruptive innovation in information and communication technologies (ICTs). Specifically, they are unlocking the value of a combination of new programming languages, greater data storage and processing capacities and analytical algorithms, fewer legal/regulatory restrictions (also included under "shadow banking") and less costly business models.

Cyberattacks are also emerging, involving fraudulent access to the data contained in the Entity’s information and communication technology infrastructure or the fraudulent manipulation of processes developed using said infrastructure, seeking to obtain benefits for those launching the attack. In addition to the damage to customers, such attacks could be the object of economic sanctions or financial loss with other customers due to the image of vulnerability transmitted by entities affected by these attacks, in addition to prompt media coverage. The growth in online/mobile purchases by customers is making it easier to operate for criminal groups, whose ability and reach are increasing rapidly.

Of the banks that filled in the EBA's “Risk Assessment” questionnaire, 95% said that the increasing sophistication and complexity of ICTs is posing new threats to their IT infrastructures. In the same vein, it should be noted that three of the five main risk factors named by financial service managers surveyed by Willis in its study relate to technological threats and investments or the loss of business these may cause for financial institutions.

- **Trust in the sector and image.** Fourthly, Spanish and European communities have not yet recovered their trust in the banking sector, in a complex scenario that the factors mentioned above are also contributing to (financial crisis, the sometimes generalised regulatory response, scandals associated with the management of customer information, etc.). In addition to sanctions imposed on certain financial institutions worldwide in relation to “*conduct risk*”. Conduct risk would include malpractice in the design, sale and post-sale of financial products and services in which the financial institution took advantage of its greater knowledge or and control over the process to obtain a higher profit, causing a damage to customers, counterparties or investors. For the purposes of capital consumption, these economic damages would be included under the measurement and management of operational risk.

  Moreover, the economic crisis, high leverage among households and businesses, and the decline in the value of investments in financial products, among other reasons, have tarnished the banking sector's overall image. The best practices and greater social awareness applied by the CaixaBank Group to mitigate the impacts have made it stand out among customers and public opinion in general. However, the Entity has also seen its reputation suffer, so it will continue working to improve it.

In short, considering the existence of these risks factors in a complicated business environment, the CaixaBank Group worked far harder in 2014 than other years to develop its risk management framework described below and to align it with internal best practices.

This section describes the key features of this risk management framework:

- The Risk Culture which, *inter alia*, involves general risk management principles (centred mainly on credit risk) and employee training
- The Governance Structure and the Organisation
- The Corporate Risk Map
- The Risk Appetite Framework
- The Internal Control Framework

Risk Culture

<u>General risk management principles</u>

The general principles guiding risk management at CaixaBank can be summarised as follows:

- Risk is inherent to CaixaBank's business:

  Creating value through the provision of financial intermediation services involves assuming risks of varying extremes, which have to be managed appropriately. The most relevant risks are: credit, market, liquidity, interest rate risk in the banking book, investee, operational and reputational.

- Risk is the ultimate responsibility of the Board and requires involvement of Senior Management:

  The Board of Directors is the most senior risk management body. It approves and regularly reviews the main policies and strategies. Management is involved in risk management:

  - It reports to the Board of Directors on the status and changes in all the risks to which the Group is exposed on a timely basis. It also answers any additional requests for information that the Entity's governing bodies deem appropriate.
  - It analyses in the Global Risk Committee the status and changes in the principal risk parameters, and proposes risk management measures to ensure best practices are adopted. The Global Risk Committee's decisions are taken jointly.

- Medium-low risk profile

  CaixaBank's target risk profile is medium-low, translating into a target rating of AA/A. Risk and returns on transactions, the level of confidence in the statistical tools used to measure risks, and the level and composition of capital must be commensurate to this level of solvency.

- Involvement throughout the organisation

  - The risk and control areas identify, from an overarching perspective, all the risks to which activity is exposed. Their main duty is to manage and control risks using specialist teams.
  - The business units of the branch network and operating centres of Central Services have first-hand knowledge of customers and operations, which is essential to adequately documenting and approving transactions and monitoring the evolution thereof.

- Life cycle of transactions

  Management throughout the full cycle of transactions: from preliminary analysis until approval, monitoring of solvency and profitability, to repayment or recovery of impaired assets

- Joint decision-making, with an authorisation system always requiring approval by two employees.

- Independence of business and operating units

  The Risks Function is independent from business and operating units, and is subject to decisions made by the Board of Directors and general management.

- Approval based on the borrower's repayment ability and an appropriate return

- The use of standard criteria and tools

  Risk definitions, analysis criteria and management and control tools are standard across the organisation. Risk policies and procedures are published in internal regulations available to all staff.

Risks are identified taking into account the development of new products and businesses, as well as relevant changes to these, in order to ensure they are in line with the Group's risk profile.

- Decentralised decision-making

  Inclusion of the table of powers in the systems facilitates the decentralisation of decision-making so that decisions are taken as close as possible to customers, while ensuring risks are approved at a suitable level. Staff avail of sufficient information to identify, manage and report risks, and are aware of their responsibilities with regards to these duties.

- Use of advanced techniques

  Risks are measured and analysed using advanced methods and tools in accordance with sector best practices. These include probability of default calculations obtained through rating and scoring tools, loss given default and expected loss calculations in connection with the various portfolios and risk-adjusted return tools, both at customer and branch level. Value at Risk (VaR) calculations are also performed for the portfolios as a method for controlling and setting market risk thresholds, and the various operational risks relating to each CaixaBank activity are identified using both quantitative techniques, such as the calculation of VaR, and qualitative techniques through key risk indicators (KRI), self-assessment of operational risks and the establishment of action plans and risk mitigation plans.

  All risk measurement, monitoring and management work is carried out in accordance with the recommendation of the Basel Committee on Banking Supervision, European directives and Spanish legislation.

- Allocation of appropriate resources

  The human and technical resources allocated to risk management are sufficient in terms of both quantity and quality to allow objectives to be reached.

Training

In 2015, with the objective of enabling the Group's branch managers, premier bank managers and private banking consultants to offer customers the best service and build their trust, more than 5,000 branch managers and premier banking managers obtained a diploma in Financial Advisory services from the UPF School of Management (run by Pompeu Fabra University) and almost the same number obtained a Certificate in Wealth Management from the Chartered Institute for Securities & Investment (CISI), accreditation that is recognised among financial institutions (e.g. HSBC, BNP Paribas, Credit Suisse, the National Bank of Abu Dhabi, Citi Bank, UBS, Barclays and Deutsche Bank) not only as a measure of their knowledge in financial advisory services but also in the codes of conduct and ethics required to achieve excellence in customer services. This makes the Group the first Spanish financial institution to certify employees' training with a post-graduate Financial Advisory diploma and a prestigious international financial sector certificate.

In the area of Risks, the General Risks Division and the General Human Resources Division define the content of all training for functions supporting the Board/Senior Management covering specific matters that help high-level decision-making, as well as the rest of the organisation's functions, especially with respect branch network staff. The aim is to facilitate the transfer throughout the organisation of the Risk Appetite Framework, the decentralisation of decision-making, the update of risk analysis skills and the optimisation of risk quality.

The Entity is structuring its training programme through the Risk School. In this way, training is seen as a strategic tool designed to provide support to business areas. The school also acts as a conduit for disseminating the Bank's risk policies; providing training, information and tools for all the Entity's staff. The proposal comprises a training circuit for specialising in risk management, which will be linked to the professional development of the entire Bank's workforce from Retail Banking staff to specialists from any field. It aims to ensure that all personnel have sufficient knowledge of:

- the financial system and different risks affecting the economic climate and the banking business,
- the structure and operations of the Group's Risk Management activity,
- the processes and tools associated with lending operations with regard to approval, monitoring and eventual re-negotiation and repayment phases,
- lending products and the risk inherent to each one, in addition to legislation governing lending contracts.

In September 2015, the Risk School launched its first Risk Analysis Certificate promotion (aimed at 1,132 sales managers, with a total of 46,200 training hours) and the first Post-graduate diploma in Risk Analysis - Specialising in Retail (aimed at 760 branch managers and assistant managers, with a total of 37,900 training hours).

These courses are expected to be run twice a year during the next few years, thereby providing training for all employees carrying out these functions.

Also in 2015, more than 992 hours of risk training divided up into various training programmes were given to staff of the CaixaBank Group's different risk areas. The main programmes were:

- Training in personal and professional skills:
  - CommuniCATE: On-site classes to improve communication between risk analysts (at Risk Approval Centres, RACs) and the branch network.
  - Public-speaking: On-site classes to improve public-speaking among team heads from Central Services and Risk Approval Managers in CARs.
- Training in specific areas of expertise:
  - Training in the Risk Appetite Framework (RAF): for risk analysts and specialist departments whose work can have the greatest impact on compliance with the RAF (e.g. Corporate Development), to introduce them to the objectives of the RAF and its qualitative and quantitative statements, as well as to potential changes in their daily work caused by the RAF.
  - Private banking: aimed at risk analysts to afford them greater knowledge of the private banking segment, along with the associated products, commercial tools and specific responses (advice on assets and wealth).
  - Training in finance: aimed at risk analysts to raise their awareness of diagnostics to gauge the economic and financial health of companies, their financial planning and cash flow statements and specific analysis procedures for companies from different segments.
  - New risk analysts: to introduce this group to risk management criteria and policies, the tools available to them when carrying out their work, the main financing products offered by the Entity and the legal aspects relating to risk. The course is intended mainly for a group of employees from Global Risk Management at Central Services with the aim of improving their technical and conceptual vision through a range of applied scenarios relating to risk policies and specific product characteristics and features, while enhancing their skills in relation to other risks for which they are not directly responsible (such as market risk). Over this year and next this course will be offered to all employees recently joining the Risk Approval Centres in the different regional divisions.

Governance Structure and Organisation

Governance Structure

Board of Directors

The Board of Directors' duties include approving the Entity's strategy, overseeing the organisation of the Entity to implement this strategy, and supervising and controlling the Entity's management to ensure that it meets the Entity's stated targets and respects its corporate purpose and interest.

The Board of Directors is also responsible for approving the general risk control and management policy as well as the periodic monitoring of internal information and control systems. Accordingly, the Board of Directors is the Bank's highest risk policy-setting body.

The Board of Directors has also established its own duties with regard to risk and is responsible for making decisions on certain issues in this regard. The following table shows the issues related with risk management on which the Board will take decisions, and its main duties:

Issues on risk management on which the Board of Directors will take decisions	General matters
• Adopting and monitoring compliance with risk measurement approaches, as well as calculating the related regulatory capital requirements; • Organising the highest tier control duties; • Establishing global risk limits; • Ensuring appropriate consistency between strategic, financial and risk planning; and • Ruling on the Entity's general risk policies and progress made.	• Defining the main risk management principles and the risk appetite framework; • Establishing the distribution of functions within the organisation and the criteria for preventing conflicts of interest; • Approving and reviewing periodically the risk performance, management, control and reduction strategies and policies; • Approving the general internal control strategies and procedures; and • Monitoring the results of the risk management and control function and the status of internal control of credit and counterparty, market, liquidity, interest rate risk in the banking book, operational and investee risks.

Risks Committee

The Board of Directors has delegated certain matters to delegate committees. Specifically, in September 2014 the Risks Committee was created for the ongoing monitoring of risk management.

The Risks Committee reports to the Board of Directors the resolutions adopted at each meeting. In addition, at Board of Directors meetings, the Risks Committee Chairman reports, at the request of the Chairman of the Board of Directors, on the Committee's activities, as well as the work carried out and the opinion of the Committee regarding issues previously addressed and which must be decided on by the Board.

To strengthen relations between the Risks Area and the governing bodies, the Global Risk Committee reports directly to the Risks Committee.

Pursuant to the Regulations of the Board of Directors, the Risks Committee comprises exclusively non-executive Directors who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the entity, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6). At least a third of these members are independent Directors. The Committee appoints a Chairperson from among its members, who shall be an independent Director and may also appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.

The Risks Committee is currently composed of five members, the majority of which (three members) are independent Directors. The Chairman is an independent Director.

The Risks Committee meets as often as necessary to fulfil its duties and is convened by the Chairman, either on his/her own initiative or at the request of the Chairman of the Board of Directors or of two members of the Committee itself.

Its basic functions, according to Article 13 of the Regulations of the Board of Directors, are:

- Advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.
- Propose to the Board the Group's risk policy.
- Propose to the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
- Regularly review exposures with its main customers, economic business sectors and by geographic area and type of risk.
- Examine the information and control processes of the Group's risk as well as the information systems and indicators.
- Evaluate regulatory compliance risk in its scope of action and determination, understood as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.
- Report on new products and services or significant changes to existing ones.
- Examine, notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.

In accordance with Article 42 of Royal Decree 84/2015, the Risks Committee is also responsible for:

- Ensuring that the price policy for the assets and liabilities offered to customers is consistent with the Entity’s business plan and risk strategy. If this is not the case, it shall present a plan to address this issue to the Board.

Organisation

Risks Division

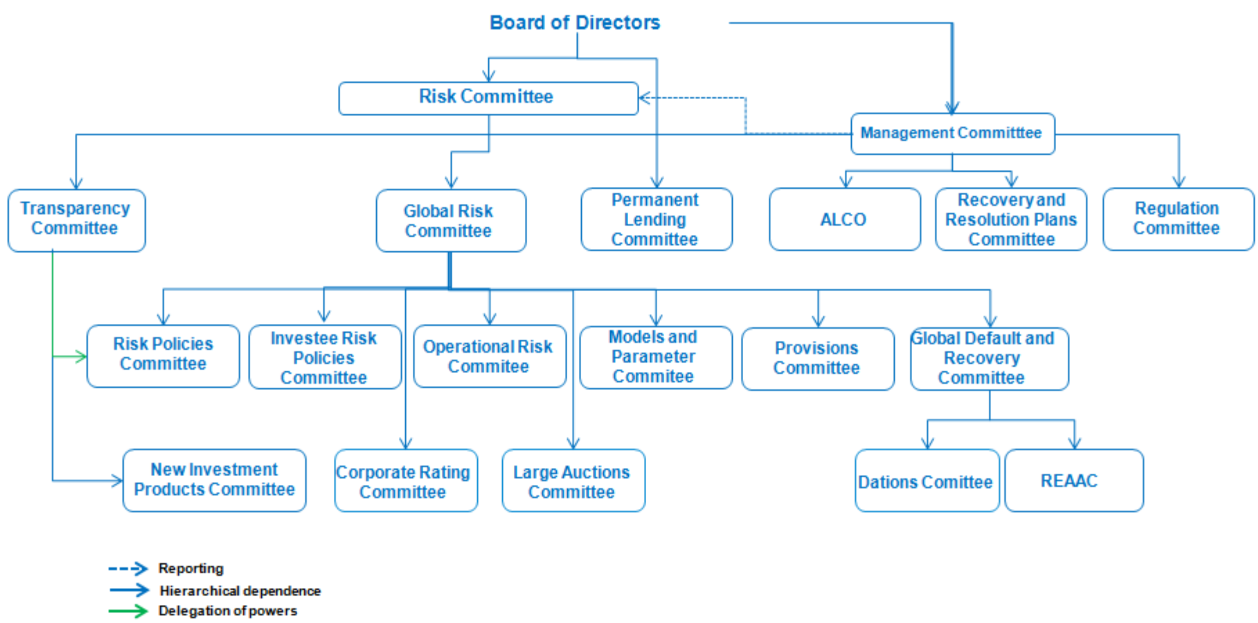
At CaixaBank, the Risks Function is carried out by a general division responsible for the Group's risks and operating independently of the business areas from both a reporting and operational perspective. The Corporate Individual Analysis and Approval Division, responsible for analysing and authorising retail lending, the Corporate Business Analysis and Approval Division, responsible for analysing and authorising risk to the rest of the business segments and specialised sectors (companies and SMEs, public sector-sovereign, financial institutions, real estate, project finance, tourism, and food and agriculture) and the Corporate Global Risk Management Division, responsible for managing risks at corporate level and overseeing asset performance and solvency and capital adequacy mechanisms, report to this general division. Also reporting to the General Risks Division independently from these corporate divisions are the Permanent Lending Committee, which has been delegated powers by the Board to approve transactions, and the Risk Models Validation Division, which assesses whether the risk management and control procedures are in line with the Entity's risk profile and strategy, and validates the internal risk models.

Part of the Risks Division's functions are to identify, measure and integrate the different risk exposures, as well as the risk-adjusted returns of each area of business, from a global perspective of the CaixaBank Group and in accordance with its management strategy.

One of its most important missions, in collaboration with other areas of the Entity, is to head and oversee the process of implementing instruments across the entire branch network to ensure integral risk management under Basel guidelines, the ultimate aim being to attain a balance between the risks assumed and the expected returns.

Collegiate bodies in the risk area

The Group's Senior Management, under the supervision of the Risks Committee and acting within the framework of the powers delegated by the Board, sit on the various risk management committees which establish general action policies, approve transactions at the highest level, and manage business risk across the Group.



- Transparency Committee

  This Committee is responsible for guarantee the transparency in the selling of financial instruments, banking products and saving and investment insurance products, through the definition and approval of the policies monitoring selling, conflict of interest prevention, customer assets safeguard and best execution. It validates the risk and complexity of the products following MIFID regulation on banking and insurance transparency.

- Global Risk Committee

  This committee is responsible for the end-to-end management, control and monitoring of risks to which the Bank is exposed, as well as the specific risks of the most relevant financial investees, and the implications of these risks when managing solvency and capital consumption.

  The Global Risk Committee is also charged with adapting CaixaBank's risk strategy to the risk appetite framework, clarifying and resolving doubts about interpreting the risk appetite and keeping CaixaBank's Board informed through the Risks Committee of the main areas of activity and the status of risks to which the CaixaBank Group is exposed.

  The committee will also analyse the Group's global risk position and put in place the main measures to optimise risk management within the framework of the Group's strategic objectives.

  All Global Risk Committee members must notify the committee of any matters within their remit that could affect the global management of the Group's risks.

- Permanent Lending Committee

  This analyses and, where appropriate, approves the transactions that fall within its scope, and refers any transactions that exceed its level of authority to the Board of Directors. It is the final tier in the approvals hierarchy, above which lending and credit must be signed off by the Board of Directors.

- Risk Policies Committee

  This committee approves the Group's credit and market risk policies. Policies are any of the guidelines governing the Bank's activities and any procedures through which they are implemented.

  The Risk Policies Committee's remit is to establish policies that are in line with and underpin the CaixaBank Group's Risk Appetite Framework. Its powers, as conferred upon it by the Global Risk Committee, include defining and authorising policies for approving loans and monitoring risks, along with default and recovery policies.

  The Transparency Committee has also appointed the Risk Policies Committee to analyse and approve loan and credit products, ensuring their design or modifications thereto comply with regulations on the commercialisation of such products.

- Subsidiaries' Risk Policies Committee

  This committee is responsible for approving policies for credit and market risk associated with CaixaBank Group subsidiaries. It has the same responsibilities and competencies as the Risk Policies Committee but applied to subsidiaries.

  During Subsidiaries' Risk Policies Committee meetings, subsidiaries will be updated on any fluctuations in the key risk indicators, changes in the organisation and risk circuits that could affect them. Subsidiaries, meanwhile, will report on changes in the risks to which their businesses are exposed.

- Operational Risk Committee

  It focuses on applying, reviewing and disseminating the Operating Risk Management Framework, as well as identifying critical points, and establishing operating risk mitigation and control procedures.

- Models and Parameters Committee

  The Parameters and Models Committee reviews and formally approves models and parameters for credit risk, market risk (including counterparty risk – credit in Treasury activity and operational risk), and any other methodologies used by the committee to perform its control duties.

- Provisions Committee

  This committee is responsible for adjusting ratings and accounting provisions of loans linked to borrowers assessed individually according to objective impairment criteria, and for adjusting the criteria for estimating provisions for assets whose impairment is determined collectively, and in general to perform any necessary adjustments to the provisioning structure that has a significant impact on the impairment provisions for the lending portfolio.

- Global Default and Recovery Committee

  This committee analyses default targets set by senior management and applies them to managed portfolios and players involved in lending. It oversees and monitors level of compliance with the targets set, and liaises with the various areas to take the steps needed to redress any deviations. It defines and monitors recovery policies and procedures, which will be presented to the Policies Committee for approval before roll-out. It reports to the Global Risk Committee on matters within its remit.

- New Investment Products Committee

  This Committee is a delegate body of the Transparency Committee, set up to ensure that the areas involved in ex ante and ex post contract management are fully appraised of the characteristics of the new financial investment products offered to customers or changes in their handling, management or monitoring after contracting, ensuring that all the risk and operational components are fully compatible with the framework established by the Management.

- Corporate Rating Committee

  It approves and/or amends internal corporate ratings, analysts' proposals, and the validity thereof, for both standard and pre-rating scores.

- Large Auctions Committee

  It analyses and authorises the foreclosure of real estate assets securing debts of over EUR 600,000. It focuses especially on how these assets will be auctioned off and makes any decisions related with auctions (e.g. halting auctions).

- Dations Committee

  It sets out the necessary protocol for each case of dation in payment, i.e. receipt of real estate assets pledged to secure loans to individuals, and the subrogation thereof to BuildingCenter.

- Real Estate Acquisition and Appraisal Committee

  This committee analyses and approves, where appropriate, any acquisitions proposed by branch network directors of real estate accepted in lieu of payment of real estate developer loans, taking into account the legal aspects of each arrangement, appraisal values, and expected recoveries. It also signs off acquisitions of real estate from insolvent companies and, exceptionally when this is the best option for recovering loans.

- ALCO

  There are other committees that do not report to the Risks Division, such as the Asset-Liability Committee (ALCO), whose functions affect liquidity, interest rate and foreign currency risk as part of structural risk and which proposes the hedges and issuances to manage these risks.

- Restructuring and Resolution Plans Committee

  Another committee not reporting to the Risks Division is the Restructuring and Resolution Plans Committee (RRPC), which oversees all issues related to recovery and resolution plans.

  When drawing up the Recovery Plan, the RRPC determines the Plan's scope and the areas involved. It recommends that the Plan be updated at least once a year in line with prevailing legislation. It also directs the project and supervises and controls the preparation process which falls to the Project Office.

  Before approving the Recovery Plan the RRPC validates the Report proposed by the Project Office and submits it to the Management Committee.

  Regarding the recovery indicators, the RRPC reviews the Report drawn up by the Project Office every quarter and, depending on the findings, can submit a proposal to activate/deactivate a Recovery Plan.

  The RRPC also coordinates all information requests sent by both Spanish and European resolution authorities such as the Bank of Spain, FROB or the Single Resolution Board.

Corporate Risk Map

The current development of the financial system and the rapid transformation of the regulatory framework highlight the growing importance of assessing the risk and control environment of entities.

The CaixaBank Group has a “Corporate Risk Map” to identify, measure, monitor, control and report risks, coordinated by the Internal Control Area and offering a comprehensive vision of the risks associated with the corporate activities within its control area.

The Corporate Risk Map project included a Corporate Risk Catalogue in March 2014, which helps the internal and external monitoring and reporting of the Entity's risks, which are grouped into the following categories: Risks affecting the Entity's financial activity and risks affecting business continuity.

The main risks reported periodically to management and the governing bodies are:

- Risks affecting the Entity's financial activity.
  - **Credit risk:** Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty in counterparty’s ability to meet its obligations.

- **Market risk:** Risk of a decrease of the value in the Group's assets held for trading or increase in the value of its liabilities held for trading due to fluctuations in interest rates or prices in the market where the assets and liabilities are traded.
- **Interest or foreign currency risk:** Risk of a negative impact on the economic value of the balance sheet or results, arising from changes in the structure of the interest rate curve or exchange rate fluctuations.
- **Liquidity risk:** Risk of insufficient liquid assets to meet contractual maturities of liabilities, regulatory requirements, or the needs of the business.
- **Actuarial risk:** Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans due to the differences between the claims estimates and actual performance.
- **Capital adequacy risk**: Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.

- Risks affecting business continuity

  - **Legal/Regulatory risk**: Risk of a loss or decrease in profitability of the CaixaBank Group as a result of changes to the regulatory framework or court rulings that are unfavourable to the Entity.
  - **Compliance:** Risk arising from a deficient procedure that generates actions or omissions that are not aligned with the legal or regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.
  - **Operational risk:** Risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Includes the risk categories encompassed in the regulation.
  - **Reputational risk:** Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by the Entity, its Senior Management or Governing Bodies.

    In order to restore the confidence of its customers in the Entity, CaixaBank has focused on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, regulatory compliance and anti-money laundering structures to minimise the probability of occurrence of actions or omissions such as those recently seen in certain global financial institutions, which have had an increasing media impact and affected the sector’s image.

Risk appetite framework

Background

Regulators and other advisory bodies in the financial sector are increasingly advising on the need to define and implement a risk appetite framework that backs up the decision-making process and informed approval of risks.

In particular we would note the guiding principles published by the Financial Stability Board (November 2013), which considering them a standard prerequisite for good governance, and adequate management and oversight of financial groups. The European Banking Authority and Single Supervisory Mechanism have adhered to these recommendations, and although no regulations have yet been created they have made them a key factor for the assessment of the quality of a financial entity's corporate governance, in the context of the Supervisory Review and Evaluation Process (SREP).

The risk culture has always been a distinguishing feature of the CaixaBank Group decision-making process and business management. This culture, together with the risk policies and systems in place and the skills of its workforce, have permitted the Group to maintain a moderate risk profile and noteworthy level of solvency in the Spanish market, which has strengthened its leadership during the recent financial crisis.

As a result of its pursuit of leadership and excellence, the CaixaBank Group has adopted this framework, considered among best practices in internal risk governance.

Description and structure

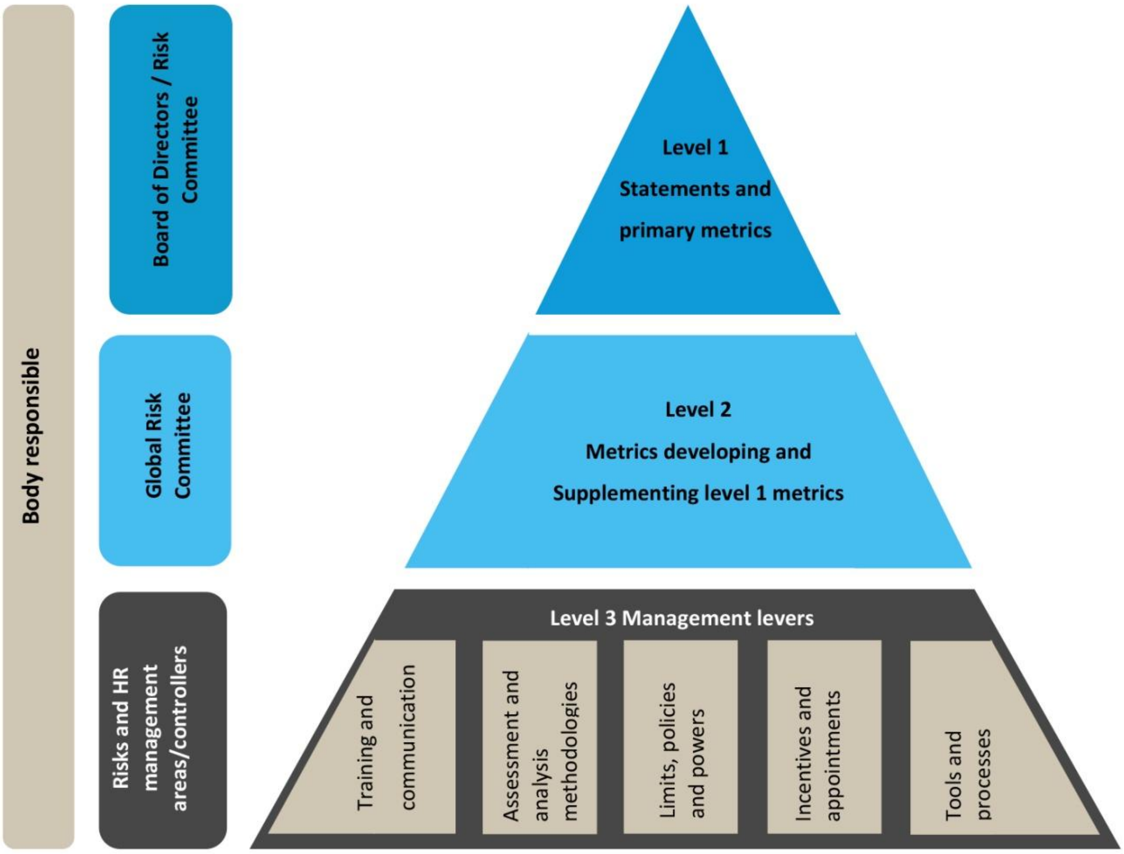
The Risk Appetite Framework (the "Framework" or "RAF") is a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Group's strategic and profitability objectives.

The Board of Directors has established four key dimensions expressing the Group's aspiration regarding the main risks. These are:

- **Loss buffer**: CaixaBank has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position as one of the soundest entities in the European banking market.
- **Funding and liquidity:** CaixaBank wants to make sure that it is always able to meet its obligations and funding requirements on time, even under adverse market conditions, and one objective is to have a stable and diversified funding base as a means of preserving and protecting the interests of its depositors.
- **Business composition:** CaixaBank aspires to maintain its leading position in the retail banking market and be able to generate revenue and capital in a balanced and diversified manner.
- **Franchise**: CaixaBank is committed to the highest ethical and governance standards in its business conduct, encouraging sustainability and social responsibility, and ensuring operating excellence.

In line with best practices in the financial sector, the structure of the Framework complements these statements with management indicators and levers to transmit these practices, in a consistent, clear and efficient manner, to the management of the business and of the risks.

The Framework is represented graphically through a pyramid structure that ends with Tier 1 principles and indicators, supplemented by more detailed metrics (Tier 2). All of this is included in the day-to-day activity and employee decision-making through management levers (Tier 3).



- Tier 1 comprises the Risk Appetite Statement and key metrics, which are assigned appetite and tolerance thresholds. The Board of Directors defines, approves, oversees and can amend this tier as often as is determined in the policy governing the Framework, with specialist advice and ongoing monitoring by the Risks Committee.

  “Appetite” and “Tolerance” levels are set for each of the metrics through a system of alert traffic lights:

  - “Green traffic light”: risk target
  - “Amber traffic light”: early alert
  - “Red traffic light”: breach

  There is also a "Black traffic light" for certain metrics included in the Recovery Plan. Once activated, the internal communication and governance processes would be triggered based on the defined seriousness of the situations.

  This ensures a comprehensive and scaled monitoring process of potential impairments in the Entity's risk profile.

To illustrate, some metrics considered for each dimension are:

- Loss buffer Regulatory solvency ratios, calculated on the basis of advanced models and approaches (expected loss, VaR) and accounting-related indicators, such as cost of risk or the NPL ratio.

- Funding and liquidity. External (regulatory ratios) and internal (management) metrics.

- Business composition**.** Indicators that encourage diversification (e.g. by borrower, sector) and minimise exposure to non-strategic assets.

- Franchise. Includes non-financial risks (e.g. operational, reputational), with both quantitative metrics, such as commitments of zero tolerance of non-compliance.

- Tier 2 includes more detailed metrics, which are monitored by the management team, especially the Global Risk Committee. These indicators tend to derive from the factorial decomposition of Tier 1 or from a greater breakdown of the contribution to the higher tier of risk portfolios or business segments. They also include the most complex and specialised risk measurement parameters, which allow the tier 1 metrics to be taken into consideration by risk management units in the decision-making process.

  The Board of Directors is assured that its management team monitors the same risks, more exhaustively, to be able to identify and prevent potential deviations in the established risk profile.

- Lastly, Tier 3 represents the management levers that the management team, through the various business units and areas in charge of authorising, monitoring and controlling each risk, defines and implements for alignment with the established Framework.

  These mechanisms are:

  - **Training and communication:** key factors that enable all employees involved in the Group's decision-making process to be aware of and take on board their degree of contribution to the Strategic Plan and maintaining the Board's appetite for risk. Training and communication are both key pillars in the consolidation and dissemination of a clear and efficient risk culture, against a backdrop as changeable and uncertain as that currently affecting the financial sector.

  - **Risk assessment and analysis methodologies:** to provide the Board of Directors with a precise, clear and coherent vision of exposure to each risk. The role played by the RAF largely consists of selecting and submitting to governing bodies the methodologies that are most suitable in each case, from the combined standpoint of accounting, regulation, economics and potential losses/losses in stress scenarios, as required.

  - **Limits, policies and powers in the approval of new risk positions**: these three components transmit at organisation, process and exposure level what can be done, in alignment with the Risk Appetite Framework and other pillars of the risk management framework.

  - **Incentives and appointments**: the HR processes considered to have the greatest short-term impact to guide the behaviour of the management team and of employees in the broader sense.

  - **Tools and processes:** the framework uses technology infrastructure, execution and control systems and existing internal reporting processes within the Entity (e.g. to implement the risk concentration limit for loan approvals). Several ad hoc mechanisms have also been set up to ensure the appropriate management of and compliance with the framework governance.

Monitoring and governance of the Risk Appetite Framework in the CaixaBank Group

The Board of Directors defines and supervises the Group's risk profile, updating the framework's metrics and thresholds where necessary. The development of the Framework in 2015 has proved useful for the Board of Directors and the Risks Committee as a single comprehensive platform from which to direct the Group's strategy, management and control: new metrics have been included and some more demanding thresholds established.

Throughout this process, the Risks Committee is responsible for helping the Board of Directors in its tasks and reviewing more frequently and in greater depth the development of Tier 1 metrics, and compliance with the actions plans to re-direct underlying risks to the appetite zone as rapidly as possible.

To ensure the Framework is compliant and transparency in line with the best international practices, the following basic reporting structure has been defined:

- Monthly presentation by the Corporate Global Risk Management Division to the Global Risk Committee, indicating the past and future trends of Tier 1 metrics, according to the Strategic Plan. If current risk levels breach the threshold for:

    - Appetite: an amber traffic light or early alert is assigned to the indicator and the party responsible or the Management Committee is entrusted by the Global Risk Committee with preparing an action plan to return to the "green" zone, and a timeline is drawn up.
    - Tolerance: a "red traffic light" is assigned, including an explanation as to why the previous action plan did not work. Corrective or mitigating measures are proposed to reduce exposure. This must be approved by the Risks Committee. Members of the Committee inform the rest of the Board as rapidly and with the depth of information considered necessary.
    - *Recovery Plan*: would trigger the Plan's governance process, which envisages a set of measures designed to:

        - Reduce the possibility of the Entity going bankrupt or entering into a resolution process; and
        - Minimise the impact in the event of bankruptcy, and avoid the need for a bail out.

      In this case, the regulator must be informed of serious breaches and the action plans expected to be adopted.

- Quarterly presentation to the Risks Committee on the situation, action plans and forecasts for Tier 1 metrics.

- Half-yearly presentation to the Board of Directors on the situation, action plans and forecasts for Tier 1 metrics.

  At these meetings, the Board can amend or update the metrics and thresholds previously assigned.

  If a risk breaches a tolerance threshold which could threaten the Group's ability to continue as a going concern, the Board may initiate the measures set forth in the *Recovery Plan*.

Inclusion in planning processes and stress tests

Since it was approved in November 2014, the Framework has become a key pillar of internal planning processes and simulation processes in the event of possible stress scenarios. In 2015, the following milestones were reached, enabling the governing bodies to analyse, modify and approve the following with in-depth knowledge:

- The 2015-2018 Strategic Plan published in the first quarter of the year, certifying that it is qualitatively and quantitatively compliant with Framework statements and Tier 1 metrics.

- The Internal Capital Adequacy Assessment Process report, the Internal Liquidity Adequacy Assessment Process report and the corresponding stress scenarios: verifying that none of the Tier 1 metrics are in breach (red) in the baseline scenario or in an adverse or severely adverse scenario.

CaixaBank Internal Control Model

CaixaBank's Internal Control Model offers a reasonable degree of assurance that the Group will achieve its objectives. It likewise evolves to take on board the guidelines issued by regulatory bodies and best practices within the sector to move towards the Three Lines of Defence model.

- The first line of defence comprises the Group's business units and support areas, which are responsible for identifying, measuring, controlling, mitigating and reporting the key risks affecting the Group as it carries out its business.

- The second line of defence acts independently and is designed to identify, measure, monitor and report all of the Group's material risks, as well as to establish and develop management and control systems for these risks, and design compliance policies. The second line of defence includes Risk Management functions (e.g. Global Risk Management), Internal Validation, Regulatory Compliance and Internal Control.

  In December 2015, the second line of defence was reinforced with the creation of the Deputy General Control & Compliance area, under which the Internal Control and Regulatory Compliance functions are integrated.

- The third line of defence, which comprises Internal Audit, is responsible for assessing the effectiveness and efficiency of risk management and the internal control systems, applying principles of independence and objectivity.

Global Risk Management

The Corporate Global Risk Management Division, which reports to the Group’s General Risks Division, is responsible for:

- Driving the development and implementation of the Risk Appetite Framework
- Ensuring the framework and the general risk management principles are transferred onto risk management policies, limits and powers.
- Organising the risks function (structure, dimension and committees),
- Using measurement and valuation methodologies according to the complexity of the risks at hand,

- Monitoring borrowers' positions and solvency, and
- The systems and procedures governing risk information, management and control.

A systematic and periodical reporting system aimed at the various governing bodies has been defined to handle the reporting, management and control needs of the various thresholds established.

Additionally, the Risks in Market Operations Department, forming part of the Corporate Global Risk Management Division is developing an internal control function that is independent from structural interest rate and liquidity risk. This supervision includes:

- Control and monitoring of liquidity risk and structural interest rate risk, ensuring compliance with the Risk Appetite Framework approved by the Board of Directors and any other framework established by another committee.
- Validation, and where applicable, development of proposals to improve information models and sources used to manage both risks.
- Obtaining information on significant events and events affecting risk monitoring and control metrics for both risks.
- Consideration of the recommendation reports prepared by internal and third-party units as part of their review and supervisory function.
- Review of the reliability and integrity of the information relating to the management of both risks that is published or distributed internally to the ALCO or Global Risk Committee.

Internal Validation

The Basel Capital Accord establishes how entities can determine their minimum capital requirements based on their risk profile. For credit risk, it allows entities to use internal rating models and their own estimates of risk parameters to determine their capital requirements.

The criticality and importance of the risk management and capital determination process requires proper control environments to ensure that reliable estimates are obtained. The control environment must also be sufficiently specialised and operate on a continuous basis in the entities. In this respect, internal validation must comply with regulatory requirements, as well as provide fundamental support to risk management in its responsibilities of issuing technical opinions and authorising the use of internal models.

Regulations state that internal validation is a compulsory prerequisite for supervisory validation, which must be carried out by a sufficiently independent and specialised unit of the institution, with clearly defined functions.

At CaixaBank, the internal validation function is performed by the Risk Models Validation (RMV) Division, which was created on approval by the Management Committee. The RMV function falls directly under the General Risks Division. This ensures its independence from the areas in charge of developing risk models and policies, and risk infrastructures.

The RMV's mission is to issue a technical opinion on the suitability of the internal models used for internal management and/or regulatory purposes at the Entity.

In line with its mission, the scope of RMV's actions include credit, market and operational risk, reviewing methodological and management (e.g. use of management models and tools, risk policies, coverage levels, controls, governance, implementation of models in management processes) aspects, and verifying the existence of an IT environment with sufficient data quality to support the modelling needs.

RMV's activities are aligned with regulatory requirements of the various oversight mechanisms and coordinated with Internal Audit in the development of its functions as second and third line of defence, respectively.

RMV's activities are classified into three categories:

- Annual planning:

  The RMV has an annual plan in place that sets out the analysis and review activities to be carried out each year, thus ensuring that the opinions issued remain valid and in effect.

- Review and monitoring:

  Through validation cycles, RMV keep the opinions on the various models and their integration in management (for IRB models) up to date.

  The RMV carries out specific reviews for model roll-outs, significant changes and non-significant changes.

  Specific reviews in addition to ordinary validation processes designed to add value to the risk management areas.

- Reporting:

  - The RMV annual report on activities carried out over the past year.
  - Coordination of the process for updating the follow-up dossiers of the models.
  - Regular monitoring of recommendations issued.

The findings of any RMV review activity are used as the basis for issuing recommendations and an overall opinion. RMV focuses attention on the main deficiencies identified, adapting the level of monitoring and the recommendation scale according to their relevance.

To achieve its objectives, RMV must act in accordance with the general principles defined in the Global Risk Model Validation Framework. In particular, the following general principles are relevant in the review evaluation process:

- Critical examination: All relevant information regarding models and their use should be evaluated, and a rigorous, in-depth and well-founded opinion issued.

- Transparency: RMV's opinion should be fully understood by the areas reviewed.

- Regulatory Compliance: RMV must always comply with any applicable internal rules and regulatory requirements. In particular, it must ensure that the internal models comply with the minimum regulatory requirements.

Regulatory Compliance

Regulatory Compliance supervises compliance risk, which is defined as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

The management and governing bodies of each Group company are responsible for regulatory compliance. They must provide this function with the resources needed for effective management of this risk. CaixaBank's Regulatory Compliance Area sets out the lines of action, coordination and control together with the Regulatory Compliance officers of the subsidiaries.

The Regulatory Compliance Area supervises compliance risk arising from potential deficiencies in the procedures implemented by establishing second-tier controls within its all areas of activity. When deficiencies are detected, the areas affected develop proposals for improvement initiatives, which are monitored regularly by Regulatory Compliance. The Regulatory Compliance Area also ensures that best practices in integrity and rules of conduct are followed. To do this, it has, among other things, an internal confidential whistle-blowing channel in place at the Entity. This channel also resolves any reports of financial and accounting irregularities that may arise.
The Regulatory Compliance Area liaises with the main supervisory bodies (both Spanish and international) and, handles any requirements issued by them. Lastly, the Regulatory Compliance Area reports regularly to Senior Management and the Audit and Control Committee on its control activities.

Within Regulatory Compliance, there is an independent unit, the Anti-Money Laundering and Counter Terrorist Financing Unit (AML). The AML Unit is managed and supervised by the Group's AML and CTF Committee and reports on its activities to Senior Management and the CaixaBank Audit and Control Committee.

Lastly, within the Regulatory Compliance Area, a new unit was set up in 2015 tasked with defining, implementing and supervising the Entity's and Group's policies in the area of regulatory compliance, particularly the coordination with Group subsidiaries and with CaixaBank's overseas branches, representative offices and subsidiaries.

Internal control over financial reporting

CaixaBank’s Internal Control over Financial Reporting Model includes a combination of processes designed by the Executive Audit, Management and Capital Control Division and implemented by the Board of Directors, Audit and Control Committee, Senior Management and associated personnel to provide reasonable assurance on the reliability of the financial information published by the Entity.

The model is based on the international standards developed by the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO), as well as a number of general principles and best practices developed by a group of experts and published in June 2010 by the Spanish Securities Market Regulator (CNMV) in the report entitled "Guidelines on Internal Control over Financial Reporting in Listed Companies".

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

Internal Control

The Internal Control Area, under the Deputy General Control & Compliance Area created in December 2015, forms part of the second line of defence, with the mission of providing reasonable assurance to management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the Group's risks.

Its main duties include:

- Coordinating the Corporate Risk Map. Internal Control encourages use of the Corporate Risk Map and its integration in risk management control by the organisation, bearing in mind the Risk Appetite Framework defined by the Entity.

  The Corporate Risk Map includes systematisation of the Entity's businesses, their distribution across the organisation and a Corporate Risks Catalogue. The Corporate Risk Map provides a consistent, corporate-wide view of the criticality of risks and the control environment.

- Advising Senior Management on the control protocols and action plans needed to resolve any control deficiencies

- Systematically and regularly reporting on the Group's control environment to Senior Management and governing bodies

In performing its duties, this area provides a transversal view of the main risks assumed by the Group and assesses the Group's control environment.

Internal Audit

The Deputy General Audit Division is in charge of ensuring the correct supervision of the Group's internal control model. This division reports systematically and regularly to CaixaBank's CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group's internal control framework.

Internal Audit is tasked with adding value and improving the business of the Group by aiding in the attainment of the strategic objectives.

Internal Audit acts independently and objectively and provides a systematic and disciplined approach to assessing and improving risk and control management processes. It supervises the first and second lines of defence and acts a third line of defence, providing independent information on the Group's internal control model.

Internal Audit's main responsibilities include:

- Assessing the effectiveness and efficiency of the internal control systems established to mitigate the risks associated with the Entity's activities, with a special focus on:

  - compliance with prevailing legislation, the requirements of supervisory bodies, and the proper application of Global Risk Management and Risk Appetite Frameworks defined for the banking and insurance sectors;

  - compliance with internal policies and regulations, and alignment with best industry practices and uses to ensure appropriate internal corporate governance;

- the reliability and integrity of financial and operational information, including the effectiveness of Internal Control over Financial Reporting (ICFR).

- the economical and efficient use of resources by the Entity.

- Adding value by proposing recommendations to address weakness detected in reviews conducted and monitoring their implementation by the appropriate centres.

- Reporting regular relevant information to Senior Management and the Audit and Control Committee on the conclusion of tasks carried out, weaknesses identified and recommendations made.

Having been awarded the international quality standard of the IIA (The Institute of Internal Auditors) in January 2015, CaixaBank is now well-positioned to strengthen and bring Internal Audit in line with best practices within the sector. This quality standard provides assurance and added value for CaixaBank's Management and governing bodies and underscores the trust placed in the Entity's Internal Audit function by the new European supervisor (ECB/SSM).

Internal Audit drew up a specific strategic plan aligned with CaixaBank's 2015-2018 Strategic Plan. The main lines of this plan can be summarised as follows:

- Focus revisions on the most significant risks facing the CaixaBank Group.
- Improve quality and communication in relation to both work and reports.
- Efficient team management, focusing on Professional Development and Training.
- Implementation of a Systems Plan to boost efficiency.
- Supervise the “three lines of defence model”.

3.1. Credit risk

3.1.1 Overview

Credit risk is the most significant risk item on the CaixaBank Group's balance sheet and arises from the banking and insurance business, treasury operations and the investee portfolio. The maximum credit risk exposure at 31 December 2015 of financial instruments recognised under “Held-for-trading portfolio”, “Available-for-sale financial assets”, “Loans and receivables”, “Held-to-maturity investments” and “Hedging derivatives” in the accompanying consolidated balance sheet, and “Contingent liabilities” and “Contingent commitments” as memorandum items in the accompanying consolidated balance sheet, does not differ significantly from the carrying amount.

In relation to its ordinary business, CaixaBank gears its lending activity towards meeting the financing needs of households and businesses. Credit risk management is characterised by a prudent approvals policy and appropriate coverage. Most loans are to private borrowers and consist primarily of mortgages to first-time homebuyers. Therefore, the loan structure has a significantly low level of risk given the high degree of diversification and fragmentation. In line with CaixaBank's Risk Appetite Framework, the Entity is seeking a medium-low credit risk profile, while maintaining its position of leadership in loans to individuals and strengthening its position in the companies segment, as set down in the 2015-2018 Strategic Plan).

To ensure appropriate protection of customers, individuals and credit institutions, the current legal framework (Sustainable Economy Act 2/2011, of 4 March, and Ministerial Order EHA/2899/2011, of 28 October, on transparency and protection of customers of banking services) requires all institutions to establish policies, methods and procedures that ensure the correct study and granting of loans. The new concept of "responsible loan" establishes the need to adequately evaluate customer solvency and promote practices to ensure responsible lending.

Accordingly, CaixaBank has detailed policies, methods and procedures for studying and granting loans, or responsible lending, as required in Annex 6 of Circular 5/2012 of 27 June, of the Bank of Spain addressed to credit institutions and payment service providers regarding transparency in banking and responsible lending.

The document was approved by the CaixaBank Board of Directors in January 2015, in compliance with Bank of Spain Circulars 5/2012 and 3/2014, and establishes, *inter alia*, the following policies:

- An appropriate relationship between income and the expenses borne by consumers
- Documentary proof of the information provided by the borrower and the borrower's solvency
- Pre-contractual information and information protocols that are appropriate to the personal circumstances and characteristics of each customer and operation
- An appropriate independent assessment of real estate collateral
- An entity-wide policy of not granting foreign currency loans to individuals

In addition, bearing in mind the current economic-social climate, CaixaBank has devised an "Assistance Plan" for individuals with mortgages on their main residence facing circumstantial financial difficulties. This Plan is designed to achieve three objectives:

- Pro-actively prevent default.
- Offer assistance to families that have long been good customers of the Entity and who are at risk of default due to the loss of work by one of the mortgage holders, illness, a temporary drop in income, or other circumstantial factors
- Reduce the NPL ratio

CaixaBank also adheres to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect mortgagors without funds, as amended by Law 1/2013, of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals.

3.1.2 Key indicators

At 31 December 2015 and 2014, the non-performing loan ratio (including non-performing contingent liabilities) stood at 7.9% and 9.7%, respectively. The ratio for the Spanish financial system as a whole according to the figures for December 2015 stood at 10.1%. Non-performing loans amounted to EUR 17,100 million and EUR 20,110 million at 31 December 2015 and 2014 respectively. At 31 December 2015 and 2014, provisions non-performing loans resulted in coverage ratios of 55.62% and 55.30%, respectively.

3.1.3 Credit risk cycle

The full credit risk management cycle covers the entire life of the transaction, from feasibility studies and the approval of risks as per established criteria, to monitoring solvency and returns and, ultimately, to recovering non-performing assets. Diligent management of each of these stages is essential to successful recovery.

3.1.3.1 Credit risk measurement and rating

The mission of the Corporate Risk Models and Policies Division within Global Risk Management at CaixaBank is to build, maintain and monitor the credit risk measurement systems. It is also in charge of guaranteeing and advising on the use of these systems, while seeking to ensure that the decisions based on these measurements take their quality into account. As established in best practices, this corporate division is independent from the business areas in order to ensure that risk rating policies are not affected by commercial considerations.

In accordance with the Delegated Regulation (EU) No. 529/2014 of the European Commission (CRR), CaixaBank uses internal models to assess credit risk related to the following types of exposure:

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

In addition to the above, the Entity uses internal models for management tasks but not for the purposes of calculating minimum regulatory capital requirements to some types of exposure, e.g. Specialist financing.

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

Risk measurement involves two basic concepts, described below.

Expected loss

Expected loss is the result of multiplying three factors: exposure at default, probability of default and loss given default.

Exposure at default

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

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

Probability of default

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

These tools were developed on the basis of the Entity's NPL experience and include the measurements required to fine-tune the results to the business cycle, with a view to securing relatively stable measures in the long term, which may differ from the incidences of default observed at any given time. Moreover, the tools are implemented across the entire branch network and integrated within the normal authorisation and monitoring tools of asset products.

Credit risk assessment tools can be either product or customer oriented. Product-oriented tools are used mainly within the scope of authorisation of new retail banking transactions and take account of the debtor's specific characteristics, information derived from the customer relationship, internal and external alerts, and the specific characteristics of the transaction to determine the probability of default of the transaction. Customer-oriented tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. This second group comprises behavioural 'scoring' models for the monitoring of risk of individuals and ratings or companies.

Rating tools for companies vary considerably according to the customer segment. The rating process for micro-enterprises and SMEs is based on a modular algorithm, and four different data sets are rated: 1) the financial statements, 2) the information drawn from dealings with customers, 3) internal and external alerts, and 4) certain qualitative factors.

The Corporate Rating function, which reports to the CaixaBank Global Risk Management Division, has internal models in place to obtain ratings for the large companies segment. These are expert models that seek to replicate the ratings of rating agencies and require expert criteria of analysts. In view of the lack of sufficient statistical frequency of internal default delinquency in this segment, the models were built in line with the Standard & Poor's methodology, and thus the global default rates published by the rating agency could be used, making the methodology much more reliable. The models were developed on the basis of data with sufficiently significant historical depth, so they include the cycle effect to a reasonable degree and ensure the stability of the measurements obtained.

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

Loss given default

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

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

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

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

Unexpected loss

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

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

3.1.3.2 Admission and approval

Approval of lending transactions at CaixaBank follows the basic criterion of evaluation of the borrower's repayment capacity, and it is not the Entity's policy to approve transactions merely because guarantees exist. Additionally, with regard to the basic criterion, it is important for the Entity to obtain additional guarantees, particularly in respect of long-term transactions, and to fix a price in accordance with the characteristics of the transaction.

The process for admitting and approving new loans is based on the analysis of the parties involved, the purpose of the loan, the ability to repay and the characteristics of the transaction.

The Entity has an approval system in place to authorise loans, which is a highly effective tool for delegating powers to manage risk. The system is based on the establishment of maximum approval levels by guarantee and customer/Group in the case of individuals and large companies, and by customer/economic Group expected-loss thresholds in other business segments. Decisions that, due to level of risk required, are resolved on a decentralised basis always require the signature of two employees with sufficient powers of approval.

The level of approval powers is determined based on the evaluation of five key parameters:

- **Amount**: the total finance applied for plus any finance already extended. This determines the level of risk to be approved.
- **Collateral**: the group of assets and/or funds pledged to secure fulfilment of a repayment obligation. This key parameter analyses what percentage of the finance is secured by the collateral.
- **General Risk Policy**: raft of policies identifying and evaluating the relevant variables of each transaction.
- **Term:** the requested payment term for the finance; a critical variable introducing uncertainty into the transaction.

- **Risk-adjusted price:** the risk-adjusted pricing or price determines the price of the transaction including the risk premium.

In this respect, in 2015, the process for updating risk parameters for portfolios of greater materiality continued and new management models were rolled out to improve the predictive capabilities of these tools.

Scorings of customers are updated monthly to always have an appropriate credit rating. For legal entities, the Entity periodically updates the financial statements and qualitative information of its companies to achieve the maximum level of coverage of the internal rating.

This system is based on electronic files for both new applications and existing transactions, eliminating the need to physically move files and making the process more efficient. This includes all documentation necessary to analyse and resolve the transaction for the related level, capturing basic information automatically from information systems and by scanning documentation offering a digital signature by the parties (e.g. provision of guarantee).

To determine the price of operations, the pricing tools included in the applications systems (based on appropriate coverage of the risk premium, the cost of liquidity and operating expenses) and data from the RAR (risk-adjusted return) tool are used.

This RAR measure aims to achieve greater control over the balance between risk and returns. It can identify the factors determining the returns on each customer adequately and analyse customers and portfolios in accordance with their risk-adjusted returns.

In 2014, a specific, centralised area was created for risk operations with individuals and self-employed professionals: the Individual Loan Approval Centre. The main objective of this area is to manage authorisation of loans to individuals that exceed the approval powers of the branch offices, with a commitment to provide a response with 48 hours.

For requests submitted by legal entities, there are several Regional Risk Approvals Centres. These centres deal with requests up to a specific level of risk approval, so that if the risk level requested to approve a transaction does not exceed their approval level, it may be approved at the centre. Otherwise, the request is passed on to Central Services.

Therefore, the internal organisation of Companies Loan Approvals at Central Services is based on the following structure adjusted for the type of risk and sales channels:

- **Corporate risk**: centralising operations performed by business groups managed by the corporate centres.
- **Company risk**: legal entities or business groups with reduced turnover, managed by the Companies centres or the retail network.
- **Sovereign and country risk, and risk relating to financial institutions**: responsible for managing banking risk, country risk and public sector risk.
- **Real estate risk**: covers developers in any segment, regardless of turnover, and real estate investment companies.
- **Tourism and food and agriculture risk**: covers all companies and business groups that operate in the tourism and food and agriculture sectors.
- **Project Finance**: includes all transactions presented under the project finance scheme.

Highlights for the year include:

- In 2015, the improvements defined in the project to review the risk approvals policy for companies and individuals carried out in 2014 were implemented. These improvements have simplified and streamlined the approvals process and placed more powers with the branch network.
- Based on the success of centralising risk pre-approvals for individuals, a risk pre-approval project has been launched for legal entities, specifically for micro enterprises and small companies.
- A Policy Scorecard has been designed to effectively analyse and monitor risk policies. This scorecard is extremely useful for amending and improving existing policies.

The pricing tools integrated in the loan application system (based on appropriate coverage of the risk premium), which use information from the risk-adjusted return tool, have been fully implemented in the CIB network, business centres and other SMEs.

3.1.3.3. Limits on large exposures

As part of the approvals process, the CaixaBank Group monitors and ensures compliance with the regulatory limits set by the CRR (25% of eligible own funds) and the risk appetite thresholds for large exposures, which is included in the CaixaBank Group's RAF's Tier 1 metrics. Although exempt from regulatory limits, RAF sub-limits are applied for other types of exposure, such as exposure to public administrations.

From the perspective of the RAF, a much more conservative internal methodology is used, including credit risk on the loan portfolio and equity stakes, the insurance portfolio and positions in investment funds and guaranteed pension funds.

At year-end 2015 no breach of the defined thresholds had been observed.

3.1.3 Credit risk mitigation

The Entity applies the following policies to mitigate credit risk:

- Compensation policies and processes:

  Transaction offsetting agreements included in clauses of framework offsetting agreements are used as credit risk mitigation techniques since they provide an offsetting facility between contracts of the same type. In this respect, in managing risk and calculating capital, the existing and reciprocal cash balances between the Entity and the counterparty are offset.

  As noted previously, transactions at CaixaBank are approved based on an evaluation of the borrower’s repayment capacity. If this condition is fulfilled, the contribution of additional guarantees or collateral (mortgages, collateral provided by shareholders or the parent company, or pledges) is assessed and a price is set in accordance with the aforementioned conditions that guarantees appropriate coverage of the risk premium.

  However, long-term operations must have more solid guarantees, as repayment capacity is always subject to the passage of time and the difficulties involved in assessing and controlling investment projects. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the project.

  The different types of guarantees and collateral, along with the policies and procedures their management and assessment, are as follows:

- Personal guarantees

  Most of these relate to pure-risk operations with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant, as those ultimately responsible for the operation. In the case of individuals the collateral is estimated on the basis of declarations of assets, and where the backer is a legal entity, it is analysed as the holder for the purposes of the approval process.

- Security interests

  The main types of security interests accepted for day-to-day business are as follows:

  - Pledged guarantees

    Applicable to loans, open credits, credit accounts, guarantee lines, risk lines or leases, guaranteed through CaixaBank intermediation or pledging of accounts held against the bank. In the vast majority of cases, CaixaBank must be the depository entity for the pledged guarantee and the pledge remains active until the asset falls due or is redeemed early, or so long as the asset is not derecognised. The main types of acceptable financial guarantees are as follows:

    - Demand savings accounts: A pledge is drawn up for a specific sum on the account. The rest may be freely used, and may even be used in other on-going operations.

    - Time deposits and savings facilities: The entire sum of the product is effectively withheld.

    - Interests in mutual funds: The guarantee withholding is applied to the number of holdings that make up the amount pledged, depending on the valuation at the time of pledging. Other holdings may be pledged to secure further borrowings. The percentages established for pledged collateral vary depending on the type of investment between 100% of the cash value for FIM investment funds and FIAMM money market funds, and 50% for equity investments, mixed packages or currency deals.

    - Insurance policies: Pledge in line with the policy and for the lowest value between the surrender value and the sum of capital, pensions and contributions. The pledged policy is fully affected.

    - Mortgage covered bonds: The pledge is applied to the number of securities that make up the amount pledged. Others may be used in other asset operations.

    - Rights and securities: The pledge is applied to fixed income or equities deposited with CaixaBank in a securities account, provided they are quoted on official markets. CaixaBank applications show the daily trends in the values of the securities pledged. In general, the applicable pledging percentage is 50% of the effective value in the case of equities and 85% for fixed income securities, although in certain cases the system applies lower percentages or even prevents the pledge. During the guarantee registration process, the system ensures that a pledge can be applied on the security in question and determines the applicable percentage.

    - Public body invoices and certifications of works, supplies or services or subsidies from a public body: These are loan or credit facility operations where the Entity is given a charge over the borrower's collection right. In all cases a credit transfer contract must be drawn up, along with the loan contract or credit facility agreement.

- Mortgage guarantees

  Internal regulations expressly establish the following:

  - The procedure for approval of guarantees and the requirements for drawing up operations, e.g., the documentation that must be supplied to the Entity and the mandatory legal certainty of this documentation.

  - Review processes for the appraisals registered, in order to ensure proper monitoring and control of the guarantee. Regular processes are also carried out to test and validate the appraisal values in order to detect any anomalies in the procedures of the appraisal entities acting as suppliers to CaixaBank.

  - Outlay policy, mainly concerning property development operations, to allow funds to be released as work progresses, depending on the valuation drawn up by the appraisal entity.

  - Loan to value (LTV) of the transaction: The capital to be granted in mortgage operations is limited to percentages of the value of the guarantee, which is defined as the lowest of three values: the appraisal value, the value as estimated by the applicant and, if the transaction is a purchase, the value shown on the official deed. IT systems calculate the level of approval required for each type of transaction.

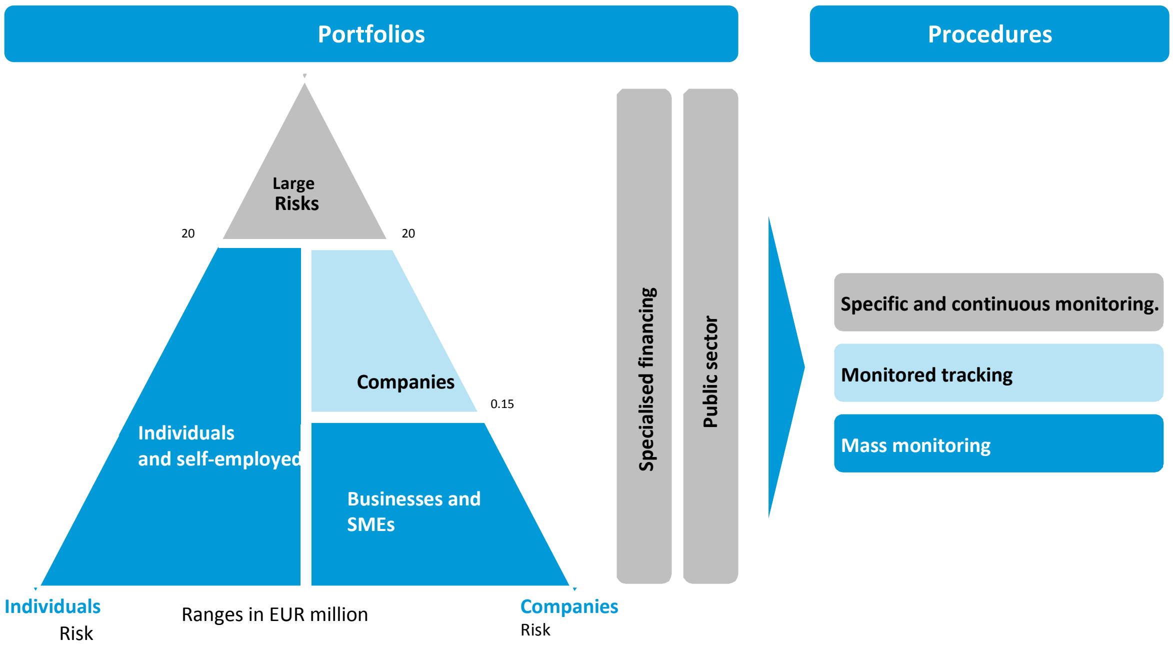
3.1.3.5 Credit risk monitoring

To adequately manage credit risk, borrowers must be monitored continuously over the entire term of their loans. The objective is to reach a conclusion on the degree of satisfaction with the risk assume with the borrower and any actions that need to be taken. Risk Monitoring targets the overall lending portfolio.

The Risk Monitoring and Prevention Management teams at CaixaBank report to the Corporate Global Risk Management Division. Its function is two-fold: to prepare follow-up reports on individual borrowers or economic groups with higher risk levels, or large exposures, and to monitor risk holders whose creditworthiness shows signs of deteriorating, using a rating and monitoring scoring system based on risk alerts for each borrower.

Another feature of the alert system is that it is fully integrated with the customer information systems, including all loan applications related to the customer. Alerts are assigned individually to each borrower and a rating is established automatically on a monthly basis.

Monitoring of portfolios is guided by several different policies and procedures, based on the exposure in question and the specific nature of the portfolios:



The monitoring procedures are: *mass monitoring* for individuals and SMEs (exposure under EUR 150,000) through preventive management, triggering automatic actions with direct implications for risk management, *monitored tracking* for companies and real estate developers (exposure up to EUR 20 million) and *specific and continuous monitoring* for relevant risks or those with specific characteristics.

The outcome of the monitoring process is the establishment of *Action Plans* for each of the borrowers analysed. These plans are in addition to the rating generated by the *Alerts* and, at the same time, provide a reference for future approval policies.

3.1.3.6 Arrears management

The default function is the last step in the credit risk management process and is aligned with CaixaBank's risk management guidelines.

Recovery is conceived as an integral management circuit that begins even before default or before an obligation falls due through a prevention system implemented by CaixaBank and ends with recovery or definitive write-off.

The CaixaBank branch network oversees the recovery activity. The Entity's extensive network allows for coverage of the entire national territory, ensuring proximity to and knowledge of the customer, which it leverages applying criteria of effectiveness and efficiency.

One of CaixaBank's main risk management priorities since economic recession in Spain began has been to ensure that the units responsible for arrears management have the resources they need to operate successfully.

The aim is to act on the first signs of any deterioration in the creditworthiness of debtors and carefully implement measures to monitor operations and the related guarantees and, if necessary, instigate claims to recover debt quickly. These measures make up the first three “Principles and premises of the Entity's recovery activity”:

- Prevention: One of the most important principles at CaixaBank is the early detection of the risk of non-payment, so it can be managed and the situation normalised even before it occurs.
- Customer-orientation: Recovery actions are designed to help customers find solutions to irregularities in payments. They also provide a tool for increasing customer loyalty, as recovery management is carried out with and for the customer. This requires knowledge and an analysis of the customer to decide on the best action for both the Entity and the customer.

  Incidents are managed bearing in mind the customer's overall position, rather than each position showing incidents separately. Also taken into account is the customer's relationship within an economic group or with other customers. In general, efforts are made to avoid overlaps in actions, which increase costs.
- Anticipation: CaixaBank attempts to act as early as possible to arrive at a solution and pre-empt other creditors in order to have the best position vis-à-vis the debtors and any other creditors.

The situation of the Spanish real estate market poses extreme difficulties for those who took out mortgage loans when property prices were at their highest, leaving them in a situation now where they cannot meet their payment obligations.

In this context, the Entity was among the first to embrace and adopt the Code of Good Practices and is still applying today a set of measures for private customers experiencing temporary difficulties in paying off mortgage loans on their normal residence. These measures, which apply only to customers whose relationship with the Entity shows their unequivocal desire to honour the commitments made, aim to adapt the conditions of the operation to the borrower’s current situation. Grace periods, waiting clauses, unification of debts and a payment moratorium, for example, are some of the measures that are analysed when deciding with customers on the process that best suits their particular situation, also applying the prudence criteria established in the "Principles and premises of the Entity's recovery activity".

- Prudence: The objective of the recovery activity is to obtain the highest amount possible at the lowest cost at any time during the life of the loan (including the judicial stage), always acting with maximum prudence in ongoing negotiations with the customer. In this respect, actions that lead to an improvement in the customer's classification and exceed the powers delegated in the recovery officer must be agreed jointly, never unilaterally. Moreover, agreements should only be make when they are reasonable and realistic, and have completed the related approval circuit.

3.1.3.7. Recoveries

Policies and strategies of the CaixaBank Group in relation to problematic assets in the construction and property development sectors

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

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

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

With regard to refinancing operations, the aim is to add new guarantees to reinforce those 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 possibility of helping with the sale is analysed through Servihabitat Servicios Inmobiliarios, SL, which is 49%-owned by CaixaBank and exclusively manages, for a period of 10 years, the CaixaBank Group's real estate assets (see Note 17), basically the properties of BuildingCenter, SAU, a property holding company of the CaixaBank Group, and of the Criteria Group, in which "la Caixa" Banking Foundation has a direct stake. This allows for the efficient management of the investment, pursuing recovery and adding value and profitability.

In all cases, detailed purchaser quality checks are run to ensure the feasibility of providing loans to the end buyers.

Finally, when there is no reasonable possibility that the borrower can continue to maintain its position, the mortgaged asset is acquired. The acquisition price is calculated using the appraisal performed by a valuation company approved by the Bank of Spain. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value.

Policies and strategies relating to foreclosed assets

BuildingCenter, SAU is the CaixaBank subsidiary responsible for ownership of the Group's real estate assets. BuildingCenter acquires the real estate assets deriving from CaixaBank's lending activity and manages them through Servihabitat Servicios Inmobiliarios, SL.

Real estate assets are acquired through three different channels:

1) Acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans. Auction prices are established, up to the limits set forth in applicable legislation, pursuant to updated appraisals made by appraisal firms approved by the Bank of Spain. Activities involving adjudication at auction are controlled by the Auctions Committee comprising CaixaBank's Risks and Legal Services Areas and representatives of BuildingCenter, which is the ultimate holder of the assets.

2) Acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts. As in the previous instance, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction.

3) Acquisition of real estate assets of companies, mainly property developers, to cancel their debts. As in the previous instances, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the rules approved in CaixaBank for this type of transaction. The acquisition process includes conducting full legal and technical reviews of the properties. The Real Estate Acquisition and Appraisal Committee, comprising CaixaBank's Risk and Legal Services Areas and representatives of BuildingCenter, which is the ultimate holder of the assets, permanently controls this process and is first in line for approving the transactions prior to them being put before CaixaBank's Management Committee.

At 31 December 2015, the accumulated volume of assets entrusted to BuildingCenter, SAU for administration amounts to EUR 7,110 million (EUR 6,515 million at 31 December 2014), of which EUR 3,022 thousand relate to assets handed over during 2015.

The strategies undertaken for the sale of these assets are as follows:

- Land development: Certain procedures have yet to be completed for some plots that are suitable for development in order for them to be developed, such as completion of the planning process, redistribution of plots and development of urban infrastructure. These procedures are performed through the specialised services of Servihabitat Servicios Inmobiliarios, pursuant to very strict investment criteria. They are only performed when the investment ensures that the value of the affected assets will be maintained.
- Completion of housing developments: CaixaBank's acquisition criteria restrict purchases of property developments in progress. A number of minor measures to improve some of these developments are made to ensure that they can be sold. These measures are performed using the technical resources and experience of Suministros Urbanos y Mantenimientos, SA (Sumasa), a Group subsidiary, also pursuant to very strict investment criteria.
- Property exchanged through swaps: This involves mobilising certain land by assigning it to a developer in exchange for part of the finished product in the property development. This strategy is followed in very limited circumstances and following very strict criteria for selecting the property developer with regard to solvency and the ability to complete the project. This strategy enables land that has been initially acquired to be converted into a finished product, which makes it easier to trade on the market.
- In-house property development: Restricted to very specific transactions where the asset's quality and characteristics mean that developing the asset is the clearest and most secure means to recover the investment and generate a positive margin.
- Rental: A means of benefiting from rising demand and generating recurring income without forcing a sale in a market with increasingly fewer buyers facing difficulties accessing credit. This strategy also involves a social dimension when former owners are offered the opportunity to rent the property they have handed over in lieu of their debt to allow them to continue living in it.
- Sale: Servihabitat Servicios Inmobiliarios, the company that manages the real estate assets of BuildingCenter, implements an intense sales campaign through an online-multichannel system, CaixaBank branches, its own offices, and estate agents, etc., which continuously positions it as a benchmark in terms of sales volume and brand recognition and innovation.

3.1.3.8 Refinancing policies

Refinancing entails the redesign of risks for customers with financial difficulties in an attempt to enhance the guarantees available and make it easier for them to meet their commitments. On 2 October 2012, the Bank of Spain released Circular 6/2012, of 28 September, which includes the treatment and classification of refinancing and debt restructuring operations (see Note 2.10). It considers as refinancing operations, the refinanced and restructured operations as described in the Circular.

The CaixaBank Group has a detailed customer debt refinancing policy, which complies with Circular 6/2012 and contains the same general principles issued by the European Banking Authority for this type of operation.

From the very beginning, CaixaBank has adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect mortgagors without funds, as amended by Law 1/2013, of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions at all times. In this regard, any transaction that CaixaBank uncovers whose terms may need to be changed due to evidence of impairment of the borrower's solvency is marked appropriately so the associated provision for impairment at the date of the change is made. Therefore, as these transactions are correctly classified and valued according to CaixaBank's best judgement, no additional provisions emerge in relation to the impairment of refinanced loans.

The table below shows the outstanding balance of refinanced operations at 31 December 2015 and 2014, by classification of customer insolvency risk:

31.12.2015

(Thousands of euros)	Performing					
	Real estate mortgage secured		Rest of secured loans		Unsecured loans	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	101	89,171	2	10,045	80	878,243
Other legal persons and individual entrepreneurs	21,189	3,109,283	387	76,227	8,665	1,361,017
Of which: finance for construction and development	2,099	799,883	35	18,009	95	5,699
Other individuals	83,841	5,200,509	801	53,675	28,592	149,787
Total	**105,131**	**8,398,963**	**1,190**	**139,947**	**37,337**	**2,389,047**

31.12.2014

(Thousands of euros)	Performing					
	Real estate mortgage secured		Rest of secured loans		Unsecured loans	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	106	95,281	2	10,169	91	814,443
Other legal persons and individual entrepreneurs	24,917	3,706,197	409	145,646	9,404	1,181,964
Of which: finance for construction and development	*2,186*	*1,071,386*	*22*	*73,479*	*114*	*11,060*
Other individuals	70,675	4,143,224	726	40,321	25,648	133,933
Total	**95,698**	**7,944,702**	**1,137**	**196,136**	**35,143**	**2,130,340**

31.12.2015

(Thousands of euros)	Substandard						
	Real estate mortgage secured		Rest of secured loans		Unsecured loans		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	6	22,128	0	0	1	41,000	0
Other legal persons and individual entrepreneurs	1,681	554,503	141	60,485	719	434,199	239,366
Of which: finance for construction and development	*802*	*285,785*	*25*	*33,762*	*2*	*770*	*112,482*
Other individuals	6,453	375,059	383	47,024	1,671	8,862	117,760
Total	**8,140**	**951,690**	**524**	**107,509**	**2,391**	**484,061**	**357,126**

31.12.2014

(Thousands of euros)	Substandard						
	Real estate mortgage secured		Rest of secured loans		Unsecured loans		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	38	67,648			16	87,950	
Other legal persons and individual entrepreneurs	3,033	828,889	120	42,965	567	427,656	296,880
Of which: finance for construction and development	*731*	*340,309*	*11*	*15,789*	*4*	*9,752*	*131,000*
Other individuals	9,655	605,157	311	34,767	1,416	6,168	122,974
Total	**12,726**	**1,501,694**	**431**	**77,732**	**1,999**	**521,774**	**419,854**

31.12.2015

(Thousands of euros)	Non-performing						
	Real estate mortgage secured		Rest of secured loans		Unsecured loans		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	6	4,134	0	0	32	21,519	289
Other legal persons and individual entrepreneurs	10,766	3,512,154	755	594,254	3,155	1,267,136	2,590,801
Of which: finance for construction and development	*3,227*	*1,544,667*	*176*	*359,131*	*110*	*82,751*	*917,214*
Other individuals	24,123	2,072,575	925	117,034	11,286	70,488	552,643
Total	**34,895**	**5,588,863**	**1,680**	**711,288**	**14,473**	**1,359,143**	**3,143,733**

31.12.2014

(Thousands of euros)	Non-performing						
	Real estate mortgage secured		Rest of secured loans		Unsecured loans		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	2	3,825	1	3,035	26	26,614	80
Other legal persons and individual entrepreneurs	14,398	4,067,059	1,005	746,441	3,743	1,043,375	2,784,730
Of which: finance for construction and development	*4,800*	*1,884,551*	*291*	*477,372*	*173*	*660,301*	*1,723,674*
Other individuals	26,631	2,224,508	941	97,043	11,690	68,247	554,010
Total	**41,031**	**6,295,392**	**1,947**	**846,519**	**15,459**	**1,138,236**	**3,338,820**

31.12.2015

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	228	1,066,240	289
Other legal persons and individual entrepreneurs	47,458	10,969,258	2,830,167
Of which: finance for construction and development	*6,571*	*3,130,457*	*1,029,696*
Other individuals	158,075	8,095,013	670,403
Total	**205,761**	**20,130,511**	**3,500,859**

31.12.2014

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	282	1,108,965	80
Other legal persons and individual entrepreneurs	57,596	12,190,192	3,081,610
Of which: finance for construction and development	*8,332*	*4,543,999*	*1,854,674*
Other individuals	147,693	7,353,368	676,984
Total	**205,571**	**20,652,525**	**3,758,674**

The following table shows the NPL ratios for each of the refinanced portfolios, calculated by dividing the gross non-performing balances by the total amount refinanced of each portfolio:

	31.12.2015	**31.12.2014**
Public sector	2.4%	3.0%
Other legal persons and individual entrepreneurs	49.0%	48.0%
Of which: finance for construction and development	*63.5%*	*66.5%*
Other individuals	27.9%	32.5%

The movement in 2015 and 2014 in the gross amount and impairment allowances for refinanced operations is as follows:

31.12.2015

(Thousands of euros)	**Performing**	**Substandard**		**Non-performing**		**Total**	
	Gross amount	**Gross amount**	**Provision**	**Gross amount**	**Provision**	**Gross amount**	**Provision**
Balance at 31.12.2014	10,271,178	2,101,200	(419,854)	8,280,147	(3,338,820)	20,652,525	(3,758,674)
Additions due to business combinations **(Note 7)**	562,905	200,059	(19,165)	971,374	(594,854)	1,734,338	(614,019)
Additions	1,728,274	430,976	(65,877)	1,001,226	(523,274)	3,160,476	(589,151)
Derecognitions (1)	(899,220)	(288,322)	41,552	(2,823,691)	1,555,746	(4,011,233)	1,597,298
Reclassifications	309,464	(721,571)	95,177	412,107	(303,961)	0	(208,784)
Changes in balance (2)	(1,044,644)	(179,082)	11,041	(181,869)	61,430	(1,405,595)	72,471
Balance at 31.12.2015	**10,927,957**	**1,543,260**	**(357,126)**	**7,659,294**	**(3,143,733)**	**20,130,511**	**(3,500,859)**

31.12.2014

(Thousands of euros)	**Performing**	**Substandard**		**Non-performing**		**Total**	
	Gross amount	**Gross amount**	**Provision**	**Gross amount**	**Provision**	**Gross amount**	**Provision**
Balance at 31.12.2013	10,790,269	3,379,539	(592,050)	11,105,712	(5,152,231)	25,275,520	(5,744,281)
Additions	2,173,821	514,436	(87,514)	1,139,831	(297,824)	3,828,088	(385,338)
Derecognitions (1)	(1,875,372)	(1,080,799)	148,487	(3,998,762)	2,326,063	(6,954,933)	2,474,550
Reclassifications	531,891	(963,948)	108,713	432,056	(301,009)	(1)	(192,296)
Changes in balance (2)	(1,349,431)	251,972	2,510	(398,690)	86,181	(1,496,149)	88,691
Balance at 31.12.2014	**10,271,178**	**2,101,200**	**(419,854)**	**8,280,147**	**(3,338,820)**	**20,652,525**	**(3,758,674)**

(1) "Derecognitions" includes the balances of those transactions that were completely cancelled during the year, either due to collection, an award, or a new refinancing.

(2) "Changes in balance" includes other changes taken place during the year in refinanced transactions, mainly amounts collected.

The net amounts recognised in the 2015 and 2014 income statements as lower hedging requirements to cover credit risk due to refinancing were EUR 185 million and EUR 172 million, respectively. The interest payable that was not recognised for accounting purposes as income, since the transactions were in an accounting situation of interest accrual, and that was recognised as income in the income statement as a result of refinancing amounted to EUR 28 million and EUR 27 million, respectively (including late-payment interest).

3.1.4 Concentration risk

According to the guidelines published by the Committee of European Banking Supervisors (CEBS) in September 2010[2] before it was dissolved and its responsibilities assumed by the EBA, concentration risk is one of the main possible causes of major losses and potential destruction of solvency of financial institutions, with many examples seen in the 2008-2009 period

In line with normal industry practice and as set out in CaixaBank's Corporate Risk Catalogue, concentration risk is conceptually included within credit risk However, according to sector supervisors and in line with best practices, the scope of analysis and monitoring of concentration risk should be broader than just loans and advances and include any type of asset.

Moreover, in line with the CEBS Guideline 7, the CaixaBank Group has developed methodologies, processes and tools to systematically identify its overall exposure with regard to a particular customer, product, industry or geographic location. Wherever it is considered necessary, limits on relative exposures to each of these have been defined under the CaixaBank Group's Risk Appetite Framework.

Lastly, the impact of interdependencies between and degree of diversification of risks is measured in terms of both regulatory and economic capital.

Concentration in customers or in "large exposures"

As explained in section 3.1.3.3. "Limits on large exposures", a regulatory standpoint and assessment are coupled with the management perspective used as a reference in the Risk Appetite Framework.

Concentration by product type

CaixaBank's internal reporting integrates both a traditional intra-risk perspective and a transversal inter-risk vision for monitoring and offering the management and governing bodies a holistic view of positions classified for accounting purposes in "Loans and receivables", "Fixed-income portfolio", "Equity portfolio" and "Derivatives".

In addition, a report is drawn up monthly showing all the positions of the CaixaBank Group, and of guaranteed mutual and pension funds. The report looks at financial portfolio performance by product type, category, country risk and issuer/counterparty risk.

Concentration by geographic location

Risk concentration by geographic area in 2015 and 2014, respectively, is as follows:

[2] "CEBS Guidelines on the management of concentration risk under the supervisory Review process (GL31)"

31.12.2015

(Thousands of euros)

	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Credit institutions	**29,253,025**	**7,084,293**	**18,651,116**	**1,099,969**	**2,417,647**
Public sector	**63,768,880**	**58,747,946**	**5,020,036**	**0**	**898**
Central government	46,012,531	40,991,597	5,020,036		898
Other	17,756,349	17,756,349			
Other financial institutions	**18,524,056**	**12,780,323**	**5,693,050**	**43,423**	**7,260**
Non-financial institutions and individual entrepreneurs	**91,459,490**	**85,238,428**	**3,793,112**	**1,825,512**	**602,438**
Construction and real estate development	9,521,635	9,420,290	77,751	22,801	793
Civil engineering	5,936,216	5,269,049	286,103	375,209	5,855
Other	76,001,639	70,549,089	3,429,258	1,427,502	595,790
Large corporations	41,539,672	37,279,805	2,708,743	1,052,374	498,750
SMEs and individual entrepreneurs	34,461,967	33,269,284	720,515	375,128	97,040
Other households and non-profit institutions serving households	**114,573,791**	**112,701,736**	**1,094,142**	**147,803**	**630,110**
Home purchase	92,500,677	91,065,895	1,036,691	127,723	270,368
Consumer	10,365,959	10,340,450	14,480	5,694	5,335
Other	11,707,155	11,295,391	42,971	14,386	354,407
SUBTOTAL	**317,579,242**				
Less: Impairment losses on assets not assigned to specific transactions	**105,637**				
TOTAL	**317,473,605**				

31.12.2014

(Thousands of euros)

	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Credit institutions	**27,915,558**	**5,346,366**	**19,426,847**	**1,111,036**	**2,031,309**
Public sector	**74,174,163**	**71,877,165**	**2,296,146**	**0**	**852**
Central government	54,321,863	52,024,865	2,296,146		852
Other	19,852,300	19,852,300			
Other financial institutions	**14,871,005**	**9,798,094**	**5,028,339**	**44,572**	
Non-financial institutions and individual entrepreneurs	**91,111,193**	**86,290,344**	**2,222,900**	**1,753,342**	**844,607**
Construction and real estate development	10,827,477	10,702,307	98,978	24,356	1,836
Civil engineering	6,077,165	5,562,956	229,804	284,334	71
Other	74,206,551	70,025,081	1,894,118	1,444,652	842,700
Large corporations	46,340,585	42,788,857	1,735,516	1,335,227	480,985
SMEs and individual entrepreneurs	27,865,966	27,236,224	158,602	109,425	361,715
Other households and non-profit institutions serving households	**106,294,991**	**104,934,909**	**912,459**	**121,371**	**326,252**
Home purchase	83,671,813	82,437,847	846,725	104,418	282,823
Consumer	8,788,687	8,772,961	7,385	3,844	4,497
Other	13,834,491	13,724,101	58,349	13,109	38,932
SUBTOTAL	**314,366,910**	**278,246,878**	**29,886,691**	**3,030,321**	**3,203,020**
Less: Impairment losses on assets not assigned to specific transactions	**68,419**				
TOTAL	**314,298,491**				

The detail of risk in Spain by Autonomous Community in 2015 and 2014 is as follows:

31.12.2015 **1 / 2**

(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castile - La Mancha	Castile-León
Credit institutions	**7,084,293**	**58,113**	**318**	**3,608**	**14,591**	**4,462**
Public sector	**58,747,946**	**1,817,062**	**497,609**	**514,206**	**192,977**	**372,098**
Central government	40,991,597					
Other	17,756,349	1,817,062	497,609	514,206	192,977	372,098
Other financial institutions	**12,780,323**	**73,165**	**1,058**	**4,358**	**1,003**	**47,562**
Non-financial institutions and individual entrepreneurs	**85,238,428**	**8,488,990**	**2,233,827**	**4,137,311**	**1,284,651**	**2,075,965**
Construction and real estate	9,420,290	1,277,204	270,861	693,688	185,672	229,936
Civil engineering	5,269,049	401,632	91,277	140,508	62,518	74,076
Other	70,549,089	6,810,154	1,871,689	3,303,115	1,036,461	1,771,953
Large corporations	37,279,805	813,765	453,915	489,086	81,380	524,414
SMEs and individual entrepreneurs	33,269,284	5,996,389	1,417,774	2,814,029	955,081	1,247,539
Other households and non-profit institutions serving households	**112,701,736**	**17,137,661**	**3,939,392**	**5,597,054**	**3,054,700**	**3,885,189**
Home purchase	91,065,895	13,633,880	3,235,315	4,884,005	2,582,643	3,360,821
Consumer	10,340,450	1,663,976	338,358	466,241	229,723	237,868
Other	11,295,391	1,839,805	365,719	246,808	242,334	286,500
TOTAL	**276,552,726**	**27,574,991**	**6,672,204**	**10,256,537**	**4,547,922**	**6,385,276**

31.12.2015 **2 / 2**

(Thousands of euros)

	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others (*)
Credit institutions	**2,335,391**	**3,445,688**	**79**	**4,406**	**537,175**	**680,462**
Public sector	**5,217,570**	**5,565,303**	**663,056**	**1,250,850**	**751,884**	**913,734**
Central government						
Other	5,217,570	5,565,303	663,056	1,250,850	751,884	913,734
Other financial institutions	**6,603,244**	**5,723,958**	**26,441**	**55,190**	**214,398**	**29,946**
Non-financial institutions and individual entrepreneurs	**22,288,978**	**27,217,923**	**1,784,924**	**5,605,719**	**3,461,912**	**6,658,228**
Construction and real estate	2,270,237	2,752,307	193,656	619,593	249,851	677,285
Civil engineering	2,009,938	1,653,073	157,585	263,751	185,042	229,649
Other	18,008,803	22,812,543	1,433,683	4,722,375	3,027,019	5,751,294
Large corporations	13,403,008	15,973,767	628,139	1,133,566	1,810,840	1,967,925
SMEs and individual entrepreneurs	4,605,795	6,838,776	805,544	3,588,809	1,216,179	3,783,369
Other households and non-profit institutions serving households	**37,056,694**	**16,730,344**	**3,624,610**	**8,179,110**	**3,265,396**	**10,231,586**
Home purchase	28,078,066	14,139,100	3,096,204	6,823,870	2,774,374	8,457,617
Consumer	4,191,985	1,191,009	265,294	647,408	248,587	860,001
Other	4,786,643	1,400,235	263,112	707,832	242,435	913,968
TOTAL	**73,501,877**	**58,683,216**	**6,099,110**	**15,095,275**	**8,230,765**	**18,513,956**

(*) Includes autonomous communities that combined represent no more than 10% of the total.

31.12.2014 **1 / 2**

(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castile - La Mancha	Castile-León
Credit institutions	**5,346,366**	**32,358**	**257,747**			**102,542**
Public sector	**71,877,165**	**1,468,969**	**678,919**	**626,929**	**265,078**	**479,286**
Central government	52,024,865					
Other	19,852,300	1,468,969	678,919	626,929	265,078	479,286
Other financial institutions	**9,798,094**	**18,811**	**104**	**97**	**876**	**7,334**
Non-financial institutions and individual entrepreneurs	**86,290,344**	**7,299,136**	**1,853,023**	**3,335,830**	**1,071,255**	**2,134,751**
Construction and real estate	10,702,307	1,863,942	279,620	1,000,346	321,163	296,067
Civil engineering	5,562,956	361,435	96,826	125,467	59,486	83,448
Other	70,025,081	5,073,759	1,476,577	2,210,017	690,606	1,755,236
Large corporations	42,788,857	1,091,317	495,145	645,594	41,266	753,869
SMEs and individual entrepreneurs	27,236,224	3,982,442	981,432	1,564,423	649,340	1,001,367
Other households and non-profit institutions serving households	**104,934,909**	**17,868,613**	**3,624,557**	**6,052,651**	**3,099,658**	**3,785,840**
Home purchase	82,437,847	12,841,765	2,684,164	5,378,709	2,598,179	3,235,393
Consumer	8,772,961	952,258	169,844	276,036	118,438	118,118
Other	13,724,101	4,074,590	770,549	397,906	383,041	432,329
TOTAL	**278,246,878**	**26,687,887**	**6,414,350**	**10,015,507**	**4,436,867**	**6,509,753**

31.12.2014 **2 / 2**

(Thousands of euros)

	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others (*)
Credit institutions	**2,403,897**	**1,995,298**		**48,128**	**316,690**	**189,706**
Public sector	**5,945,115**	**6,736,519**	**316,631**	**1,298,131**	**879,820**	**1,156,903**
Central government						
Other	5,945,115	6,736,519	316,631	1,298,131	879,820	1,156,903
Other financial institutions	**5,979,569**	**3,712,766**	**36,426**	**21,575**	**840**	**19,696**
Non-financial institutions and individual entrepreneurs	**26,443,034**	**27,225,238**	**1,920,912**	**4,742,984**	**4,373,739**	**5,890,442**
Construction and real estate	2,321,713	2,499,198	283,868	703,607	359,529	773,254
Civil engineering	2,362,960	1,462,030	154,498	194,099	282,127	380,580
Other	21,758,361	23,264,010	1,482,546	3,845,278	3,732,083	4,736,608
Large corporations	13,979,857	18,829,620	711,109	1,399,770	2,786,696	2,054,614
SMEs and individual entrepreneurs	7,778,504	4,434,390	771,437	2,445,508	945,387	2,681,994
Other households and non-profit institutions serving households	**31,159,658**	**14,778,863**	**3,741,996**	**7,784,177**	**3,018,605**	**10,020,291**
Home purchase	24,066,761	11,792,323	3,148,488	6,372,362	2,523,405	7,796,298
Consumer	5,303,549	579,505	257,515	374,587	145,732	477,379
Other	1,789,348	2,407,035	335,993	1,037,228	349,468	1,746,614
TOTAL	**71,931,273**	**54,448,684**	**6,015,965**	**13,894,995**	**8,589,694**	**17,277,038**

(*) Includes autonomous communities that combined represent no more than 10% of the total.

Concentration by economic sector

Risk concentration by economic sector is subject to the limits established by the CaixaBank Group's Risk Appetite Framework (Tier 1), differentiating between private business economic activities and public sector financing. In keeping with the internal communication policy of the Risk Appetite Framework, trends in these indicators are reported monthly to the Global Risk Committee and quarterly to the CaixaBank Risks Committee (at least).

For the private business sector, a maximum concentration limit in any economic sector is established by aggregating the accounting positions recognised under loans and receivables, investment portfolio and equity investments (excluding treasury repo operations, deposits and trading portfolio).

At the end of December, the real estate sector showed the largest relative weight. The following chapter provides a more in-depth view of financing for real estate development and for home purchases, and assets acquired in lieu of payment of debts.

In addition, in calculating the economic capital charge, the impact of diversification of the lending portfolio based on sector concentration is determined.

Exposure to the public sector is also regularly analysed and monitored. See 3.1.5 Sovereign risk for details.

Loans and advances to customers by activity in 2015 and 2014, respectively, were as follows:

31.12.2015

(Thousands of euros)	TOTAL	*Of which: Real estate mortgage secured*	*Of which: Rest of secured loans*	Secured loans (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public sector	**14,152,657**	***477,420***	***3,029***	**31,123**	**29,043**	**57,146**	**111,617**	**251,520**
Other financial institutions	**10,984,205**	***216,225***	***4,708,757***	**12,955**	**112,249**	**46,030**	**55,346**	**4,698,402**
Non-financial institutions and individual entrepreneurs	**64,004,650**	**30,553,930**	**2,245,107**	**8,545,169**	**9,266,046**	**9,185,881**	**3,205,544**	**2,596,397**
Construction and real estate	7,450,440	*6,598,855*	*167,589*	1,258,910	2,000,755	2,242,267	694,649	569,863
Civil engineering	4,279,794	*767,642*	*50,806*	217,525	278,908	185,165	64,712	72,138
Other	52,274,416	23,187,433	2,026,712	7,068,734	6,986,383	6,758,449	2,446,183	1,954,396
Large corporations	19,918,904	*2,952,776*	*428,619*	897,427	689,373	1,115,316	268,982	410,297
SMEs and individual entrepreneurs	32,355,512	*20,234,657*	*1,598,093*	6,171,307	6,297,010	5,643,133	2,177,201	1,544,099
Other households and non-profit institutions serving households	**113,860,325**	**98,724,053**	**989,490**	**23,452,996**	**35,835,784**	**32,308,555**	**6,589,093**	**1,527,115**
Home purchase	92,496,925	*86,862,302*	*446,885*	19,947,918	32,355,366	29,008,911	5,167,844	829,148
Consumer	10,351,891	*4,123,516*	*232,088*	1,367,568	1,234,260	1,144,191	436,496	173,089
Other	11,011,509	*7,738,235*	*310,517*	2,137,510	2,246,158	2,155,453	984,753	524,878
SUBTOTAL	**203,001,837**	***129,971,628***	***7,946,383***	**32,042,243**	**45,243,122**	**41,597,612**	**9,961,600**	**9,073,434**
Less: Impairment losses on assets not assigned to specific transactions	**105,637**							
TOTAL	**202,896,200**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	16,629,652	13,487,804	270,856	2,170,191	2,316,226	2,905,506	2,872,976	3,493,761

31.12.2014

(Thousands of euros)	TOTAL	*Of which: Real estate mortgage secured*	*Of which: Rest of secured loans*	Secured loans (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public sector	**13,983,235**	***545,039***	***583***	**61,792**	**90,915**	**340,585**	**16,984**	**35,346**
Other financial institutions	**3,049,141**	***753***		**753**				
Non-financial institutions and individual entrepreneurs	**66,025,567**	**27,930,249**	**807,954**	**9,746,578**	**10,357,963**	**6,170,816**	**990,663**	**1,472,183**
Construction and real estate development	9,565,785	*9,279,622*	*64,357*	1,885,893	3,848,458	2,818,140	385,334	406,154
Civil engineering	4,089,395	*860,540*	*29,635*	319,207	323,441	184,322	24,734	38,471
Other	52,370,387	17,790,087	713,962	7,541,478	6,186,064	3,168,354	580,595	1,027,558
Large corporations	27,038,405	*4,438,684*	*284,262*	1,887,938	1,296,639	796,128	116,063	626,178
SMEs and individual entrepreneurs	25,331,982	*13,351,403*	*429,700*	5,653,540	4,889,425	2,372,226	464,532	401,380
Other households and non-profit institutions serving households	**105,772,340**	**96,071,947**	**461,295**	**22,022,967**	**33,422,147**	**32,676,233**	**7,023,636**	**1,388,259**
Home purchase	83,671,813	*81,873,585*	*114,158*	16,248,825	28,238,366	29,948,589	6,436,553	1,115,410
Consumer	8,788,687	*1,896,559*	*119,448*	903,326	691,140	325,905	66,734	28,902
Other	13,311,840	*12,301,803*	*227,689*	4,870,816	4,492,641	2,401,739	520,349	243,947
SUBTOTAL	**188,830,283**	**124,547,988**	**1,269,832**	**31,832,090**	**43,871,025**	**39,187,634**	**8,031,283**	**2,895,788**
Less: Impairment losses on assets not assigned to specific transactions	**68,419**							
TOTAL	**188,761,864**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	16,893,851	13,934,800	272,956	3,128,699	4,408,841	4,877,871	1,374,808	417,537

Risk concentration according to the rating assigned to fixed income instruments at year-end 2015 and 2014, respectively, is as follows:

2015

(Thousands of euros)	Loans and receivables (Note 13.3)	Financial assets held for trading (Note 11)	Available-for-sale financial assets (Note 12)	Held-to-maturity investments (Note 14)	TOTAL
AAA			319,149		319,149
AA+			3,326		3,326
AA	7,801	52,547	848,735		909,083
AA-		7,754	126,626		134,380
A+		23,445	510,163		533,608
A		14,742	376,288		391,030
A-		20,183	403,582		423,765
BBB+	403,185	3,100,023	42,307,701	3,586,019	49,396,928
BBB		11,582	12,640,126		12,651,708
BBB-		25,068	704,905		729,973
Investment grade	**410,986**	**3,255,344**	**58,240,601**	**3,586,019**	**65,492,950**
	44.3%	100.0%	97.7%	93.9%	96.9%
BB+		142	65,706		65,848
BB			209,682		209,682
BB-			6,287		6,287
B+			1,040		1,040
B			2,215		2,215
B-					0
CCC+			71,851		71,851
CCC					0
CC					0
C	13,099				13,099
D	45,562				45,562
No rating	458,008		1,020,580	234,095	1,712,683
Non-investment grade	**516,669**	**142**	**1,377,361**	**234,095**	**2,128,267**
	55.7%	0.0%	2.3%	6.1%	3.1%
Balance at 31.12.2015	**927,655**	**3,255,486**	**59,617,962**	**3,820,114**	**67,621,217**

2014

(Thousands of euros)

	Loans and receivables (Note 13.3)	Financial assets held for trading (Note 11)	Available-for-sale financial assets (Note 12)	Held-to-maturity investments (Note 14)	TOTAL
AAA		578	194,552		195,130
AA+			114,921	750,129	865,050
AA		254,045	416,608		670,653
AA-			57,591		57,591
A+	983,539	10,046	419,423		1,413,008
A			260,577		260,577
A-		26,679	988,733		1,015,412
BBB+	7,409	240,445	1,854,986	3,087,078	5,189,918
BBB		1,505,867	51,857,284	4,466,820	57,829,971
BBB-		10,229	9,088,555		9,098,784
Investment grade	**990,948**	**2,047,889**	**65,253,230**	**8,304,027**	**76,596,094**
	38.2%	99.9%	97.1%	86.4%	94.0%
BB+	571,730		419,807		991,537
BB		1,885	330,249	915,752	1,247,886
BB-			25,134		25,134
B+			60,285		60,285
B			3,909		3,909
B-					0
CCC+			70,582		70,582
CCC					0
CC					0
C					0
D					0
No rating	1,029,717		1,041,891	388,710	2,460,318
Non-investment grade	**1,601,447**	**1,885**	**1,951,857**	**1,304,462**	**4,859,651**
	61.8%	0.1%	2.9%	13.6%	6.0%
Balance at 31.12.2014	**2,592,395**	**2,049,774**	**67,205,087**	**9,608,489**	**81,455,745**

Standard & Poor's sovereign ratings for the Kingdom of Spain at 31 December 2015 and 2014 were BBB+ and BBB, respectively.

The methodology applied to assign credit ratings to fixed income issues is based on the regulatory banking criteria defined in the CRD IV regulation and the CRR on capital requirements, and therefore the second best rating of all those available is used.

3.1.5. Sovereign risk

The Group's position in sovereign debt, concentrated mainly in CaixaBank and the insurance group, is subject to the Company's general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile.

First, the position in public and regional debt is subject to the general concentration and country risk limits established. Regular control procedures are in place for both, preventing new positions from being taken that could increase the credit risk on names or countries in which the Company has a high risk concentration unless express approval is given by the pertinent authority.

For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographical location of all of the Group's fixed-income issuances (e.g. bonds, private fixed-income, public debt, preference shares) and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.

Regarding the Treasury Desk's public debt position, a set of limits on maturity and amount per country is approved on positions in sovereign debt issuances for managing residual liquidity in the balance sheet, market making and arbitrage.

These positions are also subject to the framework for market risk control and limits established for the treasury positions (see section on market risk).

To monitor market and credit risk, daily reports are prepared on country risk based on an analysis of trends in credit default swaps and the comparison of implied rates derived from these instruments with official ratings assigned by the rating agencies.

Finally, in addition to these controls, a report is drawn up monthly showing all the positions of the Consolidated Group, and of guaranteed mutual and pension funds. The report looks at portfolio performance by product type, category, country risk and issuer/counterparty risk.

The carrying amounts of the main items related to sovereign risk exposure at 31 December 2015 and 2014 are shown below.

31.12.2015 (CaixaBank Group, excluding the Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months	381,417	0	356,521	1,346,568	102,898
	Between 3 months and 1 year (1)	1,378,601	(346,472)	1,054,186	4,056,199	1,028,459
	Between 1 and 2 years	222,237	(128,526)	1,215,721	585,245	514,230
	Between 2 and 3 years (2)	87,525	(148,744)	548,929	501,447	0
	Between 3 and 5 years	192,649	(727,214)	4,658,262	1,723,869	50,576
	Between 5 and 10 years	196,487	(962,551)	5,128,868	3,973,599	344,631
	Over 10 years	195,044	(269,472)	7,748	1,929,559	0
	Total	2,653,960	(2,582,979)	12,970,235	14,116,486	2,040,794
Italy	Less than 3 months	67,751				
	Between 3 months and 1 year	150,667	(34,136)			
	Between 1 and 2 years	100,363	(18,099)			
	Between 2 and 3 years	8,595	(66,469)			
	Between 3 and 5 years	12,903				
	Between 5 and 10 years	5,917		2,288,619		
	Total	346,196	(118,704)	2,288,619	0	0
Others (*)	Less than 3 months	50,025		256,109	36,191	
	Between 3 months and 1 year			561,818		
	Between 1 and 2 years	1,172				
	Between 3 and 5 years	456				
	Total	51,653	0	817,927	36,191	0
Total countries		**3,051,809**	**(2,701,683)**	**16,076,781**	**14,152,677**	**2,040,794**

Note: The CaixaBank Group holds no Greek sovereign debt positions.

31.12.2015 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months			124,619		
	Between 3 months and 1 year			866,870		
	Between 1 and 2 years			1,098,343		
	Between 2 and 3 years			895,820		
	Between 3 and 5 years			1,153,450		
	Between 5 and 10 years			6,658,815		
	Over 10 years			24,240,000		
	Total	**0**	**0**	**35,037,917**	**0**	**0**
Belgium	Between 3 months and 1 year			551		
	Between 1 and 2 years			147		
	Between 2 and 3 years			3,156		
	Between 3 and 5 years			700		
	Between 5 and 10 years			10,795		
	Over 10 years			121		
	Total	**0**	**0**	**15,470**	**0**	**0**
Ireland	Between 3 and 5 years			1,827		
	Total	**0**	**0**	**1,827**	**0**	**0**
Italy	Less than 3 months			6,306		
	Between 3 months and 1 year			13,109		
	Between 1 and 2 years			22,300		
	Between 2 and 3 years			8,302		
	Between 3 and 5 years			14,769		
	Between 5 and 10 years			182,390		
	Over 10 years			1,303,498		
	Total	**0**	**0**	**1,550,674**	**0**	**0**
Others (*)	Less than 3 months			41		
	Between 3 months and 1 year			1,436		
	Between 1 and 2 years			2,285		
	Between 2 and 3 years			113		
	Between 3 and 5 years			7,352		
	Between 5 and 10 years			5,265		
	Over 10 years			44,407		
	Total	**0**	**0**	**60,899**	**0**	**0**
Total countries		**0**	**0**	**36,666,787**	**0**	**0**
Total Group (CaixaBank + insurance group)		**3,051,809**	**(2,701,683)**	**52,743,568**	**14,152,677**	**2,040,794**

Note: The Group holds no Greek sovereign debt positions.

31.12.2014 (CaixaBank Group, excluding the Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12) (2)	Loans and receivables (Note 13) (1)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months	75,957	(74,000)	849,758	1,158,875	1,808,771
	Between 3 months and 1 year (1)	56,724	(837,841)	7,075,100	3,699,651	2,458,528
	Between 1 and 2 years	359,499	(59,697)	1,438,950	635,680	1,131,940
	Between 2 and 3 years (2)	117,733	(135,012)	1,295,807	905,539	514,461
	Between 3 and 5 years	160,206	(86,613)	5,140,335	2,100,705	
	Between 5 and 10 years	473,627	(279,617)	6,645,401	3,534,157	395,535
	Over 10 years	239,362	(322,303)	8,109	1,926,766	
	Total	1,483,108	(1,795,083)	22,453,460	13,961,373	6,309,235
Italy	Less than 3 months	1,436				
	Between 3 months and 1 year	10,678				
	Between 1 and 2 years	25,994	(9,691)			
	Between 2 and 3 years	4,791	(24,286)			
	Between 3 and 5 years	22,227	(3,319)			
	Between 5 and 10 years	16,490	(18,763)			
	Over 10 years	1,313	(18,324)			
	Total	82,929	(74,383)	0	0	0
Others (*)	Less than 3 months	150,005		852	21,863	
	Between 3 months and 1 year	100,020				
	Between 1 and 2 years			408,878		
	Between 2 and 3 years	1,170				
	Between 3 and 5 years	2,299				
	Between 5 and 10 years	1,130				
	Total	254,624	0	409,730	21,863	0
Total countries		**1,820,661**	**(1,869,466)**	**22,863,190**	**13,983,236**	**6,309,235**

Note: The CaixaBank Group holds no Greek sovereign debt positions.

(1) "Loans and receivables" includes EUR 17 million from CaixaRenting, SA and EUR 0.6 million from Caixa Card 1 EFC, SAU.

(2) "Available-for-sale financial assets" includes EUR 44.9 million from CaixaBank Asset Management, SGIIC, SAU.

31.12.2014 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities (Note 11)	Financial assets held for trading - short positions (Note 11)	Available-for-sale financial assets (Note 12)	Loans and receivables (Note 13)	Held-to-maturity investments (Note 14)
Spain	Less than 3 months			271,073		
	Between 3 months and 1 year			361,220		
	Between 1 and 2 years			1,138,128		
	Between 2 and 3 years			1,168,526		
	Between 3 and 5 years			1,542,944		
	Between 5 and 10 years			5,058,263		
	Over 10 years			25,170,098		
	Total	**0**	**0**	**34,710,252**	**0**	**0**
Belgium	Between 3 months and 1 year			2,083		
	Between 1 and 2 years			567		
	Between 2 and 3 years			154		
	Between 3 and 5 years			3,965		
	Between 5 and 10 years			11,021		
	Over 10 years			123		
	Total	**0**	**0**	**17,913**	**0**	**0**
Ireland	Between 5 and 10 years			1,856		
	Total	**0**	**0**	**1,856**	**0**	**0**
Italy	Less than 3 months			9,499		
	Between 3 months and 1 year			14,791		
	Between 1 and 2 years			17,636		
	Between 2 and 3 years			21,250		
	Between 3 and 5 years			18,720		
	Between 5 and 10 years			100,067		
	Over 10 years			1,327,703		
	Total	**0**	**0**	**1,509,666**	**0**	**0**
Others (*)	Less than 3 months			878		
	Between 3 months and 1 year			495		
	Between 1 and 2 years			1,528		
	Between 2 and 3 years			2,436		
	Between 3 and 5 years			3,365		
	Between 5 and 10 years			11,519		
	Over 10 years			64,253		
	Total	**0**	**0**	**84,474**	**0**	**0**
Total countries		**0**	**0**	**36,324,161**	**0**	**0**
Total Group (CaixaBank + insurance group)		**1,820,661**	**(1,869,466)**	**59,187,351**	**13,983,236**	**6,309,235**

Note: The Group holds no Greek sovereign debt positions.

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

Country risk

Country risk is the probability of a financial loss occurring as a result of macroeconomic, political or social factors or natural disaster in a specific country. It is therefore a component of credit risk, that includes all cross border credit transactions, due to circumstance other than usual commercial risk.

The objective of country risk is to reduce exposure and protect an entity in face of potential non-compliance. Its main features are as follows:

- Sovereign risk: the risk that a sovereign entity could default on its debt, and that repayment cannot be enforced by any court.
- Transfer risk: the risk that assets, such the principal on loans, interest or dividend capital may not be sent out of a country, as a result of restrictions on the free movement of capital.
- Lastly, other risks involving exposures in other countries, the value of which depends on the political and economic risk factors in the country in question. Specifically, these include the country's liquidity, market and correlation risk, in addition to its credit risk in the event of a systemic shock. In other words, the risk of a sharp deterioration in the country's lending profile.

With regard to country risk exposure, particular attention is given to sovereign risk, understood to be public debt and state guarantees. Therefore, exposure is only authorised for countries with the highest credit ratings.

The limits marking the maximum permitted exposure to a country are calculated using qualitative and quantitative variables. However, the Risks Division has the power to assign lower limits if it considers this to be warranted by a country's economic and political climate.

Country risk approval principles follow the same lines of prudence as those of the Entity, only selecting transactions that help our customers to develop their international relations.

As a result, total country risk exposure remains low, and is also widely diversified, as no one country accounts for more than 1% of the CaixaBank Group's total assets (with the exception of Group 1, classified by the Bank of Spain as the lowest risk group).

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

The main data at 31 December 2015 and 2014 regarding financing for property development, home purchasing and foreclosed assets are discussed below.

Memorandum items: Data on the CaixaBank Group

(Thousands of euros)

	Carrying amount	
	31.12.2015	**31.12.2014**
Total loans and advances to customers excluding public sector (businesses in Spain)	188,619,485	174,778,628
Total assets	344,255,475	338,623,449

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at 31 December 2015 and 2014. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

31.12.2015

(Thousands of euros)

	Gross amount	Excess over value of collateral	Specific allowance
Credit recognised by CaixaBank Group credit institutions	**9,825,444**	**2,733,252**	**2,375,004**
Of which: Non-performing	4,337,149	1,630,638	2,208,925
Mortgage	*3,837,055*	*1,630,638*	*1,739,732*
Personal	*500,094*		*469,193*
Of which: Substandard	527,506	59,087	166,079
Mortgage	*487,082*	*59,087*	*152,190*
Personal	*40,424*		*13,889*
Memorandum items			
Asset write-offs	4,302,292		

31.12.2014

(Thousands of euros)

	Gross amount	Excess over value of collateral	Specific allowance
Credit recognised by CaixaBank Group credit institutions	**14,068,609**	**3,358,143**	**4,386,601**
Of which: Non-performing	7,679,126	2,971,372	4,173,831
Mortgage	*6,568,300*	*2,971,372*	*3,172,594*
Personal	*1,110,826*		*1,001,237*
Of which: Substandard	606,373	76,342	212,770
Mortgage	*570,526*	*76,342*	*195,875*
Personal	*35,847*		*16,895*
Memorandum items			
Asset write-offs	2,822,012		

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the CriteriaCaixa Group's real estate companies, which at 31 December 2015 and 2014 amounted to EUR 657 million and EUR 1,663 million, respectively. The change in financing in 2015 was due mainly to the early redemption of the bond issued in 2012 by Criteria Caixa, SAU with a nominal amount at 31 December 2014 of EUR 999 million.

The level of coverage for real estate developers and developments considered problematic at 31 December 2015 stood at 48.8% (31 December 2015: 52.9%).

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	
	31.12.2015	**31.12.2014**
Not real estate mortgage secured	**1,082,542**	**1,698,855**
Real estate mortgage secured	**8,742,902**	**12,369,754**
Completed buildings	6,534,443	9,040,157
Homes	*4,322,162*	*6,315,031*
Other	*2,212,281*	*2,725,126*
Buildings under construction	643,015	1,068,288
Homes	*540,809*	*923,201*
Other	*102,206*	*145,087*
Land	1,565,444	2,261,309
Built land	*464,556*	*725,352*
Other	*1,100,888*	*1,535,957*
Total	**9,825,444**	**14,068,609**

At the date of integration, the business combination with Barclays Bank, SAU involved assuming a developer loan book of EUR 875 million (gross). A specific allowance of EUR 448 million has been set aside for these loans.

Financing for home purchases

The breakdown of home purchase loans at 31 December 2015 and 2014 is as follows:

(Thousands of euros)	Gross amount	
	31.12.2015	**31.12.2014**
Not real estate mortgage secured	785,033	790,215
Of which: non-performing	*16,740*	*6,838*
Real estate mortgage secured	88,881,789	80,356,912
Of which: non-performing	*3,359,947*	*3,263,520*
Total home loans (*)	**89,666,822**	**81,147,127**

(*) Includes financing for home purchases granted by investee Unión de Créditos para la Financiación Inmobiliaria, EFC, SAU (Credifimo).

Real estate loans granted in 2015 and 2014 by CaixaBank or subsidiaries amounted to EUR 486.7 million and EUR 479.4 million, respectively, while the average percentages financed were 87% and 82%, respectively.

Home purchase loans with a mortgage guarantee at these dates by the loan-to-value (LTV) ratio, based on the latest available appraisal, are as follows:

31.12.2015

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**80% < LTV ≤ 100%**	**LTV > 100%**	**TOTAL**
Gross amount	20,295,267	32,932,773	29,526,924	5,255,027	871,798	88,881,789
Of which: non-performing	*244,861*	*789,609*	*1,548,651*	*540,140*	*236,686*	*3,359,947*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for non-performing transactions in accordance with prevailing regulations.

31.12.2014

(Thousands of euros)	LTV ranges					
	LTV ≤ 40%	**40% < LTV ≤ 60%**	**60% < LTV ≤ 80%**	**80% < LTV ≤ 100%**	**LTV > 100%**	**TOTAL**
Gross amount	15,345,802	27,488,184	30,411,023	6,311,877	800,026	80,356,912
Of which: non-performing	*197,651*	*653,929*	*1,601,104*	*615,012*	*195,824*	*3,263,520*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for non-performing transactions in accordance with prevailing regulations.

Foreclosed assets

The table below shows foreclosed assets by source and type of property at 31 December 2015 and 2014:

Foreclosed real estate assets (*)

(Thousands of euros)	31.12.2015		31.12.2014	
	Carrying amount	**Of which: allowances (**)**	**Carrying amount**	**Of which: allowances (**)**
Property acquired from loans to real estate developers	**5,299,297**	**(4,351,929)**	**5,365,730**	**(3,715,430)**
Completed buildings	2,911,103	(1,516,923)	2,908,280	(1,233,378)
Homes	*2,132,757*	*(1,097,180)*	*2,163,757*	*(953,429)*
Other	*778,346*	*(419,743)*	*744,523*	*(279,949)*
Buildings under construction	380,024	(430,797)	359,396	(387,933)
Homes	*344,769*	*(396,929)*	*312,648*	*(339,971)*
Other	*35,255*	*(33,868)*	*46,748*	*(47,962)*
Land	2,008,170	(2,404,209)	2,098,054	(2,094,119)
Built land	*1,048,039*	*(1,032,770)*	*1,156,409*	*(982,619)*
Other	*960,131*	*(1,371,439)*	*941,645*	*(1,111,500)*
Property acquired from mortgage loans to homebuyers	**1,833,975**	**(854,113)**	**1,378,362**	**(504,587)**
Other property foreclosures	**816,929**	**(550,761)**	**719,034**	**(389,955)**
Equity instruments, investments and financing granted to unconsolidated companies holding these assets				
Total	**7,950,201**	**(5,756,803)**	**7,463,126**	**(4,609,972)**

(*) Does not include foreclosed assets classified as "Tangible assets - Investment property" amounting to EUR 2,966 million, net (EUR 2,771 million, net at 31 December 2014) and includes foreclosure rights deriving from auctions in the amount of EUR 692 million, net (EUR 745 million, net at 31 December 2014).
(**) The amount of the allowance corresponding to the difference between the value of the cancelled gross debt and the net carrying amount of the property amounts to EUR 10,602 million (EUR 9,007 million at 31 December 2014).

3.1.7 Counterparty risk generated by treasury operations

Quantification and management of counterparty risk with the financial sector from treasury and foreign trade operations show certain peculiarities, basically as a result of the type of financial instruments used and, principally, of the expediency and flexibility required for treasury transactions.

The maximum authorised exposure to counterparty credit risk for credit approval purposes is determined using a complex calculation, primarily based on ratings for the entities and on analysis of their financial statements.

Monitoring is also carried out of share prices and of CDSs for the counterparties in order to detect any impairment of their solvency.

Practically all exposures arising from the activity of the Treasury Desk were assumed with counterparties located in European countries and the United States.

Additionally, the distribution by ratings reflects the significance of operations with counterparties assessed as "investment grade," i.e. those which international rating agencies have considered to be safe due to their high payment capacity.

The Corporate Global Risk Management Division is responsible for integrating these risks within the Company's overall exposure management framework, although specific responsibility for managing and monitoring exposure to counterparty risk arising from activity with the financial sector lies with the Corporate Risk Analysis and Approval Division, which draws up the proposals for approval of risk lines, and monitors the use of these lines.

Within the Group, counterparty risk is controlled by CaixaBank through an integrated real-time system that provides information at any given time of the available limit for any counterparty, by product and maturity. Risk is measured both in terms of current market value and future exposure (the value of risk positions in due consideration of future changes to underlying market factors).

Furthermore, as part of the monitoring process for credit risks assumed by market operations, the Corporate Risk Analysis and Approval Division and the Executive Legal Advisory Division actively manage and monitor the adequacy of the related contractual documentation. To mitigate exposure to counterparty risk, CaixaBank has a solid base of collateral agreements. Virtually all the risks undertaken in connection with derivative instruments are covered by standardised ISDA and/or CMOF contracts, which provide for the possibility of offsetting the outstanding collection and payment flows between the parties.

CaixaBank has signed collateral agreements with interbank counterparties, which provide a guarantee of the market value of derivative transactions. CaixaBank's policy is to collateralise all its derivatives transactions with financial institutions, and the same applies to repo transactions hedged with GMRA agreements.

In addition, following the entry into force of EMIR regulations and the Regulation of the European Parliament on prudential requirements for credit institutions, the risks of trading in OTC derivatives contracts is being mitigated through clearance of market positions using Central Counterparties.

Moreover, to mitigate settlement risk with a counterparty, delivery-versus-payment (DVP) settlement systems are used, whereby clearing and settlement of a transaction occur simultaneously and inseparably.

3.1.8 Risk associated with the investee portfolio

The risk relating to the CaixaBank Group's investee portfolio is the risk associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions composing the investment portfolio at medium to long term.

The Corporate Global Risk Management Division measures the risk of these positions. For investments not classified as available for sale, i.e. intended to be held on a long-term basis, the most significant risk is default risk, and, therefore, the PD/LGD approached is used. For investments classified as available for sale, the calculation is carried out using the internal Value at Risk model, as the most significant risk is market risk. The Risk in Market Operations Division calculates the risk inherent in market price volatility using a statistical estimate of maximum potential losses by reference to historical data on price changes of the return spread in relation to risk-free interest rates. If the requirements for applying the aforementioned methods are not met, the simple risk-weighting method under Basel III is applied.

The Corporate Global Risk Management Division monitors these indicators on an ongoing basis to ensure that the most appropriate decisions are always taken on the basis of the market performance observed and predicted and of the CaixaBank Group's strategy.

These measures and their implementation are necessary to monitor management of the investee portfolio and enable CaixaBank Group Senior Management to take strategic decisions on portfolio composition.

The Risk in Market Operations Department, moreover, studies derivatives and the foreign currency risk associated with the investee portfolio, and monitors risk in relation to finance markets associated with investees on an ongoing basis. See Notes 12 and 17 for more details.

Lastly, the Herfindahl Index is used to measure the degree of concentration of the portfolio. This index was originally created to identify the degree of concentration in markets (monopolies, oligopolies, perfect competition), but is now a generally accepted and commonly used measurement in assessing concentration in an asset portfolio. For instance, the Bank of Spain's ICAAP (Internal Capital Adequacy Assessment Process for Credit Institutions) guidelines require the use of a concentration index in the assessment of its capital needs for credit concentration risk. The calculation of the Herfindahl Index to measure CaixaBank's investee portfolio at 31 December 2015 showed a level of 14.99%. According to the generally accepted use of this index, values of less than 10% are traditionally considered indicative of low concentration, values of between 10% and 18% are classified as medium-low concentration and values of above 18% as high concentration. In sum, this measures would appear to indicate that CaixaBank's investee portfolio is in the medium-low concentration range; i.e. a level of diversification considered medium-high.

3.2. Market risk

3.2.1. Exposure

The financial activity of credit institutions involves assuming market risk, which includes exposures from various sources: risk in the banking book from interest rate and exchange rate fluctuations, the risk caused by taking up treasury positions, and the risk associated with equity investments which form part of CaixaBank's diversification business. Although in all instances, risk refers to the potential loss of profitability or portfolio value as a result of adverse fluctuations in market rates or prices, below we refer specifically to market risk linked to treasury and trading activities.

3.2.2. Overview

The main factors affecting market risk are as follows:

- Interest rate risk: risk that changes in the level of interest rate curves will affect the value of instruments in portfolio, including but not limited to bonds, deposits, repos and derivatives.
- Foreign currency risk: risk that changes in exchange rates will affect the value of instruments in portfolio, including mainly any product with cash flows in a currency other than the euro and foreign exchange derivatives.
- Share price risk: risk that changes in share prices and equity indices will affect the value of the instruments in portfolio.
- Inflation risk: risk that changes in expected inflation will affect the value of the instruments in portfolio, including inflation derivatives.
- Commodity price risk: risk that changes in prices of commodities will affect the value of the instruments in portfolio, including commodity derivatives.
- Credit spread risk: risk that changes in credit spreads will affect the value of the instruments in portfolio, including mainly private fixed-income issuances.
- Volatility risk: risk that changes in the volatility of the underlyings will affect the value of the instruments in portfolio, including options.

In addition, there are other, more complex types of market risks, including:

- Correlation risk: risk that changes in the correlation between risk factors will affect the value of the instruments in portfolio, including options on baskets of underlying assets.
- Dividend risk: risk that changes in expected future dividends will affect the value of the instruments in portfolio, including mainly equity derivatives.

Subject to the methodological specifications and the additional comments set out below to provide a specific practice of the various exposure groups, there are two concepts which constitute common denominators and market standards for measurement of this risk: sensitivity and VaR (value at risk).

These sensitivity analyses provide information concerning the impact on the economic value of positions of a rise in interest rates, exchange rates, prices or volatility, but do not provide any assumptions as to the likelihood of such changes.

In order to standardise risk measurement across the entire portfolio, and to include certain assumptions regarding the extent of changes in market risk factors, VaR methodology (value at risk: statistical estimate of potential losses from historical data on price fluctuations) is used with a one-day time horizon and a statistical confidence level of 99% (i.e. under normal market conditions, 99 out of 100 times, the actual daily losses would be less than the losses estimated under the VaR method).

3.2.3. Mitigation of market risk

The RAF approved by the Board of Directors sets a limit for VaR with a one-day time horizon and confidence level of 99% for all trading activities of EUR 20 million.

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR limits in line with the Risk Appetite Framework, complemented by the definition of VaR sublimits, stressed VaR and incremental default and migration risk, stress test results, maximum losses and sensitivities for the various management units that could assume market risk in the trading activities of the Treasury Desk. The risk factors are managed by CaixaBank's Executive Finance Division using economic hedges as appropriate within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits.

CaixaBank's Risk in Market Operations Division is in charge of monitoring compliance with these thresholds and the risks assumed, and reporting excesses to the areas in charge of their resolution and subsequent monitoring. To do so, it produces a daily report on position, risk quantification and the utilisation of risk thresholds by the CaixaBank Group, which is distributed to Management, Treasury Desk officers and the Internal Audit division.

Beyond the trading portfolio, noteworthy for accounting purposes is the use of tools such as hedges to eliminate potential accounting mismatches between the balance sheet and income statement caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, levels for each macro hedge are established and monitored, expressed as ratios between total risk and the risk of the hedged items.

3.2.4. Market risk cycle

The Risk in Market Operations Division, in the Corporate Global Risk Management Division within CaixaBank's General Risks Division, is responsible for valuing financial instruments in addition to measuring, monitoring and following up on associated risks and estimating the counterparty risk and operational risk associated with financial market activities. To perform its functions, on a daily basis this division monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with the thresholds, and analyses the ratio of actual returns to the assumed risk.

In addition to tasks performed by the CaixaBank Risk in Market Operations Division, the CaixaBank Risk Models Validation Division conducts internal validations of the models and methodologies used to quantify and monitor market risk.

The initial version of the internal model for estimating capital for market risk in trading activities was approved by the Bank of Spain in 2006 (Circular 3/2003). This circular has been repealed for those purposes by Regulation (EU) 575/2013 (CRR). The model includes almost all the Entity’s trading portfolio and is reflected on the asset and liabilities sides of the balance sheet under “Financial assets held for trading” and

"Financial liabilities held for trading", respectively, shown in Note 11. Deposits and repos arranged by trading desks are also included for management of market risk.

Two methodologies are used to obtain this measurement:

- The parametric VaR technique, based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. It is applied to two time horizons: a 75-day data window, giving more weight to recent observations, and a one-year data window, giving equal weight to all observations.
- Historic VaR: which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes over the last year are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behaviour of risk factors. The parametric VaR technique assumes fluctuations that can be modelled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, although it must be said that the risk associated with options has been a minor risk.

A downgrade in the credit rating of asset issuers can also give rise to adverse changes in quoted market prices. Accordingly, CaixaBank's Risk in Market Operations Division completes the quantification of market risk with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income positions (Spread VaR) using the historical methodology, and assuming a weekly liquidity horizon, which constitutes an estimate of the specific risk attributable to issuers of securities.

Total VaR results from the aggregation of VaR arising from fluctuations in interest rates, exchange rates (and the volatility of both) and from the Spread VaR, which are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors, and the addition of Equities VaR and Commodities VaR, assuming in both cases a correlation of one with the other risk factor groups.

In 2015, the average 1-day VaR at 99% for trading activities was EUR 3.3 million. The highest market risk levels, up to EUR 5.9 million, were reached in September, mainly as VaR anticipates a potentially negative movement in the daily market value of transactions with equity derivatives.

Decomposition of relevant risk factors

The table below shows the average 1-day VaR at 99% attributable to the various risk factors. As can be observed, the consumption levels are of moderate significance and are mainly concentrated on the interest rate curve and share price risks. The risk amounts in relation to commodities prices, inflation and volatility of interest rates and exchange rates are of extremely marginal significance. Exposure to interest rate, exchange rate and share price risk has decreased compared to the previous year, due the reduction of positions in these areas.

Parametric VaR by risk factors

(Thousands of euros)	Total	Interest rate	Exchange rate	Share price	Inflation	Commodity price	Credit spread	Interest rate volatility	Exchange rate volatility	Share price volatility
Average VaR 2014	4,624	2,474	810	1,420	94	0	1,190	211	58	271
Average VaR 2015	3,280	1,775	133	716	186	0	1,141	129	51	366

Additional measures to VaR

Since January 2012, VaR measures are complemented by two risk metrics related to the new regulatory requirements of Circular 4/2011 (repealed for these purposes by Regulation (EU) 575/2013 (CRR) and approved by the Bank of Spain following validation: Stressed VaR and Incremental Default and Migration Risk.

Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The Stressed VaR calculation is leveraged by the same methodology and infrastructure as the calculation of historical VaR for VaR, with the only significant difference being the historical window selected.

Incremental Default and Migration Risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9%, one-year time horizon, and a quarterly liquidity horizon, which is justified by the high liquidity of portfolio issuances. The estimate is made using Montecarlo simulation of possible future states of external rating of the issuer and the issuance, based on transition matrices published by the main rating agencies, where dependence between credit quality variations between the different issuers is modelled using Student's t-distribution.

The maximum, minimum and average values of these measurements during 2015, as well as their value at the close of the period of reference, are shown in the following table.

Summary of Risk Measurements - 2015

(Thousands of euros)

	High	Low	Average	Last
1-day VaR	5,882	1,631	3,280	1,702
1-day Stressed VaR	14,547	4,233	8,228	6,242
Incremental risk	109,100	12,005	46,079	49,732

Regulatory capital using internal market risk models

Regulatory capital for market risk using internal models is the sum of three charges associated with each of the aforementioned measurements: VaR, Stressed VaR and Incremental Default and Migration Risk. In contrast to the foregoing, both regulatory VaR and regulatory Stressed VaR are calculated with a 10 market days' time horizon, for which values obtained with the one-day horizon are scaled by multiplying them by the square root of 10.

The different elements that appear in the determination of the final charges using the internal market risk model for each of the aforementioned measurements are shown below. Charges for VaR and stressed VaR are identical and correspond to the maximum between the last value and the arithmetic mean of the last 60 values, multiplied by a factor depending on the number of times the actual daily result was less than the estimated daily VaR. Similarly, capital for Incremental Default and Migration Risk is the maximum of the last value and the arithmetic mean of the preceding 12 weeks.

Regulatory capital at 31 December 2015

(Thousands of euros)

	Last value	60 day average	Exceeded	Multiplier	Capital
10 day VaR	5,383	9,585	4	3	**28,755**
10 day Stressed VaR	19,738	26,346	4	3	**79,039**
Incremental risk	49,732	57,692	-	-	**57,692**
Total					**165,486**

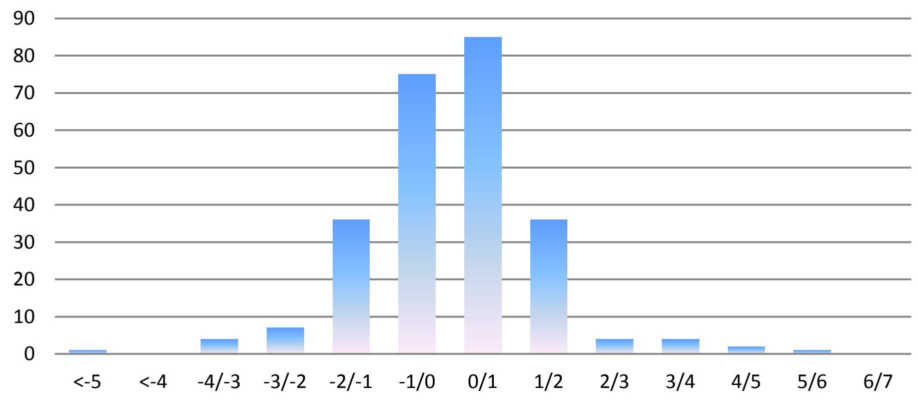
VaR and daily gains and losses

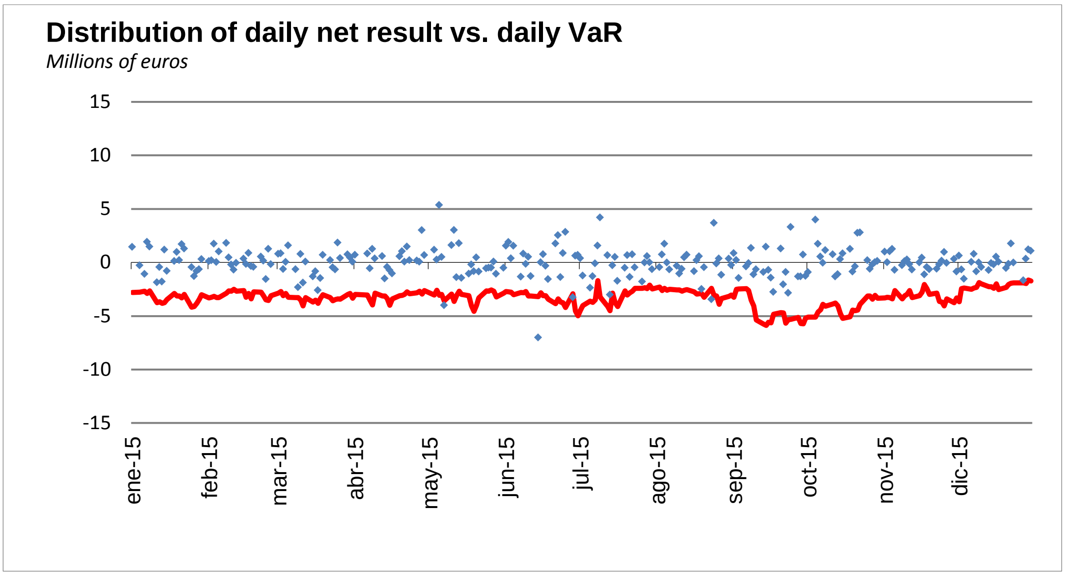
To confirm the suitability of the risk estimates, daily results are compared against the losses estimated under the VaR technique (backtesting). As required by bank regulators, the risk estimate model is checked in two ways:

- Net backtesting (or hypothetical), which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology used to quantify risk.
- Gross backtesting (or actual), which compares the total result obtained during the day (therefore including any intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

Distribution of net results from trading activities in 2015

Frequency, days. Millions of euros





During the year, there were four excesses in the net backtesting exercise (number of times net losses on the portfolio are higher than the estimated VaR) and four excesses in the gross backtesting exercise due mainly to the volatility of the sovereign debt and equity markets on the back of a potential default by Greece and its possible exit from the euro area.

Stress testing

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

- Systematic stress testing: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling), changes at various points of the slope of the interest rate curve (steepening and flattening), increased and decreased spread between the instruments subject to credit risk and government debt securities (swap spread), parallel shifts in the dollar and euro curves, higher and lower volatility of interest rates, appreciation and depreciation of the euro with respect to the dollar, the yen and sterling, increases and decreases in exchange rate volatility, increases and decreases in share prices, and higher and lower volatility of shares and commodities.
- Historical scenario analysis: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, or the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 and concerns surrounding Spanish sovereign debt in 2011 and 2012.

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

Based on the set of measures described above, management of market risk on trading positions in CaixaBank's markets is in accordance with the methodological and monitoring guidelines set out in prevailing legislation.

3.3. Risks in the banking book

3.3.1 Interest rate risk in the banking book

Interest rate risk in the banking book is managed and controlled directly by CaixaBank management through the Asset and Liability Committee (ALCO). Under the scope of the Risk Appetite Framework (RAF), the competent bodies monitor and validate that the interest rate risk metrics defined are commensurate with the established risk tolerance levels.

CaixaBank manages this risk with a two-fold objective:

- Optimise the Entity's net interest income within the volatility limits of the RAF.
- Preserve the economic value of the balance sheet at all times within the range established in the RAF.

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 or other counterparties.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the Asset and Liability Committee to achieve this dual objective.

At 31 December 2015, CaixaBank used fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk and to preserve the economic value of its balance sheet (see Note 14). In 2015, CaixaBank arranged hedges for fixed-rate loan groups. Its objective is to mitigate the interest rate risk associated with these groups, stabilising their balance sheet value by converting to variable rates.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at 31 December 2015 of sensitive items on the CaixaBank Group balance sheet.

Matrix of maturities and revaluations of the sensitive balance sheet at 31 December 2015
(Thousands of euros)

	1 year	2 years	3 years	4 years	5 years	> 5 years	TOTAL
ASSETS							
Mortgage collateral	106,274,771	14,137,503	1,296,314	1,117,897	1,012,516	7,351,118	131,190,119
Other guarantees	45,430,689	2,602,183	1,315,294	990,153	736,158	3,665,609	54,740,086
Debt securities	6,826,688	1,420,866	512,805	4,064,468	228,639	7,674,108	20,727,574
Total assets	**158,532,148**	**18,160,552**	**3,124,413**	**6,172,518**	**1,977,313**	**18,690,835**	**206,657,779**
LIABILITIES							
Customer funds	137,336,311	14,142,716	4,998,893	4,724,156	4,519,827	22,578,027	188,299,930
Issuances	13,828,645	3,993,049	4,156,133	2,053,473	1,417,590	12,187,212	37,636,102
Money market, net	-3,842,734	218,767	18,435,268	90,610	27,727	78,511	15,008,149
Total liabilities	**147,322,222**	**18,354,532**	**27,590,294**	**6,868,239**	**5,965,144**	**34,843,750**	**240,944,181**
Assets less liabilities	**11,209,926**	**(193,980)**	**(24,465,881)**	**(695,721)**	**(3,987,831)**	**(16,152,915)**	**(34,286,402)**
Hedges	**(20,349,230)**	**8,855,252**	**4,746,746**	**1,556,852**	**(282,042)**	**5,472,422**	**0**
Total difference	**(9,139,304)**	**8,661,272**	**(19,719,135)**	**861,131**	**(4,269,873)**	**(10,680,493)**	**(34,286,402)**

The sensitivity to interest rates and the expected terms to maturity have been analysed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behaviour, including the possibility that the customer may withdraw the funds invested in this type of products.

For other products, in order to define the assumptions for early termination, internal models that capture behavioural variables of customers, own products and seasonal variables are used, and that also consider macro-economic variables to ascertain the future operations of customers.

Interest rate risk in the banking book is subject to specific control and includes various risk measures, such as analysis of the sensitivity of net interest income and the present value of future cash flows (impact of 1 basis point), VaR (Value at risk) measures and measures such as EaR (Earnings at risk), to changes in interest rates.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios (immediate parallel and progressive movements of different intensities, as well as changes in slope). The most likely scenario, which is obtained using the implicit market rates, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately +2.4% on the rising scenario and -2.0% on the falling scenario. Given the current level of interest rates, it should be pointed out that the stress scenario of a 100bp fall does not imply the application of negative interest rates.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on economic value.

Impact of a 1bp increase in the curve

(Thousands of euros)

	31.12.2015	31.12.2014
Value of future cash flows	3,399	(1,501)

The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of structural risk, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

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

1-day VaR of the CaixaBank Group's balance with a 99% confidence level

(Thousands of euros)

	End of period	Average	High	Low
2015	117,716	114,273	193,891	81,565
2014	89,916	80,662	115,285	67,920

In accordance with current regulations, the CaixaBank Group does not avail itself of its own funds for the interest rate risk in the banking book undertaken, in view of the low risk profile of its balance sheet. The balance sheet interest rate risk assumed by the CaixaBank Group is substantially below levels considered significant (outliers) under current regulations.

CaixaBank continues to carry out a series of actions designed to strengthen the monitoring and management of balance sheet interest rate risk.

3.3.2 Currency risk in the banking book

The equivalent euro value of foreign currency assets and liabilities held by CaixaBank at 31 December 2015 and 2014 is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Total foreign currency assets	**8,854,647**	**6,377,649**
Financial assets held for trading	887,446	610,967
Loans and receivables	5,677,647	3,545,885
Loans and advances to credit institutions	*728,022*	*357,841*
Loans and advances to customers	*4,949,625*	*3,188,044*
Investments(1)	2,216,111	2,155,704
Other assets	73,443	65,093
Total foreign currency liabilities	**8,881,586**	**7,223,949**
Financial liabilities at amortised cost	7,952,032	6,560,310
Deposits from central banks	*4,818,326*	*3,686,863*
Deposits from credit institutions	*540,634*	*230,051*
Customer deposits	*2,268,619*	*1,884,894*
Marketable debt securities	*233,149*	*595,190*
Other	*91,304*	*163,312*
Other liabilities	929,554	663,639

(1) At 31 December 2015, there is exposure in Hong Kong dollars and Mexican pesos for the ownership interests in BEA and Inbursa, respectively (see Note 1 and Note 17.2).

The Executive Treasury and Capital Markets Division at CaixaBank is responsible for managing the foreign currency risk arising from balance sheet positions denominated in foreign currency, a task performed through the market risk hedging activity undertaken by the Treasury Area. This risk is managed by applying the principle of minimising the assumed currency risks, which explains why the exposure of the CaixaBank Group to this risk is low or virtually nil.

The remaining minor foreign currency positions are chiefly held with credit institutions in major currencies (e.g. dollars, sterling and Swiss francs). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The percentage breakdown, by currency, of loans and receivables and financial liabilities at amortised cost is as follows:

(Percentage)

	31.12.2015	31.12.2014
Loans and receivables	**100**	**100**
US dollar	63	69
Pound sterling	8	11
Mexican peso	2	4
Swiss franc	5	3
Japanese yen	13	7
Canadian dollar	1	2
Other	8	4
Investments	**100**	**100**
Mexican peso	33	34
Hong Kong dollar	67	66
Financial liabilities at amortised cost	**100**	**100**
US dollar	86	81
Pound sterling	11	16
Other	3	3

3.4. Liquidity risk

3.4.1 Overview

The CaixaBank Group manages liquidity to maintain sufficient levels so that it can comfortably meet all its payment obligations on time and to prevent its investment activities from being affected by a lack of lendable funds, at all times within the Risk Appetite Framework.

To achieve these objectives it:

- Has a centralised liquidity management system that includes a segregation of duties to ensure optimum control and monitoring of risks.
- Maintains an efficient level of liquid funds to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Actively manages liquidity; this entails continuous monitoring of liquid assets and the balance sheet structure.
- Considers sustainability and stability as core principles of its funding sources strategy, based on:
  - A fund structure that entails mainly customer deposits
  - Funding in capital markets to complement the funding structure

The CaixaBank Group's ALCO is in charge of managing, monitoring and controlling liquidity risk. To do so, it monitors, on a monthly basis, compliance with the Risk Appetite Framework (RAF), the Entity's long-term funding plan, trends in liquidity, expected gaps in the balance sheet structure, indicators and alerts to anticipate a liquidity crisis so that it can take corrective measures in accordance with the Liquidity Contingency Plan. It also analyses the potential liquidity levels under each of the hypothetical crisis scenarios.

The ALM (Asset and Liability Management) Division, which reports to the Executive Finance Division, is responsible for management liquidity risk, ensuring that liquid assets are permanently available in the balance sheet, i.e. minimising the liquidity risk in the banking book inherent to banking business under the guidelines established by the ALCO.

The Balance Sheet Analysis and Monitoring Division, which reports to the Executive Finance Division, oversee the analysis and monitoring of liquidity risk. The analysis is performed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. Five types of scenarios are considered: three systemic crisis scenarios (macro-economic crises, malfunctions on capital markets and alterations in payment systems), a specific crisis scenario (reputation crisis), and a combined crisis scenario deemed to be the “worst-case scenario”. The scenarios address various time horizons and LGD levels based on the nature of the crisis analysed. For each crisis scenario, “survival” periods (defined as the ability to continue to meet its obligations) are calculated, with sufficient liquidity levels to cope successfully with the crisis situations considered.

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

Available liquid assets are under the operational control of the liquidity management function, which is the responsibility of the ALM. These include the liquid assets that ALM manages as part of its responsibility for managing balance sheet portfolios, and those managed by "Markets", which oversees investment in fixed-income portfolios arising from the market making and trading activities.

In the event of a situation of stress, the liquid asset buffer will be managed with the sole objective of minimising liquidity risk.

3.4.2 Residual maturity periods

The detail, by contractual term to maturity of the balances of certain items on the CaixaBank balance sheets at 31 December 2015 and 2014, excluding in some cases valuation adjustments, in a scenario of normal market conditions, is as follows:

31.12.2015

(Millions of euros)

	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and deposits at central banks	5,772						5,772
Financial assets held-for-trading - debt securities		155	350	1,540	755	455	3,255
Trading derivatives		949	75	441	2,950	9,555	13,970
Available-for-sale debt securities		348	271	2,014	6,956	7,685	17,274
Loans and receivables:	21,375	12,022	19,759	28,181	54,652	104,842	240,831
Loans and advances to credit institutions	2,728	3,243	195	307	832	119	7,424
Loans and advances to customers	18,647	8,779	19,408	27,866	53,037	104,527	232,264
Debt securities			156	8	783	196	1,143
Held-to-maturity investments		103		2,246	892	579	3,820
Hedging derivatives		24	80	340	1,255	2,232	3,931
Total assets	**27,147**	**13,601**	**20,535**	**34,762**	**67,460**	**125,348**	**288,853**
Liabilities							
Trading derivatives		942	75	432	2,069	10,144	13,662
Financial liabilities at amortised cost:	104,969	28,416	31,688	50,421	37,704	14,863	268,061
Deposits from central banks		643	3,672	1,099	18,320		23,734
Deposits from credit institutions		3,031	3,995	2,316	382	355	10,079
Customer deposits	104,336	23,580	20,227	43,610	7,475	2,570	201,798
Marketable debt securities		837	3,113	2,195	11,527	7,494	25,166
Subordinated liabilities				160		4,248	4,408
Other financial liabilities	633	325	681	1,041		196	2,876
Hedging derivatives		8		1	278	469	756
Total liabilities	**104,969**	**29,366**	**31,763**	**50,854**	**40,051**	**25,476**	**282,479**
Assets less liabilities	**(77,822)**	**(15,765)**	**(11,228)**	**(16,092)**	**27,409**	**99,872**	**6,374**

31.12.2014

(Millions of euros)

	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Assets							
Cash and deposits at central banks	4,157						4,157
Financial assets held-for-trading - debt							0
securities		130	98	230	800	792	2,050
Trading derivatives		1,712	82	133	2,892	9,262	14,081
Available-for-sale							0
debt securities		778	940	6,297	9,531	6,735	24,281
Loans and receivables:	528	22,669	5,939	20,918	64,340	111,964	226,358
Loans and advances to credit institutions	107	1,974	143	66	1,899	106	4,295
Loans and advances to customers	421	20,695	5,616	19,868	61,897	110,737	219,234
Debt securities			180	984	544	1,103	2,811
Held-to-maturity investments		1,885	268	4,492	2,550	413	9,608
Hedging derivatives		42	9	179	1,805	3,139	5,174
Total assets	**4,685**	**27,216**	**7,336**	**32,249**	**81,918**	**132,305**	**285,709**
Liabilities							
Trading derivatives		1,602	74	130	2,088	10,118	14,012
Financial liabilities at amortised cost:	87,792	42,215	20,509	47,415	50,723	12,867	261,521
Deposits from central banks		2,243	1,930	1,112	6,868		12,153
Deposits from credit institutions		4,837	4,646	551	2,861	526	13,421
Customer deposits	86,545	32,224	10,934	41,510	23,732	1,619	196,564
Marketable debt							0
securities		2,654	2,054	3,288	16,757	6,474	31,227
Subordinated liabilities				52	169	4,248	4,469
Other financial liabilities	1,247	257	945	902	336		3,687
Hedging derivatives		56	22	141	353	304	876
Total liabilities	**87,792**	**43,873**	**20,605**	**47,686**	**53,164**	**23,289**	**276,409**
Assets less liabilities	**(83,107)**	**(16,657)**	**(13,269)**	**(15,437)**	**28,754**	**109,016**	**9,300**

Bear in mind that the calculation of the gap in the total balance included in the previous tables projects transaction maturities according to their contractual and residual maturity, irrespective of any assumption that the assets and/or liabilities will be renewed. At a financial entity with a high degree of retail financing, assets have a longer average maturity than liabilities, which produces a negative gap in the short term. The tables also indicate a high degree of stability in customers' demand accounts. Meanwhile, given the current liquidity climate, the analysis must keep in mind the influence exerted on this calculation by maturities of repurchase agreements and of deposits obtained through guarantees pledged on the loan with the European Central Bank. In conclusion, a large portion of the liabilities is stable and others are very likely to be renewed, while additional guarantees are available at the European Central Bank, and there is the capacity to generate new deposits through asset securitisation and the issuance of mortgage- and/or public sector-covered bonds. In addition, the Group has access to liquid assets allowing it to immediately obtain liquidity. Also worth noting is the fact that the calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market.

For the insurance business, liquidity that emerges from commitments (liabilities) arising from insurance contracts, mainly life savings insurance, sold by the CaixaBank Group through VidaCaixa, is managed through the actuarial financial estimate of cash flows arising from the aforementioned contracts. Financial immunisation techniques are also applied based on estimated actuarial financial maturity, i.e. not necessarily contractual, and the financial assets affected.

In this regard, it should be noted that the liquidity of the consolidated balance sheet is managed separately for the insurance business and other businesses, mainly banking, and for this reason, the maturities of the insurance group's portfolio of financial assets, mainly classified as held for sale, are not presented in the matrix of maturities.

Detailed below are the maturities of VidaCaixa's portfolio by carrying amounts after eliminating balances held with Group companies. In addition, Note 3.1.5 details the Insurance Group's sovereign risk maturities.

Maturities of the Insurance Group's portfolio of financial assets

(Thousands of euros)

	31.12.2015	31.12.2014
Less than 1 month	285,153	311,368
Between 1 and 3 months	200,230	249,119
Between 3 and 12 months	1,248,781	823,199
Between 1 and 5 years	5,301,285	6,371,408
Over 5 years	34,925,667	35,019,967
Total	**41,961,116**	**42,775,061**

Financial instruments that include accelerated repayment terms

At 31 December 2015, CaixaBank had instruments containing terms that could trigger accelerated repayment if one or more of the events set out in the agreements occurred. The balance of transactions including accelerated repayment terms stood at EUR 999.7 million, with the entire amount related to transactions in which downgrades in credit rating could trigger accelerated repayment. Details of these operations, by nature of the agreement, are as follows:

Instruments with accelerated repayment terms

(Thousands of euros)

	31.12.2015	31.12.2014
Registered mortgage covered bonds (1)	0	480,000
Loans received (2)	999,692	317,500

(1) The bonds are recognised under "Customer deposits – Time deposits" (see Note 22.2).

(2) The loans are included in "Deposits from credit institutions" (see Note 22.1).

In addition, master agreements with financial counterparties for trading in derivatives (CSA agreements) had a balance of EUR 37 million at 31 December 2015 subject to accelerated repayment terms.

3.4.3 Composition of liquid assets and the LCR (Liquidity Coverage Ratio)

The following table presents a breakdown of the CaixaBank Group's liquid assets at 31 December 2015 and 2014 based on the criteria established for determining high quality liquid assets (HQLA) to calculate the LCR:

Liquid assets (1)

(Thousands of euros)

	31.12.2015		31.12.2014	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	39,653,029	39,652,966	37,451,520	37,451,520
Level 2A assets	77,945	66,253	16,632	14,137
Level 2B assets	3,778,867	2,030,134	5,416,865	3,043,536
Total liquid assets	**43,509,840**	**41,749,353**	**42,885,017**	**40,509,193**

(1) Criteria established to determine the LCR

Banking liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the policy, and the balance that can be drawn on the credit facility with the ECB, amounted to EUR 54,090 million and EUR 56,665 million at 31 December 2015 and 2014, respectively.

Compliance with the LCR became effective on 1 October 2015. This involves maintaining an adequate level of high-quality liquid assets (HQLA) available to meet liquidity needs for a 30 calendar day stress scenario which considers a combined financial sector-wide and entity-specific crisis. The regulatory limit established is 60% from 1 October 2015, rising to 70% from 1 January 2016, 80% from 1 January 2017 and 100% from 1 January 2018.

CaixaBank's strategic plan sets an LCR above 130% as its risk appetite and financial target. The data for this ratio are:

LCR (*)

(Thousands of euros)

	31.12.2015	31.12.2014
High quality liquid assets (numerator)	41,749,353	40,509,193
Total net cash outflows (denominator)	24,253,890	23,121,854
Cash outflows	28,293,577	26,437,935
Cash inflows	4,039,687	3,316,081
LCR (%)	**172%**	**175%**

(*) According to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to liquidity coverage requirement for credit institutions.

3.4.4 Liquidity strategy

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the liquidity risk metrics defined for CaixaBank are commensurate with the established risk tolerance levels.

The liquidity risk strategy and appetite for liquidity risk and financing involves:

a. Identifying significant liquidity risks for the Entity;
b. Formulating the strategic principles the Group must observe when managing each of these risks;
c. Defining significant metrics for each risk;
d. Setting appetite, alert, tolerance and, as the case may be, stress levels within the Risk Appetite Framework (RAF);
e. Establishing management and control procedures for each of the risks, including mechanisms of systematic internal and external reporting;
f. Defining a stress testing framework and a Liquidity Contingency Plan to ensure that liquidity risk is managed accordingly in situations of moderate and serious crisis;
g. Plus a Recovery Planning framework, in which scenarios and measures are devised for stress conditions.

The liquidity strategy can be summarised as follows:

a. General liquidity strategy: maintaining liquidity levels within the Risk Appetite Framework so that payment obligations can comfortably be met on time and without harming investment activity owing to a lack of lendable funds.

b. Specific strategy: there are specific strategies for the following areas:
    - Management of intraday liquidity risk
    - Management of short-term liquidity risk
    - Management of sources of financing
    - Management of liquid assets
    - Management of collateralised assets

c. Liquidity management strategy under crisis conditions, which pursues three main objectives:
    - Early detection of possible liquidity crises
    - Minimisation of negative impact on the initial liquidity position in a crisis situation
    - Liquidity management focused on overcoming potential crisis in liquidity

CaixaBank, as part of this approach to managing liquidity risk and to allow it to anticipate potential needs for lendable funds, CaixaBank has various mechanisms in place to afford it access to the market and expedite the financing process. These are:

a. Securities placement programmes registered at the CNMV so as to expedite the formalisation of securities issuances on the market.
b. Authority from the Annual General Meeting to issue securities.
c. To facilitate access to short-term markets, CaixaBank currently maintains the following:
    - Interbank facilities with a significant number of banks and third-party states
    - Repo lines with a number of domestic counterparties
    - Access to central counterparty clearing houses for repo business (LCH Ltd – London, LCH SA – Paris, Meffclear – Madrid and EUREX – Frankfurt)
d. CaixaBank has several lines in effect with:
    - The Spanish Instituto de Crédito Oficial (ICO) in order to facilitate lending facilities offered by the Institute under its intermediation credit line.
    - The European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

e. Public sector covered bond issuance capacity.
f. Financing instruments with the European Central Bank for which a number of guarantees have been posted to ensure that high liquidity can be obtained immediately.
g. The Group's Liquidity Contingency Plan and Recovery Plan contain a wide range of measures that allow for liquidity to be generated in diverse crisis situations. These include potential issuances of secured and unsecured debt, use of the repo market, and so on. For all these, viability is assessed under different crisis scenarios and descriptions are provided of the steps necessary for their execution and the expected period of execution.

Financing obtained from the European Central Bank through various monetary policy instruments was EUR 18,319 million at 31 December 2015, compared to EUR 6,868 million at 31 December 2014. Both the current drawn balance at 31 December 2015 and the drawn balance in 2014 relate to the extraordinary round of TLTRO liquidity auctions (due to mature in September 2018). The increase in financing secured from the European Central Bank is down to the integration of Barclays Bank, SAU (EUR 5,450 million) and the increase in financing transactions (EUR 6,001 million).

The scope of the CaixaBank Group's issuance programme at 31 December 2015 is shown in the tables below:

Debt issuance capacity

(Thousands of euros)	Total issuance capacity	Nominal used at 31.12.2015
Promissory notes programme (1)	3,000,000	22,793
Fixed-income programme (2)	15,000,000	1,065,000
EMTN (Euro Medium Term Note) programme (3)	10,000,000	0

(1) Promissory notes programme registered with the CNMV on 14.7.2015.

(2) Base prospectus for non-participating securities registered with the CNMV on 28.7.2015.

(3) Registered with the Irish Stock Exchange on 9.6.2015

Covered bond issuance capacity

(Thousands of euros)	31.12.2015	31.12.2014
Mortgage covered bond issuance capacity	2,799,489	4,211,018
Public sector covered bond issuance capacity	1,206,060	2,147,365

Wholesale financing maturities (net of own securities acquired) are as follows:

Wholesale financing maturities (net of own securities acquired)
(Thousands of euros)

	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Promissory notes	0	0	0	0	0	0
Mortgage covered bonds	0	3,715,089	2,064,200	11,354,389	9,860,302	26,993,980
Public sector covered bonds	0	0	0	87,800	0	87,800
Senior debt	818,900	10,838	60,037	1,681,730	104,022	2,675,527
Subordinated debt and preference shares	0	0	159,300	0	907,756	1,067,056
Convertible bonds	0	0	544,300	0	0	544,300
Total wholesale issue maturities	**818,900**	**3,725,926**	**2,827,837**	**13,123,920**	**10,872,080**	**31,368,663**

The Group's financing policies take into account a balanced distribution of issue maturities, preventing concentrations and diversifying financing instruments. In addition, its reliance on wholesale markets is limited.

3.5. Operational risk

3.5.1 Introduction

Operational risk is defined as: "The risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including legal risk". Operational risk includes legal and regulatory risk, but excludes strategic, reputational and business risk. Operational risk management addresses losses relating to credit risk or market risk triggered by operational risk.

The overall objective is to improve the quality of business management, supplying information on operational risks to allow decisions to be made that ensure long-term continuity within the organisation, improvements to its processes and the quality of both internal and external customer service, in accordance with the regulatory framework established, and the optimisation of capital consumption.

This overall objective comprises a number of specific objectives that form the basis for the organisation and working methodology applicable to managing operational risk. These objectives are:

- To identify and anticipate existing and/or emerging operational risks.
- To ensure the organisation's long-term continuity.
- To promote the establishment of continuous improvement systems for operating processes and the structure of existing controls.
- To exploit operational risk management synergies at the Group level.
- To promote an operational risk management culture.
- To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

3.5.2 Corporate governance

Overall control and oversight of operational risk is carried out by the Corporate Global Risk Management Division, which materialises the independence functions required by the Basel Committee on Banking Supervision. Its responsibilities include the control and oversight of operational risk.

Business areas and Group companies: responsible for the daily management of operational risk within their respective areas. This implies identifying, assessing, managing, controlling and reporting the operational risks of their activity and helping the CaixaBank Group's Operational Risk Division to implement the management model. This division is part of the Credit Risk Models Department, which reports to the Corporate Risk Models and Policies Division, which in turn reports to the Corporate Global Risk Management Division.

The Operational Risk Division is responsible for defining, standardising, and implementing the model for the management, measurement and control of operational risk. It also provides back-up to areas and consolidates information on operational risk throughout the Group for the purposes of reporting to Senior Management and to the risk management committees involved.

The CaixaBank Group's Risk Models Validation and Internal Audit areas are responsible for validation of internal risk management models as second and third line of defence, respectively. In this context, a Framework Collaboration Agreement between the two was agreed the sets out their scopes and approaches to the review of internal models and guarantees the adequacy and efficiency of the control functions.

3.5.3 Operational risk cycle

In 2015, work has continued on the project to develop operational risk management with a dual objective of implementing best practices in operational risk management, while at the same time developing internal risk-sensitive approaches.

Although the method used to calculate regulatory capital is the standard method, the operational risk measurement and management model used by the Group is designed to support management with risk-sensitive approaches, in line with market best practices. The two main objectives are as follows:

- Use of advanced calculation methodologies.
- Establishing an operational risk model based on policies, processes, tools and methodologies that improve operational risk management in the companies, helping ultimately to reduce operational risk.

The entities must achieve these objectives, subject to current regulations, by basing their operational risk model around two pillars:

Operational Risk Management Framework (ORMF)

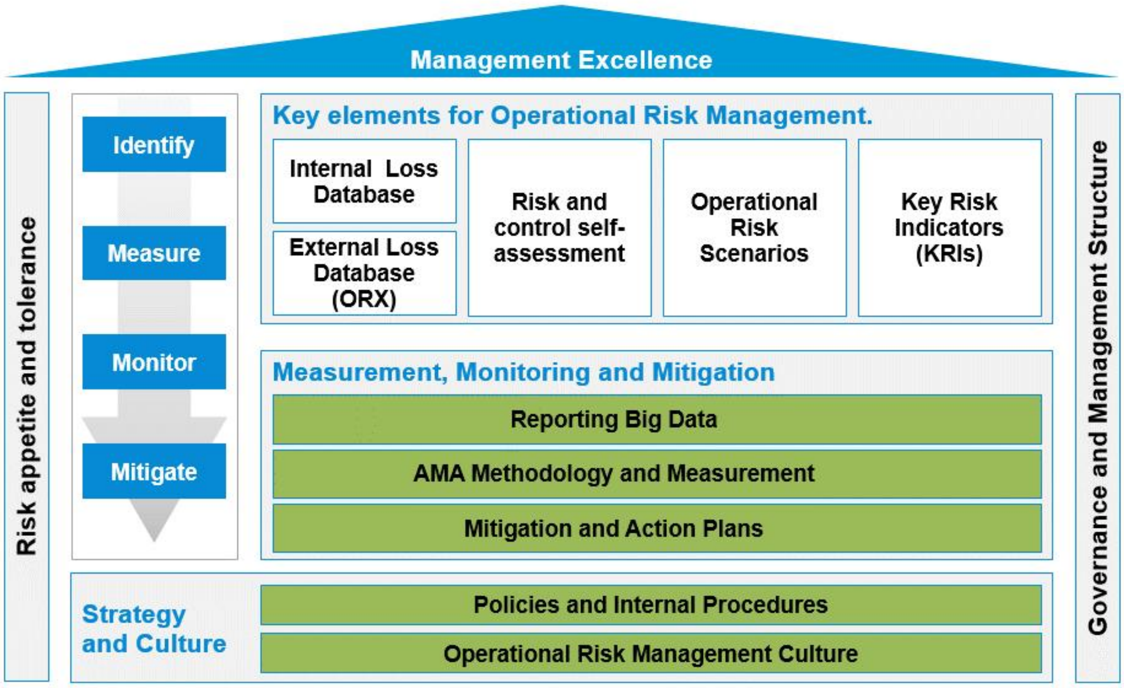
This is the Governance Framework and Management Structure for the operational risk model set out in this Operational Risk Management Framework and the documents implementing it. This structure defines the Operational Risk Measurement System, based on the policies, procedures and processes used to manage operational risk, in line with the Group's general risk policies.

Operational Risk Measurement System

This is defined as the system, processes and data the Entity uses to measure its operational risk and determine its related regulatory capital requirements. It is a system that integrates operational risk management into the Group's day-to-day activities.

Current regulations establish that advanced measurement approaches must be based on a combination and interaction of qualitative and quantitative methodologies.

The current operational risk model has the following structure:



The methodologies implemented through operational risk management mechanisms and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector[3].

The technological environment of the operational risk system provides all the functionality required and is fully integrated into the bank's transactional and information systems.

The main system is supported by an integrated tool, which has been customised to the Bank's needs. This component provides most of the functionality required for day-to-day operational risk management. More than 400 users have access to it.

The tool is fed by multiple data sources from the transactional systems (of the Bank itself and some CaixaBank Group companies) on a daily basis to capture key events, losses and operational risk indicators; it also offers interfaces for updating the organisational structure and the other firms in the data model.

All risk self-assessment processes, loss enrichments, KRI management, identification of weaknesses, action plans, etc. are carried out through work flows managed and controlled by the product itself, keeping the persons responsible for pending tasks up-to-date with what is happening.

[3] *Principles for the Sound Management of Operational Risk, Principle 6, Article 39.d*

The system also generates automatic interfaces to report losses to the international Operational Risk data eXchange (ORX) consortium and for the internal models' calculation tool.

Finally, it is also important to note the integration with the bank's information system: multiple interfaces have been designed for downloading all information from the system and uploading into the Big Data environment to provide an analytical environment.

3.5.4 Operational risk management levers

The main operational risk management mechanisms illustrated in previous diagram are discussed below.

Qualitative measurement. Self-assessments of operational risks

The qualitative assessment of operational risk is based on the operational risk self-assessment methodology. This methodology provides more knowledge of the operational risk profile, improves interaction with the centres involved in the management of the operational risk and effectively integrates the management of operational risks.

In 2015, this methodology was used to analyse and evaluate a total of 642 operational risks and more than 1,000 controls.

Quantitative measurement. Internal Operational Risk Database

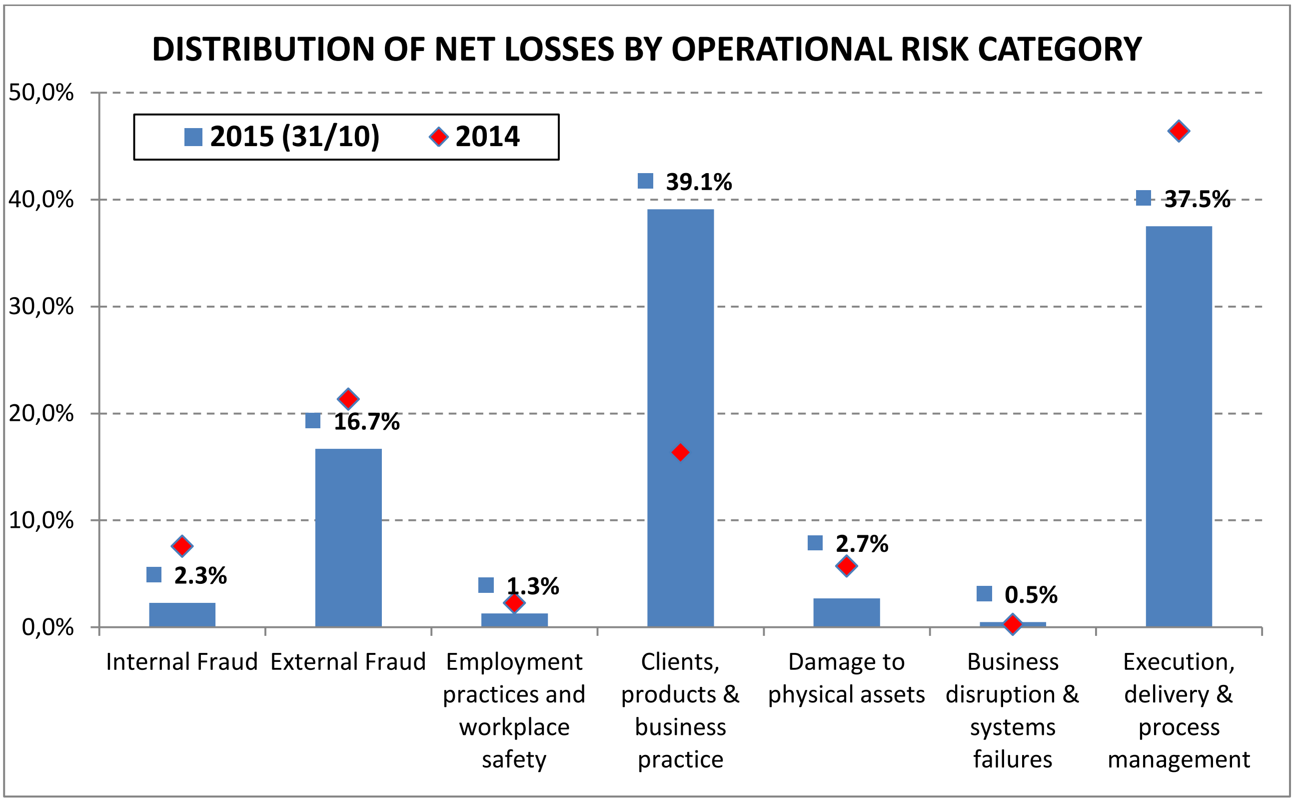
Quantitative techniques based on internal operational loss data provide one of the foundations for measuring operational risk in both the Group's operational risk management and the calculation of operational risk using internal models.

The operational event is the most important and central concept in the Internal Database model.

An operational event is defined as an event in which an identified operational risk is materialised. The concept of the effect is derived from the concept of the event -both of which are intimately related. The effect is defined as the description used to classify an operational loss or recovery (economic impact) resulting from an operational event.

Therefore, an operational event may result in one, several or no operational effects, which may in turn be identified in one or several areas.

The distribution of gross operational losses in 2015 and 2014 is shown in the following chart:



Quantitative measurement. External Database

The implementation of quantitative methodology based on operational loss data complements historic internal information on operating losses.

The CaixaBank Group has signed up to the ORX (Operational Riskdata eXchange) consortium, which provides information on operating losses for banks worldwide, to implement a quantitative methodology.

The ORX consortium groups banks by geographic areas, dividing these into subgroups to provide more useful and realistic information.

ORX requires its members to classify operational loss data using a series of parameters, both regulatory and proprietary. As a result, all of the parameters required by the ORX are reported in events in the database.

Additionally, ORX permits the use of other services provided by the consortium, which are designed to manage operational risk: ORX News service, working group on operational risk scenarios, methodological initiatives on internal models, etc.

Qualitative measurement. Operational risk scenarios

One of the foundations of the management of operational risk is identification through qualitative techniques. To this end, it has implemented a methodology for generating operational risk scenarios that allows it to:

- Obtain greater knowledge of the operational risk profile.
- Improve the level of interaction with areas involved in managing operational risk.
- Effectively integrate operational risk management.

A series of workshops and meetings with experts are held to generate operational risk scenarios for use in the own funds calculation methodology by internal models.

The scenario generation process involves five recurrent stages: scope setting, scenario identification, scenario workshops, determination of scenarios, and monitoring and reporting.

The scenario generation process is carried out annually. This recurrent process enables the results from previous years to be used as the starting point for future years.

Operational risk indicators (KRIs)

Application of operational risk indicators (KRIs) is one of the main qualitative/quantitative operational risk measurement methodologies. These:

- Enable us to anticipate the development of operational risks, taking a forward-looking approach to their management.
- Provide information on development of the operational risk profile and the reasons for this.

A KRI is a metric, index or measure that detects and anticipates changes in operational risk levels. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage operational risk.

The KRI methodology is supported by the corporate management tool.

In 2015, more than 400 KRIs were monitored.

3.5.5 Action and mitigation plans

The generation of action and mitigation plans is one of the links in the operational risk management chain. To this end, it has implemented an action and mitigation plan methodology that allows it to:

- Effectively mitigate operational risks by reducing the likelihood of them occurring and cushioning the impact if they do arise, or both at the same time.
- Have in place a solid control structure based on policies, methodologies, processes and systems.
- Effectively integrate operational risk management.

The action and mitigation plans may originate from any of the operational risk management tools or other sources: self-evaluations, scenarios, external sources (ORX, specialist press), KRIs, losses on operational events, and internal validation and internal audit reports.

The operational risk insurance framework enables certain specific risks to be covered in order to transfer and, therefore, mitigate their impact.

The Group has contracted corporate insurance policy covering the main risks it might face in its activities.

3.5.6 Business continuity plan

Business continuity is defined as an organisation's ability to recover from a disruptive incident and resume or continue its operations at an acceptable pre-defined level; i.e. it must plan how it must act in response to an unforeseen incident and/or event or the possibility of one occurring.

Business continuity management is a holistic process that involves identifying potential threats to the organisation and the impact these might have on operations. It provides a framework for increasing the organisation's resistance and resilience so that it can respond effectively to safeguard the interests of its main stakeholders, reputation, brand and value creation activities.

Business continuity is a further aspect to be considered in our day-to-day activities and when designing and modifying business processes.

Incorporating business continuity into its culture enables continuous improvement in a company, ensuring it can recover from present and future incidents.

Business continuity within the Group is channelled through the Business Continuity Management System, which is certified under ISO 22301:2012[4] requirements, with the Group having obtained certificate number BCMS 570347 from the British Standards Institution (BSI).

The Group's business continuity plan forms part of the Business Continuity Management System.

The ISO 22301:2012 methodology is a management system involving a cyclical planning, implementation, review and improvement process for the Group's Business Continuity procedures and activities, ensuring that it can meet the objectives set by the Group's management.

The Group's Business Continuity Plan has four main elements:

- A specific plan for Central Services (CS)
- A specific plan for the regional network
- A specific plan for International Banking.
- Specific plan for Group companies

3.5.7 Technology contingency plan, emergency plans and security measures

Technological contingency plan

The Group's Technological Contingency Plan is based on two lines:

- Identification of key business services.
- General technological contingency plan

Emergency plans and security measures

There are several internal regulations on security measures in the different areas of the Entity, in addition to a general Emergency Plan.

[4] International Organisation for Standardisation. ISO 22301:2012 Societal Security – Business Continuity Management Systems – Requirements.

- Security in central offices
- Information security
- Personal data processing and confidentiality

Moreover, efforts are put into developing and continuously improving protection and defence capabilities on the organisational, compliance and IT fronts by designing and carrying out projects pooled together in security programmes (169 projects in 22 programmes for 2016). The main lines established are:

- Cybersecurity strategy:
    - Adaptation of the cybersecurity strategy to the constant changes required by the complicated global cybercrime scene, resulting in an innovative strategy aligned with best practices and standards in the market.
    - CaixaBank has a team of IT security specialists working daily to ensure it has the best tools for combating cybercrime, backed by a team of cybersecurity specialists (Cyber Security Response Team), which is trained and ready 24/7 to address the most advanced threats. The importance of cybersecurity at present and its relationship with operational and reputational risk management pose a huge responsibility for the organisation as a whole. Therefore, CaixaBank encourages informing and raising awareness about information security among everyone related to the Entity (employees, customers, collaborators) as a core element of its cybersecurity strategy, raising knowledge and applying best practices.

- Customer fraud: Improved controls to fight customer fraud, with tools that can detect and protect, at source, increasingly sophisticated banking malware bearing in mind the new digital banking models.

- Internal fraud: Prevention of information, money or identity theft by in-house staff.

- Information protection: Further efforts in encryption and verification of compliance with security requirements in the outsourcing of services.

- Security awareness raising: Making employees aware of security, as a key to reinforcing security at CaixaBank, group companies and suppliers.

- Security governance: Compliance with new regulatory requirements and continuous review of controls implemented.
- Supplier security: Review and implementation of actions to achieve the level of security required by CaixaBank of its service providers.

3.6. Compliance risk

Compliance risk is defined as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

The CaixaBank Group's objective is to minimise the probability of occurrence of compliance risk and, if it occurs, to detect, report and address the weaknesses promptly.

Regulatory compliance risk is not limited to any specific area, but rather the entire Entity. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage compliance risk, the management and governing bodies encourages the dissemination and promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its members, as well as other employees and Senior Management must ensure their compliance as a core criteria guiding their day-to-day activities.

Therefore, as the first line of defence, the areas whose business is subject to compliance risk implement and manage a first level of indicators and controls to detect potential sources of risk and act effectively to mitigate them.

As a second line of defence, the Regulatory Compliance Area reviews internal procedures to verify that they are up-to-date and, as appropriate, to identify situations of risk, in which case it calls upon the affected areas to develop and implement the improvement actions necessary.

3.7. Reputational risk

The CaixaBank Group's Corporate Social Responsibility and Corporate Reputation Area, under the supervision of the CaixaBank Corporate Responsibility and Corporate Reputation Committee, is entrusted with monitoring any reputational risk which, should it arise, could adversely affect the CaixaBank Group's reputation, with this meaning the perception and expectations of the Group held by its stakeholders.

In 2015, the Group's Reputation Committee was revamped and renamed as the Corporate Responsibility Reputation Committee to adapt to the recommendations of the new Good Governance Code for Listed Companies approved by the CNMV in February 2015. The committee will report to the Appointments Committee of the Group's Board of Directors, whose main functions include: "Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter". One of the key tasks performed in this regard was to prepare the Group's Corporate Social Responsibility Policy.

A key tool used to manage risks affecting CaixaBank's reputation is the reputational risk map identifying the risks with the greatest potential impact on its reputation and the extent to which preventive measures have been rolled out. Indicators are established for the most relevant risks to allow for periodic monitoring of the effectiveness of the preventive measures implemented. These indicators are integrated in a scorecard and periodically submitted to the Group's Corporate Responsibility and Reputation Committee.

In 2015, the scorecard was expanded to include other relevant risks and work finished on automating the input of indicators in the tool available to the Entity to manage other risks. Traffic lights were also configured for each indicator to detect the criticality of changes in each one and respond more decisively to red alerts.

Some of the main steps taken in 2015 to improve certain critical indicators include offering financial education through upwards of 100 workshops targeting people at risk of social exclusion. This campaign was a response to calls by consumer associations and was carried out in partnership with Microbank, third sector enterprises and “la Caixa” volunteers.

All forms of media have been targeted intensely to communicate CaixaBank's key achievements. The Group's presence on social media has also been ramped up. An internal and external communications campaign was also run using fact files and corporate videos explaining CaixaBank's most significant efforts in the area of corporate social responsibility.

In the area of mortgage loan defaults, branch staff received additional training in 2015 on applying the solution set out in the Code of Good Practices for the viable restructuring of mortgage debts available to borrowers at risk of social exclusion. The number of dwellings donated by the Group to the Social Housing

Fund (FSV)) hit 2,629, exceeding the initial target of 1,085 homes (including Banco de Valencia and Barclays).

CaixaBank's reputation is measured using the Reputation Scorecard which includes various internal and external indicators on the Entity's reputation. The scorecard sets out who CaixaBank's stakeholders are and key reputational values, weighting them according to their importance to the Entity. This provides a Global Reputation Index: a global metric enabling data to be compared over time and benchmarked against peers.

The CaixaBank Group also has several tools and initiatives in place to measure its reputation among the different stakeholder groups:

<table>
<tr><th colspan="2">Perception and expectations of stakeholders</th></tr>
<tr><td>Customers

• Surveys on the level of service offered (in person and through remote channels)
• Comments received by the Customer Service area</td><td>Shareholders

• Periodic surveys
• Meetings with the Shareholder Advisory Committee
• Comments received by the Shareholder Service</td></tr>
<tr><td>Employees

• Workplace climate survey
• Regular consultations
• Input through suggestion boxes
• Other internal dialogue mechanisms</td><td>Company

• Reports on trends in the Bank's reputation in written and online media, as well as in social networks
• Presence in forums and conferences, as a benchmark institution
• Dialogue with consumer associations</td></tr>
<tr><td colspan="2">Other external indicators</td></tr>
<tr><td colspan="2">• Specific reports by independent experts
• Position in national and international rankings (economic, social, environmental, corporate governance)
• Presence on prestigious sustainability indices
• Awards and acknowledgements obtained for the business</td></tr>
</table>

3.8. Actuarial risk and risk relating to the insurance business

3.8.1 Overview

In general, risk of the insurance business is managed in accordance with Spanish insurance law. In particular, according to the ROSSP and other provisions of the Directorate-General of Insurance and Pension Funds (DGSyFP), which establishes, among other rules, the framework for managing credit and liquidity risk in the insurance activity, determining the credit rating and level of diversification. In relation to interest rate risk, the Group manages insurance contract commitments and the affected assets jointly using financial immunisation techniques envisaged in the provisions of the Directorate-General of Insurance and Pension Funds. The Solvency II regulatory framework becomes effective 1 January 2016 and entails new risk management requirements, among other new development.

In particular, Note 3.1.4 provides information relating to the credit risk associated with financial assets acquired to manage the commitments arising from the insurance contracts. Note 3.1.5 provides additional quantitative information regarding credit ratings based on Standard&Poor’s rating scale. This note also describes the Group's policies regarding exposure to sovereign risk. The quantitative information on the exposure of the insurance activity in sovereign debt is also detailed by portfolio, country and residual maturity. Note 3.4 includes information on liquidity risk in the insurance activity.

The insurance business is exposed to subscription or actuarial risk.

According to the EC Solvency II Directive, underwriting or actuarial risk reflects the risk relating to underwriting life and non-life insurance contracts, attending to claims covered and the processes deployed in the exercise of this activity, with the following breakdown.

- Mortality risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where an increase in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- Longevity risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where a decrease in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- Disability or morbidity risk: Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of disability, illness or morbidity rates.

Therefore, in the life insurance business, the main variables determining actuarial risk are mortality, survival and disability rates while the key variable in the other business lines is the claims rate.

3.8.2 Actuarial risk cycle

Management of actuarial risk is based on compliance with the regulations established by the DGIPF, from which policies are established, and monitoring of the technical trends of products, which depends mainly on actuarial factors (basically deaths).

This stable, long-term management is reflected in the actuarial risk management policies:

Existing actuarial risk management policies were revised and adapted in 2015 to bring them into line with the Solvency II Directive.

These policies are as follows:

- Underwriting and provision of reserves: for each line of business, various parameters are identified for risk approval, measurement, rate-setting and lastly, to calculate and set aside reserves covering underwritten policies. General operating procedures are also in place for underwriting and the provision of reserves.

- Reinsurance: The extent to which risk is passed on is determined taking into account the risk profile of direct insurance contracts, and the type, suitability and effectiveness of the reinsurance agreements in place.

Insurance companies assume risk towards policyholders and mitigate these risks by taking out insurance with reinsurance companies. By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

The Group's reinsurance programme lists the procedures that must be followed to implement the established reinsurance policy. These include:

- Disclosure of the types of reinsurance to be contracted, the terms and conditions of the policy, and aggregate exposure by type of business.
- Definition of the amount and type of insurance to be automatically covered by the reinsurance contract, e.g. mandatory reinsurance contracts.
- Procedures for acquiring facultative reinsurance.

In this respect, the Group has established limits on the net risk retained per business line, by risk or event (or a combination of both). These limits are set in accordance with the risk profile and reinsurance cost.

Handling claims and ensuring the adequacy of the provisions are basic principles of insurance management. The definition and follow-up of the aforementioned policies enables them to be changed, if required, to adapt risks to the Group's global strategy.

In 2015, the actuarial risk management policies were updated and put before and approved by the VidaCaixa Global Risk Committee, the VidaCaixa Board, and the CaixaBank Global Risk Committee.

3.8.3 Management tools

Technical provisions are estimated using specific procedures and tools and are quantified and tested for adequacy on an individual policy basis.

Technological support

The Group operates in an environment of highly-mechanised processes and integrated systems. All production operations, irrespective of the channel, are recorded in the systems using the various contracting, benefits management and provision calculation applications (e.g. TAV for individual and ACO or Avanti for group insurance). Investment software is used to manage and control the investments backing the company's insurance activity. All of the applications are accounted for automatically in the accounting support software.

Under the framework of these integrated and automated systems, there are also a number of applications that perform management support duties, including the treatment and preparation of reporting and risk management information. In addition, there is a Solvency and Risk datamart, which serves as a support tool for compliance with all the requirements of the Solvency II Directive from the application date.

Reports drafted

As indicated previously, technical monitoring of products allows for monitoring and control of the Group's actuarial risk.

The position and control of the Insurance Group's risks are monitored regularly by VicaCaixa's Management, Investment and Global Risk Committee and CaixaBank's Global Risk Committee and ALCO.

Solvency II

In 2013, the European authorities set January 1, 2016 as the application date of the Solvency II directive.

The Omnibus II Directive was approved in 2014, amending the Solvency II Directive and completing the new regulatory and supervisory framework for insurance in the EU, and granted powers to the EIOPA to conclude the Solvency II project.

Regulatory developments in Europe under debate (delegated acts, technical standards and guidelines) were completed in 2015. In Spain, the whole set of rules of Solvency II has been transposed into national legislation.

In preparation for Solvency II until the 1 January 2016 effective date, in 2014 the EIOPA (the European insurance advisor) issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II until 2016. These guidelines cover four areas:

- System of Governance.
- Forward looking assessment of own risks (based on own risk and solvency assessment –ORSA- principles).
- Pre Application of Internal Models.
- Submission of Information to National Competent Authorities.

The Group, in addition to working to comply with the adaptation guidelines, has worked actively on implementing Solvency II since the project began, participating in insurance sector working groups and in quantitative and qualitative impact studies conducted by the supervisors, making the necessary adaptations and improvements to its systems and operation.

The Group is preparing to comply with Solvency II when it comes into force on 1 January 2016.

3.9. Legal and regulatory risk

Exposure to an increasingly complex and variable regulatory and legal environment significantly affects the development of certain businesses, resulting in higher capital requirements and lower profit ratios. As a result, Senior Management is actively and continuously monitoring regulatory changes.

Through the Regulation Committee, created as an offshoot of the Management Committee, Senior Management monitors the regulatory environment, analysing its impacts and determining the strategic positions in relation to the different regulatory proposals and preliminary regulatory proposals, including the management of the representation of the Entity's interests. The aim is to anticipate regulatory changes and facilitate the CaixaBank Group's adaptation to new requirements.

The Regulation Division, which belongs to the Legal Advisory Area, is tasked with continuously monitoring regulatory changes, handling regulatory alerts and establishing positions in coordination with the different areas.

CaixaBank committee is actively involved in sector discussions on the consultative documents issued by the various regulatory authorities, whether international (including the European Commission, the Basel Committee, the European Banking Authority (EBA), the European Securities Market Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA)), or national (including the Spanish Ministry of the Economy, the Bank of Spain, the National Securities Market Commission (CNMV) and the Directorate General of Insurance), the aim being to contribute as far as possible to improving the new regulatory framework. These discussions are generally channelled through sector associations which the Group belongs to, particularly the Spanish confederation of savings banks (CECA) and the European Savings and Retails Banks Group (ESBG), allowing opinions on the consultative documents to be shared as well as other matters of interest for determining the future shape of the banking business. The positions established have been channelled through the ESBG and are published on its website.

In 2015, in coordination with the Regulation Division, the Entity was involved in the consultative process to develop a **crisis management framework**, by contributing to regulatory developments through delegated acts and technical standards of the Bank Recovery and Resolution Directive (BRRD) and its inclusion in national legislation. The Entity has also been actively involved in the review of **frameworks for regulatory capital consumption for credit, market and operational risk** developed by the Basel Committee. It maintained its position with regard to developments in the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR).

With regard to **investor protection**, the ESMA and EC's development of the Directive on markets in financial instruments ("MIFID 2") and the Regulation on financial markets amending Regulation 648/2012 EMIR (MIFIR) were followed, in addition to the European Supervisory Authority's development of Regulation 1286/2014 on key information documents for packaged retail and insurance-based products (PRIIPs), the Review of the Payment Services Directive (PSD2) and rules established in Spain to protect customers.

In 2015, the Corporate Legal Advisory and Business Legal Advisory Divisions have been actively involved in the implementation of these new regulations, determining interpretation criteria, establishing procedures and amending contracts and internal regulations. Highlights include corporate projects to adapt to:

- **Reform of the Catalan Consumer Code, Law 20/2014** Consulting services and implementation of the new regulation on mortgage loans and credits, refinancing transactions, prior information on banking services, customer services line and advertising.

- **Reform of the Code of Good Banking Practices, RDL 1/2015** Amendment of documentation, and particularly improvements to procedures, controls, disclosure documents and application criteria.

- **Royal Decree-Law 11/2015 regulating ATM cash withdrawal fees.** Analysis of impacts and scope of application, changes to ATM screens and payment order receipts.

- **Regulation (EU) 2015/751**, **on interchange fees for card-based payment transactions**. Consultancy services on the implementations of this Regulation, specifically in relation to the scope of application of restrictions on TIs, information for businesses. Amendment of contracts and disclosures.

Projects are also being carried out to analyse the impact and implementation of: (i) Law 5/2015 on Business Financing; (ii) Order ECC/2316/2015, on disclosure obligations and the classification of financial products; (iii) Regulation on International Sanctions and Financial Countermeasures; and (iv) rules relating to the project to reform the securities clearing, settlement and registration system.

Further, the importance extended to the regulatory framework for **tax risk management** in Spain and abroad, in addition to the growing interest of stakeholders and society in general in corporate tax management, led the Tax Division, in coordination with the corresponding business areas, to roll out a series of measures in 2015 to improve tax risk management and the effectiveness of the control measures in place.

As a result, the CaixaBank Group's governing bodies have drawn up a Fiscal Strategy for the Entity, containing its key tax policies. The Fiscal Strategy establishes that the Tax Division is responsible for coordinating the tax risk management systems in compliance with applicable fiscal obligations, and ensuring that these are continually aligned with the regulatory and technology environment.

A Tax Risk Control and Management Policy was also prepared and approved by the CaixaBank Group's governing bodies as a key to assigning responsibilities in the management of decisions with fiscal impact, taking on board the different categories closely linked to tax risk, such as: technical risk, reputational risk, regulatory risk, unforeseeable risk and compliance risk (the latter a sub-category of operational risk).

In 2015, the Code of Best Tax Practices was also approved, based on the premise, among others, that appropriate risk management inherent to compliance with tax obligations by companies requires increased mutual cooperation with the Tax Authorities.

Further, in 2015, the Tax Department continued to review and update the standard procedures for compliance with tax obligations and the existing functional control tools, factoring in improvement proposals from the standpoint of both resource management and technology in coordination with the Entity's different risk management areas.

3.10. Capital adequacy risk

As stated in the Risk Appetite Framework, the CaixaBank Group has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position as one of the healthiest entities in the European banking market.

Capital adequacy to cover eventual unexpected losses is measured from two different perspectives and using different methodologies: regulatory capital and economic capital.

In general, the banking sector mainly uses regulatory capital (increasingly during the financial crisis of the past few years) as this is the metric required by regulators and that which investors and analysts can use to compare financial entities. However, the CaixaBank Group has developed and uses economic capital as an additional reference as it provides a more accurate view of its risk aggregation and diversification policy.

Regulatory capital

Since 1 January 2014, the capital adequacy of financial institutions has been regulated by Regulation (EU) 575/2013 (CRR) and Directive 2013/36/EU of the European Parliament and of the Council, both dated 26 June 2013, which implement the Basel III regulatory framework (BIS III) in the European Union.

Additionally, following the transposition to European legislation, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital. This means that procedures are constantly being updated, and therefore CaixaBank continuously adapts its processes and systems to ensure the calculation of capital consumption and direct deductions from capital are fully aligned with the new established requirements.

As stipulated in the regulation, the Group is subject to minimum eligible capital and disclosure requirements at individual and sub-consolidated level.

(Thousands of euros)	**Capital requirement**	**Weight of total (%)**
Credit risk	**7,943,623**	**69%**
Standardised approach	*2,968,162*	*26%*
IRB approach	*4,270,514*	*37%*
Securitisations, CVA and DTAs	*704,947*	*6%*
Equity portfolio risk	**2,284,759**	**20%**
Risk relating to the trading portfolio and currency risk	**330,073**	**3%**
Operational risk	**906,477**	**8%**
Total	**11,464,932**	**100%**

Economic capital

In order to comply with the regulations of Pillar II of Basel II, the CaixaBank Group developed an economic capital model that measures, based on the bank's own criteria, the group of risks which the Group's activity is subject to.

The economic capital model forms the basis of the internal estimate of capital requirements which acts as a supplement to the regulatory view of capital adequacy. This is an internal estimate which the Entity adjusts according to its level of tolerance to risk, volume, and type of business activity.

Therefore, CaixaBank's Board of Directors and Management are responsible for ensuring that it has sufficient capital at all times to deal with any incident, with a high level of confidence.

With this objective, CaixaBank uses the same level of confidence as that used in the Pillar I calculations. 99.9% of Basel II, which allows it to maintain its desired target rating in alignment with best sector practices.

Hence, economic capital is not a substitute for regulatory capital, but a supplement which is used to better offset the actual risk assumed by the CaixaBank Group and it includes risks have been factored in either not at all or only partially, by the regulatory measures.

In addition to the risks referred to in Pillar 1 (credit, market and operational risk), it includes interest rate risk in the banking book, liquidity risk and other risks (business, reputational, concentration, concentration and actuarial).

4. Capital adequacy management

At 31 December 2015, the CaixaBank Group had a Common Equity Tier 1 (CET1) ratio of 12.9% (-5 basis points from 2014). Total eligible own funds stood at 15.9% of risk-weighted assets.

The trend in CET1 in the year reflects the integration of Barclays Bank, SAU, as well as capital generation through both the Group's earnings and prudent risk management.

Risk-weighted assets (RWA) at 31 December 2015 stood at EUR 143,312 million, up EUR 3,583 million or 2.6% from 31 December 2014, largely on account of the inclusion of Barclays Bank, SAU's risk-weighted assets, which partly offset the deleveraging of the lending portfolio occurring in recent months.

Applying the criteria expected for the end of the transitional period (fully loaded), CaixaBank had a CET1 ratio of 11.55%.

The European Central Bank (ECB) issued CaixaBank the minimum regulatory capital requirements after analysing the results of the supervisory review and evaluation process (SREP), which requires maintaining a regulatory CET1 ratio of 9.25%. This includes the general minimum CET1 requirement of Pilar 1 4.5% plus 4.75% for the specific requirements of Pillar 2 and the capital conservation buffer.

CaixaBank also received the Bank of Spain's decision on the capital buffer required due its status as an other systemically important institution (O-SII) from 1 January (0.25% of be phased in over a period of four years, to 2019).

Together, these decision required CaixaBank to maintain a CET1 ratio of 9.25% (9.3125% in 2016). This requirement, compared to the current CET1 ratio, indicate that the requirements applicable to CaixaBank would not give rise to any limitation to those referred to in solvency regulations regarding distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments.

CaixaBank is also subject to minimum capital requirements on a non-consolidated basis. CaixaBank's individual CET1 ratio stood at 13.0%.

(Thousands of euros)	31.12.2015		31.12.2014	
	Amount	%	Amount	%
CET1 instruments	**23,984,443**		**23,267,499**	
Shareholders' equity	23,688,634		23,372,983	
Capital	5,823,990		5,714,956	
Profit/(loss)	814,460		620,020	
Reserves and other	17,282,937		17,091,622	
Non-controlling interests and valuation adjustments	1,499,314		1,843,320	
Adjustments applied to the eligibility of non-controlling	(916,652)		(1,644,635)	
Other adjustments (1)	(286,853)		(304,169)	
Deductions from CET1	**(5,499,031)**		**(5,172,564)**	
Intangible assets	(4,905,186)		(4,879,654)	
Financial investments	(238,215)		(131,279)	
Deferred tax assets	(210,748)		0	
Other deductions from CET1	(144,882)		(161,631)	
CET1	**18,485,412**	**12.9%**	**18,094,935**	**13.0%**
AT1 instruments	**0**		**0**	
Deductions from AT1	**0**		**0**	
TIER 1	**18,485,412**	**12.9%**	**18,094,935**	**13.0%**
T2 instruments	**4,444,175**		**4,517,344**	
Subordinated financing	4,147,222		4,196,824	
General allowances and excess IRB provisions	296,953		320,520	
Deductions from T2	**(102,092)**		**(162,208)**	
TIER 2	**4,342,083**	**3.0%**	**4,355,136**	**3.1%**
TOTAL CAPITAL	**22,827,495**	**15.9%**	**22,450,071**	**16.1%**
Memorandum items: risk-weighted assets	**143,311,653**		**139,729,074**	
Credit risk	99,295,288		95,346,300	
Shareholder risk	28,559,485		29,424,130	
Operational risk	11,330,963		11,111,838	
Market risk	4,125,916		3,846,806	

(1) Mainly 2015 dividends to be paid to Shareholders

5. Appropriation of profit

The appropriation of profit of CaixaBank in 2015, to be presented by the Board of Directors for approval at the Annual General Meeting, is as follows:

Appropriation of CaixaBank's profit

(Thousands of euros)

	2015
Basis of appropriation	
Profit/(loss) for the year	650,692
Appropriation:	
To dividends (1)	**468,555**
To interim dividends (December 2015)	232,754
To final dividend (2)	235,801
To reserves (3)	**182,137**
Legal reserve (4)	21,807
Restricted reserve for goodwill (5)	120,487
Voluntary reserves (6)	39,843
Net profit for the year	**650,692**

(1) Estimated amount (see Note 2 below).

(2) The Board of Directors will submit a proposal at the Annual General Meeting to approve a final cash dividend of EUR 0.04 per share, to be paid in June 2016. The total amount to be distributed is estimated. This amount is increased or decreased in accordance with the total number of shares finally issued to execute, if appropriate, the resolution to increase capital agreed at the Annual General Meeting held on 23 April 2015 under item 8.2 of the agenda. Moreover, this amount is reduced in accordance with the number of treasury shares held by CaixaBank at the date of payment of the divided as, in accordance with the Spanish Corporate Enterprises Act, treasury shares are not eligible to receive dividends.

(3) Estimated amount (see Note 6 below).

(4) Amount to reach the 20% of share capital threshold at 31 December 2015 set out in Article 274 of the Corporate Enterprises Act and above the minimum amount required of 10% of income.

(5) In accordance with Article 273.4 of the Corporate Enterprises Act.

(6) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment of the price of the final dividend increases or decreases (see Notes 1 and 2 above).

The table below shows the mandatory provisional liquidity statements indicating there is sufficient profit to pay the interim dividend against 2015 profits approved by the Board of Directors on 17 December 2015:

2015
(Thousands of euros)

Date of resolution to pay interim dividend	17.12.2015
Applicable balance sheet date	30.11.2015
Profit from 1 January 2015	572,463
Maximum dividend (*)	**572,463**
Maximum interim dividend payout	(232,960)
Remainder	**339,503**

(*) Except for the mandatory provision to legal reserves and for goodwill

It also shows the availability of sufficient liquidity to distribute this dividend approved by the Board of Directors.

6. 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. A new scrip dividend remuneration scheme was approved at the Annual General Meeting of 12 May 2011. Under this programme, in certain quarters shareholders can choose between the following three options:

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

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

On 16 February 2015, the Board of Directors resolved to propose to the shareholders at the Annual General Meeting that the final payout for 2014 to be paid in June 2015 be distributed as a cash dividend. This resolution was ratified at the Annual General Meeting held on 23 April 2015, which green-lighted the distribution of a final 2014 dividend of EUR 0.04 per share. The dividend was paid on 12 June 2015.

At a meeting held on 26 February 2015, CaixaBank's Board of Directors initiated the process of distributing a third dividend charged to profit for 2014 under the scrip dividend programme, thus resulting in the cash payment to those shareholders who opted to sell their rights to CaixaBank at a fixed price of EUR 0.04 per right for a total pay-out of EUR 15,272 thousand. The remaining shareholders opted to receive shares under a scrip issue, which was effected on 24 March 2015 through the issuance of 53,331,614 shares, each of a par value of EUR 1, with a charge to the restricted reserves posted to such end at the Annual General Meeting held on 24 April 2014.

On 12 March 2015, the Board of Directors proposed that remuneration charged to 2015 would total EUR 0.16 per share, in the form of two cash payments and two payments under the Scrip Dividend programme (with the corresponding capital increases approved at the Annual General Meeting held on 23 April 2015). The quarterly remuneration policy will remain unchanged. In September, under the scrip dividend programme, the Executive Committee approved the distribution of a first interim dividend for 2015 of EUR 0.04 per share. This dividend resulted in the payment of cash to shareholders opting to sell their rights to CaixaBank of EUR 19,061 thousand, recognised with a charge to unrestricted reserves. The remaining shareholders opted to receive shares under a scrip issue, which entailed the issuance of 55,702,803 shares of EUR 1 par value each out of the restricted reserve set up for this purpose at the Annual General Meeting held on 23 April 2015 (see Note 25) and recognised with a charge to unrestricted reserves.

On 17 September 2015, the Board of Directors approved the distribution of an interim dividend out of 2015 profit, for the amount of EUR 232,754 thousand.

CaixaBank paid its majority shareholder EUR 533,964 thousand in dividends in 2015 (EUR 656,709 thousand in 2014; EUR 490,251 thousand from "la Caixa" Banking Foundation and EUR 166,458 thousand from Criteria).

Under this policy, shareholder remuneration in 2015 was as follows:

Distribution of dividends paid in 2015

(Thousands of euros)

	Euro per share	Maximum amount (*)	Amount paid in cash	Date of announcement	Payment date
Scrip dividend programme, equivalent to the third interim dividend against 2014 results (*)	0.04	228,598	15,272	26.2.2015	20.3.2015
Cash dividend, equivalent to the final dividend against 2014 results	0.04	N/A	230,622	23.4.2015	12.6.2015
Scrip dividend programme, equivalent to the first interim dividend against 2015 results (**)	0.04	230,732	19,061	3.9.2015	25.9.2015
Cash dividend, equivalent to the second interim dividend against 2015 results	0.04	N/A	232,754	17.12.2015	24.12.2015
Total distributed	**0.16**		**497,709**		

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

(**) The amount paid in cash has been recognised with a charge to unrestricted reserves.

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 Parent 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). At 31 December 2015, commitments to employees based on shares registered under equity totalled EUR 5,120 million.

Basic and diluted earnings per share in 2015 and 2014, as per the consolidated profit of the CaixaBank Group attributable to the Parent, are as follows:

Calculation of basic and diluted earnings per share

	2015	2014
Numerator		
Profit attributable to the Parent (thousands of euros)	**814,460**	**620,020**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	5,820,365	5,665,519
Adjustment for issuance of mandatory convertible instruments	0	155,606
Adjusted number of shares (Basic earnings per share denominator)	**5,820,365**	**5,821,125**
Basic earnings per share (euro) (**)	**0.14**	**0.11**
Diluted earnings per share (euro) (***)	**0.14**	**0.11**

(*) Number of shares outstanding at the beginning of the period, excluding the average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

(**) Including CaixaBank's 2015 individual profit, basic earnings per share would be EUR 0.11.

(***) In 2015, potentially dilutive share did not have any impact on the calculation of diluted earnings per share.

7. Business combinations, acquisition and disposal of ownership interests in subsidiaries

Business combinations and the main changes during 2015 and 2014 in ownership interests in subsidiaries were as follows:

Business combinations - 2015

Acquisition of Barclays Bank, SAU

On 31 August 2014, CaixaBank and Barclays Bank PLC reached an agreement whereby CaixaBank would acquire Barclays Bank, SAU.

On 2 January 2015, CaixaBank successfully acquired the entire capital of Barclays Bank, SAU, after securing the necessary clearance from the regulatory authorities. The provisional price paid in cash at that date amounted to EUR 820 million. On 23 April 2015, the parties agreed a final price for the transaction of EUR 815.7 million. On 30 March 2015, the Boards of Directors of CaixaBank and Barclays Bank, SAU approved the Joint Merger Project between CaixaBank (absorbing company) and Barclays Bank, SAU (absorbed company). The merger deed was placed on file at the Companies' Registry on 14 May 2015, and the technological and operational integration of Barclays Bank, SAU in CaixaBank took place thereafter.

CaixaBank assumed control of Barclays Bank, SAU on 2 January 2015. The purchase price allocation then began as required to report the transaction in the accounts, with negative merger goodwill of EUR 602 million being reported. Non-recurring restructuring costs stemming from the transactions totalled EUR 323 million (EUR 226 million, after tax). This included: EUR 190 million recognised under "Personnel expenses" (see Note 24) associated with the early retirement scheme; EUR 67 million under "Other general administrative expenses", consisting of expenses associated with the transaction; EUR 64 million under "Impairment losses on other assets (net)" in order to write down assets that are in disuse, and EUR 2 million under "Depreciation and amortisation".

Accounting of the business combination

The business combination is recognised in the accompanying financial statements. Effective control was assumed on 2 January 2015. The acquisition date for accounting purposes was 1 January 2015. The impact on equity and profit of the difference between the acquisition date and the date control was effectively obtained is not significant.

The fair values of the Barclays Bank Group's assets and liabilities at 1 January 2015, are as follows:

Fair values of the Barclays Bank Group's assets and liabilities at 1 January 2015

(Thousands of euros)

	Carrying amount	Adjustments	Reclassifications	Fair value
Assets:				
Cash and deposits at central banks	127,522			127,522
Financial assets held for trading	3,615			3,615
Available-for-sale financial assets **(Note 12)**	11,435	(749)		10,686
Debt securities	*7,740*			*7,740*
Equity instruments	*3,695*	*(749)*		*2,946*
Loans and receivables **(Note 13)**	17,750,709	(432,569)		17,318,140
Loans and advances to credit institutions	*1,003,064*			*1,003,064*
Loans and advances to customers	*16,747,645*	*(432,569)*		*16,315,076*
Hedging derivatives	82,858			82,858
Non-current assets held for sale **(Note 16)**	78,215	8,403	104,736	191,354
Insurance contracts linked to pensions	30,090		(30,090)	0
Tangible assets **(Note 19)**	70,390	(2,922)		67,468
Intangible assets **(Note 20)**	34,754	54,698		89,452
Tax assets **(Note 26)**	796,380	96,083		892,463
Other assets	238,671	(656)	(104,736)	133,279
Total assets	19,224,639	(277,712)	(30,090)	18,916,837
Liabilities:				
Financial liabilities held for trading	8,386			8,386
Financial liabilities at amortised cost **(Note 22)**	16,890,176	(93,824)	29,416	16,825,768
Deposits from central banks and credit institutions	*5,566,150*			*5,566,150*
Customer deposits	*8,566,919*			*8,566,919*
Marketable debt securities	*2,638,293*	*(93,824)*		*2,544,469*
Other financial liabilities	*118,814*		*29,416*	*148,230*
Hedging derivatives	15,884			15,884
Provisions **(Note 24)**	315,946	10,260	(30,090)	296,116
Tax liabilities **(Note 26)**	170,713	69,272		239,985
Other liabilities	156,769	(14,000)	(29,416)	113,353
Total liabilities	17,557,874	(28,292)	(30,090)	17,499,492
Equity	1,666,765	(249,420)	0	1,417,345
Consideration paid				815,703
Negative goodwill in business combinations				**(601,642)**

The following contingent assets and liabilities of the acquiree were measured during the purchase price allocation (PPA) process:

- The fair value of loans and receivables was primarily obtained by applying the estimated percentages of expected loss to loans and advances to customers, determined basically in accordance with the characteristics of the financing granted and the collateral of the debt. In accordance with paragraph B64 of IFRS 3, the gross contractual amounts receivable from loans and advances to customers and the provisional adjustments made under the scope of the purchase price allocation process are as follows:

Contractual amounts of and provisional adjustments to loans and advances to customers

(Thousands of euros)	Accounting balances of Barclays Bank Group at 31 December 2014				Adjustments made during purchase price allocation (1)	Fair value
	Gross amount	**Valuation adjustments**	**Provisions**	**Net balance**		
Loans and receivables **(Note 13)**	18,822,687	87,780	(1,159,758)	17,750,709	(432,569)	17,318,140
Loans and advances to credit institutions	*1,003,152*		*(88)*	*1,003,064*		*1,003,064*
Loans and advances to customers	*17,819,535*	*87,780*	*(1,159,670)*	*16,747,645*	*(432,569)*	*16,315,076*

(1) EUR 405,254 thousand of which corresponds to the adjustment for expected loss.

- The fair value of the portfolio of real estate assets was obtained considering appraisals performed and other parameters such as the type, use and location of the assets, etc.
- The fair values of the portfolio of non-listed holdings were estimated using a variety of generally accepted valuation techniques, including discounted cash flows.
- The wholesale debt issuances, including treasury shares, were estimated at their fair values.
- Liabilities and contingent liabilities were 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.

The Group recognised a positive amount equivalent to the negative difference arising on consolidation of EUR 602,183 thousand under “Negative goodwill” in the accompanying consolidated income statement (before and after tax). This amount includes the impact of the business combination with Barclays Bank, SAU and other minor acquisitions of control.

Consolidated ordinary income, or consolidated gross income, contributed by the acquiree from the acquisition date (1 January) amounts to EUR 275 million. This amount was arrived at as a best available estimate, as the merger and technological integration for accounting purposes were carried out in May 2015, after which there is no individual income statement available for Barclays Bank.

Business combinations - 2014

There were no business combinations in 2014.

Transactions with subsidiaries – 2015

Appendix I provides the key data, percentage of ownership, share capital, reserves, results and the cost of the direct stake of subsidiaries.

Transactions with subsidiaries did not have any impact on the consolidated financial information. The main transactions in 2015 were as follows:

CaixaBank Consumer Finance, EFC, SAU

In June 2015, CaixaBank fully subscribed a capital increase at CaixaBank Consumer Finance (called FinConsum until August 2015) for the sum of EUR 9,090 thousand, entailing the issuance and circulation of 10,000 new shares, all cumulative and indivisible and each with a par value of EUR 909. The new shares were issued with a share premium of EUR 26,498 thousand and paid up through the non-monetary contribution of 1,750 shares in CaixaRenting (100% of the share capital), which are valued at EUR 35,588 thousand.

Arquitrabe Activos, SL

In April 2015, CaixaBank, as sole shareholder of Arquitrabe Activos, SL, agreed the takeover and merger by this company of the following companies: Vip Desarrollos, SLU; Myqueli Inmuebles, SLU; Valenciana de Inversiones Participadas, SLU; Corporación Urbanística y de Bienes Inmuebles de Caja de Ahorros y Monte de Piedad de Navarra, SLU; Cajasol Inversiones Inmobiliarias, SAU; Vip Administración de Inmuebles, SLU; Vip Negocios, SLU; Inverjico 2005, SLU and Bavacun SL. Arquitrabe acquired, en bloc, all the net assets, rights and obligations of the absorbed companies.

CaixaCapital Fondos SCR de Régimen Simplificado, SAU

In May 2015, CaixaBank sold Caixa Emprendedor XXI, SA to CaixaCapital Fondos for EUR 25 million.

BuildingCenter, SAU

In July 2015, the sole shareholder made a non-refundable cash contribution of EUR 1,600 million and a refundable cash contribution of EUR 288.5 million. CaixaBank's stake in BuildingCenter is 100%.

Additionally, the real estate subsidiaries deriving from Barclays Bank SAU were merged: Ruval, SAU, Inmuebles y Servicios Barclays SA, and I.S.B. Canarias, SA. BuildingCenter acquired, en bloc, all the net assets, rights and obligations of the absorbed companies which was dissolved without liquidation.

8. 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 organisation. 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 financial statements, with no asymmetric allocations.

CaixaBank's business segments are:

Banking and insurance: the CaixaBank Group's core business and includes the entire banking business (retail banking, corporate banking, cash management 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 the Assets and Liabilities Committee (ALCO), and income from the financing of the equity investment business.

Total assets of the banking and insurance business at 31 December 2015 stood at EUR 333,097 million, of which EUR 7,961 million related to non-current assets held for sale. Total liabilities amounted to EUR 313,304 million.

Gross customer loans, under management criteria, amounted to EUR 206,437 million, while total customer funds stood at EUR 296,599 million.

This segment includes the result of the Group's insurance companies, mainly VidaCaixa, whose retail products are distributed to the same customer base and through the CaixaBank branch office network. Net profit for Grupo VidaCaixa in 2015 amounted to EUR 340 million. Key indicators for Grupo VidaCaixa at year-end 2015 included on-balance sheet assets of EUR 59,835 million, mathematical provisions of EUR 37,229 million and premiums earned in the year of EUR 6,936 million.

Investments: includes the significant holdings in the area of the Group's international diversification or services. It includes the results of the investments in the international banking investee portfolio (Grupo Financiero Inbursa, The Bank of East Asia, Erste Group Bank, and Banco BPI), the investments in Repsol, SA and Telefónica, SA, and other significant stakes in the area of sector diversification following the Group's latest acquisitions.

Total assets of this business at 31 December 2015 amounted to EUR 11,158 million, of which EUR 8,440 million related to investments in companies accounted for using the equity method, which contributed income of EUR 242 million.

The gross income of this business includes income from the equity accounting of the respective investments and from dividends, net of the related financing charge, equivalent to the opportunity cost of holding the investment over the long term and determined based on a long-term rate plus a credit spread, adapted in 2015 to trends in market conditions.

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

In 2015, the allocation of capital to this business was brought into line with the Group's new corporate objective of maintaining a Common Equity Tier 1 (CET1) BIS III fully loaded ratio of over 11%. The capital allocated to this segment takes into account both the consumption of capital by risk-weighted assets of 11% (10% in 2014) and all applicable deductions. Therefore, as the CaixaBank Group's entire capital is distributed, the difference between shareholders' equity and regulatory capital allocated to the investments business is allocated to the banking and insurance business.

The performance of the CaixaBank Group by business segment in 2015 and 2014 is shown below:

Consolidated income statement of the CaixaBank Group - By business segment

(Millions of euros)

	Banking and insurance (*)		Investments		TOTAL CAIXABANK GROUP	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Net interest income	**4,569**	**4,463**	**(216)**	**(308)**	**4,353**	**4,155**
Dividends and share of profit/(loss) of entities accounted for using the equity method	143	112	435	379	578	491
Net fee and commission income	2,013	1,825			2,013	1,825
Gains/(losses) on financial assets and liabilities and	764	396	18	73	782	469
Gross income/(loss)	**7,489**	**6,796**	**237**	**144**	**7,726**	**6,940**
Administrative expenses	(4,236)	(3,420)	(4)	(3)	(4,240)	(3,423)
Depreciation and amortisation	(366)	(350)			(366)	(350)
Pre-impairment income/(loss)	**2,887**	**3,026**	**233**	**141**	**3,120**	**3,167**
Impairment losses on financial and other assets	(2,353)	(2,579)	(163)		(2,516)	(2,579)
Net operating income/(loss)	**534**	**447**	**70**	**141**	**604**	**588**
Gains/(losses) on disposal of assets and others	(234)	(404)	268	18	34	(386)
Profit/(loss) before tax	**300**	**43**	**338**	**159**	**638**	**202**
Income tax	113	350	68	68	181	418
Profit/(loss) after tax	**413**	**393**	**406**	**227**	**819**	**620**
Profit/(loss) attributable to non-controlling interests	5				5	0
Profit/(loss) attributable to the Group	**408**	**393**	**406**	**227**	**814**	**620**
Average annual equity (**)	*19,812*	*20,209*	*4,151*	*3,220*	*23,963*	*23,429*

(*) Net profit for the insurance business in 2015 amounted to EUR 340 million. Key indicators for the insurance group at 31 December 2015 include on-balance sheet assets of EUR 59,835 million, technical provisions of EUR 37,229 million and premiums earned in the period of EUR 6,936 million.
(**) Average equity allocated to businesses, adjusted to reflect the impact of applying IFRIC 21 and IAS 8 on the recognition of levies.

As additional information, the non-core real estate activity is shown separately from the banking and insurance business due to the special management of the segment's assets. Since the first quarter of 2015, the non-core real estate activity includes:

- Non-core developer lending: The developer loan management model has been redefined in 2015, with the assignment of a team and centres manned by managers who specialise in the developer loans included in this activity that requiring special monitoring and management.
- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
- Other real estate assets and holdings.

Segment results for the banking and insurance business for 2015 are as follows:

Consolidated income statement for the banking and insurance business - 2015

(Millions of euros)

	Banking and insurance business (excl. non-core real estate)	Non-core real estate activity	TOTAL BANKING AND INSURANCE
Net interest income	**4,658**	**(89)**	**4,569**
Dividends and share of profit/(loss) of entities accounted for using the equity method	122	21	143
Net fee and commission income	2,011	2	2,013
Gains/(losses) on financial assets and liabilities and other operating	977	(213)	764
Gross income/(loss)	**7,768**	**(279)**	**7,489**
Administrative expenses	(4,187)	(49)	(4,236)
Depreciation and amortisation	(310)	(56)	(366)
Pre-impairment income/(loss)	**3,271**	**(384)**	**2,887**
Impairment losses on financial and other assets	(1,698)	(655)	(2,353)
Net operating income/(loss)	**1,573**	**(1,039)**	**534**
Gains/(losses) on disposal of assets and others	446	(680)	(234)
Profit/(loss) before tax	**2,019**	**(1,719)**	**300**
Income tax	(408)	521	113
Profit/(loss) after tax	**1,611**	**(1,198)**	**413**
Profit/(loss) attributable to non-controlling interests and other	5		5
Profit/(loss) attributable to the Group	**1,606**	**(1,198)**	**408**
Average annual equity (*)	*18,161*	*1,651*	*19,812*

(*) Average equity allocated to the businesses.

The income of the CaixaBank Group for 2015 and 2014 by segment and geographical area is as follows:

Distribution of interest and similar income by geographical area

(Thousands of euros)	January - December			
	CaixaBank		CaixaBank Group	
	2015	**2014**	**2015**	**2014**
Domestic market	5,774,018	6,881,580	8,365,032	8,783,601
Export	8,036	7,693	8,036	7,726
a) European Union	3,375	4,152	3,375	4,185
b) OECD countries				
c) Other countries	4,661	3,541	4,661	3,541
Total	**5,782,054**	**6,889,273**	**8,373,068**	**8,791,327**

Distribution of ordinary income (*)

(Thousands of euros)	Ordinary income from customers		Ordinary income between segments (**)		Total ordinary income	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Banking and insurance	12,632,613	12,525,662	0	0	12,632,613	12,525,662
Spain	*12,616,546*	*12,510,572*			*12,616,546*	*12,510,572*
Other countries	*16,067*	*15,090*			*16,067*	*15,090*
Investments	434,504	361,116	0	0	434,504	361,116
Spain	*49,910*	*376,394*			*49,910*	*376,394*
Other countries	*384,594*	*(15,278)*			*384,594*	*(15,278)*
Total	**13,067,117**	**12,886,778**	**0**	**0**	**13,067,117**	**12,886,778**

Figures for 2014 presented solely for purposes of comparison.

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

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

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

9. Remuneration of key management personnel

Under the provisions of Bank of Spain Circular 4/2004 and applicable international accounting regulations, key management personnel at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including all members of the Board of Directors (executive or other) and Senior Management. Given their posts, each member of key management personnel is a "related party" of CaixaBank. Therefore, CaixaBank must disclose, among other transactions, the information provided in this Note.

Also considered CaixaBank related parties are family members close to "key management personnel" and companies over which key personnel or their close family members exercise control, joint control or significant influence, or have, directly or indirectly, significant voting power. The transactions carried out by the CaixaBank Group with the aforementioned parties and other related parties are disclosed in Note 41.

Remuneration of the Board of Directors

At the Annual General Meeting of CaixaBank held on 23 April 2015, the Directors' remuneration policy was approved for 2015-2018, inclusive, in accordance with Article 529.9 of the Corporate Enterprises Act, introduced by Law 31/2014 of 3 December to improve corporate governance.

The remuneration policy for the Board of Directors is in line with the remuneration scheme set out in the By-laws and the Regulations of the Board of Directors in conformity with the Corporate Enterprises Act and Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions (LOSS).

Non-executive director remuneration only comprises fixed component, with the exception of variable components, pension schemes, remuneration in kind of systems based on shares or instruments linked to its share price described below. Non-executive Directors have a purely organic working relationship with CaixaBank, and as such do not hold contracts with the Company nor are they entitled to any form of payment should they be dismissed from their position as Director.

Article 34 of CaixaBank's By-laws, amended pursuant to a resolution adopted at the Annual General Meeting held 25 April 2013, stipulates that the position of Director shall be remunerated and that this remuneration shall consist of a fixed annual sum with a maximum amount determined by the Annual General Meeting and which shall remain in force until the General Meeting agrees to modify it. This maximum amount shall be used to remunerate all the Directors in their condition as such and shall be distributed as deemed appropriate by the Board of Directors, following the proposal of the Remuneration Committee, both in terms of remuneration to members, especially the Chairman, which receives additional fixed remuneration for carrying out his duties, and according to the duties and position of each member and to the positions they hold in the various Committees.

Likewise, within the maximum limit determined by the Annual General Meeting, Directors may be remunerated with Company shares or shares in another publicly traded Group company, options or other share-based instruments or of remuneration referenced to the value of the shares. This compensation must be reported and ratified by the Annual General Meeting. The resolution will specify, if applicable, the maximum number of shares that can be assigned in each year to this remuneration system, the strike price for the options or the system for calculating the strike price for the options, if applicable, taken as a reference and the term for duration of the plan.

Independently of the above, Directors carrying out executive duties at the Company, whatever the nature of their legal relationship, are entitled to receive remuneration for these duties to be determined by the Board of Directors on the basis of a proposal submitted by the Remuneration Committee. This remuneration may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In addition, providing execution functions may be remunerated by granting Company shares or shares in another publicly traded Group company, options or other share-based instruments or by other remuneration referenced to the value of the shares. In the event of departure not caused by a breach of their functions, directors may be entitled to compensation.

In addition, according to article 34.6 of the Bylaws and given the enormous practical issues involving an individual policy, Executive Directors are covered by the civil liability policy for Directors and executives of the CaixaBank Group to cover any third-party liabilities they may incur when carrying out their duties. These amounts are considered remuneration in kind.Details of remuneration and other benefits received in 2015 and 2014 by the members of the Board of Directors of CaixaBank for their membership in that body those years (by item in 2015), including remuneration received by Directors in their condition as such, and for the Chief Executive and Deputy Chairman, the amounts received in relation to their executive duties, are as follows:

(Thousands of euros)

	Post	Type of director	Board of Directors	Other board committees	Non-variable remuneration	Variable remuneration (1)	Other long-term benefits (2)	Other items (3)	Other positions in Group companies	Total 2015	Total 2014
Isidre Fainé Casas	Chairman	Proprietary director	1,090	60				8		1,158	1,108
Antonio Lavilla Masanell (4)	Deputy Chairman	Executive director	90	50	1,043	242	103	58		1,586	708
Gonzalo Gortázar Rotaeche (4)	Chief Executive Officer	Executive director	90	50	937	586	255	50	894	2,862	1,291
Juan María Nin Génova (4)											1,418
Eva Aurín Pardo	Director	Proprietary director	90					5	90	185	126
Maria Teresa Bassons Boncompte	Director	Proprietary director	90	30				5		125	108
Fundación Caja Navarra, represented by Juan Franco Pueyo	Director	Proprietary director	90					3		93	81
Fundación de Carácter Especial Monte San Fernando, represented by Guillermo Sierra Molina (5)			41					1		42	81
Fundación Privada Monte de Piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla (Fundación Cajasol), represented by Guillermo Sierre Molina(6)	Director	Proprietary director	8							8	
Salvador Gabarró Serra	Director	Proprietary director	90	80				5		175	115
Susana Gallardo Torrededía (7)											42
Javier Godó Muntañola (8)											90
Javier Ibarz Alegría	Director	Proprietary director	90	100				5	90	285	160
Arthur K.C. Li (9)	Director	Other external director	90					4		94	
David Li Kwok-Po (10)											68
María Dolors Llobet María	Director	Proprietary director	90	50				5	105	250	246
Juan José López Burniol	Director	Proprietary director	90	100				5		195	115
Alain Minc	Director	Independent director	90	87				3		180	108
María Amparo Moraleda Martínez (11)	Director	Independent director	90	166				5		261	106
John S. Reed	Director	Independent director	90					4		94	81
Leopoldo Rodés Castañé (12)			45	15				2		62	88
Juan Rosell Lastortras	Director	Independent director	90	50				5		145	88
Antonio Sáinz de Vicuña y Barroso (13)	Director	Independent director	90	146				5		241	120
Francesc Xavier Vives Torrents	Director	Independent director	90	53				5		148	108
Total			**2,624**	**1,037**	**1,980**	**828**	**358**	**183**	**1,179**	**8,189**	**6,456**

(1) Variable remuneration corresponds to the amount received by the Director in 2015. Half of this amount is received in shares and half in cash, and a portion is deferred over three years. It also includes the portion received under the long-term share-based variable remuneration scheme approved at the General Shareholders' Meeting of 23 April 2015.

(2) Includes pension plan contributions and other insurance premiums paid.

(3) Includes remuneration in kind (premiums of the group civil liability policy for all directors and health and life insurance premiums paid in favour of executive Directors), interest and dividends accrued on deferred variable remuneration and other benefits. In cases where the director is a legal person, remuneration in kind for the civil liability insurance premium includes the amount corresponding to the insurance premium of the natural person representative.

(4) Departure of Mr. Nin as CEO and appointment of Mr. Masanell and Mr. Gortázar on 30 June 2014.

(5) Departure of Fundación de Carácter Especial Monte San Fernando on 18 June 2015 after the foundation was wound up following its merger and takeover by Fundación Privada Monte de Piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla

(6) Appointment of Fundación Cajasol as director of CaixaBank on 19 November 2015, which took up the post on 1 December

(7) Departure on 23 April 2014.

(8) Departure on 30 June 2014.

(9) Appointment on 20 November 2014 and departure on 31 December 2015

(10) Departure on 23 October 2014.

(11) Appointed on 23 April 2014

(12) Departure due to death on 8 July 2015

(13) Appointed on 01 March 2014

Following the departure of Director Arthur K.C. Li with effect from 31 December 2015, the Board of Directors is composed of 17 members (19 members at 31 December 2014), with two current vacancies.

Remuneration received in 2015 by members of Board of Directors of CaixaBank in connection with their duties as representatives of the Entity on the Boards of listed companies and of other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies (excluding Group companies) amounted to EUR 1,217 thousand (EUR 1,131 thousand in 2014), recognised in the companies' respective income statements.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such. Note 41 provides the balances of contingent risks and commitments, as well as defined benefit post-employment obligations accrued with Executive Directors and Senior Management.

There are no termination benefits agreed in the event of termination of the appointment as Director for their duties as such, except for those agreed with the Executive Deputy Chairman and the Chief Executive as executive directors.

Remuneration of Senior Management

CaixaBank's Senior Management at 31 December 2015 comprised 10 people (10 people at 31 December 2014), holding the following positions: General Managers (4), Deputy General Managers (1), Executive Managers (4) and General Secretary (1).

Total remuneration received by members of CaixaBank's Senior Management in 2015 and 2014 is shown below. This remuneration is recognised in "Personnel expenses" in CaixaBank's income statement.

(Thousands of euros)	2015	2014
Salary (*)	8,340	9,504
Post-employment benefits	1,033	1,080
Other long-term benefits	65	363
Total	**9,438**	**10,947**

(*) Includes total non-variable remuneration, remuneration in kind and variable remuneration received by Senior Management, in cash or shares, as well as the part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years. It also includes the portion received under the long-term share-based variable remuneration scheme approved at the General Shareholders' Meeting of 23 April 2015.

NOTE: To ensure a correct comparison of the remuneration received by Senior Management in 2015 and 2014, the differences in the composition of this body must be taken into account.

The remuneration paid in 2015 to Senior Management at CaixaBank in connection with their activities as representatives of the Parent on the Boards of listed companies and other companies in which it has a significant presence or representation and that are CaixaBank consolidated companies was EUR 577 thousand (EUR 363 thousand in 2014), recognised in the income statements of these companies.

There are agreements with members of the Management Committee regarding termination benefits for early termination or rescission of contracts.

Other disclosures concerning the Board of Directors

Article 229.3 of the Corporate Enterprises Act, recently amended by Law 31/2014 of 3 December modifying the Corporate Enterprises Act to improve corporate governance, in force since 24 December 2014, introduces, among other duties applicable to directors, the duty to report to the Board of Directors any situation of conflict of interest, direct or indirect, incurred in by each of the Directors or related parties in respect of the Company.

In this connection, the Directors have informed of the following at 31 December 2015:

Director	Conflict of interest
Isidre Fainé Casas	- Abstention from deliberation and voting on the loan contract between C12, SA (lender) and Criteria Caixa, SAU (borrower). - Abstention from the agreement to transfer the stake in Caixa Innvierte SCR, SA to Criteria Caixa, SAU or its fully consolidated subsidiary, Criteria Venture Capital, SA. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Antonio Massanell Lavilla	- Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related party. - Abstention from the deliberation and voting on resolutions regarding the termination of his Senior Management employment contract, the service level agreement for the performance of executive duties of the Deputy Chairman of the Board of Directors and the terms of his remuneration for 2015 as Executive Director. - Abstention from the agreement to transfer the stake in Caixa Innvierte SCR, SA to Criteria Caixa, SAU or its fully consolidated subsidiary, Criteria Venture Capital, SA - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Gonzalo Gortázar Rotaeche	- Abstention from the deliberation and voting on the resolution on the suitability report for his proposed re-election as Chief Executive Officer. - Abstention from the deliberation and voting on resolutions regarding the service level agreement for the position of Chief Executive Officer and the terms of his remuneration for 2015 as Executive Director.

Director	Conflict of interest
Mª Teresa Bassons Boncompte	- Abstention from the deliberation and voting on resolutions regarding reverse factoring and trade risk lines, and working capital financing with a related party. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Salvador Gabarró Serra	- Abstention from the deliberation and voting on the resolution on the suitability report for his proposed re-election as Director. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Juan Franco Pueyo (natural person representative of Fundación Bancaria Caja Navarra)	- Abstention from the deliberation and voting on the resolution with Fundación Bancaria Caja Navarra to revoke the right to use a floor of a building in Pamplona.
Xavier Ibarz Alegría	- Abstention from the deliberation and voting on resolution regarding renting arrangements with a related party. - Abstention from the agreement to transfer the stake in Caixa Innvierte SCR, SA to Criteria Caixa, SAU or its fully consolidated subsidiary, Criteria Venture Capital, SA. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Eva Aurín Pardo	- Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Juan Rosell Lastortras	- Abstention from the deliberation and voting on resolutions regarding the extension of financing and execution of renting arrangements with a related party.
Arthur K.C. Li (Director until 31.12.2015)	- Abstention from the deliberation and voting on the resolution on the suitability report for his proposed re-election as Director. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
Juan José López Burniol	- Abstention from deliberation and voting on the resolution to approve loan contract between CaixaBank, S.A. (lender) and Criteria Caixa, S.A.U. (borrower). - Abstention from the agreement to transfer the stake in Caixa Innvierte SCR, SA to Criteria Caixa, SAU or its fully consolidated subsidiary, Criteria Venture Capital, SA. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.
María Dolors Llobet María	- Abstention from the deliberation and voting on resolutions regarding the extension of financing and lines of guarantees and the execution of renting arrangements with trade associations and unions and training and employment foundations. - Abstention from the deliberation and voting on the resolution regarding the extension of financing to a related parties. - Abstention from the agreement to transfer the stake in Caixa Innvierte SCR, SA to Criteria Caixa, SAU or its fully consolidated subsidiary, Criteria Venture Capital, SA. - Abstention from attending the deliberation and voting on the swap agreement with Criteria Caixa, SAU under which CaixaBank transferred to Criteria Caixa, SAU its stakes in The Bank of East Asia and Grupo Financiero Inbursa in exchange for own shares and cash.

Pursuant to article 229.1 of the Corporate Enterprises Act, Board members may not carry out for their own account or the account of others activities which actually or potentially constitute effective competition with those carried out by the Company or which, in any other way, permanently conflict with the Company's interests. Article 230 of the Corporate Enterprises Act stipulates that the Company can lift this prohibition if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. Express and separate approval of the exemption must be obtained from shareholders at the Annual General Meeting.

Director Arthur K.C. Li was appointed as member of the company's Board of Directors on 20 November 2014. He held this post until 31 December 2015. During his tenure, Arthur K.C. Li was Deputy Chairman of the Board of Directors of the Hong Kong bank The Bank of East Asia Limited, in which he stated that he held a stake at December 2015. In addition, during that period, affiliates of Arthur K.C. Li held posts and carried out duties at, and had stakes in that entity.

During Arthur K.C. Li's term of office, CaixaBank held a significant stake in the share capital of The Bank of East Asia Limited and several partnership agreements with that entity, with the two entities operating directly in geographic areas that did not overlap, but rather complement each other. The discharge of duties and functions at The Bank of East Asia Limited did not imply an effective competition with the company at that time. Nevertheless, as the wording of Article 229 of the Corporate Enterprises Act refers to "potential" competition and, therefore, a broad interpretation was required to prevent the risk of non-compliance with the terms of the law and, as this was unlikely to cause any damage to the Company, a proposal was submitted for approval at the Annual General Meeting held 23 April 2015 to grant Arthur K.C. Li an exemption to perform duties and hold positions and stakes in the Hong Kong bank, The Bank of East Asia. The proposal was approved by majority vote.

CaixaBank shares held by Board members

At 31 December 2015, the (direct and indirect) stakes held by members of the Board of Directors in the share capital of the Company are as follows:

	Direct	Indirect	Total shares held	Percentage (*)
Isidre Fainé Casas	729,455		729,455	0.013%
Antonio Massanell Lavilla	92,076		92,076	0.002%
Gonzalo Gortázar Rotaeche	426,058		426,058	0.007%
Eva Aurín Pardo	1,479		1,479	0.000%
Mª Teresa Bassons Boncompte	18,806		18,806	0.000%
Fundación Caja Navarra	53,600,000		53,600,000	0.920%
Fundación Cajasol	53,642,911		53,642,911	0.921%
Salvador Gabarró Serra	8,790		8,790	0.000%
Javier Ibarz Alegría	3,341		3,341	0.000%
Maria Dolors Llobet Maria	867		867	0.000%
Juan José López Burniol	25,493		25,493	0.000%
Alain Minc	12,556		12,556	0.000%
Maria Amparo Moraleda Martínez	0		0	0.000%
John S. Reed	12,199		12,199	0.000%
Joan Rosell Lastortras	0	41,130	41,130	0.001%
Antonio Sainz de Vicuña y Barroso	592		592	0.000%
Francesc Xavier Vives Torrents	3,249		3,249	0.000%
Total	**108,577,872**	**41,130**	**108,619,002**	**1.865%**

(*) % calculated on issued capital at 31 December 2015.

10. Cash and deposits at central banks

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

(Thousands of euros)	31.12.2015	31.12.2014
Cash	1,796,141	1,721,313
Deposits at central banks	3,975,426	2,435,468
Total	**5,771,567**	**4,156,781**

The balance of deposits at central banks includes balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities. The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

11. Held-for-trading portfolio (assets and liabilities)

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

(Thousands of euros)	31.12.2015		31.12.2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Debt securities	3,255,486		2,049,774	
Equity instruments	470,387		32,616	
Trading derivatives	9,806,191	9,498,607	10,174,370	10,105,414
Short positions **(Note 2.5)**		2,701,683		1,869,466
Total	**13,532,064**	**12,200,290**	**12,256,760**	**11,974,880**

Debt securities

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

(Thousands of euros)	**31.12.2015 (**)**	**31.12.2014 (**)**
Spanish government debt securities (*)	2,653,961	1,483,109
Treasury bills	*1,554,818*	*32,552*
Government bonds and debentures	*439,492*	*910,082*
Other issuances	*659,651*	*540,475*
Foreign government debt securities (*)	397,848	337,552
Issued by credit institutions	113,931	178,078
Other Spanish issuers	27,668	1,885
Other foreign issuers	62,078	49,150
Total	**3,255,486**	**2,049,774**

(*) See Note 3 “Information relating to sovereign risk exposure”.

(**) See ratings classification in Note 3.1.4, 'Risk associated with debt securities'.

Equity instruments

The detail of this item is as follows:

(Thousands of euros)	**31.12.2015**	**31.12.2014**
Shares in Spanish companies	468,749	32,174
Shares in foreign companies	1,638	442
Total	**470,387**	**32,616**

Trading derivatives

The detail, by type of product, of the fair value of the Group's trading derivatives at 31 December 2015 and 2014 is as follows:

Fair value by product

(Thousands of euros)

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**891,899**	**818,893**	**969,420**	**892,954**
Purchases of foreign currencies against euros	610,909	97,506	672,970	13,751
Purchases of foreign currencies against foreign currencies	173,973	185,942	281,766	238,208
Sales of foreign currencies against euros	107,017	535,445	14,684	640,995
Acquisitions and sales of financial assets	**33,176**	**905**	**7,552**	**13,189**
Acquisitions	31,992	111	7,347	
Sales	1,184	794	205	13,189
Financial futures on shares and interest rates	**0**	**0**	**0**	**0**
Share options	**111,598**	**141,764**	**167,633**	**189,914**
Bought	111,598		167,633	
Issued		141,764		189,914
Interest rate options	**342,339**	**349,648**	**429,579**	**423,363**
Bought	342,339		429,579	
Issued		349,648		423,363
Foreign currency options	**21,407**	**36,679**	**6,877**	**23,662**
Bought	21,407		6,877	
Issued		36,679		23,662
Other share and interest rate transactions	**6,800,079**	**6,639,042**	**6,977,425**	**6,975,060**
Share swaps	318,747	290,505	73,285	117,314
Future rate agreements (FRAs)	3,830	1,246	2,568	2,967
Interest rate swaps	6,477,502	6,347,291	6,901,572	6,854,779
Credit derivatives	**0**	**0**	**163**	**0**
Bought			163	
Sold				
Commodity derivatives and other risks	**1,605,693**	**1,511,676**	**1,615,721**	**1,587,272**
Swaps	1,595,505	1,501,115	1,603,442	1,577,877
Bought	10,188		12,199	
Sold		10,561	80	9,395
Total	**9,806,191**	**9,498,607**	**10,174,370**	**10,105,414**

The detail by counterparty of the fair value of trading derivatives is as follows:

Fair value by counterparty

(Thousands of euros)	31.12.2015		31.12.2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Organised markets	**9,195**	**83,985**	**4,560**	**22,903**
OTC markets	**9,796,996**	**9,414,622**	**10,169,810**	**10,082,511**
Credit institutions	5,313,355	7,617,766	5,419,436	8,166,597
Other financial entities	55	341	716	2,969
Other sectors	4,483,586	1,796,515	4,749,658	1,912,945
Total	**9,806,191**	**9,498,607**	**10,174,370**	**10,105,414**

Short positions

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

(Thousands of euros)	31.12.2015	31.12.2014
On securities lending agreements	**0**	**0**
Equity instruments	0	0
On overdrafts on repurchase agreements (*)	**2,701,683**	**1,869,466**
Debt securities **(Note 2.5)**	2,701,683	1,869,466
Total	**2,701,683**	**1,869,466**

(*) See Note 3 "Information relating to sovereign risk exposure".

Overdrafts on repurchase agreements of debt securities are short-term transactions arranged to offset off-balance sheet positions that have been sold or are subject to a repurchase agreement.

12. Available-for-sale financial assets

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

(Thousands of euros)

	31.12.2015	**31.12.2014**
Debt securities (*)	**59,617,962**	**67,205,087**
Spanish government debt securities (**)	48,008,151	57,163,712
Treasury bills	*11,520*	*798,672*
Government bonds and debentures	*46,162,857*	*52,881,744*
Other issuances	*1,833,774*	*3,483,296*
Foreign government debt securities (**)	4,735,417	2,023,639
Issued by credit institutions	4,681,035	5,365,193
Other Spanish issuers	611,957	1,161,125
Other foreign issuers	1,581,402	1,491,418
Equity instruments	**3,379,273**	**3,895,450**
Shares in listed companies	2,553,453	2,912,160
Shares in non-listed companies	680,346	858,904
Ownership interests in investment funds and other	145,474	124,386
Total	**62,997,235**	**71,100,537**

(*) See ratings classification in Note 3.1.4 "Risk associated with debt securities".

(**) See Note 3 "Information relating to sovereign risk exposure".

In 2015, the CaixaBank Group sold assets included under this heading in the fixed income market, tapping market opportunities and realising gains amounting to EUR 617 million gross, which were recognised under "Gains/(losses) on financial assets and liabilities" in the accompanying income statement (see Note 33).

The tables below show the main variations in "Debt securities" in the accompanying balance sheet:

Movement in available-for-sale financial assets – debt securities

(Thousands of euros)

	2015	**2014**
Opening balance	**67,205,087**	**52,117,173**
Plus:		
Additions due to business combinations **(Note 7)**	7,740	
Acquisitions	26,249,106	64,528,096
Gains/(losses) recognised with adjustments to equity **(Note 25.2)**	48,722	986,758
Amounts transferred to income statement **(Notes 33 and 40)**	616,833	345,323
Less:		
Sales and redemptions	34,183,047	50,625,547
Implicit accrued interest	326,492	172,729
Reclassifications and transfers		21,611
Impairment losses **(Note 37)**	13	47,624
Closing balance	**59,617,962**	**67,205,087**

The tables below show the changes in “Equity instruments” in 2015 and 2014:

(Thousands of euros)	Additions due to business combinations (Note 7)	Acquisitions and capital increases	Sales	Amounts transferred to income statement	Adjustments to market value	Other	Impairment losses (Note 37)	Total
Total balance at 31.12.2014								**3,895,450**
Telefónica, SA		569,130	(470,411)	(98,618)	(358,808)			(358,707)
Other	2,946	38,581	(54,305)	(45,470)	187,884	(19,918)	(267,188)	(157,470)
Changes in 2015	**2,946**	**607,711**	**(524,716)**	**(144,088)**	**(170,924)**	**(19,918)**	**(267,188)**	**(516,177)**
Balance at 31.12.2015								**3,379,273**

(Thousands of euros)	Acquisitions and capital increases	Sales	Amounts transferred to income statement	Adjustments to market value	Other	Impairment losses (Note 37)	Total
Total balance at 31.12.2013							**4,332,865**
Telefónica, SA	73,570	(72,080)	(17,870)	28,602	5,119		17,341
Bolsas y Mercados Españoles SHMSF, SA		(77,038)	(46,774)	7,940			(115,872)
Inversiones Financieras Agval, SA		(68,760)	(26,240)	26,240			(68,760)
Other	11,959	(246,489)	(25,977)	12,563	69,763	(91,943)	(270,124)
Changes in 2014	**85,529**	**(464,367)**	**(116,861)**	**75,345**	**74,882**	**(91,943)**	**(437,415)**
Balance at 31.12.2014							**3,895,450**

Impairment tests were carried out on equity instruments classified as "Available-for-sale financial assets" (see Note 2.9), uncovering the need to recognise a charge to profit for 2015 of EUR 267,188 thousand under "Impairment losses on financial assets (net)" (see Note 37).

The most significant changes in 2015 in available-for-sale equity instruments were as follows:

Telefónica, SA

At 31 December 2015, CaixaBank’s stake in Telefónica, SA stood at 5.01% (5.25% at 31 December 2014), with a market value of EUR 2,553 million (EUR 2,912 million at 31 December 2014).

Visa Europe Limited

In November 2015, Visa Inc. launched a bid to acquire Visa Europe Limited, of which CaixaBank is a member. As at 31 December 2015, the pertinent regulatory approvals for the acquisition had yet to be secured. The transaction valued Visa Europe Limited at EUR 16,500 million (excluding contingent consideration and other potential adjustments that could be determined). The Group measured its interest in Visa Europe Limited, included in the available-for-sale portfolio, at its share of the transaction rather than its pre-acquisition fair value. It recognised the related increase in value under "Valuation adjustments – Available-for-sale financial assets".

Key data on the main investments classified as available-for-sale financial assets are as follows:

(Millions of euros)

Corporate name	Registered office	% interest	% voting rights	Equity	Latest published profit/(loss)
Telefónica, SA (1)	Gran Vía, 28 28013 Madrid	5.01%	5.01%	29,714	4,577
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb) (2)	Paseo de la Castellana, 89 28046 Madrid	12.69%	12.69%	(1,683)	(585)
Caser, Compañía de Seguros y Reaseguros, SA (2)	Avenida de Burgos, 109 28050 Madrid	11.51%	11.51%	1,068	63
Grupo Isolux Corsan, SA (2)	Caballero Andante, 8 28021 Madrid	27.86%	27.86%	372	(39)

(1) Listed company. The information on equity and the last published profit/(loss) is at 30.9.2015.

(2) Non-listed companies. Information on equity and latest published profit/(loss) is as at 31.12.2015

13. Loans and receivables

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

(Thousands of euros)

	31.12.2015	31.12.2014
Loans and advances to credit institutions	7,493,150	4,377,197
Loans and advances to customers	202,896,200	188,761,864
Debt securities (*)	927,655	2,592,395
Total	**211,317,005**	**195,731,456**

(*) See ratings classification in Note 3.1.4 "Risk associated with debt securities".

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

31.12.2015

(Thousands of euros)

		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	7,493,109	(5)	117	(71)		7,493,150
Loans and advances to customers	211,903,981	(9,171,531)	473,109	(309,359)		202,896,200
Debt securities	926,928		727			927,655
Total	**220,324,018**	**(9,171,536)**	**473,953**	**(309,430)**	**0**	**211,317,005**

31.12.2014

(Thousands of euros)

		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	4,377,299	(4)	(49)	(49)		4,377,197
Loans and advances to customers	199,200,991	(10,594,568)	487,208	(331,767)		188,761,864
Debt securities	2,574,326		18,069			2,592,395
Total	**206,152,616**	**(10,594,572)**	**505,228**	**(331,816)**	**0**	**195,731,456**

13.1. Loans and advances to credit institutions

The detail of the balance of this item by loan type and credit status excluding valuation adjustments is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Demand	**4,137,333**	**3,576,887**
Reciprocal accounts	33,157	31,826
Other accounts	4,104,176	3,545,061
Time	**3,355,776**	**800,412**
Time deposits	459,476	258,785
Reverse repurchase agreements **(Note 2.5)**	2,896,295	540,242
Non-performing assets	5	1,385
Total	**7,493,109**	**4,377,299**

13.2. Loans and advances to customers

The detail of the balance of this item, by counterparty, loan type and status, borrower sector and interest rate formula, excluding valuation adjustments, is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Loan type and status	**211,903,981**	**199,200,991**
Public sector	14,046,653	13,806,850
Commercial loans	7,118,857	6,862,340
Secured loans	123,253,645	116,131,254
Reverse repurchase agreements **(Note 2.5)**	4,559,764	782,796
Other term loans	37,953,455	33,474,847
Finance leases	2,438,482	2,202,067
Receivables on demand and others	5,926,458	6,256,967
Non-performing assets	16,606,667	19,683,870
By counterparty	**211,903,981**	**199,200,991**
Public sector: Spanish public sector	14,082,417	13,910,251
Public sector: Other countries	268,413	223,590
Private sector: Resident	189,310,708	179,899,269
Private sector: Non-resident	8,242,443	5,167,881
By interest rate type	**211,903,981**	**199,200,991**
Fixed	44,736,793	41,065,723
Floating	167,167,188	158,135,268

The balance of “Receivables on demand and others” included the asset recognised under the scope of the business combination with Banco de Valencia. Within the context of the award to CaixaBank of Banco de Valencia, a protocol of financial support measures implemented through an Asset Protection Scheme was signed, whereby the Fund for Orderly Bank Restructuring (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, once all existing provisions covering these assets have been exhausted. In the purchase price allocation process, an asset was recognised to reflect the 72.5% of the expected loss for the protected portfolio. At 31 December 2015, the balance of this asset was EUR 480 million. The total expected loss, less provisions, at Banco de Valencia was recognised as a fair value adjustment with an increase in impairment allowances for loans and receivables.

Net losses are calculated and settled yearly. CaixaBank must submit, prior to 28 February of each year, a list of losses, gains and recoveries pertaining to the previous year. The FROB will make payments, if applicable, provided that the net loss is above the agreed-upon threshold and prior to 30 June of each year. The characteristics of the guaranteed assets and the long term of the agreement, which is 10 years, makes it difficult to estimate the effective timetable of the settlements to be made by the FROB, which will depend on the actual loss incurred each year with regard to the guaranteed assets, and once the threshold of the first loss assumed by CaixaBank is exceeded. In 2015, the calculation of losses, gains and recoveries with regard to 2014 did not give rise to any settlement on the part of the FROB as it did not exceed the threshold. At the date of these notes, the Group is preparing the calculation for 2015.

The business combination with Barclays Bank, SAU led to the recognition of EUR 16,315 million under the heading "Loans and advances to customers".

Guarantees received

The detail of guarantees received in the approval of lending transactions at CaixaBank at 31 December 2015 and 2014 is as follows:

Guarantees received
(Thousands of euros)

	31.12.2015	31.12.2014
Value of collateral	**359,226,844**	**329,768,848**
Of which: guarantees risks classified as under special monitoring	24,901,187	24,156,634
Of which: guarantees substandard risks	2,903,616	4,091,603
Of which: guarantees non-performing risks	27,970,675	33,480,164
Value of other collateral	**2,853,904**	**2,887,570**
Of which: guarantees risks classified as under special monitoring	123,136	167,963
Of which: guarantees substandard risks	2,410	67,194
Of which: guarantees non-performing risks	155,107	100,832
Total	**362,080,748**	**332,656,418**

Finance lease

In all types of finance leases marketed by the CaixaBank Group for capital goods or real estate, the risks and rewards are transferred to the lessee. The lease arrangements always contain a purchase option for a value below the fair value of the asset on the market. Where the value of the purchase option is similar to fair value, a repurchase agreement available to the supplier of the asset is added to the lease.

Assets leased under finance leases are recognised at the present value of the lease payments payable by the lessee, plus the guaranteed and non-guaranteed residual value, excluding interest expenses and value-added tax. The detail is as follows:

Finance leases

(Thousands of euros)

	31.12.2015	31.12.2014
Lease payments payable by the lessee	2,207,964	2,005,780
Third-party guarantees	16,560	8,707
Unguaranteed residual value	213,958	187,580
Total	**2,438,482**	**2,202,067**

The following table provides a detail, by term, of finance lease payments receivable (capital and interest, excluding tax and residual values) from both the public and private sector:

Minimum lease payments receivable from finance leases at 31 December 2015

(Thousands of euros)

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Minimum lease payments receivable	707,081	1,670,724	923,917	3,301,722

Impaired and past-due but not impaired assets

The detail of the past-due principal and interest not impaired at 31 December 2015 and 2014, by type of financial instrument, is as follows:

31.12.2015

Past-due and not impaired

(Thousands of euros)

	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**99,743**	**47,425**	**33,696**	**180,864**
Spanish public sector	9,120	1,810	323	11,253
Other resident sectors	84,375	42,162	30,569	157,106
Other non-resident sectors	6,248	3,453	2,804	12,505
Total	**99,743**	**47,425**	**33,696**	**180,864**

31.12.2014

Past-due and not impaired

(Thousands of euros)

	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**230,408**	**42,288**	**30,235**	**302,931**
Spanish public sector	3,386	415	691	4,492
Other resident sectors	208,311	35,915	29,113	273,339
Other non-resident sectors	18,711	5,958	431	25,100
Total	**230,408**	**42,288**	**30,235**	**302,931**

The detail of non-performing assets, by loan type and counterparty, is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Public sector	**71,368**	**125,042**
Private sector	**16,535,299**	**19,558,828**
Mortgage loans	11,591,862	14,316,093
Other loans	1,545,330	2,149,548
Credit accounts	2,674,187	2,451,991
Factoring	26,312	23,951
Commercial loans	46,998	56,468
Other credit	650,610	560,777
Total	**16,606,667**	**19,683,870**

NOTE: Includes EUR 5,819 million and EUR 5,187 million at 31 December 2015 and 2014, respectively, of non-performing assets for reasons other than arrears.

The changes in the balance of "Non-performing loans" in 2015 and 2014 were as follows:

Non-performing assets

(Thousands of euros)	2015	2014
Opening balance	**19,683,870**	**24,973,392**
Plus:		
Additions due to business combinations **(Note 7)**	2,127,641	
Additions	8,669,430	8,213,268
Less:		
Assets foreclosed and acquired from developers and individuals	(2,959,665)	(5,076,392)
Standardised and other assets	(7,185,841)	(5,998,584)
Assets derecognised due to disposal	(1,246,924)	(353,147)
Other assets written-off	(2,481,844)	(2,074,667)
Closing balance	**16,606,667**	**19,683,870**

In 2015, CaixaBank sold several portfolio assets (both non-performing assets and assets written off the balance sheet due to impairment) for the gross sum of EUR 2,030 million (see Note 28.4). The pre-tax capital gains on these transactions amounted to of EUR 112 million, recognised under "Impairment losses on financial assets (net)" in the income statement (see Note 37).

Past-due receivables on non-performing assets at 31 December 2015 and 2014 were EUR 1,659 and EUR 2,051 million, respectively, recognised under other memorandum accounts supplementing those in the balance sheet.

The detail, by collateral provided for the asset, of the age of the balances of non-performing assets at 31 December 2015 and 2014, is as follows:

31.12.2015

Terms by guarantee

(Thousands of euros)

	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	992,015	423,790	406,343	3,570,641	5,392,789
Other completed homes	214,342	142,412	113,209	1,825,779	2,295,742
Rural buildings in use, and completed multi-purpose facilities, premises and offices	304,002	150,424	157,766	1,989,679	2,601,871
Land, lots and other real estate assets	306,221	223,017	106,491	1,846,166	2,481,895
Transactions with mortgage collateral	**1,816,580**	**939,643**	**783,809**	**9,232,265**	**12,772,297**
Other guarantees	917,054	446,008	153,057	1,972,382	3,488,501
Negligible-risk transactions	59,848	32,905	24,573	228,543	345,869
Other guarantees	**976,902**	**478,913**	**177,630**	**2,200,925**	**3,834,370**
Total	**2,793,482**	**1,418,556**	**961,439**	**11,433,190**	**16,606,667**

31.12.2014

Terms by guarantee

(Thousands of euros)

	< 6 months	6-9 months	9-12 months	>12 months	Total
Completed homes, primary residence of the borrower	1,212,325	475,376	336,170	3,224,273	5,248,144
Other completed homes	327,206	170,847	177,227	3,163,534	3,838,814
Rural buildings in use, and completed multi-purpose facilities, premises and offices	388,997	142,454	106,846	2,018,868	2,657,165
Land, lots and other real estate assets	609,930	89,758	264,023	2,936,900	3,900,611
Transactions with mortgage collateral	**2,538,458**	**878,435**	**884,266**	**11,343,575**	**15,644,734**
Other guarantees	690,042	408,251	314,315	2,206,804	3,619,412
Negligible-risk transactions	71,424	31,811	30,494	285,995	419,724
Other guarantees	**761,466**	**440,062**	**344,809**	**2,492,799**	**4,039,136**
Total	**3,299,924**	**1,318,497**	**1,229,075**	**13,836,374**	**19,683,870**

13.3. Debt securities

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

(Thousands of euros)

	31.12.2015	31.12.2014
Other Spanish issuers	626,910	2,574,326
Other foreign issuers	300,018	
Total	**926,928**	**2,574,326**

“Debt securities” includes bonds issued by other Spanish issuers of private fixed-income securities for nominal amounts of EUR 700 million and 1,749 million at 30 December 2015 and 2014, respectively, issued by multi-seller securitisation funds to which Banca Cívica contributed covered bonds issued over the course of several years. The change in 2015 was due to the maturity of an issuance. These bonds were adjusted to their fair value at the date of the business combination.

In 2015, Criteria proceeded to make full early redemption of a placement of plain vanilla bonds issued in 2012 and acquired by CaixaBank. The balance at 31 December 2014 stood at EUR 999 million.

13.4. Impairment allowances

The changes in the balance of the allowances for impairment losses on assets comprising “Loans and receivables” in 2015 and 2014 are as follows:

2015

(Thousands of euros)

	Balance 31.12.2014	Additions due to business combinations (Note 7)	Net impairment allowances (Note 37)	Amount used (Note 28.4)	Transfers and other	Balance at 31.12.2015
Specific allowance	**10,524,267**	**1,548,657**	**1,351,824**	**(2,728,936)**	**(1,633,064)**	**9,062,748**
Loans and advances to credit institutions	4	88	(104)		17	5
Loans and advances to customers	10,524,263	1,548,569	1,351,928	(2,728,936)	(1,633,081)	9,062,743
Public sector	*1,012*		*(666)*	*34*	*10,155*	10,535
Other sectors (*)	*10,523,251*	*1,548,569*	*1,352,594*	*(2,728,970)*	*(1,643,236)*	9,052,208
Debt securities						0
General allowance	**68,419**	**15,786**	**35,801**	**0**	**(14,368)**	**105,638**
Loans and advances to customers	68,419	15,786	35,801		(14,368)	105,638
Country risk allowance	**1,886**	**569**	**835**	**0**	**(140)**	**3,150**
Loans and advances to customers	1,886	569	835		(140)	3,150
Total	**10,594,572**	**1,565,012**	**1,388,460**	**(2,728,936)**	**(1,647,572)**	**9,171,536**

(*) At 31 December 2015 and 2014, includes allowances for other financial assets, amounting to EUR 8,545 thousand and EUR 7,166 thousand, respectively.

2014

(Thousands of euros)

	Balance at 31.12.2013	Net impairment allowances (Note 37)	Amount used (Note 28.4)	Transfers and other	Balance at 31.12.2014
Specific allowance	**14,935,708**	**1,315,221**	**(3,665,157)**	**(2,061,505)**	**10,524,267**
Loans and advances to credit institutions	2,968	142	(107)	(2,999)	4
Loans and advances to customers	14,932,740	1,315,079	(3,665,050)	(2,058,506)	10,524,263
Public sector	*635*	*(8,608)*	*(72)*	*9,057*	*1,012*
Other sectors (*)	*14,932,105*	*1,323,687*	*(3,664,978)*	*(2,067,563)*	*10,523,251*
Debt securities	0				0
General allowance	**48,262**	**23,368**	**0**	**(3,211)**	**68,419**
Loans and advances to customers	48,262	23,368	0	(3,211)	68,419
Country risk allowance	**1,283**	**363**	**0**	**240**	**1,886**
Loans and advances to customers	1,283	363		240	1,886
Total	**14,985,253**	**1,338,952**	**(3,665,157)**	**(2,064,476)**	**10,594,572**

(*) At 31 December 2014 and 2013, includes allowances for other financial assets, amounting to EUR 7,166 thousand and EUR 6,558 thousand, respectively.

At 31 December 2015 and 2014, considering the provisions for contingent liabilities (see Note 21), the total provisions for loans and advances to customers and contingent liabilities were EUR 9,512 million and EUR 11,121 million, respectively. The amounts of provisions are supported by the Company's internal models. Provisions for contingent liabilities at 31 December 2015 and 2014 amounted to EUR 349 million and EUR 533 million (see Note 24), recognised under "Provisions" on the liabilities side of the accompanying consolidated balance sheet. Coverage stood at 56% (128% with mortgage collateral).

The breakdown of provisions to cover credit risk, according to how they are identified, is as shown:

Provisions for credit risk according to how they are identified

(Thousands of euros)

	31.12.2015	31.12.2014
Specific allowance identified individually	2,880,757	1,615,007
Specific allowance identified collectively	4,408,463	7,247,341
Collective allowance for losses incurred but not reported (*IBNR*)	1,882,316	1,732,224
Total	**9,171,536**	**10,594,572**

14. Held-to-maturity investments

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

(Thousands of euros)	31.12.2015	31.12.2014
Debt securities (*)	**3,820,114**	**9,608,489**
Spanish government debt securities (**)	2,040,794	6,309,235
Government bonds and debentures	*2,040,794*	*5,393,483*
Other issuances	*0*	*915,752*
Issued by credit institutions	24,116	537,071
Other Spanish issuers	1,755,204	2,012,054
Other foreign issuers	0	750,129
Total	**3,820,114**	**9,608,489**

(*) See ratings classification in Note 3.1.4 "Risk associated with debt securities".

(**) See Note 3 "Information relating to sovereign risk exposure".

“Held to maturity investments” includes, *inter alia*, SAREB bonds with a nominal value at 31 December 2015 and 2014 of EUR 1,962 million and EUR 2,055 million, respectively.

At 31 December 2015 and 2014, "Held-to-maturity investments" also included several bonds related to the cancellation in 2013 of the loan granted from the Fund to Finance Payments to Suppliers (Fondo para la Financiación de los Pagos a Proveedores), for a total amount of EUR 1,786 million and EUR 2,810 million, respectively, with maturities between 31 May 2016 and 31 January 2022.

In 2015, both Spanish public debt issuances, mainly short- and long-term government bonds for a nominal value of EUR 3,264 million, and debt issuances of the autonomous governments for a nominal value of EUR 878 million matured. Debt issuances of credit institutions worth EUR 500 million also matured in the period. In addition, at 31 December 2014, this item included EUR 750 million of ESM bonds, which matured in 2015.

Impairment tests conducted revealed the need to charge the sum of EUR 172 million against 2015 profit in relation to financial investments in debt instruments reported under this heading (see Note 37).

15. Hedging derivatives (assets and liabilities)

The detail, by type of product, of the fair value of derivatives designated as hedges at 31 December 2015 and 2014, is as follows:

Fair value by product

(Thousands of euros)

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Share options	**261,099**	**0**	**131,573**	**0**
Bought (*)	261,099		131,573	
Issued				
Interest rate options	**0**	**50,112**	**0**	**54,013**
Bought				
Issued		50,112		54,013
Foreign currency options	**0**	**0**	**26,442**	**0**
Bought	0		26,442	
Issued				
Other share and interest rate transactions	**3,504,255**	**470,205**	**4,769,632**	**568,385**
Share swaps				
Future rate agreements (FRAs)				
Interest rate swaps	3,504,255	470,205	4,769,632	568,385
Commodity derivatives and other risks	**152,108**	**235,846**	**228,326**	**253,718**
Swaps	152,108	231,028	228,326	249,761
Sold		4,818		3,957
Total	**3,917,462**	**756,163**	**5,155,973**	**876,116**

(*) Includes the fair value of the embedded derivative in the November issue of bonds exchangeable for Repsol shares (see Note 22.3).

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

Fair value by counterparty

(Thousands of euros)

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Organised markets				
OTC markets	**3,917,462**	**756,163**	**5,155,973**	**876,116**
Credit institutions	2,454,825	676,014	3,395,274	769,466
Other financial entities	266,971	29,001	142,979	46,606
Other sectors	1,195,666	51,148	1,617,720	60,044
Total	**3,917,462**	**756,163**	**5,155,973**	**876,116**

The detail, by type of hedge, of the fair value of derivatives designated as hedging derivatives is as follows:

Fair value by type of hedge
(Thousands of euros)

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	**3,448,337**	**521,718**	**4,797,476**	**621,170**
Micro-hedges	*868*	*2,013*	*29,118*	*6,504*
Macro-hedges	*3,447,469*	*519,705*	*4,768,358*	*614,666*
Cash flow hedges	**469,125**	**234,445**	**358,497**	**254,946**
Micro-hedges	*419,036*	*234,242*	*358,497*	*254,946*
Macro-hedges	*50,089*	*203*	*0*	*0*
Total	**3,917,462**	**756,163**	**5,155,973**	**876,116**

At 31 December 2015 and 2014, the main exposures and the derivatives designated to hedge them were as follows:

- Fair value hedges:
    - Fair value macro-hedges: cover balance sheet positions exposed to interest rate risk. Specifically fixed-rate issuances, certain loan groups and certain fixed-income positions of public administrations classified as available for sale.

      There follows a brief description of the nature of the risks hedged and of the instruments used, classifying them according to the various management objectives:

        - Fair value macro-hedges, mainly for issuances:
          The hedge is effected by converting the covered financial instrument from fixed to floating rate, wherein the interest rate is the substance of the hedged risk. Hedging instruments used are mainly interest rate swaps that change the rate of the hedged item from fixed to floating rate.
          The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at 31 December 2015 amounted to EUR 3,345.2 and 519.7 million, respectively.

        - Fair value macro-hedges for fixed rate loans:
          The hedge is effected by converting the loans from fixed rate to floating rate, whereby the interest rate is the substance of the hedged risk. Hedging instruments used are mainly interest rate swaps that change the rate of the hedged item from fixed to floating rate.
          The value of the hedging instruments recognised on the asset side of the balance sheet at 31 December 2015 amounted to EUR 85.3 million.

        - Fair value macro-hedges for floating rate loans:
          The hedge is effected by converting the loans from a EURIBOR 12-month rate to EONIA, whereby the interest rate is the substance of the hedged risk. Interest rate swaps are the most commonly used hedge instruments in these case.
          The value of the hedging instruments recognised on the asset side of the balance sheet at 31 December 2015 amounted to EUR 17 million.

The hedged items recognised under Adjustments to financial assets - macro-hedges and Adjustments to financial liabilities - macro-hedges in the balance sheet at 31 December 2015 totalled EUR 3.3 million and EUR 2,213.2 million respectively.

Of a net total of EUR 727 million of positive adjustments recognised in "Interest and similar income" and "Interest expense and similar charges" in the income statement (see Notes 29 and 30), EUR 772.5 million related to fair value macro-hedge adjustments.

- Fair value micro-hedges: the objective of these hedges is to mitigate the impact of changes in the value of the hedged item caused by the risks it is hedged against. There were no significant micro-hedges of this kind at 31 December 2015.

- Cash flow hedges:
  - Cash flow macro-hedges: This aim to cover, for a group of balance sheet items, exposure to fluctuations in cash flows resulting from the hedged risks.

    There follows a brief description of the nature of the risks hedged and of the instruments used, classifying them according to the various management objectives:

    - Macro-hedges for floating rate loans:

      The general objectives and specific strategy for this kind of hedging are to protect CaixaBank from fluctuations in the flows of the hedged assets due to movements in the market rates curve.

      This protects the bank from income volatility.
      To hedge the risk, interest rate swaps have been arranged on the market to change the floating rate to fixed rate.

      The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at 31 December 2015 amount to EUR 50.1 million and EUR 0.2 million, respectively.

  - The purpose of the cash flow micro-hedges is to hedge the exposure of the item being hedged to variations in cash flow caused by the risks against which it is covered.

    There follows a brief description of the nature of the risks hedged and of the instruments used, classifying them according to the various management objectives:

    - Micro-hedges of inflation-indexed public debt:

      The purpose of this micro-hedge is to stabilise the impact on net interest income of interest associated with inflation-indexed public debt, eliminating the underlying risk of the benchmark index.

      To hedge this risk, interest rate swaps and inflation swaps and options have been arranged on the market that change the inflation-indexed rate of the issue from floating to variable.

The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at 31 December 2015 amount to EUR 157.9 million and EUR 206.8 million, respectively.

- Micro-hedges on transactions considered to be highly probable:

  The purpose of this micro-hedge is to cover the price risk associated with a highly probable forecast transaction.

  CaixaBank currently has a cash flow micro-hedge arranged on a portion of its stake in Repsol, SA (see Note 22.3 for details of this transaction).

  The value of the hedging instruments recognised on the asset and liability sides of the balance sheet at 31 December 2015 amount to EUR 261.1 million and EUR 27.1 million, respectively.

In 2015 and 2014, the corresponding effectiveness tests on these hedges were performed. Any ineffective portions of the hedges were recognised under “Gains/(losses) on financial assets and liabilities” in the income statement (see Note 33).

16. Non-current assets held for sale

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

Movements in this heading in 2015 and 2014 were as follows:

2015

(Thousands of euros)

	Foreclosed assets			
	Foreclosure rights (1)	**Other foreclosed assets**	**Other assets (2)**	**Total**
Cost				
Opening balance	799,095	8,996,454	931,071	10,726,620
Additions due to business combinations **(Note 7)**		363,307	6,635	369,942
Additions in the year	1,358,236	1,321,419	162,512	2,842,167
Transfers (3)	(1,267,749)	1,090,840	368,901	191,992
Reductions in the year		(1,586,298)	(115,133)	(1,701,431)
Closing balance	889,582	10,185,722	1,353,986	12,429,290
Impairment allowances				
Opening balance	(54,497)	(3,324,115)	(100,067)	(3,478,679)
Additions due to business combinations **(Note 7)**		(178,360)	(228)	(178,588)
Allowances**(Note 40)**	(12,105)	(1,657,433)	(111,697)	(1,781,235)
Provisions **(Note 40)**	41,056	1,381,828	61,639	1,484,523
Transfers (4)	(172,353)	(695,787)	(96,119)	(964,259)
Amounts used		446,718	2,893	449,611
Closing balance	(197,899)	(4,027,149)	(243,579)	(4,468,627)
Total	**691,683**	**6,158,573**	**1,110,407**	**7,960,663**

(1) Foreclosure rights are measured initially at the net value at which the asset will be recognised when the definitive foreclosure occurs.

(2) Mostly includes: investments reclassified as non-current assets held for sale, assets deriving from the termination of operating lease agreements and closed branches.

(3) Includes mainly reclassifications of foreclosure rights to "Tangible assets - investment property - Other foreclosed assets" when the property is put up for lease (see Note 19).

(4) Includes provisions recognised to hedge against the risk of insolvency on credit operations of CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter.

2014

(Thousands of euros)

	Foreclosed assets			
	Foreclosure rights (1)	Foreclosed assets	Other assets (2)	Total
Cost				
Opening balance	563,956	7,846,028	685,150	9,095,134
Additions in the year	1,357,908	2,012,911	104,599	3,475,418
Transfers	(1,122,769)	745,825	152,918	(224,026)
Disposals due to sale		(1,608,310)	(11,596)	(1,619,906)
Closing balance	799,095	8,996,454	931,071	10,726,620
Impairment allowances				
Opening balance	(12,285)	(2,851,719)	(16,558)	(2,880,562)
Allowances **(Note 40)**	(22,334)	(135,199)	(1,473)	(159,006)
Transfers	(19,878)	(663,061)	(89,192)	(772,131)
Amounts used		325,864	7,156	333,020
Closing balance	(54,497)	(3,324,115)	(100,067)	(3,478,679)
Total	**744,598**	**5,672,339**	**831,004**	**7,247,941**

(1) Foreclosure rights are measured initially at the net value at which the asset will be recognised when the definitive foreclosure occurs.
(2) Mostly includes: investments reclassified as non-current assets held for sale, assets deriving from the termination of operating lease agreements and closed branches.

The detail, by age, of foreclosed assets at 31 December 2015 and 2014, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

Age of foreclosed assets

	31.12.2015		31.12.2014	
	No. of assets	Thousands of	No. of assets	Thousands of
Up to 1 year	56,464	5,217,335	36,903	3,303,031
Between 1 and 2 years	21,549	2,194,658	27,260	2,246,053
Between 2 and 5 years	28,881	2,912,631	35,071	3,800,242
Over 5 years	4,511	750,680	2,868	446,223
Total	**111,405**	**11,075,304**	**102,102**	**9,795,549**

The breakdown by sector of foreclosed assets at 31 December 2015 and 2014 is as follows:

Type of sector

(Percentage of value of assets)

	31.12.2015	31.12.2014
Residential	86.9%	80.5%
Industrial	11.6%	17.8%
Farming	1.5%	1.8%
Total	**100%**	**100%**

The fair value of property classified as non-current assets held for sale is measured based on Level 2 in the fair value hierarchy.

Foreclosed assets are appraised on a regular basis in compliance with Ministerial Order ECO/805/003 or using statistical appraisals, and recognised at the lower of the assets' fair value less costs to sell and carrying amount (see Note 2.19). An independent expert is then asked to make a comparative assessment, which consists of an overall assessment of the real estate portfolio at 31 December 2015 applying adjustments to certain appraisal values. The approach to this comparative assessment is as follows:

- Analysis of sales made during the period, comparing the prices obtained in the sales with the appraisal values.

- Individual valuation of representative sample from the portfolio with the following approach:

  - Comparative market method: the property selected is compared with others of similar characteristics which have recently been sold or put up for sale on the market, making any necessary adjustments for location, surface area, zoning classification or any other factor that could result in differences in the valuation.
  - Dynamic residual method: this is applicable mainly to lend or properties for which market comparisons cannot be applied directly.
  - Yield method: the value of the asset of determined based on future profits, discounted at an appropriate discount rate.

These analyses suggest that the market value of the assets does not differ significantly from their carrying amount.

The table below shows the companies and agencies that carried out appraisals in 2015:

(Percentage, %)

	31.12.2015	31.12.2014
Tasaciones Inmobiliarias, SA	29.6%	26.8%
Sociedad de Tasación, SA	23.1%	22.0%
Valtenic, SA	17.7%	25.3%
Ibertasa, SA	9.2%	0.0%
Valoraciones y Tasaciones Hipotecarias, SA	8.2%	15.9%
Gesvalt, SA	7.6%	0.0%
Tecnitasa	1.1%	2.8%
Valoraciones Mediterráneo, SA	0.9%	0.7%
Krata, SA	0.0%	2.0%
Valoración Hipotecaria, SA	0.0%	1.7%
Other	2.6%	2.8%
Total	**100.0%**	**100.0%**

17. Investments

The breakdown of the cost of investments in associates and joint ventures is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Listed	9,039,873	8,473,337
Underlying carrying amount	*7,661,298*	*7,146,459*
Goodwill	*1,378,575*	*1,326,878*
Non-listed	1,254,812	1,467,501
Underlying carrying amount	*953,697*	*1,093,865*
Goodwill	*301,115*	*373,636*
Subtotal	**10,294,685**	**9,940,838**
Less:		
Impairment allowances	(620,991)	(674,441)
Total	**9,673,694**	**9,266,397**

The detail of goodwill at 31 December 2015 and 2014 is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
The Bank of East Asia, LTD (1)	746,167	677,940
Banco BPI, SA	350,198	350,198
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros	299,618	299,618
Grupo Financiero Inbursa (1)	282,210	298,740
Boursorama, SA		66,306
Other	1,497	7,712
Total	**1,679,690**	**1,700,514**

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

The tables below show the changes in “Investments” in 2015 and 2014:

(Thousands of euros)	Underlying carrying amount	Goodwill	Impairment allowances	Total
Balance at 31.12.2014	**8,240,324**	**1,700,514**	**(674,441)**	**9,266,397**
Acquisitions and capital increases	188,713			188,713
Disposals and capital reductions	(178,925)	(70,010)	11,732	(237,203)
Profit for the period	375,135			375,135
Dividends declared	(334,046)			(334,046)
Translation differences	137,788	59,440		197,228
Valuation adjustments - investees	133,509			133,509
Reclassifications and others	52,497	(10,254)	41,718	83,961
Balance at 31.12.2015	**8,614,995**	**1,679,690**	**(620,991)**	**9,673,694**

(Thousands of euros)	Underlying carrying amount	Goodwill	Impairment allowances	Total
Balance at 31.12.2013	**7,818,382**	**1,600,048**	**(644,760)**	**8,773,670**
Acquisitions and capital increases	335,119	38,755	(13,950)	359,924
Disposals and capital reductions	(47,671)	(13,412)	845	(60,238)
Profit for the period	305,705			305,705
Dividends declared	(476,555)			(476,555)
Translation differences	159,870	82,831		242,701
Valuation adjustments - investees	286,020			286,020
Reclassifications and others	(140,546)	(7,708)	(16,576)	(164,830)
Balance at 31.12.2014	**8,240,324**	**1,700,514**	**(674,441)**	**9,266,397**

Acquisitions and disposals in 2015 and 2014 excluding impairment losses are as follows:

2015

(Thousands of euros)	Underlying carrying amount	Goodwill	Total
Acquisitions and capital increases			
Repsol, SA	100,887		100,887
The Bank of East Asia, Ltd.	53,995		53,995
Brillance-Bea Auto Finance	22,773		22,773
GP Brasil-Serviços Pagamento	6,067		6,067
Other	4,991		4,991
	188,713	**0**	**188,713**
Disposals and capital reductions			
Boursorama, SA	(113,084)	(66,306)	(179,390)
Self Trade Bank, SA	(38,629)		(38,629)
Investbya Holding, SL	(11,056)		(11,056)
GDS-Risk Solutions, Correduria de Seguros, SL	(331)	(3,704)	(4,035)
Other	(15,825)		(15,825)
	(178,925)	**(70,010)**	**(248,935)**

2014

(Thousands of euros)	Underlying carrying amount	Goodwill	Total
Acquisitions and capital increases			
The Bank of East Asia, Ltd.	146,118	37,952	184,070
Repsol, SA	75,907		75,907
Erste Group Bank AG	67,804		67,804
Can Seguros Generales	32,000		32,000
Other	13,290	803	14,093
	335,119	**38,755**	**373,874**
Disposals and capital reductions			
Can Seguros Generales	(40,289)	(13,412)	(53,701)
Other	(7,382)		(7,382)
	(47,671)	**(13,412)**	**(61,083)**

The main changes in 2015 are as follows:

Boursorama, SA and Self Trade Bank, SA

In June 2015, CaixaBank sold its entire interest in Boursorama to Société Générale in a deal worth EUR 219 million, with the stake comprising 20.5% of the company's share capital held both directly and indirectly. The price paid by Société Générale was the same as that offered to the minority shareholders during the simplified takeover bid and squeeze-out procedure of 2014, i.e. EUR 12 per share. The sale marks an end to the alliance between Société Générale and CaixaBank, which began in 2006 following the sale of CaixaBank France to Boursorama. It also cancels the shareholder agreement signed in May 2006 and renegotiated in March 2014 by the two institutions.

As part of this agreement, CaixaBank also sold its entire stake in Self Trade Bank to Boursorama, representing 49% of its share capital. Consideration for the deal amounted to EUR 33 million. The transaction signals the end of the joint venture and of the agreements signed between Boursorama and CaixaBank in July 2008.

The pre- and post-tax gain generated on these transactions amounted to EUR 38 million.

The market value of listed companies classified as associates and the percentage stake held at 31 December 2015 and 2014 are shown in the table below:

(Thousands of euros)	31.12.2015		31.12.2014	
	% stake	Market value	% stake	Market value
Repsol, SA	12.14%	1,720,158	11.89%	2,495,322
Grupo Financiero Inbursa	9.01%	987,801	9.01%	1,280,346
The Bank of East Asia, LTD (1)	17.24%	1,556,516	18.68%	1,454,995
Erste Group Bank, AG	9.92%	1,232,556	9.92%	820,070
Banco BPI, SA	44.10%	700,927	44.10%	659,167
Market value		**6,197,958**		**6,709,900**

(1) The change in the stake in The Bank of East Asia is the net effect of an increase on opting to receive shares through a scrip dividend programme (of EUR 53,995 thousand), and a dilution stemming from the private placement of shares by The Bank of East Asia for Sumitomo Bank.

Impairment of equity investments

For the purpose of assessing the recoverable amount of equity investments in associates and jointly-controlled entities, the CaixaBank Group has a methodology in place for performing a quarterly assessment of potential indicators of impairment in the carrying amount of these investments. Specifically, it assesses non-listed investees' business performance and, where applicable, the companies' share prices throughout the period and the target prices published by renowned independent analysts. The Group uses the data to determine the recoverable value of the investment and, if this exceeds the carrying amount, it considers that there are no indications of impairment.

The CaixaBank Group carried out impairment tests to assess the recoverable amount of its investments and verify the valuation adjustments recognised. It used generally accepted valuation methods such as discounted cash flows (DCF), regression curves, dividend discount models (DDM) and others. It did not consider potential control premiums in any of the valuations.

Balance sheet and income statement projections were made, as a base reference, for five years, as these investments are long-term. They are updated and adjusted on a half-yearly basis.

The assumptions used are moderate and based on macroeconomic data on each country and sector obtained from renowned external sources and published strategic plans of listed companies or internal strategic plans in the case of non-listed entities. The same methodology has been applied for associates and jointly controlled entities. The main assumptions used are as follows:

- Individual discount rates for each activity and country, ranging from 9.4% to 13.8% for banking stakes and from 8.1% to 10% for other significant stakes (between 8.2% and 12.8%, and 8.1% and 10%, respectively, in the stress tests carried out at 31 December 2014).

- Growth rates to calculate residual value beyond the projected period of between 2.5% to 4.3% for banking stakes and from 2.5% to 2% for other significant stakes (between 0.5% and 4.3%, and 0.5% and 2%, respectively, in the stress tests carried out at 31 December 2014). These growth rates were estimated based on the data of the latest projected period and never exceed nominal GDP growth estimated for the country or countries in which the investees operate.

Given the uncertainty inherent in these assumptions, sensitivity analyses are performed using reasonable changes in the key assumptions on which the recoverable amount of the investments analysed is based to confirm whether this continues to exceed the amount to be recovered. In this respect, possible variations in the main assumptions used in the models were calculated and a sensitivity analysis carried out for the most significant variables, including the various business drivers and income statements of investees, to assess the resistance of the value of these investments to more adverse scenarios.

The following sensitivity analyses were carried out:

- For banking investees: possible variations in the main assumptions used in the model were calculated, including the discount rate: -0.5%, + 0.5%, growth rate: -0.5%, +0.5%, net interest income: -0.05% +0.05% and credit risk: -0.05% 0.05%
- For investments in the insurance business: possible variations in the main assumptions used in the model were calculated, including the discount rate: -0.5%, + 0.5%, and growth rate: -0.5% +0.5%.
- For Repsol: possible variations in the main assumptions used in the model: $/€ exchange rate: -10%, +10% and Brent price: -10$/bbl, +10$/bbl

The results of sensitivity analysis indicated that the values obtained from stakes in the various adverse scenarios continued to support the carry amounts of the stakes.

The analyses carried out at 31 December 2015 showed no need to recognise any significant impairment losses.

The provision for equity investments at 31 December 2015 amounted to EUR 621 million (EUR 674 million at 31 December 2014). The main change in 2015 was a net reversal of EUR 132,722 thousand (see Note 38).

Financial information on companies accounted for using the equity method

Appendices 2 and 3 disclose the percentage of ownership, share capital, reserves, results, ordinary income, total comprehensive income, profit/(loss) from discontinued operations, net cost and dividends paid by each of the investments in jointly controlled entities and associates.

Summarised financial information on significant associates accounted for using the equity method, based on the latest information available at the date of preparation of these annual financial statements, is as follows:

Associate

(figures in millions of euros or the corresponding local currency)	The Bank of East Asia (*)	Banco BPI	GF Inbursa (*)	Erste Group Bank	Repsol
Nature of the company's activities	Note (1)	Note (2)	Note (3)	Note (4)	Note (5)
Country of incorporation and countries of operation	Hong Kong, China	Portugal, Angola	Mexico	Austria, Czech Republic, Hungary, Croatia, Slovakia, Romania and Serbia	Spain, North America, Canada, Brazil, Indonesia, Libya and T&T
Ownership interest (voting rights)	17.24%	44.1% (20%)	9.01%	9.92%	12.14%
Dividends received from investee	54	0	15	0	154
Reconciliation of financial information related to fair value adjustments at the time of acquisition and adjustments due to changes in accounting policy			Adjustments for standardisation with IFRS, mainly for measurement of credits		Treatment of issued perpetual bonds as a financial liability
Summarised financial information for the last available period	**30.6.2015**	**30.9.2015**	**30.9.2015**	**30.9.2015**	**30.9.2015**
Current assets					14,314
Non-current assets	815,986	40,891	431,652	201,171	53,286
Current liabilities					14,298
Non-current liabilities	733,117	38,241	327,927	186,734	22,556
Ordinary income	15,622	895	34,373	6,460	32,241
(Attributable) profit/(loss) from continuing operations	3,354	151	9,085	764	832
Profit/(loss) from discontinued operations (after tax)					
Other comprehensive income	(108)	(2)		4	
Total comprehensive income	3,246	149	9,085	871	832
Summarised financial information at 31.12.2014					
Current assets					17,041
Non-current assets	795,891	42,629	486,820	196,287	34,848
Current liabilities					10,243
Non-current liabilities	722,447	40,083	379,320	182,844	13,492
Ordinary income	34,932	858	41,319	9,187	47,292
(Attributable) profit/(loss) from continuing operations	6,661	(163)	19,454	(1,382)	1,015
Profit/(loss) from discontinued operations (after tax)					597
Other comprehensive income	(311)	251		359	
Total comprehensive income	6,350	88	19,454	(1,164)	1,612

(*) Financial information in local currency (except for the dividend of The Bank of East Asia, which is expressed in euros, and of Grupo Financiero Inbursa).

(1) Bank of East Asia (BEA) is a Hong-Kong based independent bank also positioned in China, where its presence dates back to 1920, with a network of more than 125 branches. It offers retail, corporate and investment banking services. It also serves the Chinese community abroad through its branches in Southeast Asia, North America and the United Kingdom.

(2) BPI is a financial group focused on retail and corporate banking, and investment management services. It has a strong competitive position in Portugal.

(3) GFI offers corporate and retail banking services, asset management, life and non-life insurance products, as well as brokerage and securities custodian services. At September 2015, it had 528 offices, 8,673 employees and over 17,000 financial advisors, with a customer portfolio of 9.8 million.

(4) Erste Group Bank AG has a strong deposits business and offers retail and corporate banking products and investment banking services.
(5) Repsol is an integrated global energy company that develops Upstream and Downstream across the world. CaixaBank is Repsol's leading shareholder.

Summarised financial information on significant joint ventures accounted for using the equity method, based on the latest information available at the date of preparation of these annual financial statements, is as follows:

Joint venture

(Millions of euros)

	Comercia Global Payments	SegurCaixa Adeslas
Nature of the company's activities	Note (1)	Note (2)
Country of incorporation and countries of operation	Spain	Spain
% of voting rights (if different from the % stake)	49.00%	49.92%
Restrictions on dividend payments		Note (3)
Dividends received	30	74
Reconciliation of financial information related to fair value adjustments at the time of acquisition and adjustments due to changes in accounting policy		

Summarised financial information for the last available period	30.11.2015 (6 months)	30.9.2015
Current assets	121	
Non-current assets	183	3,392
Current liabilities	99	
Non-current liabilities	3	2,024
Ordinary income	65	2,569
Profit/(loss) from continuing operations	26	176
Other comprehensive income		(3)
Total comprehensive income	19	173
Cash and cash equivalents	86	572
Current financial liabilities		
Depreciation and amortisation	(5)	(57)
Interest income	0	25
Interest expenses	0	(6)
Income tax expense/revenue	(7)	(66)

Summarised financial information for:	31.5.2015 (12 months)	31.12.2014
Current assets	354	
Non-current assets	187	3,102
Current liabilities	341	
Non-current liabilities	3	1,758
Ordinary income	118	2,634
Profit/(loss) from continuing operations	45	164
Other comprehensive income		29
Total comprehensive income	31	193
Cash and cash equivalents	34	437
Current financial liabilities	277	
Depreciation and amortisation	(11)	(58)
Interest income	0	32
Interest expenses	0	(6)
Income tax expense/revenue	(13)	(66)

(1) Provision of the payment service (acquiring).

(2) Strategic alliance for the development, sale and distribution of non-life general insurance of SegurCaixa Adeslas. The company is 50%-owned by Mutua Madrileña Automovilista, S.A. Sociedad de Seguros a Prima Fija and 49.92% by VidaCaixa, SA de Seguros y Reaseguros Sociedad Unipersonal, with 0.08% held by non-controlling shareholders.

(3) There are regulatory restrictions on the distribution of dividends in accordance with certain solvency levels inherent in the insurance business (120% of the minimum solvency requirement) and other contractual restrictions of higher amounts to anticipate potential requirements brought about by future amendments to regulations.

18. Reinsurance assets

The breakdown of “Reinsurance assets” in the consolidated balance sheet at 31 December 2015 and 2014 is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Unearned premiums	1,824	711
Mathematical provisions	381,274	444,947
Claims	8,127	5,994
Total	**391,225**	**451,652**

This balance sheet heading includes mainly mathematical provisions relating to Berkshire Hathaway Life Insurance Company of Nebraska, assumed as a result of the reinsurance agreement signed in 2012 by VidaCaixa to mitigate longevity risk associated with its life annuities portfolio.

19. Tangible assets

Changes in items of “Tangible assets” and of the related accumulated depreciation in 2015 and 2014 are as follows:

(1 / 2)

(Thousands of euros)	31.12.2015			31.12.2014		
	Land and buildings	Furniture, facilities and other	Total	Land and buildings	Furniture, facilities and other	Total
Cost						
Opening balance	2,813,637	3,679,576	6,493,213	2,878,982	3,570,525	6,449,507
Additions due to business combinations **(Note 7)**	28,808	94,029	122,837			0
Additions	52,871	172,338	225,209	47,184	181,687	228,871
Disposals	(2,904)	(421,227)	(424,131)	(6,738)	(21,517)	(28,255)
Transfers	(116,467)	(9,948)	(126,415)	(105,791)	(51,119)	(156,910)
Closing balance	**2,775,945**	**3,514,768**	**6,290,713**	**2,813,637**	**3,679,576**	**6,493,213**
Accumulated depreciation						
Opening balance	(480,778)	(2,867,616)	(3,348,394)	(477,009)	(2,749,372)	(3,226,381)
Additions due to business combinations **(Note 7)**	(10,354)	(60,081)	(70,435)			0
Additions	(33,590)	(138,669)	(172,259)	(20,069)	(171,531)	(191,600)
Disposals	2,626	281,781	284,407	630	14,002	14,632
Transfers	23,048	32,743	55,791	15,670	39,285	54,955
Closing balance	**(499,048)**	**(2,751,842)**	**(3,250,890)**	**(480,778)**	**(2,867,616)**	**(3,348,394)**
Own use, net	**2,276,897**	**762,926**	**3,039,823**	**2,332,859**	**811,960**	**3,144,819**

(Thousands of euros)	31.12.2015			31.12.2014		
	Land and buildings	**Furniture, facilities and other**	**Total**	**Land and buildings**	**Furniture, facilities and other**	**Total**
Cost						
Opening balance	3,985,455	70,941	4,056,396	2,828,281	165,296	2,993,577
Additions due to business combinations **(Note 7)**	26,926		26,926			0
Additions	190,518	6,010	196,528	590,917	15,654	606,571
Disposals	(194,061)	(8,709)	(202,770)	(261,988)	(156,812)	(418,800)
Transfers	220,222	(5,403)	214,819	828,245	46,803	875,048
Closing balance	**4,229,060**	**62,839**	**4,291,899**	**3,985,455**	**70,941**	**4,056,396**
Accumulated depreciation						
Opening balance	(172,640)	(32,398)	(205,038)	(129,605)	(120,285)	(249,890)
Additions due to business combinations **(Note 7)**	(66)		(66)			0
Additions	(50,046)	(3,701)	(53,747)	(38,338)	(2,005)	(40,343)
Disposals	10,145	4,622	14,767	1,391	110,852	112,243
Transfers	86,503	21,399	107,902	(6,088)	(20,960)	(27,048)
Closing balance	**(126,104)**	**(10,078)**	**(136,182)**	**(172,640)**	**(32,398)**	**(205,038)**
Impairment allowances						
Opening balance	(590,213)	(1,548)	(591,761)	(411,222)	(38,031)	(449,253)
Additions due to business combinations **(Note 7)**	(11,794)		(11,794)			0
Allowances **(Note 38)**	(488,285)		(488,285)	(257,793)		(257,793)
Reversals **(Note 38)**	294,527		294,527	278,497	36,483	314,980
Transfers	(180,330)	1,548	(178,782)	(251,430)		(251,430)
Amounts used	73,874		73,874	51,735		51,735
Closing balance	**(902,221)**	**0**	**(902,221)**	**(590,213)**	**(1,548)**	**(591,761)**
Investment property	**3,200,735**	**52,761**	**3,253,496**	**3,222,602**	**36,995**	**3,259,597**
Total tangible assets	**5,477,632**	**815,687**	**6,293,319**	**5,555,461**	**848,955**	**6,404,416**

Transfers to "Investment property" in 2015 and 2014 reflect mainly the value of the properties reclassified from "Non-current assets held for sale" when an office was closed and "Inventories" when they were rented out (see Note 16).

At 31 December 2015 and 2014, there were no restrictions on the realisation of tangible assets and the collection of the proceeds.

Property and equipment for own use

Property and equipment for own use are allocated to the Banking Business CGU. At 31 December 2015 and 2014, impairment tests were performed on the net amount of the assets associated with the Banking Business CGU. The results of the tests carried out did not uncover any need to make allowances for the assets included under this heading (see Note 20).

However, the Entity carries out regular valuations of property for own use classified as "Land and buildings". The market value of these assets at 31 December 2015 did not differ significantly from their carrying amounts.

In 2015 and 2014, property and equipment for own use no longer in use were derecognised, leading to write-offs of EUR 139,244 thousand and EUR 8,392 thousand, respectively, recognised under "Impairment losses on other assets" (see Note 38).

At 31 December 2015, the Group had fully depreciated items of property and equipment for own use amounting to EUR 2,265 million.

The CaixaBank Group does not have significant commitments to acquire items of property and equipment. Sales made in previous years with sale and leaseback agreements include buy options that may be exercised by CaixaBank on termination of the lease agreement at the market value of the offices at that date, to be determined where appropriate by independent experts (see Note 36).

Investment property

Investment property is appraised annually using statistical methods, except for those over two years' old and special assets or assets not affected by repeat production. The appraisals led to the recognition of an impairment loss on investment property at 31 December 2015 of EUR -193,758 thousand and a reversal of impairment losses of EUR 57,187 thousand. Additionally, write-offs of EUR 3,356 and EUR 33,354 thousand were made in 2015 and 2014 (see Note 38).

The net carrying amount of investment property generating rental income in 2015 was EUR 2,818 million.

The fair value of property assets classified as investment property, based on the fair value hierarchy, is classified as Level 2.

Rental income accrued on the operation of investment property is recognised under "Other operating income" in the income statement (see Note 34), totalling EUR 134 million in 2015, and operating expenses under "Other operating income and expenses", totalling EUR 75 million in 2015 (see Note 34).

The table below shows the companies that carried out appraisals of investment property in 2015:

%

	31.12.2015	31.12.2014
Tasaciones Inmobiliarias, SA	28%	28%
Sociedad de Tasación, SA	23%	26%
Ibertasa, SA	15%	0%
Valtecnic, SA	13%	24%
Gesvalt, SA	11%	0%
Valoraciones y Tasaciones Hipotecarias, SA	8%	18%
Krata, SA	1%	1%
Tecnitasa		2%
Valoració Hipotecària		2%
Other	1%	1%
Total	**100%**	**100%**

20. Intangible assets

Goodwill

The table below shows the composition of goodwill at 31 December 2015 and 2014:

Goodwill
(Thousands of euros)

	CGU	31.12.2015	31.12.2014
Acquisition of Banca Cívica	Banking	2,019,996	2,019,996
Acquisition of Banca Cívica Vida y Pensiones	Insurance	137,180	137,180
Acquisition of CajaSol Vida y Pensiones	Insurance	50,056	50,056
Acquisition of CajaCanarias Vida y Pensiones	Insurance	62,003	62,003
Acquisition of Banca Cívica Gestión de Activos	Banking	9,220	9,220
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance (1)	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		**3,050,845**	**3,050,845**

(1) Of which EUR 3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

The changes in goodwill in subsidiaries in 2015 and 2014 were as follows:

Changes in goodwill
(Thousands of euros)

	2015	2014
Opening balance	**3,050,845**	**3,047,216**
Plus:		
Acquisition of Cajasol Vida y Pensiones, SA		1,926
Acquisition of CajaCanarias Vida y Pensiones, SA		1,703
Less:		
Closing balance	**3,050,845**	**3,050,845**

Other intangible assets

The breakdown of "Other intangible assets" at 31 December 2105 and 2014 is as follows:

(Thousands of euros)	CGU	Useful life	Remaining useful life	31.12.2015	31.12.2014
Intangible assets identified during the acquisition of Barclays Bank	Banking	9 years	8 years	20,937	
Intangible assets identified during the acquisition of Banca Cívica	Banking	4 to 9.5 years	1 to 5 years	107,743	125,708
Trademarks identified in the acquisition of Banco de Valencia	Banking	Indefinite		8,000	8,000
Customer relations (core deposits) of Banco de Valencia	Banking	6.2 years	3.2 years	16,939	22,232
Insurance portfolio of Banca Cívica Vida y Pensiones	Insurance	10 years	6.5 years	50,124	57,549
Insurance portfolio of CajaSol Vida y Pensiones	Insurance	10 years	6.5 years	10,086	11,477
Insurance portfolio of CajaCanarias Vida y Pensiones	Insurance	10 years	6.5 years	6,213	7,070
Customer funds of Banco de Valencia	Insurance	10 years	7 years	1,334	1,499
Software and others		4 years	1 to 4 years	318,056	251,854
Life insurance portfolios of VidaCaixa, SA (1)	Insurance	10 years	2 years	36,380	54,571
Contracts with Morgan Stanley customers (1)	Banking/ Insurance	11 years	3 years	24,738	28,193
Contracts with Banca Cívica Gestión de Activos customers		10 years	6.5 years	5,299	5,806
Contracts with Barclays Gestión de Activos customers		9 years	8 years	6,532	
Contracts with Bankpime customers and others (1)	Banking	10 years	6 years	8,362	9,762
Total				**620,743**	**583,721**

(1) The residual useful lives are three years for the insurance portfolio, four for contracts with Morgan Stanley customers, and seven years for contracts with Bankpime customers.

The changes to this item on the balance sheet in 2015 and 2014 are as follows:

(Thousands of euros)	2015	2014
Cost		
Opening balance	**583,721**	**582,084**
Plus:		
Business combinations **(Note 7)**	89,452	
Additions due to additions of software and others	136,163	132,914
Other reclassifications		709
Less:		
Disposals due to sale	(600)	
Amortisation recognised in profit or loss	(139,917)	(117,867)
Write-downs taken to profit and loss **(Note 38)**	(48,076)	(14,119)
Total other intangible assets	**620,743**	**583,721**

In 2015, research and development expenditure by the CaixaBank Group amounted to EUR 64 million.

At 31 December 2015 and 2014, there were no intangible assets with restrictions on ownership or used as guarantee or collateral of debts.

Additionally, at 31 December 2015 and 2014, there were no significant commitments to acquire intangible assets.

At 31 December 2015, the CaixaBank Group had fully amortised intangible assets still in use amounting to EUR 266 million (gross).

Impairment test of the Banking CGU

The amount to be recovered from the Banking Business CGU was determined from the allocation of the CaixaBank Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The CaixaBank Group estimates recoverable amount based on value in use, which was determined by discounting the estimated dividends over the medium term according to the Group's budgets and extrapolated to 2020 (five annual financial periods). The Group also updates the projected cash flows every six months to factor in any potential deviations to the recoverable amount estimation model. The test carried out at 31 December 2015 confirmed that the projections used in the previous impairment test and actual figures would not have affected the conclusions of that test.

The main assumptions used in the cash flow projections were based on estimates for the main macroeconomic variables affecting the Group's business activities, and envisage net interest income of between 1.28% and 1.55% of average total assets (between 1.32% and 1.65% in the previous stand-alone for CaixaBank without Barclays Bank, SAU), credit risk of between 0.74% and 0.40% of the gross lending portfolio (between 0.98% and 0.5% in the previous test, and a growth rate of 2% (the same as that used in the previous test), intended to include the effects of inflation. The discount rate applied for the projections was 8.8% (8.7% under the previous test), calculated on the rate of interest of the German 10-year bond, plus a risk premium associated with the banking business and the Entity.

The CaixaBank Group performs a sensitivity analysis on the most significant variables. In this respect, in addition to the baseline scenario, possible variations in the main assumptions used in the model have been calculated, including the discount rate: -1%, + 1%, growth rate: -0.5%, +0.5%, net interest income: -0.05% + 0.05% and credit risk: -0.1% + 0.1%, to confirm that recoverable amount still exceeds the amount to be recovered. The results of the sensitivity analysis, including adverse assumptions, did not uncover the need to recognise any impairment of the goodwill assigned to the Banking Business CGU in 2015. The analysis also showed that the value of the CGU in an adverse scenario is still substantially higher than the value of its cash flows from operations.

In addition, there were no reasonably likely changes in the assumptions or projections that could result in the recognition of impairment allowances for goodwill and intangible assets assigned to this CGU at the end of 2015.

Impairment test of the Insurance CGU

The amount to be recovered from the Insurance Business CGU was determined from the allocation of the CaixaBank Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The recoverable amount of the Insurance Business CGU is based on value in use. A calculation was made of the cash flows expected over the next five years on the life business acquired, assuming a subsequent growth rate of 2% (intended to include the effects of inflation). These expected flows were discounted at a rate of 9.05% (9.77% in the previous test). The CaixaBank Group also updates the projected cash flows every six months to factor in any potential deviations to the recoverable amount estimation model. The test carried out at 31 December 2015 confirmed that the projections used in the previous impairment test were fairly accurate and that the deviations would not have affected the conclusions of that test.

The CaixaBank Group performs a sensitivity analysis on the most significant variables. In this respect, in addition to the baseline scenario, possible variations in the main assumptions used in the model have been calculated, including the discount rate: -0.5%, +0.5%, growth rate: -0.5%, +0.5%, to confirm that recoverable amount still exceeds the amount to be recovered. The results of the sensitivity analysis, including adverse assumptions, did not uncover the need to recognise any impairment of the goodwill assigned to the Insurance Business CGU in 2015. The analysis also showed that the value of the CGU in an adverse scenario is still substantially higher than the value of its cash flows from operations.

In addition, there were no reasonably likely changes in the assumptions or projections that could result in the recognition of impairment allowances for goodwill and other intangible assets assigned to this CGU at the end of 2015.

21. Other assets and liabilities

The breakdown of these items in the balance sheet is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Inventories	1,135,337	1,197,035
Dividends on equity securities accrued and receivable	150,821	78,121
Accrued expenses and deferred income	627,527	791,367
Of which: Expenses paid and not accrued	*364,639*	*315,233*
Of which: Shortfall in the Deposit Guarantee Fund to be settled over the next six years	*209,169*	*224,577*
Other assets	303,472	368,546
Of which: Ongoing transactions	*220,375*	*264,275*
Total other assets	**2,217,157**	**2,435,069**
Accrued expenses and deferred income	1,070,098	626,424
Of which: Accrued general expenses payable	*191,801*	*161,187*
Other liabilities	429,540	1,213,057
Of which: Ongoing transactions	*270,979*	*1,053,193*
Of which: Transitional accounts corresponding to property sales	*72,339*	*28,519*
Total other liabilities	**1,499,638**	**1,839,481**

"Other assets" includes the fair value of insurance policies associated with defined-benefit obligations assured through policies arranged with entities not considered related parties and eligible to be considered plan assets after deducting the present value of the obligations. If the value of the obligations is higher, it is recognised in “Provisions – Provisions for pensions and similar obligations” (see Note 24).

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

Changes in "Inventories" in 2015 and 2014 are as follows:

Changes in inventories

(Thousands of euros)

	2015		2014	
	Foreclosed assets	**Other assets**	**Foreclosed assets**	**Other assets**
Gross cost, inventories				
Opening balance	**2,277,549**	**308,177**	**2,152,938**	**477,568**
Plus:				
Additions due to business combinations **(Note 7)**	234,637			
Acquisitions	202,903	41,004	551,404	69,558
Transfers and other	83,992			
Less:				
Cost of sales (1)	(167,381)	(7,045)	(58,858)	(6,376)
Transfers and other		(244,495)	(367,935)	(232,573)
Subtotal	**2,631,700**	**97,641**	**2,277,549**	**308,177**
Impairment allowances, inventories				
Opening balance	**(1,231,360)**	**(157,331)**	**(978,215)**	**(197,135)**
Plus:				
Additions due to business combinations **(Note 7)**	(194,512)			
Allowances**(Note 38)**	(66,831)	(4,219)	226	(23,468)
Transfers and other	(123,655)	99,301	(267,927)	63,272
Less:				
Amounts used	84,603		14,556	
Subtotal	**(1,531,755)**	**(62,249)**	**(1,231,360)**	**(157,331)**
Closing balance	**1,099,945**	**35,392**	**1,046,189**	**150,846**

(1) Includes the costs attributable to sales and income from the provision of non-financial services.

"Transfers and other" in 2015 and 2014 basically include reclassifications from this item to "Non-current assets held for sale" and "Investment property" (see Notes 16 and 19).

Foreclosed assets are appraised on a regular basis in compliance with Ministerial Order ECO/805/003 or using statistical appraisals, and recognised at the lower of the assets' fair value less costs to sell and carrying amount (see Note 2.19). An independent expert is then asked to make a comparative assessment, which consists of an overall assessment of the real estate portfolio at 31 December 2015 applying adjustments to certain appraisal values. The approach to this comparative assessment is as follows:

- Analysis of sales made during the period, comparing the prices obtained in the sales with the appraisal values.
- Individual valuation of representative sample from the portfolio with the following approach:
    - Comparative market method: the property selected is compared with others of similar characteristics which have recently been sold or put up for sale on the market, making any necessary adjustments for location, surface area, zoning classification or any other factor that could result in differences in the valuation.
    - Dynamic residual method: this is applicable mainly to lend or properties for which market comparisons cannot be applied directly.

- Yield method: the value of the asset of determined based on future profits, discounted at an appropriate discount rate.

These analyses suggest that the market value of the assets does not differ significantly from their carrying amount.

The table below shows the companies and agencies that carried out appraisals in 2015:

Percentage (%)

	31.12.2015	31.12.2014
Ibertasa, Sociedad de Tasación, SA	8%	5%
Krata, SA	5%	9%
Sociedad de Tasación, SA	11%	15%
Tasaciones Inmobiliarias, SA	25%	21%
Tecnitasa	12%	16%
Valoraciones Mediterraneo, SA	7%	3%
Valoraciones y Tasaciones Hipotecarias, SA	5%	12%
Valtecnic, SA	13%	19%
Gesvalt, SA	12%	
Other	2%	1%
Total	**100%**	**100%**

22. Financial liabilities at amortised cost

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

(Thousands of euros)	2015	2014
Deposits from central banks	23,753,214	12,156,872
Deposits from credit institutions	10,509,238	13,762,059
Customer deposits	184,031,637	180,200,450
Marketable debt securities	28,069,587	32,920,219
Subordinated liabilities	4,345,199	4,396,075
Other financial liabilities	2,789,945	4,102,981
Total	**253,498,820**	**247,538,656**

The detail of the main valuation adjustments included in each of the liability categories is as follows:

31.12.2015

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance.
Deposits from central banks	23,733,615	19,599				23,753,214
Deposits from credit institutions	10,486,901	16,183	6,161	0	(7)	10,509,238
Customer deposits (1)	184,495,384	396,518	0	(24,906)	(835,359)	184,031,637
Marketable debt securities	27,599,632	593,252	2,206	(19,696)	(105,807)	28,069,587
Subordinated liabilities	4,407,589	5,718	0	(2,952)	(65,156)	4,345,199
Other financial liabilities	2,789,945					2,789,945
Total	**253,513,066**	**1,031,270**	**8,367**	**(47,554)**	**(1,006,329)**	**253,498,820**

31.12.2014

(Thousands of euros)		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance.
Deposits from central banks	12,152,618	4,254				12,156,872
Deposits from credit institutions	13,724,939	30,611	6,516	0	(7)	13,762,059
Customer deposits (1)	180,554,149	692,227	0	(28,633)	(1,017,293)	180,200,450
Marketable debt securities	32,376,605	689,352	2,491	(31,796)	(116,433)	32,920,219
Subordinated liabilities	4,469,173	5,964	0	(3,237)	(75,825)	4,396,075
Other financial liabilities	4,102,981					4,102,981
Total	**247,380,465**	**1,422,408**	**9,007**	**(63,666)**	**(1,209,558)**	**247,538,656**

(1) "Premiums and discounts" includes the fair-value adjustments made to customer deposits contributed by Banca Cívica and Banco de Valencia at the date of integration, mainly single covered bonds.

22.1. Deposits from credit institutions

The breakdown, by type of deposit, of this item in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Demand	**2,054,115**	**2,520,596**
Reciprocal accounts	5	29
Other accounts	2,054,110	2,520,567
Time or at notice	**8,432,786**	**11,204,343**
Time deposits	5,454,875	6,232,348
Of which: registered mortgage covered bonds ***(Note 22.3)***	*220,000*	*220,000*
Hybrid financial liabilities	2,280	2,800
Repurchase agreements	2,975,631	4,969,195
Total	**10,486,901**	**13,724,939**

22.2. Customer deposits

The breakdown, by sector and type of deposit, of this item in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
By type	**184,495,384**	**180,554,149**
Current accounts and other demand deposits	73,470,470	55,221,572
Savings accounts	43,370,629	38,361,499
Time deposits	63,340,734	72,390,999
Of which: registered covered bonds ***(Note 22.3)***	*6,013,255*	*8,546,092*
Hybrid financial liabilities	3,214,655	8,922,996
Repurchase agreements (*)	1,098,896	5,657,083
By sector	**184,495,384**	**180,554,149**
Public sector	12,698,912	10,306,868
Private sector (*)	171,796,472	170,247,281

(*) Includes repurchase agreements in money market transactions through counterparty entities of EUR 58 and 1,898 million at 31 December 2015 and 31 December 2014, respectively.

22.3. Marketable debt securities

The detail of this heading in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

(Thousands of euros)	Outstanding amount at	
	31.12.2015	**31.12.2014**
Mortgage covered bonds	21,266,734	23,141,373
Public sector covered bonds	50,000	50,000
Plain vanilla bonds	2,602,854	6,606,218
Securitisation bonds	2,749,260	1,532,306
Hybrid instruments	893,600	819,750
Structured notes	*349,300*	*255,450*
Bonds exchangeable for Repsol SA shares	*544,300*	*564,300*
Promissory notes	37,184	226,958
Total	**27,599,632**	**32,376,605**

Mortgage covered bonds

Details of mortgage covered bond issuances are as follows:

Mortgage covered bonds **(1 / 2)**

(Thousands of euros)

Date		**Initial nominal amount in currency**	**Nominal interest rate**	**Redemption date**	**Outstanding amount 31.12.2015**	**Outstanding amount 31.12.2014**
31.10.2003		750,000	4.75%	31.10.2018	750,000	750,000
04.02.2004		250,000	4.75%	31.10.2018	250,000	250,000
17.02.2005		2,500,000	3.88%	17.02.2025	2,500,000	2,500,000
30.09.2005		300,000	Lib 1Y+0.020%	30.09.2015		385,159
05.10.2005		2,500,000	3.25%	05.10.2015		2,500,000
09.01.2006		1,000,000	E3M+0.075	09.01.2018	1,000,000	1,000,000
18.01.2006		2,500,000	3.63%	18.01.2021	2,500,000	2,500,000
20.06.2006	(1)	1,000,000	E3M+0.1	30.06.2016	10,646	10,646
16.06.2006		150,000	E3M+0.06	16.06.2016	150,000	150,000
28.06.2006		2,000,000	4.25%	26.01.2017	2,000,000	2,000,000
28.06.2006		1,000,000	4.50%	26.01.2022	1,000,000	1,000,000
17.10.2006	(1)	1,000,000	E3M+0.1	30.09.2016	7,982	7,982
01.11.2006		255,000	Lib 3M	02.02.2037	234,225	210,032
28.11.2006		250,000	E3M+0.06	28.11.2016	250,000	250,000
07.02.2007	(1)	1,000,000	E3M	30.03.2017	6,380	6,380
30.03.2007		227,500	E3M+0.045	20.03.2017	227,500	227,500
12.06.2007	(1)	1,500,000	E3M+0.1	30.09.2017	13,462	13,462
04.06.2007		2,500,000	4.63%	04.06.2019	2,500,000	2,500,000
13.07.2007		25,000	E3M+0.045	20.03.2017	25,000	25,000
13.06.2008		100,000	5.43%	13.06.2038	100,000	100,000
14.05.2009		175,000	E3M+1.00	14.05.2021	175,000	175,000
27.04.2009	(2)	1,000,000	E1Y+0.15%	27.03.2016	1,000,000	
27.04.2009	(2)	1,000,000	E1Y+0.20%	27.06.2019	1,000,000	
27.04.2009	(2)	390,000	E1Y+0.25%	27.09.2022	390,000	

Mortgage covered bonds (2 / 2)

(Thousands of euros)

Date		Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount 31.12.2015	Outstanding amount 31.12.2014
31.03.2010		1,000,000	3.50%	31.03.2016	1,000,000	1,000,000
07.05.2010		100,000	E3M+0.95	07.05.2019	100,000	100,000
02.07.2010		300,000	E3M+1.75	02.07.2018	300,000	300,000
18.08.2010		42,000	3,50%	30.04.2015		42,000
15.10.2010		25,000	3.74%	15.10.2015		25,000
22.02.2011		2,200,000	5.00%	22.02.2016	2,200,000	2,200,000
18.03.2011		74,000	4.98%	02.02.2015		74,000
18.03.2011		1,250,000	4.75%	18.03.2015		1,250,000
27.04.2011		1,250,000	5.13%	27.04.2016	1,250,000	1,250,000
02.08.2011		150,000	E3M+3.85	02.08.2027	150,000	150,000
14.11.2011		250,000	4,25%	26.01.2017	250,000	250,000
16.02.2012		1,000,000	4.00%	16.02.2017	1,000,000	1,000,000
07.06.2012		2,000,000	E6M+3.85	07.06.2022	2,000,000	2,000,000
07.06.2012		4,000,000	E6M+3.80	07.06.2023	1,000,000	1,000,000
07.06.2012		3,500,000	E6M+3.80	07.06.2024	2,900,000	2,900,000
07.06.2012		1,000,000	E6M+3.75	07.06.2025	1,000,000	1,000,000
19.06.2012		4,250,000	E6M+3.75	19.06.2026	3,000,000	3,000,000
03.07.2012		1,000,000	E6M+4.00	03.07.2027	1,000,000	1,000,000
17.07.2012		750,000	E6M+4.25	17.07.2027	750,000	750,000
17.07.2012		3,000,000	E6M+4.25	17.07.2028	2,800,000	2,800,000
26.07.2012		500,000	E6M+4.70	26.07.2020	175,000	175,000
22.09.2009		150,000	E3M+1.50	22.09.2017	150,000	150,000
22.03.2013		2,000,000	3,00%	22.03.2018	1,000,000	1,000,000
21.03.2014		1,000,000	2.63%	21.03.2024	1,000,000	1,000,000
10.07.2014	(2)	1,000,000	E1Y+0.82%	10.07.2024	1,000,000	
30.07.2014		300,000	E3M+0.50	30.07.2017	300,000	300,000
27.03.2015		1,000,000	0.63%	27.03.2025	1,000,000	
12.11.2015		1,000,000	0.63%	12.11.2020	1,000,000	
Mortgage covered bonds					**42,415,195**	**41,277,161**
Own mortgage covered bonds bought					**(21,148,461)**	**(18,135,788)**
Acquired by					(20,903,461)	(17,823,587)
Acquired by Group companies					(245,000)	(312,201)
Total					**21,266,734**	**23,141,373**

(1) Issuances placed on the retail market. The remainder was placed on the institutional market.

(2) From the merger with Barclays Bank

In accordance with current legislation, CaixaBank expressly assigns the mortgages registered in its name as collateral for the principal and interest of mortgage covered bond issuances.

CaixaBank has registered mortgage covered bonds (*cédulas hipotecarias nominativas*) issued and outstanding which, depending on the counterparty, are recognised under "Deposits from credit institutions" or "Customer deposits" in the accompanying consolidated balance sheet (see Notes 22.1 and 22.2).

The degree of collateralisation and overcollateralisation of the mortgage covered bonds issued at 31 December 2015 and 2014 is as follows:

Collateralisation and overcollateralisation

(Thousands of euros)

		31.12.2015	31.12.2014
Non-registered mortgage covered bonds		42,415,195	41,277,161
Registered mortgage covered bonds placed as customer deposits		6,013,255	8,546,092
Registered mortgage covered bonds issued by credit institutions		220,000	220,000
Mortgage covered bonds issued	**(A)**	**48,648,450**	**50,043,253**
Total outstanding mortgage loans and credits (*)		134,168,382	130,637,686
Mortgage participations issued		(7,346,393)	(484,701)
Mortgage transfer certificates issued		(4,949,862)	(4,220,761)
Removal of portfolio due to sales executed by public instrument in January 2015			(160,301)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**121,872,127**	**125,771,923**
Collateralisation:	**(B)/(A)**	**251%**	**251%**
Overcollateralisation:	**[(B)/(A)]-1**	**151%**	**151%**

(*) Includes on and off balance sheet portfolio

Disclosures required by the Mortgage Market Law are contained in the 2015 annual accounts of CaixaBank, SA.

Public sector covered bonds

Details of public sector covered bond issuances are as follows:

Public sector covered bonds

(Thousands of euros)

Date	Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount 31.12.2015	31.12.2014
20.10.2011	2,500,000 EUR	4.250%	19.06.2015	0	2,500,000
27.01.2012	250,000 EUR	6.000%	27.01.2016	250,000	250,000
01.02.2012	250,000 EUR	6.500%	01.02.2017	250,000	250,000
26.04.2012	200,000 EUR	4.750%	26.04.2015	0	200,000
24.05.2012	500,000 EUR	4.900%	24.05.2018	500,000	500,000
24.05.2012	500,000 EUR	5.200%	24.05.2019	500,000	500,000
07.06.2013	1,300,000 EUR	3.000%	07.06.2018	1,300,000	1,300,000
26.03.2014	1,500,000 EUR	E6M+0,95	26.03.2020	1,500,000	1,500,000
19.06.2015	1,500,000 EUR	E6M+0,20	19.06.2019	1,500,000	0
19.06.2015	1,500,000 EUR	E6M+0,25	19.06.2021	1,500,000	0
Public sector covered bonds				**7,300,000**	**7,000,000**
Own public sector covered bonds bought				**(7,250,000)**	**(6,950,000)**
Acquired by CaixaBank				(7,212,200)	(6,912,200)
Acquired by Group companies				(37,800)	(37,800)
Total				**50,000**	**50,000**

The public sector covered bonds are issued using as collateral loans and advances to the central government, regional communities, local bodies, autonomous community organisations and dependent public business entities and other such institutions in the European Economic Area.

Plain vanilla bonds

Details of plain vanilla bond issuances are as follows:

Plain vanilla bonds **(1 / 2)**

(Thousands of euros)

Date		Initial nominal amount in currency	Nominal interest rate	Redemption date	Early redemption date	Outstanding amount 31.12.2015	Outstanding amount 31.12.2014
24.01.2007		40,157 EUR	0.212%	24.01.2022		40,027	40,027
15.06.2007		30,000 EUR	2.500%	17.06.2019		30,000	30,000
22.11.2007		100,000 EUR	E12M+0.25	22.11.2027		100,000	100,000
12.02.2010		264,000 EUR		12.02.2015			264,000
24.03.2010		350,000 EUR		24.03.2015			350,000
25.02.2010		350,000 EUR		25.02.2015			350,000
30.03.2010		25,000 EUR		30.03.2015			25,000
31.03.2010		200,000 EUR		31.03.2015			200,000
16.06.2010		400,000 EUR		30.04.2015			400,000
31.03.2011		10,000 EUR	5.362%	31.03.2016		10,000	10,000
20.01.2012		3,000,000 EUR		20.01.2015			3,000,000
22.01.2013		1,000,000 EUR	3.250%	22.01.2016		1,000,000	1,000,000
30.01.2013		300,000 EUR	3.964%	30.01.2018		300,000	300,000
11.04.2013		250,000 EUR	4,358%	31.10.2019		250,000	250,000
14.05.2013		1,000,000 EUR	3.125%	14.05.2018		1,000,000	1,000,000
18.10.2013		1,000,000 EUR	2.500%	18.04.2017		1,000,000	1,000,000
10.03.2014	(1)	3,350 EUR	E6M+2.30	10.03.2016		838	2,513
10.04.2014	(1)	5,650 EUR	E6M+2.30	10.04.2016		1,413	4,238
10.04.2014	(1)	3,175 EUR	4,400%	10.04.2018		2,049	2,808
10.04.2014	(1)	5,525 EUR	E6M + 3.50	10.04.2018		3,453	4,834
12.05.2014	(1)	7,975 EUR	E6M + 2.30	10.05.2016		1,880	5,981
12.05.2014	(1)	7,875 EUR	E6M + 3.50	10.05.2018		4,687	6,891
10.06.2014	(1)	4,200 EUR	2.310%	10.06.2016		1,068	3,168
10.06.2014	(1)	9,575 EUR	E6M + 1.85	10.06.2016		2,394	7,181
10.06.2014	(1)	3,375 EUR	E6M + 2.10	10.06.2016		844	2,531
10.06.2014	(1)	3,325 EUR	3.630%	10.06.2018		2,134	2,935
10.06.2014	(1)	4,400 EUR	E6M + 3.00	10.06.2018		2,750	3,850
10.06.2014	(1)	6,825 EUR	E6M + 2.75	10.06.2018		4,266	5,972
10.07.2014	(1)	3,875 EUR	2.470%	10.07.2016		1,961	3,875
10.07.2014	(1)	11,175 EUR	E6M + 1.85	10.07.2016		5,588	11,175
10.07.2014	(1)	3,400 EUR	3.609%	10.07.2018		2,595	3,400
10.07.2014	(1)	10,025 EUR	E6M + 2.75	10.07.2018		7,519	10,025
10.07.2014	(1)	4,525 EUR	E6M + 3.25	10.07.2023		4,022	4,525
10.08.2014	(1)	4,900 EUR	2.497%	10.08.2016		2,480	4,900
10.08.2014	(1)	14,425 EUR	E6M + 1.85	10.08.2016		6,746	14,425
10.08.2014	(1)	3,450 EUR	3.644%	10.08.2018		2,634	3,450
10.08.2014	(1)	7,725 EUR	E6M + 2.75	10.08.2018		5,794	7,725
10.08.2014	(1)	4,450 EUR	E6M + 2.75	10.08.2020		3,683	4,450
10.09.2014	(1)	3,275 EUR	2.531%	10.09.2016		1,658	3,275
10.09.2014	(1)	12,075 EUR	E6M + 1.85	10.09.2016		3,681	12,075
10.09.2014	(1)	6,275 EUR	E6M + 2.75	10.09.2018		4,706	6,275
10.09.2014	(1)	5,000 EUR	E6M + 2.75	10.09.2020		4,167	5,000
10.10.2014	(1)	3,775 EUR	2.266%	10.10.2016		1,909	3,775
10.10.2014	(1)	5,375 EUR	E6M + 1.85	10.10.2016		2,688	5,375
10.10.2014	(1)	7,400 EUR	E6M + 1.55	10.10.2016		3,700	7,400
10.10.2014	(1)	4,825 EUR	E6M + 2.75	10.10.2018		3,619	4,825

Plain vanilla bonds (2 /2)

(Thousands of euros)

Early redemption		Initial nominal amount in currency	Nominal interest rate	Redemption date	Early redemption date	Outstanding amount 31.12.2015	31.12.2014
10.10.2014	(1)	11,850 EUR	E6M + 2.35	10.10.2020		6,542	11,850
10.10.2014	(1)	5,675 EUR	E6M + 2.75	10.10.2020		1,604	5,675
10.11.2014	(1)	4,225 EUR	2.287%	10.11.2016		2,137	4,225
10.11.2014	(1)	3,650 EUR	2.257%	10.11.2016		1,845	3,650
10.11.2014	(1)	3,775 EUR	2.239%	10.11.2016		1,909	3,775
10.11.2014	(1)	15,700 EUR	E6M + 1.55	10.11.2016		7,850	15,700
10.11.2014	(1)	7,950 EUR	E6M + 2.35	10.11.2018		5,353	7,950
10.12.2014	(1)	11,650 EUR	E6M + 1.55	10.12.2016		5,825	11,650
10.12.2014	(1)	4,875 EUR	2.127%	10.12.2016		2,463	4,875
10.12.2014	(1)	7,550 EUR	E6M + 2.35	10.12.2018		5,663	7,550
10.12.2014	(1)	3,300 EUR	3.191%	10.12.2018		2,514	3,300
Total issued						**3,870,654**	**8,568,079**
Own plain vanilla bonds bought						**(1,267,800)**	**(1,961,861)**
Acquired by CaixaBank						(1,195,100)	(1,889,161)
Acquired by Group companies						(72,700)	(72,700)
Total						**2,602,854**	**6,606,218**

(1) ICO issuances for a total amount of EUR 140 million.

Securitisation bonds

The detail of outstanding bonds issued by the securitisation vehicles placed with third parties at 31 December 2015 and 2014, respectively, is as follows:

Securitisation bonds
(Thousands of euros)

	Outstanding amount at	
	31.12.2015	**31.12.2014**
FonCaixa FTGENCAT 3, FTA	59,808	76,664
FonCaixa FTGENCAT 4, FTA	106,377	129,494
FonCaixa FTGENCAT 5, FTA	293,256	344,299
FonCaixa FTGENCAT 6, FTA	215,120	251,665
From CaixaBank	**674,561**	**802,122**
Valencia Hipotecario 1, FTA	78,629	94,856
Valencia Hipotecario 2, FTA	217,292	275,290
Valencia Hipotecario 3, FTA	220,893	322,713
Pyme Valencia 1, FTA	6,776	37,325
From Banco de Valencia	**523,590**	**730,184**
AyT Hipotecario Mixto II, FTA	24,340	
AyT FTPYMES II, FTA (series F2) - A3	4,973	
TDA 22 Mixto, FTH	12,620	
AyT Hipotecario Mixto IV FTA	26,647	
AyT Hipotecario Mixto V FTA	13,090	
From Banca Cívica (*)	**81,670**	**0**
AyT Génova Hipotecario II, FTH	101,723	
AyT Génova Hipotecario III, FTH	123,921	
AyT Génova Hipotecario IV, FTH	170,071	
AyT Génova Hipotecario VI, FTH	88,138	
AyT Génova Hipotecario VII, FTH	332,370	
AyT Génova Hipotecario VIII, FTH	354,088	
AyT Génova Hipotecario IX, FTH	299,128	
From Barclays Bank	**1,469,439**	**0**
Total	**2,749,260**	**1,532,306**

(*) Reclassified in 2015. There were classified under "Customer deposits - Time deposits".

These are repaid periodically according to the amortisation of the underlying assets.

Structured notes

Details of structured note issuances are as follows:

Structured notes
(Thousands of euros)

Issuance date	Initial nominal amount in currency		Redemption date	Outstanding amount at 31.12.2015	Outstanding amount at 31.12.2014
19.04.2012	13,050	EUR	20.04.2015		13,050
25.03.2013	7,600	EUR	24.03.2016	7,600	7,600
23.04.2013	800	EUR	22.04.2016	800	800
29.05.2013	4,600	EUR	27.05.2016	4,600	4,600
22.10.2013	32,000	EUR	24.10.2016	32,000	32,000
17.12.2013	21,600	EUR	18.12.2017	21,600	21,600
11.02.2014	53,500	EUR	13.08.2018	53,500	53,500
13.06.2014	28,300	EUR	13.06.2019	28,300	28,300
13.06.2014	38,000	EUR	13.06.2016	38,000	38,000
07.08.2014	13,500	EUR	07.08.2019	13,500	13,500
07.08.2014	9,600	EUR	08.08.2016	9,600	9,600
07.08.2014	9,400	EUR	07.08.2017	9,400	9,400
15.10.2014	6,200	EUR	15.10.2019	6,200	6,200
15.10.2014	9,700	EUR	17.10.2016	9,700	9,700
05.12.2014	8,000	EUR	05.12.2019	8,000	8,000
05.12.2014	14,000	EUR	05.12.2016	14,000	14,000
16.02.2015	9,000	EUR	17.02.2020	9,000	
16.02.2015	9,000	EUR	16.02.2017	3,700	
01.04.2015	22,000	EUR	01.04.2020	22,000	
19.05.2015	12,000	EUR	19.05.2020	36,700	
19.06.2015	12,000	EUR	19.06.2020	15,200	
31.07.2015	10,000	EUR	31.07.2020	9,900	
23.10.2015	50,000	EUR	23.10.2018	55,100	
Structured notes				**408,400**	**269,850**
Own structured notes bought				**(59,100)**	**(14,400)**
Total				**349,300**	**255,450**

Bonds exchangeable for Repsol, SA shares

In November 2013, CaixaBank issued bonds exchangeable for Repsol shares among institutional and qualified investors for a total nominal amount of EUR 594.3 million and maturing on 22 November 2016.

In order to redeem the bond, CaixaBank may redeem the nominal amount in cash or deliver a number of shares to the bondholders calculated by dividing the nominal amount of the bonds by the exchange price, which will be between the maximum and minimum price depending on the market value of Repsol shares. The minimum exchange price was set at EUR 18.25 and the maximum price at EUR 22.8125.

In this regard, this issuance includes a combination of embedded derivatives to ensure a maximum and minimum exchange price which, in accordance with that established in paragraph 11 of IAS 39, must be separated from the host contract. The issuance is therefore treated as a hybrid financial instrument for accounting purposes, with the combination of embedded derivatives and the financial liability treated separately. The costs directly attributable to the issuance are recognised in the income statement using the effective interest rate method in accordance with applicable legislation.

The combination of embedded derivatives in the issuance was estimated using valuation techniques that were appropriate given the characteristics thereof and maximising the use of relevant observable input data. Within the range of values obtained, the Entity considered the difference between the fair value of the hybrid instrument and the fair value of the host contract to be the most representative value.

On 28 January 2016, the CaixaBank Board resolved to fully redeem the bond issuance early on 10 March 2016 by delivering Repsol shares representing 2.07% if this company's share capital.

In 2015 and 2014, EUR 118.9 million and EUR 19.1 million were charged to "Equity - Valuation adjustments - Cash flow hedges" in relation to this hedge.

Promissory notes

The detail, by remaining term to maturity, of the outstanding amount of promissory notes issued in euros at 31 December 2015 and 2014, is as follows:

Promissory notes

(Thousands of euros)

	31.12.2015	31.12.2014
Up to 3 months		214,893
Between 3 and 6 months		999
Between 6 months and 1 year	37,184	11,066
Total	**37,184**	**226,958**

22.4. Subordinated liabilities

The detail of this heading in the accompanying consolidated balance sheet excluding valuation adjustments is as follows:

Breakdown of issuances

(Thousands of euros)

	Outstanding amount at	
	31.12.2015	31.12.2014
Preference shares	30,871	32,246
Subordinated debt	4,376,718	4,436,927
Total	**4,407,589**	**4,469,173**

Details of outstanding preference share issuances at 31 December 2015 and 2014 are as follows:

Preference shares

(Thousands of euros)

Issuance date	Maturity	Nominal amount	Nominal interest rate	Prevailing interest rate	Outstanding amount 31.12.2015	31.12.2014
June 2007	Perpetual	20,000	E6M+1.750%	1.710%	20,000	20,000
December 2007	Perpetual	30,000	E6M+3.000 %	2.960%	30,000	30,000
December 2009	Perpetual	2,876	Fixed			2,876
February 2011	Perpetual	2,099	E6M+6.74	6.725%	2,099	2,099
Issued by CaixaBank					**52,099**	**54,975**
December 2006	Perpetual	20,000	E3M+1.400 %	1.332%	20,000	20,000
Issued by other companies					**20,000**	**20,000**
Total issued					**72,099**	**74,975**
Own preference shares bought					**(41,228)**	**(42,729)**
Total					**30,871**	**32,246**

Details of subordinated debt issuances are as follows:

Subordinated debt

(Thousands of euros)

Issuance date	Maturity	Nominal amount	Nominal interest rate	Prevailing interest rate	Outstanding amount 31.12.2015	31.12.2014
1.12.1990	PERPETUAL	18,030	--		18,030	18,030
29.6.1994	29.6.2093	15,025	--		15,025	15,025
4.11.2005	4.11.2015	53,700	E3M+0.340%	0.27%		53,700
28.11.2005	28.11.2015	3,500	E6M+0.300%	0.41%		3,500
1.12.2005	PERPETUAL	148,900	E3M+1.100%	0.98%	148,900	148,900
16.6.2006	16.6.2016	85,300	E3M+0.890%	0.76%	85,300	85,300
21.9.2006	21.9.2016	100,000	E3M+0.980%	0.85%	100,000	100,000
8.11.2006	8.11.2016	60,000	E3M+0.457%	0.37%	60,000	60,000
30.12.2009 (2)	30.12.2019	8,500	E6M+5.500%			8,500
9.2.2012 (1)	9.2.2022	2,072,363	Fixed	4.00%	2,072,363	2,072,363
9.2.2012 (1)	9.2.2022	1,301,502	Fixed	5.00%	1,301,502	1,301,502
14.11.2013	14.11.2023	750,000	Fixed	5.00%	750,000	750,000
Subordinated debt					**4,551,120**	**4,616,820**
Own subordinated debt bought					**(174,402)**	**(179,893)**
Total					**4,376,718**	**4,436,927**

(1) Issuances made to cover the repurchase and cancellation of preference shares.

(2) Early redemption on 30.6.2015.

22.5. Other financial liabilities

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

(Thousands of euros)	31.12.2015	31.12.2014
Payment obligations	1,656,463	2,426,138
Guarantees received	42,149	584,232
Clearing houses	43,059	50,653
Tax collection accounts	549,755	469,255
Special accounts	367,730	395,778
Other	130,789	176,925
Total	**2,789,945**	**4,102,981**

Payment obligations at 31 December 2015 and 2014 include EUR 512 thousand and EUR 738 million corresponding to contributions and shortfalls pending payment to the Deposit Guarantee fund (see Note 1).

23. Liabilities under insurance contracts

The breakdown of the balance at 31 December 2015 and 2014 of “Liabilities under insurance contracts” in the consolidated balance sheet is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Unearned premiums and unexpired risks	175,976	118,450
Mathematical provisions	39,871,076	39,753,856
Claims	461,680	504,002
Bonuses and rebates	65,906	57,785
Total	**40,574,638**	**40,434,093**

The Group performs insurance and reinsurance transactions directly through VidaCaixa, SA de Seguros y Reaseguros.

The majority of liabilities under insurance contracts at 31 December 2015 and 2014 basically relate to life-savings products with guaranteed returns valued in accordance with prevailing insurance regulations and the technical specifications of each product.

Note 2.23 “Insurance transactions” describes the accounting policies applied to insurance contracts, indicating that these comply with the guidance of IFRS 4 *Insurance Contracts*.

In this regard, and as envisaged in IFRS 4, the Group determines the provisions for insurance contracts in accordance with Spanish accounting law for insurance companies and, in particular, with Regulations on the Organisation and Supervision of Private Insurance (ROSSP) and other implementing provisions, and other applicable legislation.

The Group carries out an annual liability adequacy test in order to identify any provision shortfall and to make the related provision. Otherwise, if the result of the liability adequacy test shows that the provisions recognised were adequate or that excess provisions were recognised, the Group adopts the principle of prudence as established in IFRS 4.

The liability adequacy test consists of assessing liabilities under insurance contracts based on the most up-to-date estimates of future cash flows from their contracts in relation to the assets covered. The future estimated cash flows arising from insurance contracts and the derivatives of the financial assets subject to a yield curve of assets with high credit quality are therefore discounted. In order to estimate future cash flows arising from insurance contracts, the surrender rates observed in the portfolio in accordance with the average over the last three months are taken into consideration.

In addition, a sensitivity analysis is carried out with regard to the discounted curve used. This sensitivity analysis consists of entering a drop in the interest rate of 100, 150 and 200 basis points of the discounted curve used, and an increase of 80, 100 and 200 basis points.

As a result of the liability adequacy test, capital gains/(losses) on assets covered by insurance contracts previously recognised in Group equity are reclassified to "Provisions for insurance contracts" (i.e. shadow accounting). Reclassified capital gains (losses) at 31 December 2015 amounted to EUR 2,041 million, net.

At 31 December 2015 and 2014, “Other financial liabilities at fair value through profit or loss” only includes the mathematical provisions relating to insurance products where the investment risk is borne by the policyholder, known as unit-linked products. “Other financial assets at fair value through profit or loss” includes the investments related to these operations from the activity with VidaCaixa, SA de Seguros y Reaseguros, which are not eliminated on consolidation.

24. Provisions

The changes in 2015 and 2014 in this item and the nature of the provisions recognised in the accompanying balance sheet are as follows:

2015

(Thousands of euros)

	Balance at 31.12.2014	Additions due to business combinations (Note 7)	Provisions net of releases charged to income	Other charges (*)	Actuarial (gains)/ losses (**)	Amounts used	Transfers and other	Balance at 31.12.2015
Provisions for pensions and similar obligations	**2,964,457**	**120,733**	**(31,722)**	**513,390**	**(119,822)**	**(760,270)**	**171,879**	**2,858,645**
Defined benefit post-employment plans	2,043,412	41,358		38,194	(119,822)	(120,599)	75,791	1,958,334
Other long-term defined employee benefits	921,045	79,375	(31,722)	475,196		(639,671)	96,088	900,311
Provisions for taxes and other legal contingencies	**396,589**	**35,728**	**103,196**	**0**	**0**	**(25,662)**	**4,355**	**514,206**
Provisions for taxes **(Note 26)**	293,766	6,224	48,972			(9,549)	5,052	344,465
Other legal contingencies	102,823	29,504	54,224			(16,113)	(697)	169,741
Contingent liabilities and commitments	**563,597**	**93,765**	**(61,312)**	**0**	**0**	**0**	**(214,573)**	**381,477**
Country risk allowance	1,361	1	5,917				(1)	7,278
Allowance for identified	562,236	92,678	(66,365)	0	0	0	(214,350)	374,199
Contingent liabilities	*531,973*	*92,678*	*(68,794)*				*(214,344)*	341,513
Contingent commitments	*30,263*		*2,429*				*(6)*	32,686
Allowance for inherent		1,086	(864)				(222)	0
Other provisions	**445,864**	**45,890**	**412,153**	**0**	**0**	**(163,274)**	**102,779**	**843,412**
Losses from agreements not formalised and other risks	329,341	45,881	434,700			(136,986)	102,282	775,218
Ongoing legal proceedings	70,188		(49,271)			(1,284)		19,633
Other	46,335	9	26,724			(25,004)	497	48,561
Total provisions	**4,370,507**	**296,116**	**422,315**	**513,390**	**(119,822)**	**(949,206)**	**64,440**	**4,597,740**

(*)	Interest cost of pension fund **(Note 30)**	41,009
	Personnel expenses **(Note 35)**	471,169
	Other	1,212
	Total "Other provisions"	513,390

(**) Actuarial gains/losses **(Note 25.2)**.

2014

(Thousands of euros)

	Balance at 31.12.2013	Provisions net of releases charged to income	Other charges (*)	Actuarial (gains)/ losses (**)	Amounts used	Transfers and other	Balance at 31.12.2014
Provisions for pensions and similar obligations	**2,788,010**	**200,591**	**67,225**	**318,319**	**(605,360)**	**195,672**	**2,964,457**
Defined benefit post-employment plans	1,621,862		58,193	318,319	(114,879)	159,917	2,043,412
Other long-term defined employee benefits	1,166,148	200,591	9,032		(490,481)	35,755	921,045
Provisions for taxes and other legal contingencies	**461,317**	**97,574**	**0**	**0**	**(156,458)**	**(5,844)**	**396,589**
Provisions for taxes **(Note 26)**	230,425	108,769			(39,959)	(5,469)	293,766
Other legal contingencies	230,892	(11,195)			(116,499)	(375)	102,823
Contingent liabilities and commitments	**528,990**	**34,265**	**0**	**0**	**0**	**342**	**563,597**
Country risk allowance	1,356	244				(239)	1,361
Allowance for identified losses	527,633	34,022	0	0	0	581	562,236
Contingent liabilities	*500,627*	*30,762*				*584*	*531,973*
Contingent commitments	*27,006*	*3,260*				*(3)*	*30,263*
Allowance for inherent losses	1	(1)					0
Other provisions	**542,944**	**52,444**	**0**	**0**	**(177,395)**	**27,871**	**445,864**
Losses from agreements not formalised and other risks	406,587	40,369			(140,503)	22,888	329,341
Ongoing legal proceedings	109,577	(25,057)			(14,135)	(197)	70,188
Other	26,780	37,132			(22,757)	5,180	46,335
Total provisions	**4,321,261**	**384,874**	**67,225**	**318,319**	**(939,213)**	**218,041**	**4,370,507**

(*)	Interest cost of pension fund **(Note 30)**	63,870
	Personnel expenses **(Note 35)**	3,355
	Total "Other provisions"	67,225

(**) Actuarial (gains)/losses **(Note 25)**

24.1. Provisions for pensions and similar obligations

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

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

At 31 December 2015 and 2014, details of the present value of the undertakings assumed by the CaixaBank Group regarding post-employment benefits pursuant to the form in which the commitments are covered and the fair value of the plan assets earmarked to cover these undertakings are as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Present value of obligations	**1,982,663**	**2,141,392**
Vested obligations	1,888,194	2,128,852
Non-vested obligations	92,537	10,734
Obligations with Group companies	1,932	1,806
Less:		
Fair value of plan assets	29,578	103,283
Other assets	(5,249)	(5,303)
Provisions - Pension funds	**1,958,334**	**2,043,412**

A reconciliation of the opening and closing balances of the present value of the liability (asset) for defined benefit post-employment benefits are as follows:

2015

(Thousands of euros)	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations
Opening balance	**2,141,392**	**103,283**	**(5,303)**	**2,043,412**
Included in profit and loss				
Service cost for the current year	205			205
Past service cost				0
Interest cost (income)	36,435	547	(92)	35,980
Components of cost of defined benefit recognised in profit and loss	**36,640**	**547**	**(92)**	**36,185**
Revaluations included in the statement of other comprehensive income				
Actuarial (gains)/losses arising from changes in demographic assumptions				0
Actuarial (gains)/losses arising from changes in financial assumptions	(121,424)			(121,424)
Return on plan assets (excluding net interest expense)		(1,770)		1,770
Other			168	(168)
Components of cost of defined benefit recognised in equity	**(121,424)**	**(1,770)**	**168**	**(119,822)**
Other				
Plan contributions		22	(22)	0
Plan payments	(122,485)	(1,886)		(120,599)
Settlements	(92,600)	(70,618)		(21,982)
Additions due to business combinations **(Note 7)**	41,358			41,358
Transactions	99,782			99,782
Total others	**(73,945)**	**(72,482)**	**(22)**	**(1,441)**
Closing balance	**1,982,663**	**29,578**	**(5,249)**	**1,958,334**

The fair value of insurance policies associated with defined-benefit obligations assured through policies arranged with entities not considered related parties and eligible to be considered plan assets after deducting the present value of the obligations amounted to EUR 5,249 thousand, recognised under "Other assets" in the balance sheet (see Note 21).

"Settlements" relates mainly to certain arrangements (with unrelated parties) considered to date as defined-benefit obligations which, due to constant vesting of benefits, was reconsidered as defined-contribution obligations.

2014

(Thousands of euros)	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations
Opening balance	**1,837,259**	**227,695**	**(12,298)**	**1,621,862**
Included in profit and loss				
Service cost for the current year	81			81
Past service cost	3,274			3,274
Interest cost (income)	62,160	7,774	(452)	54,838
Components of cost of defined benefit recognised in profit and loss	**65,515**	**7,774**	**(452)**	**58,193**
Revaluations included in the statement of other comprehensive income				
Actuarial (gains)/losses arising from changes in demographic assumptions	(20,440)			(20,440)
Actuarial (gains)/losses arising from changes in financial assumptions	350,552			350,552
Return on plan assets (excluding net interest expense)		3,623		(3,623)
Other			8,170	(8,170)
Components of cost of defined benefit recognised in equity	**330,112**	**3,623**	**8,170**	**318,319**
Other				
Plan contributions		750	(750)	0
Plan payments	(122,800)	(7,921)		(114,879)
Settlements	(129,070)	(128,196)		(874)
Transactions	160,376	(442)	27	160,791
Total others	**(91,494)**	**(135,809)**	**(723)**	**45,038**
Closing balance	**2,141,392**	**103,283**	**(5,303)**	**2,043,412**

1% of the Company's defined-benefit post-employment benefit obligations with serving and former employees is covered with insurance contracts covering the obligations. These obligations are covered with insurance policies. Therefore, the Entity is not exposed to unusual market risks, nor does it need to apply asset-liability matching strategies or longevity swaps. The fair value of plan assets at the year-end corresponds to the insurance policies of companies not belonging to the Group. Asset-liability matching techniques are not applied to the rest of the Entity's defined-benefit post-employment benefit obligations as there are no qualifying plan assets for them.

Most of the obligations arise from the "Pensions Caixa 30" Pension Fund, the CaixaBank employee pension plan, which mostly covers its risks in Group entities. The Entity has a duty to oversee the plan, which it exercises through its membership of the plan's Control Committee. For insurance contracts not taken out by the pension plan, but with third parties outside the Group, CaixaBank is the policyholder, and the contracts are managed by each insurance company, which also assumes the risks.

At the end of the year, no transferrable own financial instrument, building occupied by the Entity or other assets used by it are held as plan assets.

The value of defined benefit obligations was calculated using the following criteria:

a) The "projected unit credit" method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.

b) The actuarial assumptions used are unbiased and mutually compatible. The main assumptions used in the calculations were as follows:

Actuarial assumptions

	2015	2014
Long-term discount rate (1)	2.24%	1.72%
Short-term discount rate (1)	0.30%	0.33%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (2)	0% - 2%	0% - 2%
Annual cumulative CPI	1.6% 2016; 1.5% 2017 and onwards	0.3% 2015; 1.5% 2016 and onwards
Annual salary increase rate	1% 2016; CPI+0.5% 2017 and onwards	CPI+0.5%

(1) Rate obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

(2) Depending on each obligation.

c) The estimated retirement age of each employee is the first at which the employee has the right to retire or the agreed age, as applicable.

Reasonably possible changes at the year-end in one of the key assumptions, holding all other assumptions constant, would have the following impact on the value of the obligations at the year-end:

2015

	Defined benefit obligations	
	Increase	Decrease
Discount rate (0.5%)	(113,996)	124,657
Annual pension review rate (0.5%)	103,090	(86,793)

Changes in the value of the obligations presented in the sensitivity analyses for 2015 and 2014 have been calculated using the 'projected unit credit method', the same method used to calculate the value of defined benefit obligations. For the sensitivity analysis the calculation of the value of the obligations is replicated, changing the specific variable and maintaining the remaining actuarial assumptions unchanged. One drawback of this method is that it is unlikely that a change will occur in one variable alone as some of the variables may be correlated.

No changes in the methods and assumptions used to prepare the sensitivity analysis were made in 2015 compared to the previous year.

The fair value of the insurance contracts linked to pensions and the fair value of the plan assets were calculated taking into account the value of the future payments guaranteed discounted at the discount rate, given that the expected flows of payments guaranteed by the insurance company with which the contracts are held are matched to the future estimated flows of the obligations. Therefore, reasonably possible changes at the year-end in the discount rate assumed would have the same impact on the fair value of the insurance contracts linked to pensions and the fair value of the plan assets.

The Entity estimates that contributions to defined-benefit post-employment plans for 2016 will be similar to the amount in 2015.

The average weighted duration of defined-benefit obligations at the end of the year was 15 years. Estimated payments of post-employment benefits for the various defined-benefit plans for the next 10 years are as follows:

Estimated payments of post-employment benefits
(Thousands of euros)

	2016	2017	2018	2019	2020	2021-2025
Estimated payments of post-employment benefits	157,533	156,658	154,290	144,169	136,012	572,759

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 27 March 2013, CaixaBank reached a labour agreement with trade union representatives, which involved reducing staff by 2,600 employees exclusively through voluntary redundancies, paid leave and geographical mobility initiatives with economic compensation. This labour agreement was part of the restructuring carried out to improve the efficiency of the Company's resources by rationalising the mergers with Banca Cívica and Banco de Valencia. The associated extraordinary restructuring cost was recognised under this item in 2013 and amounted to EUR 785 million.

On 17 July 2014 a new labour agreement was signed under which CaixaBank could allocate specific amounts in 2014 to the employee restructuring plan. The associated cost of this labour agreement amounted to EUR 182 million, all intended for employees born before 1 January 1958. These early retirements got under way in March 2015.

A labour restructuring agreement was reached in the first half of 2015 with trade union representatives. The deal envisages an adjustment in the workforce coming from Barclays Bank, affecting a total of 968 individuals of the 975 initially covered by the agreement, through voluntary redundancies, repostings in

Group companies, internal mobility and compulsory redundancies. The associated extraordinary restructuring cost was recognised under this item in 2015 and amounted to EUR 187 million.

On 29 June 2015, CaixaBank and trade union representatives signed a new labour agreement to set out a raft of measures aimed at restructuring and rebalancing the existing geographical distribution of the workforce and the associated costs. The plan affected 700 people (voluntary redundancies). The restructuring cost was EUR 284 million, which was recognised under this Fund in 2015.

At 31 December 2015 and 2014, the present value of these obligations is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Present value of obligations	**900,311**	**921,045**
With pre-retired personnel	399,223	578,226
Termination benefits	177,321	141,069
Supplementary guarantees for partial retirement programme and special agreements	193,271	125,049
Length of service bonuses and other	53,045	51,490
Other commitments from Banca Cívica and Banco de Valencia	9,298	25,211
Other commitments deriving from Barclays Bank, SAU.	67,964	
Other obligations of Group companies	189	
Provisions for pensions and similar obligations	**900,311**	**921,045**

A reconciliation of the opening and closing balances of the present value of the long-term defined benefit obligations are as follows:

(Thousands of euros)	Net (asset)/liability for defined benefit obligations	
	2015	2014
Opening balance	**921,045**	**1,166,148**
Included in profit and loss		
Service cost for the current year		3,978
Past service cost	470,220	196,933
Interest cost (income)	5,029	9,032
Revaluations (gains)/losses	(8,244)	(320)
Components of cost of defined benefit recognised in profit and loss	**467,005**	**209,623**
Other		
Plan contributions		
Plan payments	(448,620)	(490,481)
Additions due to business combinations **(Note 7)**	79,375	
Transactions	(118,494)	35,755
Total others	**(487,739)**	**(454,726)**
Closing balance	**900,311**	**921,045**

24.2. Provisions for taxes and other legal contingencies

Provisions for taxes

The detail of "Provisions – Provisions for taxes" in the consolidated balance sheet at 31 December 2015 and 2014 is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Income tax assessments for years 2004 to 2006 **(Note 26)**	33,171	33,171
Income tax assessments for years 2007 to 2009 **(Note 26)**	11,174	10,963
Tax on deposits	202,252	141,985
Other	97,868	107,647
Total	**344,465**	**293,766**

A provision for taxes amounting to EUR 60,267 thousand was recognised in 2015 related to the estimate of the tax on customer deposits at credit institutions for 2015 and in accordance with the terms of Law 18/2014 of 15 October, which establishes a 0.03% tax on deposits. At 31 December 2014, a provision of EUR 141,985 thousand had already been recognised for tax imposed by certain autonomous communities in prior years (subject to appeals) and for the tax on deposits levied by the State in 2014. Accordingly, the balance of this provision at 31 December 2015 stood at EUR 202,252 thousand.

Other legal contingencies

At 31 December 2015 and 2014, there were no individual legal or labour contingencies for significant amounts.

CaixaBank and the other Group companies are subject to claims. Therefore, they are party to certain legal proceedings arising from the normal course of their business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters.

Accordingly, the outcome of court proceedings must be considered uncertain.

Based on available information, the Group considers that at 31 December 2015 and 2014, it had reliably estimated the obligations arising from each proceeding and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from these procedures will not, as a whole, have a material adverse effect on the Group's businesses, financial position or results of operations.

24.3. Contingent liabilities and commitments

This heading includes the provisions for credit risk of the contingent liabilities and commitments detailed in Note 27.

The breakdown of provisions to cover credit risk related to contingent liabilities and commitments, according to how they are determined, is as follows:

(Thousands of euros)

	31.12.2015	31.12.2014
Allowance identified individually	86,608	286,072
Allowance identified collectively	294,869	277,525
Total	**381,477**	**563,597**

24.4. Other provisions

The main provisions recognised under “Provisions – Other provisions” are as follows:

Losses from agreements not formalised and other risks

At the date of the business combination in 2015, the integration of Barclays Bank resulted in the inclusion of provisions for a total of EUR 53,881 thousand under “Losses from agreements not formalised and other risks”. At 31 December 2015, the unused provision stood at EUR 28,680 thousand.

Other provisions also cover estimated present obligations that could give rise to a loss which is considered likely to occur, although no individual amounts are significant, reflecting in particular those arising from legal proceedings involving collective lawsuits over floor causes in certain mortgage loans in the Group's portfolio, mostly from Group's companies. In 2015, the Group removed these clauses in 2015, recognising a provision for approximately EUR 500 million based on expected the cost of reimbursement of the amounts received between May 2013 and the date the clause was removed.

Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits is uncertain.

Ongoing legal proceedings

This relates to provisions covering the obligations that may derive from the various ongoing legal proceedings, the unit value of which is not material at 31 December 2015. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits, should they arise, is unknown.

25. Equity

The movement in equity in 2015 and 2014 is shown in the consolidated statement of total changes in equity. The following sections provide key data on certain equity items during the year.

25.1. Shareholders' equity

Share capital

CaixaBank's share capital at 31 December 2015 consisted of 5,823,990,317 fully subscribed and paid shares. All the shares are in book-entry form, with a par value of EUR 1 each.

Changes in share capital in 2015 were the result of the following:

Share capital increases - 2015

Redemption	Purpose	No. of shares	Date of first listing	Par value (thousands of euros)
Balance at 31.12.2014		**5,714,955,900**		**5,714,956**
24.3.2015	Scrip dividend programme	53,331,614	30.3.2015	53,331
29.9.2015	Scrip dividend programme	55,702,803	2.10.2015	55,703
Total		**5,823,990,317**		**5,823,990**

CaixaBank's shares are traded on the four official stock exchanges in Spain and on the electronic trading system, forming part of the Ibex-35. The share price at 31 December 2015 was EUR 3,214 (EUR 4,361 at 31 December 2014).

Share premium

The balance of the share premium was the result of the capital increase carried out on 31 July 2000, for EUR 7,288 million.

The Spanish Corporate Enterprises Act expressly permits use of the share premium account balance to increase capital and does not establish any restriction as to its use. Therefore, in subsequent years, approval was given at successive Annual General Meetings to pay dividends with a charge to the share premium following the total or partial disposal of the investments contributed during the incorporation of CaixaBank.

The balance of this heading at 31 December 2015 stood at EUR 12,033 million. During 2015 no asset exchange transactions occurred.

Reserves

The detail of "Reserves" at 31 December 2015 and 2014 is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Reserves attributable to the parent company of the CaixaBank Group	7,665,968	6,632,833
Legal reserve	*1,142,991*	*1,005,522*
Restricted reserves related to the scrip dividend programme	*72,926*	*71,134*
Restricted reserves for financing the acquisition of treasury shares	*9,909*	*18,684*
Other restricted reserves	*388,316*	*267,832*
Unrestricted reserves	*2,560,203*	*2,391,884*
Other consolidation reserves assigned to the Parent	*3,491,623*	*2,877,777*
Reserves of fully-consolidated subsidiaries (*)	(3,309,682)	(2,650,231)
Reserves of companies accounted for using the equity method (**)	908,443	1,087,231
Total	**5,264,729**	**5,069,833**

(*) Most of the negative reserves related to losses at BuildingCenter, SAU
(**) Reserves relating to equity-accounted subsidiaries correspond mainly to Repsol, SA, The Bank of East Asia, Banco BPI, SA and Grupo Financiero Inbursa, SAB de CV.

Legal reserve

According to the consolidated text of the Corporate Enterprises Act, companies must earmark an amount equal to 10% of profit for the year for the legal reserve until such reserve represents at least 20% of capital. The legal reserve may not be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the balance of share capital after the increase.

In 2015, this reserve increased by EUR 137,469 thousand following the appropriation of 2014 profit.

Restricted reserves

Restricted reserves at 31 December 2015 and 2014 included EUR 72,926 and EUR 71,134 thousand, respectively, earmarked for voluntary reserves to cover the scrip issues carried out for the CaixaBank scrip dividend programme allowing shareholders to choose whether to be compensated in shares or cash. Restricted reserves at 31 December 2015 also included EUR 9,909 thousand relating to finance provided to customers to acquire shares, and EUR 388,316 thousand for transactions with a tax impact, of which EUR 388,249 thousand relate to goodwill generated on the acquisitions of Morgan Stanley, Bankpime and Banca Cívica.

Other equity instruments

Includes the accrued portion of the value of shares included in variable share-based remuneration plans not delivered, which at 31 December 2015 stood at EUR 5,120 thousand.

Treasury shares

At the Annual General Meeting held on 19 April 2012, the shareholders authorised the company's Board of Directors to buy treasury shares by virtue of the provisions in Article 146 of the Corporate Enterprises Act. The unused portion of the authorisation granted at the Annual General Meeting held on 12 May 2011 was thereby revoked. The authorisation is valid for five years.

Changes in treasury shares in 2015 and 2014 were as follows:

(Thousands of euros)	2014	Acquisitions and other	Disposals and other	2015
Number of treasury shares	2,656,651	9,817,863	(7,324,043)	5,150,471
% of share capital (*)	0.046%	0.169%	(0.126%)	0.088%
Cost / Sale	11,013	38,587	(29,887)	19,713

(*) percentage calculated on the basis of the total number of CaixaBank shares at 31 December 2015.

(Thousands of euros)	2013	Acquisitions and other	Disposals and other	2014
Number of treasury shares	2,190,809	13,888,036	(13,422,194)	2,656,651
% of share capital (*)	0.038%	0.243%	(0.235%)	0.046%
Cost / Sale	7,452	60,772	(57,211)	11,013

(*) percentage calculated on the basis of the total number of CaixaBank shares at 31 December 2014

Net gains/(losses) on transactions involving treasury shares in 2015 and 2014 amounted to gains of EUR 72 thousand and EUR 3,205 thousand, respectively, which were taken to "Unrestricted reserves".

25.2. Valuation adjustments

Available-for-sale financial assets

This item in the balance sheet includes the amount, net of the related tax effect, of the differences between the market value and acquisition cost (net gains/losses) of assets classified as available for sale. These differences are recognised in the income statement when the assets that give rise to them are sold or when there is objective evidence of impairment.

The changes to this item in 2015 and 2014 were as follows:

31.12.2015

(Thousands of euros)

	Balance at 31.12.2014	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Deferred tax assets/liabilities	Valuation gains/(losses) (before tax)	Balance at 31.12.2015
Attributable to the Group						
Available-for-sale financial assets	1,601,142	(386,555)	0	10,610	(408,611)	816,586
Debt securities	1,148,711	(431,774)		(3,882)	48,722	761,777
Equity instruments	452,431	45,219		14,492	(457,333)	54,809
Cash flow hedges	(20,872)	(42,012)		(76,261)	224,767	85,622
Exchange differences	174,915	11,367		2,322	189,498	378,102
Entities accounted for using the equity method	66,471				133,509	199,980
Actuarial gains/(losses) on pension plans (*)	0		(90,022)		90,022	0
Total	**1,821,656**	**(417,200)**	**(90,022)**	**(63,329)**	**229,185**	**1,480,290**

(*) Actuarial (gains)/losses **(Note 24.1)**	(119,822)
Other actuarial gains/losses	(468)
Tax effect	30,268
	(90,022)

31.12.2014

(Thousands of euros)

	Balance at 31.12.2013	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Deferred tax assets/liabilities (*)	Valuation gains/(losses) (before tax)	Balance at 31.12.2014
Attributable to the Group						
Available-for-sale financial assets	994,706	(229,094)	0	(183,710)	1,019,240	1,601,142
Debt securities	663,147	(208,389)		(292,805)	986,758	1,148,711
Equity instruments	331,559	(20,705)		109,095	32,482	452,431
Cash flow hedges	(4,724)	(2,793)		5,723	(19,078)	(20,872)
Exchange differences	(66,421)			644	240,692	174,915
Entities accounted for using the equity method	(219,548)			286,019		66,471
Actuarial gains/(losses) on pension plans	0		228,550		(228,550)	0
Total	**704,013**	**(231,887)**	**228,550**	**108,676**	**1,012,304**	**1,821,656**

(*) Equity instruments includes the impact of the amendments introduced by income tax Law 27/2014, of 27 November (see Note 26).

25.3 Non-controlling interests

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

The breakdown of "Non-controlling interests" in the consolidated balance sheet at 31 December 2015 and 2014 is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Reserves of non-controlling interests	33,054	37,464
Profit (loss) attributable to non-controlling interests	2,042	(95)
Interim dividends paid		
Valuation adjustments attributable to non-controlling interests	530	560
Total	**35,626**	**37,929**

The following table shows the CaixaBank Group subsidiaries in which certain non-controlling interests held a stake of 10% or more at 31 December 2015 and 2014.

		Non controlling interest	
Subsidiary	**Non-controlling shareholder**	**31.12.2015**	**31.12.2014**
Tenedora de Vehículos, SA	BBVA Autorenting, SA	35%	35%
Inversiones Inmobiliarias Oasis Resort, SL	Metrópolis Inmobiliarias y Restauraciones, SL	40%	40%
Inversiones Inmobiliarias Teguise Resort, SL	Metrópolis Inmobiliarias y Restauraciones, SL	40%	40%
Caixa Innvierte Industria, SCR Reg. Simp. SA (*)	Innvierte Economía Sostenible SCR Reg. Simp SA	--	39%
Saldañuela Residencial, SA	EDUSA	21%	21%
	Cerro Murillo, SA	11%	11%
Caixabank Electronic Money, SA	Erste Group Bank AG	10%	10%
	Banco BPI, SA	10%	10%
Telefonica Consumer Finance, EFC, SA	Telefonica, SA	50%	50%

(*) The stake was sold to a company outside the CaixaBank Group in 2015.

26. Tax position

As described in Note 7, the merger of CaixaBank (absorbing company) and Barclays Bank (absorbed company) took place in 2015. The absorbed company was dissolved but not liquidated and its total net assets were passed to CaixaBank, which has acquired the rights and obligations of Barclays Bank through universal succession. The deal is subject to the special tax framework set out in Title VII, Chapter VII of the Spanish Corporate Income Tax Act (Law 27/2014). Note 7 contains information on the carrying amounts and fair values of the absorbed company.

Tax consolidation

Following the entry into force of Law 26/2013, of 27 December, governing savings banks and banking foundations, and given that in 2013 the stake held by ”la Caixa” in CaixaBank was reduced to below 70%, CaixaBank assumed the position of Parent of the tax group and ”la Caixa” (currently ”la Caixa” Banking Foundation) became a subsidiary, with effect from 1 January 1, 2013.

Furthermore, CaixaBank and some of these companies belong to a consolidated tax group for value added tax (VAT) whose parent company has been ”la Caixa” since 2008.

Years open for review

On 24 July 2015, the tax authorities notified CaixaBank of the beginning of an inspection for the main taxes applicable to it for the years 2010 to 2012, inclusive. Accordingly, CaixaBank has the year 2013 and following open for review for the main taxes applicable.

The main tax proceedings ongoing at the close of the year are as follows:

- In 2011, the tax authorities began an inspection of ”la Caixa” for the main taxes applicable between 2007 and 2009. This inspection was completed in 2013 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. Assessments signed in agreement were paid, while those signed under protest are still awaiting a ruling by the Central-Economic Administrative Tribunal. For the latter, CaixaBank has recognised provisions amounting to EUR 11,174 thousand (see Note 24.2).
- In 2008, the tax authorities began an inspection of ”la Caixa” for the main taxes applicable between 2004 and 2006. This inspection was completed in 2010 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. The Entity has allocated provisions for EUR 33,171 thousand to cover the maximum contingencies that may arise in relation to assessments signed under protest as yet unresolved by the National High Court (Audiencia Nacional) (see Note 24.2).

Furthermore, as the successor of Banca Cívica and the Savings Banks that formerly contributed their gains from financial activities to Banca Cívica Banco de Valencia, information is shown below on the reviews and inspections carried out for the main taxes and obligations, which generally cover the following tax years:

a) Cajasol, to 2010; Caja Canarias, to 2010 and Caja Navarra, to 2009.
b) On 11 July 2013, the tax authorities notified Caja de Burgos of the beginning of an inspection for the main taxes applicable to it for the years 2008 to 2010, inclusive. The inspections were completed this year and the assessments issued and signed in agreement. The tax payable was paid.
c) Banco de Valencia has the year 2010 and following open for review for the main taxes applicable.

Lastly, Barclays Bank has the year 2010 and following open for review for the main taxes applicable.

The various interpretations which can be made of the tax regulations applicable to transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Entity's management considers that the provision under "Provisions for taxes and other legal contingencies" in the balance sheet is sufficient to cover these contingent liabilities.

Tax credit for reinvestment of extraordinary profits

In 2014, CaixaBank obtained profit on which a tax credit for reinvestment of extraordinary profit could be applied and recorded credits of EUR 33,809 thousand. The total amount obtained from the transfers generating the extraordinary profits were reinvested in 2014.

Appendix 2 presents the main magnitudes, pursuant to Article 42 of the consolidated text of the Corporation Tax Law approved by Royal Decree-Law 4/2004, of 5 March, and Transitional provision twenty four of Corporation Tax Law 27/2014.

Accounting revaluations

In accordance with Transitional Provision One of Bank of Spain Circular 4/2004, whereby the cost of unrestricted tangible assets may be their fair value at 1 January 2004, "la Caixa" and the other credit entities absorbed by CaixaBank elected this option and restated the value of their property, and equipment for own use on the basis of the appraisals performed by appraisers approved by the Bank of Spain.

Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognised in the consolidated income statement for 2015 and 2014 to the corresponding pre-tax profit for these years applying the prevailing rate in Spain is as follows:

(Thousands of euros)	2015	2014
Profit/(loss) before tax (A)	**638,104**	**202,173**
Adjustments to profit (loss)		
Return on equity instruments	(202,719)	(185,374)
Result of companies accounted for using the equity method	(375,135)	(305,705)
Negative goodwill in business combinations	(602,183)	0
Taxable income/(tax loss)	**(541,933)**	**(288,906)**
Tax payable (taxable income * 30%)	**162,580**	**86,672**
Adjustments:	**30,531**	**(16,678)**
Changes in taxation of sales of portfolio assets	62,794	23,088
Changes in portfolio provisions excluding tax effect and other non-deductible expenses	(17,874)	(20,890)
Change in deferred tax assets and liabilities	(2,600)	(2,026)
Withholdings from foreign dividends and other	(11,789)	(16,850)
Income tax (B)	**180,758**	**417,752**
Income tax for the year (revenue/(expense)) (D)	193,111	69,994
Tax rate (*)	35.6%	24.2%
Corporate Income Tax (CIT) reform Law 27/2014	0	309,227
Income tax adjustments (2014 / 2013)	(12,353)	38,531
Profit after tax (A) + (B)	**818,862**	**619,925**

(*) The effective tax rate is calculated by dividing income tax for the year by taxable income

Practically all of CaixaBank's income and expense is taxed at the general rate of 30%. However, some income is exempt from tax because it has already been taxed at source. This includes dividends from investees and the share of profits of entities accounted for using the equity method. In addition, the income from the business combination is not included in taxable income/(tax loss).

Tax recognised in equity

In addition to the income tax recognised in the income statement, in 2015 and 2014 CaixaBank recognised certain valuation adjustments in its equity net of tax, recognised as a deferred tax asset or liability (see Note 25.2).

In 2015, the assets and liabilities of Barclays Bank were recognised at fair value by CaixaBank after it took over this entity. The adjustments made to adjust the carrying amounts of the assets and liabilities of Barclays Bank to fair value were recognised taking into account the tax effect, which was booked as deferred tax assets and liabilities (see Note 7).

Deferred tax assets/liabilities

Pursuant to current tax legislation, in 2015 and 2014 there were certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The sources and movements in deferred tax assets/liabilities recognised in the balance sheet at 31 December 2015 and 2014 are as follows:

Deferred tax assets

(Thousands of euros)

	31.12.2014	Additions due to merger	Increases due to movements in the year	Decreases due to movements in the year	31.12.2015
Pension plan contributions **(Note 24)**	306,817	47,597	53,710	(1,082)	407,042
Credit loss provisions (1)	2,676,402	632,115	867,065	(140,296)	4,035,286
Early retirement obligations **(Note 24)**	120,784		720	(48,565)	72,939
Provision for foreclosed property	825,345		597,167	(351,917)	1,070,595
Origination fees for loans and receivables	15,104	1,006		(2,802)	13,308
Unused tax credits	1,713,862			(284,859)	1,429,003
Tax loss carryforwards	2,620,557			(843,513)	1,777,044
Tax assets for adjustments to equity	35,090			(4,015)	31,075
Other deferred tax assets arising on business combinations (2)	508,712	30,325		(89,994)	449,043
Other (3)	567,573	166,402	347,058	(273,158)	807,875
Total	**9,390,246**	**877,445**	**1,865,720**	**(2,040,201)**	**10,093,210**

(1) Includes general, substandard and specific provisions, and the assets in this connection from Barclays.

(2) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banco Cívica, Banco de Valencia and Barclays, except those from adjustments to loans and receivables.

(3) Includes, *inter alia*, deferred tax assets deriving from impairment losses on investments, eliminations from intra-group operations and those corresponding to different provisions.

The business combination with Barclays Bank, SAU (see Note 7) resulted in the inclusion of deferred tax assets totalling EUR 877,445 thousand, EUR 93,134 thousand of which arose from the negative adjustments made to recognise Barclays Bank, SAU's assets and liabilities at fair value.

The Group does not have any significant unrecognised deferred tax assets.

Estimated monetisable deferred tax assets in accordance with Royal Decree-Law 14/2013, of 29 November, amount to EUR 5,586 million.

The Entity assesses the recoverable amount of its recognised tax assets, whether monetisable or not, every six months.

To do so, it has developed a dynamic model that analyses the recoverability of the tax assets recognised for accounting purposes and those generated in subsequent periods up to the date covered by the model. The purpose of the model is to verify that the Group is able to offset all tax losses and other tax assets recognised in the balance sheet with future taxable profits; and the best estimate of the new tax assets that can be generated in the future.

The model uses the following as the most relevant estimates:

a) The forecast profit or loss for each year covered by the model. The estimates are consistent with the various reports used by the Entity for internal management and for supervisory information, including certain details regarding the composition thereof, and,
b) The reversible nature of the main tax assets recognised on the balance sheet.

The Group considers the information used in the model to be relevant and strategic.

The model is updated every six months with information provided by the Entity's various areas and an independent tax expert contracted by CaixaBank subsequently revises and validates the reasonableness of the working tax assumptions used therein.

At 31 December 2015, the model concludes that the Group has sufficient capacity to recover deferred tax assets.

In the current interest-rate environment, the nominal value of deferred tax assets does not different significantly from present value.

Details of deferred tax liabilities are as follows:

Deferred tax liabilities

(Thousands of euros)

	31.12.2014	Additions due to merger	Increases due to movements in the year	Decreases due to movements in the year	31.12.2015
Revaluation of property on first time application of IFRS	257,653			(2,913)	254,740
Tax liabilities on measurement of available-for-sale financial assets	509,972			(128,356)	381,616
Tax liabilities relating to intangible assets generated in business combinations	87,647	7,246		(19,860)	75,033
Tax liabilities relating to an extraordinary allowance to the mathematical provision	272,094			(765)	271,329
Other tax liabilities arising on business combinations in the period (1)	365,090	50,624		(104,533)	311,181
Other	179,111	125,951		(43,370)	261,692
Total	**1,671,567**	**183,821**	**0**	**(299,797)**	**1,555,591**

(1) Includes mainly deferred tax liabilities from positive fair value adjustments to assets and liabilities acquired in business combinations.

The business combination with Barclays Bank, SAU (see Note 7) has resulted in the integration of deferred tax liabilities totalling EUR 183,821 thousand, EUR 69,272 thousand of which have arisen from the positive adjustments made to recognise Barclays Bank, SAU's assets and liabilities at fair value.

27. Contingent liabilities and commitments

The detail of "Contingent liabilities" included as memorandum items in the balance sheet at 31 December 2015 and 2014 is as follows:

Contingent liabilities

(Thousands of euros)

	31.12.2015	31.12.2014
Bank guarantees and other collateral deposited	8,916,517	8,568,078
Documentary credits	1,726,686	1,666,890
Assets assigned to third-party obligations	6,868	6,868
Of which: Non-performing contingent liabilities	*493,411*	*425,755*
Total	**10,650,071**	**10,241,836**

The detail of "Contingent commitments" included as memorandum items in the balance sheet at 31 December 2015 and 2014 is as follows:

Contingent commitments

(Thousands of euros)	31.12.2015		31.12.2014	
	Drawable	Limits	Drawable	Limits
Drawable by third parties	**54,782,856**	**111,168,320**	**49,372,792**	**109,449,605**
Credit institutions	54,405	173,464	20,522	90,522
Public sector	3,914,799	4,817,151	2,709,003	6,089,104
Other sectors	50,813,652	106,177,705	46,643,267	103,269,979
Of which: conditionally drawable	*2,545,096*		*2,332,176*	
Other commitments	**3,246,077**		**1,333,434**	
Total	**58,028,933**	**111,168,320**	**50,706,226**	**109,449,605**

The specific and general provisions relating to contingent liabilities and commitments are recognised under "Provisions" in the balance sheet (see Note 24).

The table below details, by contractual maturities, the balances of financial guarantee contracts extended and loan commitments outstanding at 31 December 2015 by their nominal amount:

Contractual maturities

(Thousands of euros)

	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Contingent liabilities	90,105	79,996	2,289,636	2,150,544	6,039,790	10,650,071
Drawable by third parties	2,894,646	1,285,348	8,646,515	15,485,176	26,471,171	54,782,856

The Group is only obliged to pay the sum of contingent liabilities if the counterparty guaranteed fails to comply with its obligations at the time of non-compliance. The CaixaBank Group believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, the Group has an undertaking to facilitate funds to customers through drawables on lines of credit and other commitments, whenever it receives a request and subject to compliance with certain conditions by the counterparties. It believes that not all the drawables will be used by customers, and that a large portion of them will fall due prior to drawdown, either because they will not be requested by customers or because the drawdown conditions will not be met.

28. Other significant disclosures

28.1. Transactions for the account of third parties

The detail of off-balance sheet funds managed for the account of third parties is as follows:

(Thousands of euros)	31.12.2015	31.12.2014
Assets under management	**74,499,900**	**57,423,316**
Mutual funds and SICAVs	51,320,869	37,482,170
Pension funds	23,179,031	19,941,146
Other (*)	**5,267,280**	**7,025,670**
Total	**79,767,180**	**64,448,986**

(*) Includes funds associated with the agreements to distribute pension funds and insurance products from Barclays Bank, SAU and subordinated debt issued by "la Caixa" (currently in CriteriaCaixa).

28.2. Transferred financial assets

CaixaBank´s Group converted a portion of its homogeneous loan and credits into fixed-income securities by transferring the assets to various securitisation special purpose vehicles set up for this purpose, whose operators assume the risks inherent in the securitised assets. In accordance with current regulations, securitised assets for which substantially all the risk is retained may not be derecognised.

For securitisations carried out after 1 January 2004, which have not been derecognised from the balance sheet a securitisation special purpose vehicle must be consolidated.

Consolidating the securitisation special purpose vehicles entails eliminating crossed transactions between Group companies, namely loans through the securitisation special purpose vehicles, liabilities associated with assets not derecognised at CaixaBank, credit enhancements provided to securitisation special purpose vehicles and bonds purchased by Group companies.

The carrying amounts of transferred financial assets, mainly securitisation funds, not derecognised, and the financial liabilities recognised at 31 December 2015 and 2014 are as follows:

31.12.2015

(Thousands of euros)

	Carrying amount of transferred assets (1)	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities
Securitisation funds				
AyT Génova Hipotecario II, FTH (*)	155,793	155,835	170,089	170,089
AyT Génova Hipotecario III, FTH (*)	172,100	172,201	187,880	187,880
AyT Génova Hipotecario IV, FTH (*)	198,446	198,555	216,636	216,636
Valencia Hipotecario 1, FTA	77,353	77,472	84,469	84,469
Ayt Hipotecario Mixto II, FTA	27,088	27,188	29,606	29,606
TDA 22 Mixto, FTH	40,938	41,269	44,725	44,725
AyT FTPYME II, FTA	9,721	10,721	10,680	10,680
AyT Hipotecario Mixto IV, FTA	53,557	53,561	58,470	58,470
AyT Génova Hipotecario VI, FTH (*)	216,699	217,279	236,605	236,605
FonCaixa FTGENCAT 3, FTA	91,769	92,819	100,359	100,359
AyT Génova Hipotecario VII, FTH (*)	500,080	501,070	545,987	545,987
Valencia Hipotecario 2, FTH	265,352	266,798	289,857	289,857
AyT Génova Hipotecario VIII, FTH (*)	734,479	736,459	801,971	801,971
FonCaixa FTGENCAT 4, FTA	125,108	126,777	136,829	136,829
AyT Hipotecario Mixto V, FTA	103,759	103,886	113,290	113,290
Valencia Hipotecario 3, FTA	340,599	342,813	372,122	372,122
AyT Génova Hipotecario IX, FTH (*)	441,208	442,246	481,720	481,720
AyT Génova Hipotecario X, FTH (*)	493,039	495,166	538,393	538,393
PYME Valencia 1, FTA	77,817	86,692	85,658	85,658
FonCaixa FTGENCAT 5, FTA	326,782	334,339	357,631	357,631
AyT Génova Hipotecario XI, FTH (*)	589,783	594,762	644,246	644,246
FonCaixa FTGENCAT 6, FTA	238,698	243,145	261,193	261,193
AyT Génova Hipotecario XII, FTH (*)	419,453	422,209	458,118	458,118
Bancaja BVA-VPO 1, FTA	28,361	28,361	30,981	30,981
AyT ICO-FTVPO I, FTA	46,397	46,402	50,659	50,659
AyT Goya Hipotecario III, FTA (*)	2,621,738	2,648,043	2,864,274	2,864,274
AyT Goya Hipotecario IV, FTA (*)	866,475	874,144	946,540	946,540
Foncaixa Consumo 1,FTA	1,397,592	1,413,298	1,529,318	1,529,318
AyT Goya Hipotecario V, FTA (*)	975,096	981,371	1,064,991	1,064,991
FonCaixa Leasings 2, FTA	491,645	515,060	538,694	538,694
FonCaixa PYMES 6, FTA	1,060,999	1,061,060	1,161,044	1,161,044
FonCaixa PYMES 7, FTA	2,410,957	2,411,140	2,638,943	2,638,943
AyT Hipotecario Mixto, FTA (**)	23,777	23,258	23,777	23,258
Total	**15,622,658**	**15,745,399**	**17,075,755**	**17,075,236**

(*) Funds arising from merger with Barclays Bank, SAU.

(**) Fund from Credifimo.

(1) Includes capital, interest accrued and asset provisions.

31.12.2014

(Thousands of euros)

	Carrying amount of transferred assets (1)	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities
Securitisation funds				
Valencia Hipotecario 1, FTA	93,219	93,378	103,809	103,809
Ayt Hipotecario Mixto II, FTA	32,630	32,761	36,498	36,498
TDA 22 Mixto, FTH	44,397	44,721	49,964	49,964
AyT FTPYME II, FTA	14,136	15,188	17,936	17,936
AyT Hipotecario Mixto IV, FTA	61,400	61,432	68,215	68,215
FonCaixa FTGENCAT 3, FTA	111,555	112,560	125,970	125,970
Valencia Hipotecario 2, FTH	304,279	305,842	341,067	341,067
FonCaixa FTGENCAT 4, FTA	146,861	148,610	166,733	166,733
AyT Hipotecario Mixto V, FTA	116,443	116,746	129,885	129,885
Valencia Hipotecario 3, FTA	380,437	383,843	429,495	429,495
PYME Valencia 1, FTA	103,654	114,040	137,153	137,153
FonCaixa FTGENCAT 5, FTA	379,793	388,510	440,137	440,137
FonCaixa FTGENCAT 6, FTA	275,903	281,828	318,840	318,840
Bancaja BVA-VPO 1, FTA	32,751	32,758	36,367	36,367
AyT ICO-FTVPO I, FTA	54,717	54,722	60,741	60,741
Foncaixa Autonomos 1,FTA	636,675	644,982	724,377	724,377
Foncaixa Consumo 1,FTA	1,656,622	1,675,120	1,878,117	1,878,117
FonCaixa PYMES 3, FTA	904,504	929,788	1,057,710	1,057,710
FonCaixa Leasings 2, FTA	681,542	696,911	788,836	788,836
FonCaixa PYMES 4, FTA	406,512	408,521	455,501	455,501
FonCaixa PYMES 5, FTA	1,733,101	1,733,431	1,924,333	1,924,333
AyT Hipotecario Mixto, FTA (*)	25,513	25,020	25,513	25,020
Total	**8,196,644**	**8,300,712**	**9,317,197**	**9,316,704**

(*) Fund from Credifimo.

(1) Includes capital, interest accrued and asset provisions.

"Loans and advances to customers" at 31 December 2015 and 2014 includes the following amounts, corresponding to the outstanding amounts of loans securitised:

(Thousands of euros)

	31.12.2015	31.12.2014
Securitised mortgage loans	12,262,120	4,645,998
Other securitised loans	3,482,514	3,633,588
Loans to companies	2,876,248	2,665,281
Leasing arrangements	514,993	696,626
Consumer financing	77,007	157,370
Other	14,266	114,311
Total	**15,744,634**	**8,279,586**

Details of the securitised assets with the initial amounts of each and the amounts outstanding at 31 December 2015 and 2014 are provided below.

Asset securitisations

(Thousands of euros)				Outstanding balance	
Issue date		Acquired by:	Initial amount	31.12.2015	31.12.2014
January	2000	AyT 2, FTH	119,795	0	5,808
December	2000	TDA 13 Mixto, FTA	40,268	2,620	3,241
June	2001	TDA 14 Mixto, FTA	122,005	7,509	9,207
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA	269,133	5,066	6,323
May	2003	TDA 16 Mixto, FTA	100,000	10,111	13,099
June	2003	AyT Hipotecario III, FTH	130,000	15,591	19,430
October	2002	AyT 11, FTH (**)	120,055	15,132	16,325
March	2003	TDA 16 Mixto, FTA (**)	152,000	22,253	23,851
November	2004	TDA 22 Mixto, FTH (**)	150,000	31,441	35,234
April	2005	AyT Hipotecario Mixto III, FTH (**)	170,000	46,009	50,103
November	2005	TDA 24, FTA (**)	144,117	47,224	52,200
July	2006	TDA 25, FTA (**)	205,000	90,688	100,337
December	2006	TDA 27, FTA (**)	186,993	85,221	95,098
July	2007	TDA 28, FTA (**)	200,000	113,564	132,095
Transactions derecognised from balance sheet			**2,109,366**	**492,429**	**562,351**
June	2003	AyT Génova Hipotecario II, FTH (*)	800,000	155,834	0
July	2003	AyT Génova Hipotecario III, FTH (*)	800,000	172,198	0
February	2004	AyT Hipotecario Mixto, FTA (**)	140,000	23,777	25,513
March	2004	AyT Génova Hipotecario IV, FTH (*)	800,000	198,552	0
April	2004	Valencia Hipotecario 1, FTA	472,015	77,465	93,297
June	2004	Ayt Hipotecario Mixto II, FTA	160,000	27,181	32,703
November	2004	TDA 22 Mixto, FTH	120,000	41,265	44,685
December	2004	AyT FTPYME II, FTA	132,000	10,695	15,147
June	2005	AyT Hipotecario Mixto IV, FTA	200,000	53,560	61,401
June	2005	AyT Génova Hipotecario VI, FTH (*)	700,000	217,276	0
November	2005	FonCaixa FTGENCAT 3, FTA	649,998	92,795	112,331
November	2005	AyT Génova Hipotecario VII, FTH (*)	1,400,000	501,064	0
December	2005	Valencia Hipotecario 2, FTH	940,243	266,760	305,551
June	2006	AyT Génova Hipotecario VIII, FTH (*)	2,100,000	736,449	0
July	2006	FonCaixa FTGENCAT 4, FTA	599,999	126,734	148,314
July	2006	AyT Hipotecario Mixto V, FTA	317,733	103,884	116,676
November	2006	Valencia Hipotecario 3, FTA	900,711	342,776	383,440
November	2006	AyT Génova Hipotecario IX, FTH (*)	1,000,000	442,236	0
June	2007	AyT Génova Hipotecario X, FTH (*)	1,050,000	495,156	0
July	2007	PYME Valencia 1, FTA	850,023	86,570	113,711
November	2007	FonCaixa FTGENCAT 5, FTA	1,000,000	334,187	387,667
December	2007	AyT Génova Hipotecario XI, FTH (*)	1,200,000	594,741	0
July	2008	FonCaixa FTGENCAT 6, FTA	750,015	243,075	281,236
July	2008	AyT Génova Hipotecario XII, FTH (*)	800,000	422,198	0
April	2009	Bancaja BVA-VPO 1, FTA	55,000	28,360	32,715
March	2009	AyT ICO-FTVPO I, FTA	129,131	46,402	54,687
December	2010	AyT Goya Hipotecario III, FTA (*)	4,000,000	2,647,937	0
April	2011	AyT Goya Hipotecario IV, FTA (*)	1,300,000	874,105	0
July	2011	Foncaixa Autonomos 1,FTA	1,130,000	0	643,284
December	2011	Foncaixa Consumo 1,FTA	3,080,000	1,412,975	1,670,592
December	2011	AyT Goya Hipotecario V, FTA (*)	1,400,000	981,340	0
October	2012	FonCaixa PYMES 3, FTA	2,400,000	0	926,698
March	2013	FonCaixa Leasings 2, FTA	1,216,494	514,993	696,060
November	2013	FonCaixa PYMES 4, FTA	645,000	0	406,182
November	2014	FonCaixa PYMES 5, FTA	1,830,000	0	1,727,696
October	2015	FonCaixa PYMES 6, FTA	1,119,358	1,061,017	0
November	2015	FonCaixa PYMES 7, FTA	2,529,055	2,411,077	0
Transactions kept on the balance sheet (Note 22.2)			**38,716,775**	**15,744,634**	**8,279,586**
Total			**40,826,141**	**16,237,063**	**8,841,937**

(*) Funds from the business combination with Barclays Bank.
(**) Funds from Credifimo.

The assets securitised through securitisation funds prior to 2004, in accordance with the prospective application mentioned in paragraph 106 of IAS 39, which entered into force with the application of the International Accounting Standards, and in accordance with Transitional Provision One of Circular 4/2004, were not recognised on the balance sheet.

Securitisation funds set up before 1 January 2014 basically relate to the securitisation funds of investee Unión de Crédito para la Financiación Inmobiliaria (Credifimo), acquired in the business combination with Banca Cívica. These funds were derecognised when they were opened, all prior to the business combination with Banca Cívica, and this did not have any impact on profit or loss. In accordance with regulations, the securitised loans were derecognised when the bonds were issued, given that circumstances arose that substantially allowed all risks and rewards relating to the underlying securitised financial asset to be transferred. All bonds issued by these securitisation funds were transferred to third parties, and the bondholder bore the majority of the losses arising from the securitised loans that were derecognised.

The Group does not have any continued involvement in the derecognised assets, and only as an agreement with the securitisation fund to manage the loans in market conditions.

The amounts of credit enhancements at 31 December 2015 and 2014 for securitisation funds are as follows:

Credit enhancements for securitisation funds

(Thousands of euros)

Issue date		Holder	31.12.2015 Loans and credits (*)	31.12.2015 Reserve fund bonds	31.12.2014 Loans and credits (*)	31.12.2014 Reserve fund bonds
January	2000	AyT 2, FTH	0		1,167	
December	2000	TDA 13 Mixto, FTA	403		403	
June	2001	TDA 14 Mixto, FTA	1,382		1,382	
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA	3,792		3,792	
October	2002	Ayt 11, FTH (***)	807		863	
May	2003	TDA 16 Mixto, FTA	1,294		1,294	
May	2003	TDA 16 Mixto, FTA (***)	2,668		2,668	
June	2003	AyT Hipotecario III, FTH	1,460		1,460	
June	2003	AyT Génova Hipotecario II, FTH (**)	8,606			
July	2003	AyT Génova Hipotecario III, FTH (**)	8,000			
February	2004	AyT Hipotecario Mixto, FTH (***)	8,317		8,317	
March	2004	AyT Génova Hipotecario IV, FTH (*)	8,000			
April	2004	Valencia Hipotecario 1, FTA	4,720		4,720	
June	2004	AyT Hipotecario Mixto II, FTA	1,911		1,911	
November	2004	TDA 22 Mixto, FTA	2,292		2,292	
November	2004	TDA 22 Mixto, FTA (***)	749		749	
December	2004	AyT FTPYME II, FTA	3,719		3,719	
April	2005	AyT Hipotecario Mixto III, FTH (***)	297		297	
June	2005	AyT Hipotecario Mixto IV, FTA	2,808		2,808	
June	2005	AyT Génova Hipotecario VI, FTH (**)	5,000			
November	2005	FonCaixa FTGENCAT 3, FTA	1,557	6,500	2,012	6,500
November	2005	AyT Génova Hipotecario VII, FTH (**)	12,492			
November	2005	TDA 24, FTA (***)	520		520	
December	2005	Valencia Hipotecario 2, FTH		9,900		9,900
June	2006	AyT Génova Hipotecario VIII, FTH (**)	12,656			
July	2006	FonCaixa FTGENCAT 4, FTA	2,271	5,043	2,749	5,043
July	2006	AyT Hipotecario Mixto V, FTA	1,397		1,937	
July	2006	TDA 25, FTA (***)	752		752	
November	2006	Valencia Hipotecario 3, FTA	504	10,400	504	10,400
November	2006	AyT Génova Hipotecario IX, FTH (**)	11,104			
December	2006	TDA 27, FTA (***)	1,782		1,782	
June	2007	AyT Génova Hipotecario X, FTH (**)	11,650			
July	2007	PYME Valencia 1, FTA	671	15,300	671	15,300
July	2007	TDA 28, FTA (***)	2,324		2,324	
November	2007	FonCaixa FTGENCAT 5, FTA		26,500		26,500
December	2007	AyT Génova Hipotecario XI, FTH (**)	39,500			
July	2008	FonCaixa FTGENCAT 6, FTA		18,800		18,800
July	2008	AyT Génova Hipotecario XII, FTH (**)	30,106			
March	2009	AyT ICO-FTVPO I, FTA	4,695		4,695	
April	2009	Bancaja BVA-VPO 1, FTA	3,218		3,218	
December	2010	AyT Goya Hipotecario III, FTA (**)	282,489			
April	2011	AyT Goya Hipotecario IV, FTA (**)	66,555			
July	2011	FonCaixa Autonomos 1, FTA	0		161,957	
December	2011	FonCaixa Consumo 1,FTA	154,338		154,338	
December	2011	AyT Goya Hipotecario V, FTA (**)	79,101			
October	2012	FonCaixa PYME 3, FTA	0		240,292	
March	2013	FonCaixa Leasings 2, FTA	184,103		184,308	
November	2013	FonCaixa PYMES 4, FTA	0		65,100	
November	2014	FonCaixa PYMES 5, FTA	0		128,900	
October	2015	FonCaixa PYMES 6, FTA	45,600			
November	2015	FonCaixa PYMES 7, FTA	102,000			
Total (Note 13.3)			**1,117,610**	**92,443**	**993,901**	**92,443**

(*) All the loans and credits are subordinated.

(**) Funds arising from merger with Barclays Bank, SAU.

(***) Funds from Credifimo.

Details of the securitisation bonds initially acquired by CaixaBank and of the balances outstanding at 31 December 2015 and 2014 are as follows:

(Thousands of euros)

Date		Issuance	Amount	Outstanding amount at 31.12.2015	Outstanding amount at 31.12.2014
January	2000	AyT 2 - FTH	0	0	3,326
June	2001	TDA 14 Mixto - FTA	1,312	991	1,416
May	2003	TDA 16 Mixto - FTA	2,653	433	534
December201	2002	AyT Hipotecario III - FTH	10,842	7,575	9,488
Issued before 1.1.2004			**14,807**	**8,999**	**14,764**

(Thousands of euros)

Date		Issuance	Amount	Outstanding amount at 31.12.2015	Outstanding amount at 31.12.2014
June	2003	AyT Génova Hipotecario II, FTH (*)	156,952	55,228	
July	2003	AyT Génova Hipotecario III, FTH (*)	178,984	55,063	
March	2004	AyT Génova Hipotecario IV, FTH (*)	203,279	33,208	
June	2004	AyT Hipotecario Mixto II, FTA	28,400	4,060	4,978
November	2004	TDA 22 Mixto - FTA	34,306	23,423	25,950
December201	2004	AyT FTPYME II, FTA	10,263	5,290	6,200
June	2005	AyT Hipotecario Mixto IV, FTA	50,869	24,221	28,686
June	2005	AyT Génova Hipotecario VI, FTH (*)	224,534	136,398	
November	2005	FonCaixa FTGENCAT 3, FTA	90,717	29,446	30,700
November	2005	AyT Génova Hipotecario VII, FTH (*)	506,997	174,627	
December	2005	Valencia Hipotecario 2, FTH	271,048	53,756	33,393
June	2006	AyT Génova Hipotecario VIII, FTH (*)	751,455	397,366	
July	2006	FonCaixa FTGENCAT 4, FTA	126,974	20,597	21,067
July	2006	AyT Hipotecario Mixto V, FTA	96,944	83,853	96,138
November	2006	Valencia Hipotecario 3, FTA	338,103	117,210	66,866
November	2006	AyT Génova Hipotecario IX, FTH (*)	453,269	154,140	
June	2007	AyT Génova Hipotecario X, FTH (*)	497,656	497,656	
July	2007	PYME Valencia 1, FTA	93,028	86,252	90,924
November	2007	FonCaixa FTGENCAT 5, FTA	330,756	37,500	37,500
December	2007	AyT Génova Hipotecario XI, FTH (*)	598,709	598,709	
July	2008	FonCaixa FTGENCAT 6, FTA	237,620	22,500	22,500
July	2008	AyT Génova Hipotecario XII, FTH (*)	421,901	421,901	
March	2009	AyT ICO-FTVPO I, FTA	56,880	56,880	65,030
April	2009	Bancaja-BVA VPO 1, FTA	30,775	30,775	34,890
December	2010	AyT Goya Hipotecario III, FTA (*)	2,640,977	2,640,997	
July	2011	Foncaixa Autonomos 1, FTA	0	0	653,709
April	2011	AyT Goya Hipotecario IV, FTA (*)	891,062	891,062	
December	2011	FonCaixa Consumo 1,FTA	1,401,799	1,401,799	1,671,733
December	2011	AyT Goya Hipotecario V, FTA (*)	998,894	998,894	
October	2012	Foncaixa Pymes 3, FTA			1,030,876
March	2013	FonCaixa Leasings 2, FTA	518,344	518,344	708,515
March	2013	FonCaixa PYMES 4, FTA			418,190
November	2014	FonCaixa PYMES 5, FTA			1,830,000
October	2015	FonCaixa PYMES 6, FTA	1,120,000	1,120,000	
November	2015	FonCaixa PYMES 7, FTA	2,530,000	2,530,000	
Issued before 1.1.2004			**15,891,495**	**13,221,155**	**6,877,845**
Total			**15,906,302**	**13,235,919**	**6,892,609**

(*) Funds arising from merger with Barclays Bank, SAU.

Securitisation single-seller bonds placed on the market are recognised under "Marketable debt securities" in the accompanying balance sheet (see Note 22.3).

28.3. Securities deposits and investment services

The detail, by type, of the securities deposited by customers with CaixaBank and third parties is as follows.

(Thousands of euros)

	31.12.2015	31.12.2014
Book entries	**82,831,200**	**97,792,236**
Securities recorded in the market's central book-entry office	60,018,019	74,972,098
Equity instruments. Quoted	*43,157,191*	*52,106,164*
Equity instruments. Unquoted	*136,651*	*34,683*
Debt securities Quoted	*16,724,177*	*22,831,251*
Securities registered at the Entity	0	0
Securities entrusted to other depositories	22,813,181	22,820,138
Equity instruments. Quoted	*12,534,038*	*13,005,772*
Equity instruments. Unquoted	*4,078*	*2,838*
Debt securities Quoted	*10,275,065*	*8,876,005*
Debt securities Unquoted	*0*	*935,523*
Securities	**6,469**	**6,559**
Held by the Entity	6,407	6,423
Equity instruments	*6,267*	*6,267*
Debt securities	*140*	*156*
Entrusted to other entities	62	136
Equity instruments	*62*	*136*
Other financial instruments	**151,303**	**97,565**
Total	**82,988,972**	**97,896,360**

28.4. Financial assets derecognised due to impairment

The changes in 2015 and 2014 to items derecognised from the balance sheet because recovery was deemed to be remote are summarised below. These financial assets are recognised under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

(Thousands of euros)

	2015	2014
Opening balance	**11,602,052**	**10,453,405**
Additions:	**5,423,312**	**5,552,166**
With a charge to impairment losses **(Note 13.4)**	2,728,936	3,665,157
With a direct charge to the income statement **(Note 37)**	720,220	1,104,994
Other reasons (1)	1,339,820	782,015
Business combinations **(Note 7)**	634,336	
Disposals:	**2,421,678**	**4,403,519**
Cash recovery of principal **(Note 37)**	453,332	390,143
Cash recovery of past-due receivables	41,893	30,483
Disposal of written-off assets (2)	1,121,312	1,836,443
Due to expiry of the statute-of-limitations period, forgiveness or any other cause (3)	805,141	2,146,450
Closing balance	**14,603,686**	**11,602,052**

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

(2) Corresponds to the sale of non-performing and written-off assets and includes interest related to these portfolios (see Note 13.2).

(3) In 2014, this includes additions of properties arising from developer debts for the amount of EUR 1,447 million.

The balance of items derecognised from the balance sheet because recovery was deemed to be remote includes EUR 4,082 million and EUR 3,118 million at 31 December 2015 and 31 December 2014, respectively, of interest accrued on the non-performing loans.

29. Interest and similar income

This item in the income statement includes the interest earned during the year on financial assets with implicit or explicit returns obtained by applying the effective interest method, along with the adjustments to income arising from hedging transactions.

The breakdown of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)

	2015	2014
Central banks	**649**	**2,639**
Credit institutions	**16,264**	**16,538**
Money market transactions	**543**	**0**
Loans and advances to customers and other finance income	**5,025,191**	**5,505,288**
Public sector	277,888	346,059
Trade credits and bills	202,512	168,508
Mortgage loans	2,715,912	3,072,160
Personal loans	1,116,051	1,125,426
Credit accounts	365,930	450,481
Other	346,898	342,654
Debt securities	**3,278,579**	**3,275,961**
Financial assets held for trading	73,648	79,993
Available-for-sale financial assets	2,875,164	2,543,989
Held-to-maturity investments	196,568	484,696
Loans and receivables	133,199	167,283
Adjustments to income due to hedging transactions (Note 15)	**51,842**	**(9,099)**
Total	**8,373,068**	**8,791,327**

The average effective interest rate of the various financial liabilities categories in 2015 and 2014, respectively, calculated on average gross balances, is as shown below. This rate is the result of interest accrued in the year and does not include adjustments to income arising from hedging transactions:

Average effective interest rate

	2015	2014
Deposits at central banks	0.03%	0.14%
Financial assets held for trading - debt securities	2.18%	3.50%
Available-for-sale financial assets – debt securities	4.77%	4.33%
Loans and receivables		
Loans and advances to credit institutions	0.28%	0.33%
Loans and advances to customers (*)	2.44%	2.84%
Debt securities	7.95%	6.45%
Held-to-maturity - debt securities	3.18%	3.13%

(*) Does not include reverse repos

30. Interest expense and similar charges

This item in the accompanying income statement includes interest accruing in the year on financial liabilities with implicit or explicit returns, including the interest arising from payments in kind, calculated by applying the effective interest method, along with the cost adjustments arising from hedging transactions and the cost due to interest attributable to existing pension funds.

The breakdowns of this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014, by types of financial transaction, are as follows:

(Thousands of euros)	2015	2014
Central banks	(33,232)	(31,397)
Credit institutions	(192,717)	(241,372)
Money market transactions through counterparties	(3,146)	(1,584)
Customer deposits and other finance costs	(1,328,571)	(2,162,513)
Marketable debt securities	(938,441)	(1,306,515)
Subordinated liabilities	(198,722)	(213,344)
Adjustments to expenses due to hedging transactions **(Note 15)**	778,775	936,543
Interest cost attributable to pension funds **(Note 24.1)**	(41,009)	(63,870)
Finance cost of insurance products	(2,063,355)	(1,552,709)
Total	**(4,020,418)**	**(4,636,761)**

The average effective interest rate of the various financial liabilities categories in 2015 and 2014, respectively, is shown below. This rate is the result of interest accrued in the year and does not include adjustments to income arising from hedging transactions.

Average effective interest rate

	2015	2014
Deposits from central banks	0.17%	0.24%
Deposits from credit institutions	0.90%	1.10%
Customer deposits	0.73%	1.23%
Marketable debt securities	3.16%	3.73%
Subordinated liabilities	4.46%	4.43%

31. Return on equity instruments

The breakdown of this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014 is as follows:

(Thousands of euros)	2015	2014
Telefónica, SA	192,860	177,672
Other	9,859	7,702
Total	**202,719**	**185,374**

32. Fees and commissions

The main fee and commission income and expenses recognised in the accompanying consolidated income statement for 2015 and 2014, by type of non-financial services, are as follows:

Fee and commission income

(Thousands of euros)

	2015	2014
Contingent liabilities	116,079	115,260
Credit facility drawdowns	60,987	72,794
Exchange of foreign currencies and banknotes	3,831	3,108
Collection and payment services	776,011	815,273
Of which: credit and debit cards	*340,149*	*369,786*
Securities services	95,502	103,949
Marketing of non-banking financial products	749,631	531,212
Other fees and commissions	354,791	331,892
Total	**2,156,832**	**1,973,488**

Fee and commission expense

(Thousands of euros)

	2015	2014
Assigned to other entities and correspondents	(42,186)	(40,608)
Of which: transactions with cards and ATMs	*(34,167)*	*(31,974)*
Securities transactions	(14,930)	(17,832)
Other fees and commissions	(86,279)	(89,888)
Total	**(143,395)**	**(148,328)**

33. Gains/(losses) on financial assets and liabilities (net)

The breakdown, by source, of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)

	2015	2014
Financial assets held for trading	**58,779**	**(41,767)**
Debt securities	539	(11,522)
Equity instruments	(25,809)	9,996
Financial derivatives	84,049	(40,241)
of which: interest rate risk	*(26,190)*	*31,405*
of which: securities risk	*22,108*	*(64,478)*
of which: commodities risk and other	*2,653*	*964*
of which: credit risk ***(Note 2.2)***	*16,639*	*(108,512)*
of which: currency risk	*(10,715)*	*35,693*
of which: inflation risk	*79,554*	*64,687*
Available-for-sale financial assets	**662,303**	**444,314**
Debt securities	616,833	345,323
Equity instruments **(Note 12)**	45,470	98,991
Loans and receivables	**1,207**	**539**
Financial liabilities at amortised cost	**7,101**	**7,934**
Ineffective portions of hedging derivatives	**13,235**	**162,576**
Cash flow hedges	15,996	(15,335)
Fair value hedges	*(2,761)*	*177,911*
Valuation of hedging derivatives	*(1,096,730)*	*889,001*
Valuation of hedged items	*1,093,969*	*(711,090)*
Total	**742,625**	**573,596**

34. Other operating income and expense

The breakdown of this item in the accompanying consolidated income statement for 2015 and 2014 is as follows:

Breakdown of insurance and reinsurance income and expense
(Thousands of euros)

	2015	2014
Income		
Insurance and reinsurance premium income (*)	667,018	578,716
Reinsurance income	68,179	58,521
Total	**735,197**	**637,237**
Expenses		
Claims paid (*)	(232,737)	(208,374)
Net technical provisions (*)	(62,936)	(43,271)
Insurance and reinsurance premiums paid	(225,029)	(236,856)
Total	**(520,702)**	**(488,501)**

(*) Net of the portion relating to finance costs.

Business line
(Thousands of euros)

	2015	2014
Sales and income from provision of non-financial services		
Real estate	23,339	21,228
Other	131,638	108,288
Total	**154,977**	**129,516**
Changes to inventories and other expenses of non-financial activities		
Real estate	(9,108)	(8,806)
Other	(122,632)	(115,713)
Total	**(131,740)**	**(124,519)**

Other operating income
(Thousands of euros)

	2015	2014
Financial fees and commissions offsetting direct costs	42,884	32,234
Income from investment property and other income	134,182	105,503
Other income	149,498	152,798
Total	**326,564**	**290,535**

Other operating expenses

(Thousands of euros)

	2015	2014
Contribution to the Deposit Guarantee Fund/National Resolution Fund	(278,996)	(293,119)
Operating expenses from investment property and other (1)	(293,694)	(228,416)
Other	(76,378)	(93,519)
Total	**(649,068)**	**(615,054)**

(1) Includes expenses related to leased investment property

35. Personnel expenses

The breakdown of this item in the accompanying consolidated income statement for 2015 and 2014 is as follows:

Breakdown by type of remuneration

(Thousands of euros)

	2015	2014
Wages and salaries	(1,915,495)	(1,833,781)
Social security contributions	(427,760)	(413,694)
Transfers to defined contribution plans	(132,441)	(131,210)
Transfers to defined benefit plans **(Note 24)**	(2,009)	(3,355)
Other personnel expenses	(701,100)	(195,853)
Total	**(3,178,805)**	**(2,577,893)**

The expense recognised in "Transfers to defined contribution plans" includes mainly mandatory contributions stipulated in the labour agreement on the pension scheme entered into on 31 July 2000 at "la Caixa" and upheld by CaixaBank after the ''la Caixa" Group's reorganisation. Contributions are made to the pension plan to cover retirement, disability and death obligations of serving employees. To cover retirement, CaixaBank makes a monthly contribution equal to a percentage of pensionable wage items ranging from 0% to 8.5% depending on the length of service at the Entity and other agreed terms and conditions. Specifically, a period of 60 months to standardise conditions has been established for Banco de Valencia, Banca Cívica and Barclays Bank personnel. The contribution for disability and death is annual and equals the cost of the premium required to ensure against these risks.

"Other personnel expenses" includes, inter alia, training expenses, education grants and indemnities and other short term benefits.

In 2015, "Other personnel expenses" included an expense of EUR 471 million, related to the labour agreements signed by CaixaBank during the year, as part of a restructuring plan involving adjustments to Barclays Bank's workforce on the one hand, and reorganising and rebalancing the regional distribution of the workforce on the other.

It also included EUR 20 thousand and EUR 19 thousand in 2015 and 2014, respectively, in non-monetary remuneration paid to CaixaBank employees through credit facilities, estimated as the difference between market rates and the rates agreed with employees. The applicable rates are set each year as the 1-year Euribor rate prevailing for October, applicable as of 1 January the following year.

The market rates are Euribor +0.50 points for loans to homebuyers and Euribor +1.40 points for other loans.

The interest rate agreed for mortgage loans is Euribor -2.50 points, with a clause stipulating a minimum rate of 0.10%, whereas the interest rate agreed for personal loans is equal to the Euribor rate.

The amounts recognised in this item correspond to share-based payments of limited materiality.

The average number of employees, by professional category and gender, in 2015 and 2014 is as follows:

Average number of employees

(Number of employees)	2015		2014	
	CaixaBank Group		CaixaBank Group	
	Male	**Female**	**Male**	**Female**
Executives	202	59	213	56
Managers	8,786	5,999	8,983	5,951
Clerical staff	6,095	10,089	6,032	9,981
Assistants	137	91	137	94
Temporary employees	421	410	119	110
Total	**15,641**	**16,648**	**15,484**	**16,192**

The distribution by professional category and gender at 31 December 2015 is not significantly different from that shown in the preceding table. At 31 December 2015 and 2014, the CaixaBank Group had 32,242 and 31,210 employees, respectively.

36. Other general administrative expenses

The breakdown of this item in the accompanying consolidated income statement is as follows:

(Thousands of euros)

	2015	2014
IT and systems	(253,900)	(178,416)
Advertising and publicity (1)	(116,406)	(106,123)
Property and fixtures	(102,355)	(97,853)
Rentals	(174,048)	(127,471)
Communications	(48,040)	(54,365)
Outsourced administrative services	(114,318)	(93,793)
Taxes other than income tax	(40,267)	(34,379)
Surveillance and security carriage services	(35,250)	(30,398)
Representation and travel expenses	(42,141)	(38,355)
Printing and office materials	(15,684)	(13,664)
Technical reports	(41,262)	(22,689)
Legal and judicial	(12,309)	(11,174)
Governing and control bodies	(9,462)	(7,176)
Other expenses	(55,545)	(29,693)
Total	**(1,060,987)**	**(845,549)**

(1) Includes advertising in media, sponsorships, promotions and other commercial expenses

On 18 December 2012, CaixaBank sold 439 offices to Soinmob Inmobiliaria, SAU, subsidiary of the Mexican company Inmobiliaria Carso, SA de CV, for EUR 428.2 million. At the same time, an operating lease contract was signed with this company, with the lessee responsible for maintenance, insurance and taxes other than income tax, for a mandatory period of 25 years. During this time, lease income will be increased on a yearly basis in accordance with year-on-year change in the eurozone harmonised consumer price index times 1.4. In no circumstance, taking into consideration the insignificance of the value of adjustment factors and the associated economic characteristics and risks, it was not considered necessary to separate any embedded derivative under the terms envisaged in paragraph AG33(f) of IAS 39.

The Entity confirmed, through the necessary tests, that the rents paid remain at market prices.

The agreement includes a purchase option that may be exercised by CaixaBank at the termination of the lease contract at the market value of the offices at that date (determined, where appropriate, by independent experts) and the right of first refusal in the event the lessor wishes to sell any of the offices subject to the lease. Additionally, as is commonplace in the operating lease market, the transfer of ownership of the properties to CaixaBank is not being considered at the termination of the agreement, with CaixaBank holding the right to not extend rentals beyond the minimum mandatory period. The lease expense recognised by CaixaBank in 2015 and 2014 in relation to these agreements totalled EUR 35.6 million and EUR 34.8 million each year.

The value of the future minimum lease payments receivable by CaixaBank during the mandatory period of the lease, excluding future rental increases are as follows:

(Thousands of euros)	2016	2017 to 2020	2021 and beyond
Sales and leaseback agreement with Soinmob Inmobiliaria, SAU	35,300	141,198	600,090
Total	**35,300**	**141,198**	**600,090**

Note: None of these amounts includes the related VAT.

In 2015, "Technical reports" relates to fees and expenses, excluding the related VAT, paid to the auditor, Deloitte, SL and related companies, broken down as follows:

(Thousands of euros)	2015	2014
Deloitte	**9,799**	**8,667**
Audit (1)	2,652	2,397
Audit-related services	3,777	2,862
Other services (2)	3,370	3,408
Other auditors	**10,953**	**6,424**
Audit	239	219
Other services	10,714	6,205
Total	**20,752**	**15,091**

(1) Includes fees for limited reviews of the interim consolidated financial statements and the audit of CaixaBank's separate balance sheet at 30 June.

(2) Includes EUR 166 thousand and EUR 56 thousand of tax advice in 2015 and 2014, respectively

Information on the average payment period to suppliers: Additional provision three: Disclosure requirements under Law 15/2010, of 5 July

The entry into force of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements. Pursuant to this disclosure obligation, on 4 February 2016, the corresponding resolution was issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Official State Gazette (BOE).

In accordance with Transitional Provision Two of this ruling, following is a breakdown of the information required relating to payments made and pending at the balance sheet date:

Payments made and outstanding at the reporting date

(Thousands of euros)	2015
	Amount
Total payments made	1,666,547
Total payments outstanding	26,756
Total payments in the year	**1,693,303**

Average supplier payment period and ratios

(Days)	2015
	Days
Average payment period to suppliers	24.45
Ratio of payments made	24.52
Ratio of outstanding payments	19.99

In 2015 and 2014, in accordance with Transitional Provision Two of Law 15/2010, the general maximum statutory period is 30 days, which may be extended to 60 days upon agreement of the parties.

37. Impairment losses on financial assets (net)

The breakdown of this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014 is as follows:

Impairment losses on financial assets (net)
(Thousands of euros)

	2015	2014
Loans and receivables	**(1,655,348)**	**(2,053,803)**
Specific allowance	(1,619,547)	(2,030,435)
Net allowances ***(Note 13.4)***	*(1,352,659)*	*(1,315,584)*
Write-downs ***(Note 28.4)***	*(720,220)*	*(1,104,994)*
Recovery of loans written off ***(Note 28.4)***	*453,332*	*390,143*
Debt securities ***(Note 13.4)***	*0*	*0*
Other coverage **(Note 13.4)**	(35,801)	(23,368)
Other financial instruments not measured at fair value through profit or loss	**(438,720)**	**(139,567)**
Write-downs	(438,720)	(139,567)
Equity instruments **(Note 12)**	*(267,188)*	*(91,943)*
Debt securities ***(Notes 12 and 14)***	*(171,532)*	*(47,624)*
Total	**(2,094,068)**	**(2,193,370)**

38. Impairment losses on other assets (net)

The breakdown of this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014 is as follows:

(Thousands of euros)

	2015	2014
Write-downs	**(190,676)**	**(56,065)**
Property and equipment for own use **(Note 19)**	(139,244)	(8,392)
Investment property **(Note 19)**	(3,356)	(33,554)
Intangible assets **(Note 20)**	(48,076)	(14,119)
Net allowances	**(132,086)**	**7,256**
Investment property **(Note 19)**	(193,758)	57,187
Inventories **(Note 21)**	(71,050)	(23,242)
Investment in associates and joint ventures **(Note 17)**	132,722	(25,561)
Other assets	0	(1,128)
Total	**(322,762)**	**(48,809)**

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

The detail and changes in this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014 are as follows:

(Thousands of euros)	2015			2014		
	Gains	Losses	Net gain/(loss)	Gains	Losses	Net gain/(loss)
On disposals of tangible assets	14,491	(38,030)	(23,539)	15,685	(48,977)	(33,292)
On disposals of investments	52,633	(6,661)	45,972	10,521	(3,783)	6,738
On disposals of other assets	17,177	(5,815)	11,362	7,786	(9,381)	(1,595)
Total	**84,301**	**(50,506)**	**33,795**	**33,992**	**(62,141)**	**(28,149)**

In 2015, the proceeds from the sale of various investments were recognised under "On disposals of investments" or "On disposal of other assets", although no individual amounts are significant.

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

The detail and changes in this item in the accompanying consolidated income statement for the years ended 31 December 2015 and 2014 are as follows:

(Thousands of euros)	2015	2014
Impairment losses on non-current assets held for sale (**Note 16**)	(296,712)	(159,006)
Net loss on disposal of non-current assets held for sale	(80,538)	(167,841)
Net gain on disposal of non-current tangible assets held for sale	*(80,538)*	*(167,841)*
Gains/(losses) on disposal of strategic equity instruments **(Note 12)**	98,618	17,870
Total	**(278,632)**	**(308,977)**

The total gains/(losses) on the disposal of non-current assets relate to property to satisfy loans, none of which were for significant amounts individually.

41. Related party transactions

Under the provisions of Bank of Spain Circular 4/2004, key management personnel at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including all members of the Board of Directors (executive or other) and Senior Management. Given their posts, each member of key management personnel is a "related party" of CaixaBank. Therefore, CaixaBank must disclose, among other transactions, the information provided in this Note.

Also considered CaixaBank related parties are family members close to "key management personnel" and companies over which key personnel or their close family members exercise control, joint control or significant influence, or have, directly or indirectly, significant voting power.

According to the Regulations of the Board of Directors, transactions between Directors and their related parties must be authorised by the Board of Directors, subject to a report by the Audit and Control Committee, except if they meet the following three conditions: (i) they are performed pursuant to contracts with standardised conditions and applied en masse to a large number of clients; (ii) they are performed at market prices or rates, generally established by the party acting as the provider of the relevant good or service; and (iii) their amount does not exceed one per cent (1%) of the annual revenue of the Company.

Notwithstanding the above, according to prevailing legislation, express authorisation by the Bank of Spain is required for the grant of loans, credits or guarantees to the Chairman, Deputy Chairman, and other Directors and General Managers and similar.

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and Senior Management is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement.

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

CaixaBank also has service level agreements with related parties. These agreements form part of its ordinary course of business and are carried out under normal market conditions. None of them individually is for a significant amount.

The most significant balances at 31 December 2015 and 2014 between CaixaBank and subsidiaries, jointly controlled entities and associates, and with Directors, Senior Managers and other related parties (relatives and companies with links to members of the Board of Directors and Senior Management, to the best of the Entity's knowledge), of CaixaBank and "la Caixa" Banking Foundation and Criteria, and those with other related parties such as the employee pension plan, etc., are shown in the table below. Details are also provided of the amounts recognised in the income statement from transactions carried out. All transactions between related parties form part of the ordinary course of business and are carried out under normal market conditions.

2015

(Thousands of euros)

	With the majority shareholder the "la Caixa" Banking Foundation and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3)
ASSETS				
Loans and advances to credit institutions		209		
Loans and receivables	4,030,765	627,087	11,326	54,505
Reverse repurchase agreement (repos)				
Mortgage loans	*443,233*	*14,897*	*10,876*	*34,246*
Other (4)	*3,587,532*	*612,190*	*450*	*20,259*
Of which: credit loss provisions		*(126,362)*		
Total	**4,030,765**	**627,296**	**11,326**	**54,505**
LIABILITIES				
Deposits from credit institutions	10,450	33,014	15,923	
Customer deposits (5)	1,276,440	848,508	66,535	88,016
Off-balance sheet liabilities (6)			82,383	31,211
Total	**1,286,890**	**881,522**	**164,841**	**119,227**
PROFIT AND LOSS				
Interest expense and similar charges (7)	(16,040)	(2,515)	(703)	(1,605)
Interest and similar income	50,609	10,536	106	922
Total	**34,569**	**8,021**	**(597)**	**(683)**
OTHER				
Contingent liabilities - Guarantees and other	277,851	129,713	3,559	1,500
Contingent commitments – Drawable by third parties and others (8)	1,726,924	572,046	9,475	18,789
Accrued defined benefit post-employment obligations			45,696	
Total	**2,004,775**	**701,759**	**58,730**	**20,289**

(1) Includes transactions with the "la Caixa" Banking Foundation and its Group companies, jointly controlled entities and associates.
(2) Directors and Senior Management of "la Caixa" Banking Foundation, CaixaBank and Criteria.

(3) Family members and entities related to members of the Boards of Directors and Senior Management of "la Caixa", CaixaBank and Criteria and other related parties such as the employee pension plan.
(4) Includes other loans, credits and debt securities.

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

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

(7) Does not include the finance cost relating to off-balance sheet liabilities.

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

2014

(Thousands of euros)

	With the majority shareholder "la Caixa" and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3)
ASSETS				
Loans and advances to credit institutions		72,555		
Loans and receivables	4,399,571	787,726	11,460	70,453
Reverse repurchase agreement (repos)				
Mortgage loans	*465,603*	*16,862*	*10,543*	*44,438*
Other (4)	*3,933,968*	*770,864*	*917*	*26,015*
Of which: credit loss provisions		*(92,777)*		
Total	**4,399,571**	**860,281**	**11,460**	**70,453**
LIABILITIES				
Deposits from credit institutions	69,998	49,846	54,052	
Customer deposits (5)	2,565,977	794,295	47,534	171,634
Off-balance sheet liabilities (6)			11,387	35,623
Total	**2,635,975**	**844,141**	**112,973**	**207,257**
PROFIT AND LOSS				
Interest expense and similar charges (7)	(24,508)	(13,826)	(1,658)	(2,767)
Interest and similar income	35,605	16,788	140	1,473
Total	**11,097**	**2,962**	**(1,518)**	**(1,294)**
OTHER				
Contingent liabilities - Guarantees and other	380,947	116,881	3,565	1,807
Contingent commitments – Drawable by third parties and others (8)	1,805,888	392,385	10,018	14,370
Accrued defined benefit post-employment obligations			42,264	
Total	**2,186,835**	**509,266**	**55,847**	**16,177**

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

The most significant balances and transactions included in the aforementioned amounts, in addition to those described in the different notes, corresponding to 2015 are as follows:

- The balance at 31 December 2015 of financing provided by CaixaBank to "la Caixa" Banking Foundation stood at EUR 100 million (EUR 100 million at 31 December 2014). This loan corresponds to financing provided by the Council of Europe Bank to the Banking Foundation channelled through CaixaBank.
- In the first half of 2014, CaixaBank provided financing to "la Caixa" in the form of a loan for EUR 650 million, which formed part of the assets and liabilities spun off to Criteria in 2014. This balance remains at 31 December 2015. In addition, Criteria signed a credit facility agreement for EUR 750 million, which was not drawn down at 31 December 2015.

- In 2015, Criteria made full early redemption of the bond issuance placed in 2012, which was fully acquired by CaixaBank. The balance at 31 December 2014 stood at EUR 999 million.
- In September 2015, CaixaBank granted a EUR 550 million loan to Criteria maturing on 30 September 2022 and bearing interest at the Euribor + 1.50%
- CaixaBank had an account receivable of EUR 54 million for income tax from Criteria in 2014 that was settled in 2015.
- Financing granted to CriteriaCaixa's real estate subsidiaries totalled EUR 657 million at 31 December 2015 and EUR 1,662 million at 31 December 2014 (including the plain vanilla bonds of EUR 999 million mentioned above).
- Criteria has time and demand deposits at CaixaBank amounting to EUR 80 million (EUR 347 million at 31 December 2014).
- ”la Caixa” Banking Foundation holds demand and time deposits at CaixaBank amounting to EUR 7 million (EUR 70 million at 31 December 2014).
- ”la Caixa” Banking Foundation had a receivable for income tax, of EUR 162 million 31 December 2014, from the head of the tax group, CaixaBank. This balance was settled in January 2015.
- Criteria arranged derivatives with CaixaBank to hedge interest rates on bilateral loans for a nominal amount of EUR 800 million at 31 December 2014, rising to EUR 1,900 million at 31 December 2015. The fair value of the outstanding derivatives at 31 December 2015 was a positive EUR 9 million (positive EUR 3 million at 31 December 2014).
- Gas Natural, a jointly controlled entity of the Criteria Group, holds time deposits and current accounts at CaixaBank for the amount of EUR 599 million (EUR 1,651 million at 31 December 2014). The amount held by Abertis Infraestructuras, an associate of the Criteria Group, totals EUR 283 million (EUR 356 million at 31 December 2014).
- VidaCaixa has invested in fixed-income securities of Abertis Infraestructuras, a Criteria Group associate, for EUR 786 million.

Transactions between Group companies form part of the ordinary course of business and are carried out under normal market conditions. The most significant transactions between Group companies in 2015 were as follows:

- In January 2015, CaixaBank Asset Management acquired Barclays Bank, SAU's asset management business for EUR 60 million.
- In April 2015, SegurCaixa Adeslas and CaixaBank, based on an addendum to the agency contract signed between them in 2011, agreed the payment by SegurCaixa Adeslas of an amount of EUR 47 million as the fee for the commercial brokerage activities performed by CaixaBank selling insurance products to customers from Barclays Bank branch network.
- In May 2015, CaixaBank acquired the factoring and reverse factoring business carried out by Barclays Bank, SAU through its subsidiary Barclays Factoring, SA EFC. The transaction price was EUR 33 million.
- In May 2015, Caixa Card 1 EFC, SA acquired Barclays Bank, SAU's card management business for EUR 80 million. In addition, Comercia Global Payments, Entidad de Pago, SL acquired Barclays Bank, SAU's merchant business for EUR 0.5 million.

At 31 December 2015 and 2014, 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 31 December 2015 and 2014 arranged with serving Directors and Senior Management at these two dates have an average maturity of 22.70 and 23.84 years and bear interest at an average rate of 0.79% and 1.07%, respectively.

Financing provided in 2014 to serving Directors and Senior Management at 31 December 2015 and 2014 amounted to EUR 3,133 thousand and EUR 4,625 thousand, with an average maturity period of 4.01 and 7.05 years, earning interest at an average rate of 1.74% and 1.68%, respectively.

Description of the relationship between ”la Caixa” Banking Foundation 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 1 July 2011. According to the Protocol, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

As a result of its transformation into a banking foundation and the conclusion of the indirect exercise of banking activity through CaixaBank, and in accordance with the provisions of Law 26/2013, of 27 December, governing savings banks and banking foundations, on 24 July 2014, the foundation’s Board of Trustees approved a protocol for managing its ownership interest in the financial institution which primarily regulates the following aspects:

- The basic strategic lines governing ”la Caixa” Foundation’s management of its stake in CaixaBank.
- Relations between the Board of Trustees and CaixaBank’s governing bodies
- The general criteria governing transactions between ”la Caixa” Banking Foundation and CaixaBank, and the mechanisms to be introduced to prevent potential conflicts of interest.
- The mechanisms to avoid the emergence of conflicts of interest
- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by ”la Caixa” Banking Foundation by CaixaBank and the companies in its Group
- The provision for ”la Caixa” Banking Foundation to have a right of pre-emptive acquisition in the event of transfer by CaixaBank of Monte de Piedad, which it owns
- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through ”la Caixa” Banking Foundation, and, at the same time (b) ”la Caixa” Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means
- The flow of adequate information to allow ”la Caixa” Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies

Under the framework of this management Protocol, ”la Caixa” and CaixaBank agreed to renew the Internal Relations Protocol between the two under all the terms and conditions that were not affected by the end of the indirect exercise by ”la Caixa” as a credit institution through CaixaBank until the new relations protocol is adopted.

Criteria's Board of Directors took note of the aforementioned management protocol at its meeting on 18 December 2014. On 18 February 2016, the Board of Trustees of ”la Caixa” Banking Foundations approved a new protocol for managing the banking stake, pursuant to Bank of Spain Circular 6/2015.

Appendix 1 - CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Acuigroup Mare Mar, SL Acquiculture	Port area. Zona de relleno, 3 46520 Sagunto Valencia		99.98	58	(27,989)	22	-
Aris Rosen, SAU Services	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	15	93	2,526	3,999
Arquitrabe activos, SL Holder of property assets	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	98,431	52,662	(23,277)	129,658
Barclays Factoring, SA, EFC Factoring	C/Mateo Inurria, 15 28036 Madrid	100.00	100.00	5,200	27,418	792	32,618
Barclays Finance Agente de Banca, SA Operating leases	C/Mateo Inurria, 15 28036 Madrid	99.98	99.98	61	161	-	222
Biodiesel Processing, SL Research, creation, development and sale of biofuel manufacturing projects.	Av. Diagonal, 621-629 08028 Barcelona		100.00	100	(4,613)	-	-
Bodega Sarría, SA Production and sale of wine	Finca Señorío de Sarría, s/n 31100 Puente la Reina Navarre		100.00	5,745	15,014	714	-
BuildingCenter, SAU Real estate services	Provençals, 35 - 37 08019 Barcelona	100.00	100.00	2,000,060	1,954,253	(1,427,470)	2,698,713

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Caixa Capital Biomed, SCR de Régimen Simplificado Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	90.91	90.91	17,000	(4,247)	(299)	10,505
Caixa Capital Fondos, SCR de Régimen Simplificado, SAU Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	100.00	100,000	(9,259)	4,359	98,749
Caixa Capital Micro, SCR de Régimen Simplificado, SAU Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	100.00	100.00	6,400	(441)	1,061	5,932
Caixa Capital TIC SCR de Régimen Simplificado, SA Venture capital company	Av. Diagonal, 613 3er A 08028 Barcelona	80.65	80.65	20,001	(7,880)	(320)	11,300
Caixa Card 1 EFC, SA Finance	Gran Via Carles III, 94 entresol - Edifici Trade 08028 Barcelona	100.00	100.00	261,803	46,897	205,878	261,980
Caixa Corp, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	361	360	(11)	585
Caixa Emprendedor XXI, SA Development of business and entrepreneurial initiatives	Av. Diagonal, 613 3er B 08028 Barcelona		100.00	20,149	4,816	(927)	-
Caixa Preference, SAU Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	60	2,077	(23)	2,154
CaixaBank Asset Management, SGIIC, SAU Management of collective investment institutions	Av. Diagonal, 621-629 Torre II Pl. 7 08028 Barcelona	100.00	100.00	81,910	41,323	63,023	89,350
CaixaBank Brasil Escritório de representaçao, LTDA Money intermediation	Avenida Macuco, 726, Conjunto 1709 04523-001 Sao Paulo Brazil	100.00	100.00	-	-	-	345

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
CaixaBank Consumer Finance Consumer finance	Gran Via Carles III, 87, baixos 1er. B 08028 Barcelona	100.00	100.00	135,156	45,176	33,958	132,391
CaixaBank Electronic Money, EDE, SL Payment entity	Gran Via Carles III, 84-98 Torre Est, pl. 1ª 08028 Barcelona		80.00	350	1,133	488	-
CaixaRenting, SAU Vehicle and machinery rentals	Gran Via Carles III, 87 08028 Barcelona		100.00	10,518	34,696	9,874	-
Caja Guadalajara participaciones preferentes, SA Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	61	247	2	309
Caja San Fernando Finance, SA Finance	Plaza San Francisco, 1 41004 Seville	100.00	100.00	60	24,774	(3,357)	21,757
Cajasol participaciones preferentes, SAU Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	60	318	(4)	159
Cestainmob, SL Property management	Av. República Argentina, 21 3ª planta módulo B 41011 Seville		100.00	120	749	(3)	-
Club baloncesto Sevilla, SAD (*) Promotion and development of sports activities	Palacio Municipal De Deportes - C/ Dr. Laffon Soto s/n 41007 Seville	99.99	99.99	819	895	(1,113)	-
Corporación Hipotecaria Mutual, EFC, SA Mortgage lending	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	3,005	79,384	(1,773)	80,666
Credifimo - Unión de crédito para la financiación mobiliaria e immobiliaria, EFC, SA Mortgage lending	Riera de Sant Miquel, 3 1er 08006 Barcelona	100.00	100.00	70,415	(56,463)	(10,692)	11,722

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
El monte participaciones preferentes, SA Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	60	-	-	-
e-la Caixa, SA Electronic channel management	Provençals, 35 08019 Barcelona	100.00	100.00	13,670	13,584	1,085	21,144
Estugest, SA Administrative activities and services	Av. Diagonal, 611 08028 Barcelona	100.00	100.00	661	1,699	18	2,212
GDS-CUSA, SA Services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	100.00	1,803	13,982	582	9,579
GestiCaixa, SGFT, SA Securitisation fund management	Pere i Pons, 9-11 9è 3ª Edifici Màsters 08034 Barcelona	91.00	100.00	1,502	300	(320)	2,630
Grupo Aluminios de Precisión, SL (*) Smelting	Merindad de Cuesta Urria, 26 09001 Burgos	100.00	100.00	3,000	4,903	(1,247)	3,360
Grupo Riberebro Integral, SL (*) Vegetable processing	P.I. La Llaneda 26540 Alfaro La Rioja		60.00	-	884	-	-
Guadalcorchos, SA (L) Wood and cork industry	Plaza de Villasis, 2 41003 Seville		100.00	60	-	-	137
Guatazal, SL Real estate development	Av. Diagonal, 621-629 08028 Barcelona		100.00	56	1,758	(1,858)	-
HipoteCaixa 2, SL Mortgage loan management company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	3	182,273	1,750	173,843

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Hiscan Patrimonio, SAU Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	46,867	481,585	(116,682)	437,787
Hodefi, SAS Holding company	176, Avenue Charles de Gaulle 92200 Neuilly-sur-Seine France		100.00	136,110	40,434	40,292	-
Holret, SAU Real estate services	Av. Diagonal, 621-629 Torre II Pl. 5 08028 Barcelona	100.00	100.00	156,433	32,551	(11)	202,396
Inversiones corporativas digitales, SL Holding company	Av. Diagonal, 621-629 08028 Barcelona		100.00	3	(3,187)	77	-
Inversiones Inmobiliarias Oasis Resort, SL Services	Av. Del Mar, s/n (Urb.Costa Teguise) 35509 Teguise-Lanzarote Las Palmas	60.00	60.00	8,356	6,287	1,338	9,583
Inversiones Inmobiliarias Teguise Resort, SL Services	Av. Del Jablillo, 1 (Hotel Teguise Playa) 35509 Teguise-Lanzarote Las Palmas	60.00	60.00	7,898	12,653	2,356	11,218
Inversiones Valencia Capital, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	10,557	(2,228)	1,413	2,105
Inversiones vitivinícolas, SL Production and sale of wine	Av. Carlos III, 8 31002 Pamplona		100.00	3	(365)	(40)	-
Leucanto Sale and purchase of real estate on own account	Av. Diagonal, 621-629 08028 Barcelona		100.00	7	1,543	(1,507)	-
Mediburgos XXI, SAU (L) Property development and services	Av. De la Paz, 22 1º A 09004 Burgos	100.00	100.00	-	-	-	165

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
MediCaixa, SA Financial services	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	120	-	-	144
Negocio de Finanzas e Inversiones II, SL Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	100.00	6	38,456	(20,943)	18,960
Nuevo MicroBank , SAU Financing of micro-credits	Alcalá, 27 28014 Madrid	100.00	100.00	90,186	89,846	29,443	90,186
PromoCaixa, SA Product marketing	Gran Via Carles III, 105 1ª pl. 08028 Barcelona	99.99	100.00	60	1,872	5,332	1,644
Puerto Triana, SA Real estate developer specialised in shopping centres	C/ Gonzalo Jiménez de Quesada, 2 41092 Seville	100.00	100.00	64,290	95,080	(11,872)	120,385
Recouvrements Dulud, SA Finance	176, Avenue Charles de Gaulle 92200 Neuilly-sur-Seine France		100.00	5,928	1,195	7	-
Río Sevilla 98 promociones inmobiliarias, SL Real estate development	Plaza San Francisco, 1 41011 Seville		51.01	434	(1,186)	(34)	-
Saldañuela residencial, SL Real estate	Plaza Villasís, 2 41003 Seville	68.60	68.60	26,159	(22,108)	(699)	1,289
SegurCajasol, SL (L) Advisory and consulting	Av. Diagonal, 621-629 08028 Barcelona		100.00	63	-	-	-
Sercapgu, SL Holding company	Av. Eduardo Guitián, 11 19002 Guadalajara	100.00	100.00	4,230	83	700	632

CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Servicaican, SAU (L) Property development and services	Av. Carlos III, 8 31002 Pamplona	100.00	100.00	90	-	-	211
Servicio de Prevención Mancomunado del Grupo la Caixa, CB Health and safety advisory and prevention service and development of preventive activities at companies	Gran Via Carles III, 103 08028 Barcelona	70.00	83.33	30	-	-	21
Silc Immobles, SA Real estate management and administration	Av. Diagonal, 615 08028 Barcelona		100.00	40,070	106,571	111	-
Silk Aplicaciones, SL Provision of IT services	Av. Diagonal, 615 08028 Barcelona	100.00	100.00	15,003	100,009	1,574	176,211
Sociedad de Gestión Hotelera de Barcelona Property management	Av. Diagonal, 621-629 08028 Barcelona		100.00	8,144	9,872	(433)	-
Suministros Urbanos y Mantenimientos, SA Project management, maintenance, logistics and procurement	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	100.00	1,803	6,758	4,756	2,053
Telefónica Consumer Finance, EFC, SA Consumer financing and financing for commercial transactions	Caleruega,102 planta 9 28033 Madrid		50.00	5,000	21,991	1,804	-
Tenedora de Vehículos, SA Operating leases	Local 3, pl. baixa drta. Edif. Estació de Renfe 08256 Rajadell Barcelona		65.00	600	1,156	4	-
VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculada, SAU Insurance agency	Juan Gris, 2 - 8 08014 Barcelona		100.00	60	2,241	2,000	-
VidaCaixa, SA de Seguros y Reaseguros Sociedad Unipersonal Direct life insurance, reinsurance and pension fund management	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona	100.00	100.00	1,347,462	1,476,265	309,667	2,251,712

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Vipcartera, SL Property management	Pintor Sorolla, 2-4 46002 Valencia		100.00	4,214	(6,030)	1,657	-

(L) Companies in liquidation.
(*) Companies classified as non-current assets held for sale
Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and profit/(loss) have been standardised in the consolidated CaixaBank statements in accordance with IFRS.

Appendix 2 - CaixaBank investments in subsidiaries of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Abaco iniciativas inmobiliarias, SL Real estate acquisition, construction and	Lope de Vega, 67 41700 Dos Hermanas Seville		40.00	76,610	69,663	25	13,222	(13,222)	(5,855)	(5,855)	-	-
Acciona Solar, SA Energy production, distribution, supply and installation	Av. Ciudad de la Innovación, 3 31621 Sarriguren Navarre		25.00	26,118	6,518	3,851	601	(733)	727	727	-	-
Aceitunas de mesa, SL Production and sale of table olives	Antiguo camino Sevilla, s/n 41840 Pilas Seville		30.00	2,837	1,665	2,919	902	270	39	39	-	-
Ag Inmuebles Real estate development	Ramón y Cajal, nº 23 Polígono Industrial Nuestra Señora de Butarque 28194 Leganés Madrid		28.85	14,658	4,303	-	12,896	(2,225)	(106)	(106)	-	-
Agua y gestión de servicios ambientales, SA End-to-end water management	Av. Diego Martínez Barrio, 4 Ed. Viapol Center 6ª planta 41013 Seville		24.26	81,251	69,301	22,654	13,500	(16,767)	(1,438)	(1,438)	-	-
Antilia Promociones Inmobiliarias, SA Real estate	C/ Ingeniero Manuel Becerra, s/n piso 3 35008 Las Palmas de Gran Canaria Gran Canaria		50.00	880	10	-	600	270	-	-	-	-
Ape Software Components, SL Business Intelligence	Av. Parc Tecnològic del Vallès, 3 08290 Cerdanyola del Vallès Barcelona		21.99	2,118	932	1,055	9	1,111	67	67	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Arena Comunicación audiovisual, SL Performing arts. Film and video production activities	San Blas, 2 31014 Pamplona		50.00	1,584	480	382	6	1,115	(79)	(79)	-	-
Asoma TV Multimedia, SL Management and operation of any media for advertisers	Plaza Descubridor Diego de Ordás, 15 28036 Madrid		25.12	-	-	-	80	(80)	-	-	-	-
Banco BPI, SA (C) (M) Banking	Rua Tenente Valadim, 284 4100-476 Porto Portugal	44.10	44.10	40,891	38,241	895	1,293	944	151	149	614	-
Best TV Labs Technical project for granting licenses	Casablanca Morocco		32.30	-	-	-	-	-	-	-	-	-
Brilliance-Bea Auto Finance (1) Finance	19/F, Unit 04, No. 759 South Yanggao Road, Pudong New Area China		22.50	815,181	14,962	-	800,000	109	109	109	-	-
Celeris, servicios financieros, SA Financial services	Juan Esplandiu, 13 Planta C-1 28007 Madrid	26.99	26.99	33,375	25,710	-	10,710	(66,603)	63,558	63,558	-	-
Centro de transportes aduana de Burgos, SA Merchandise storage and handling	Ctra. N-1, Km 246 09007 Villafría Burgos	22.96	22.96	13,242	5,060	2,207	4,461	(3,321)	268	268	140	-
Chival promociones inmobiliarias, SL (*) Real estate development	General Orgaz, 1 41013 Seville		40.00	23,350	19,423	1,919	1,142	(1,142)	68	68	-	-
Delta R-Tecnologías de decisión, SL Construction and development of predictive models	Polígono Industrial Salineta, Calle Arenal, 17 C 03610 Petrer Alicante		30.37	-	-	-	-	-	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Dermalumics, SL Manufacture of tomography systems	La Hoya, 2 39400 Los corrales de Buelna Cantabria		31.82	2,372	1,800	-	90	1,713	(1,231)	(1,231)	-	-
Drembul, SL Real estate development	Sagasta, 4 Bajo 26001 Logroño La Rioja		25.00	43,968	12,426	40,787	30	17,003	8,497	8,815	-	-
EITWO International Investment, SL Real estate development	En medio, 74 12001 Castelló de la Plana		33.33	1,105	2,488	-	3,300	(3,300)	(272)	(272)	-	-
Ensanche Urbano, SA Real estate development	Santo Domingo, 5 12003 Castelló de la Plana		49.30	68,741	96,406	11	9,225	9,225	(1,114)	(1,114)	-	-
Erste Group Bank AG (C) (M) Banking	Graben, 21 01010 Vienna Austria	9.92	9.92	201,171	186,734	6,445	860	9,976	764	871	1,088	-
Eurocei, Centro europeo de empresas e Innovación, SA (L) Creation and development of business	Autovía Sevilla-Coria del Río, Km.3,5 41920 San Juan de Aznalfarache Seville		45.95	-	-	-	450	(450)	-	-	-	-
Europea de desarrollos urbanos, SA Real estate development	Arturo Soria, 65 28027 Madrid		20.00	180,282	309,067	-	60,000	(60,000)	(13,881)	(13,881)	-	-
Forest Chemical Group, SL Chemicals	P.I.Pla Vallonga, calle 8 Nave 1 A 03006 Alicante		3.90	4,131	3,158	383	421	514	39	39	-	-
Genmedica Therapeutics, SL Pharmaceutical development	Trafalgar, 19 Principal 1b 08010 Barcelona		12.89	3,581	2,098	-	1,306	696	(520)	(520)	-	-

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Geotexan, SA Production, sale, transport, handling and sale of all types of geotextiles	Avenida Reino Unido, 1 Planta 1 41012 Seville		20.00	14,874	5,492	12,086	7,000	2,068	442	442	-	-
Gescap Urbana, SA Real estate development	Botánico Cabanilles, 28 46010 Valencia		30.00	9,993	9,702	-	1,200	(1,200)	(3)	(3)	-	-
Girona, SA Water collection, treatment and distribution	Travesia del Carril, 2 6è 3ª 17001 Girona	34.22	34.22	6,555	779	1,355	1,200	4,397	436	420	1,642	62
Groupalia Venta Online, SL Sale of leisure products	Llull, 95-97 planta 2ª 08005 Barcelona		30.77	20,141	11,677	29,282	59	9,416	(1,010)	(1,010)	-	-
Grupo Financiero Inbursa, SAB de CV (C) (2) Banking	Paseo de las Palmas, 736 11000 Lomas de Chapultepec Mexico D.F.	9.01	9.01	431,652	327,927	30,975	27,408	68,093	9,086	-	724,560	14,999
Grupo Luxiona, SL (*) Manufacture, assembly, processing and distribution of lighting equipment	Passeig de la Ribera, 109 08420 Canovelles Barcelona		20.00	10,125	(811)	64,351	2,561	7,358	52,476	45,359	-	-
Guadapelayo, SL Real estate development	Miguel Yuste, 16 5º D 28037 Madrid		40.00	7,321	4,189	43	1,980	(1,800)	41	41	-	-
Hispanergy del Cerrato (L) Production of vegetable oil and biodiesel	Av. Casado del Alisal, 26 34001 Palencia		33.12	17,383	15,877	2	4,611	(5,697)	-	-	-	-
Icinetic TIC, SL IT Services	Av. Eduardo Dato, 69 41005 Seville		11.67	1,695	1,586	225	6	103	-	-	-	-
I-Neumáticos on line franquicias, SL On-line tyre sales	C/ Duquesa Villahermosa, 131 50009 Zaragoza		17.12	888	1,321	1,950	8	(8)	-	-	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Inmojasan, SA Real estate development	Vía de servicio nacional 6, Km. 26 28290 Las Matas Madrid		35.00	2,370	12,385	110	350	(350)	625	625	-	-
Inpsa, SGPS, SA Holding company	Rúa Antonio Libramento, 19 1600 Lisbon Portugal		40.00	-	-	-	94	1,320	-	-	-	-
Integrated Microsystems for Quality of Life Development, manufacture and sale of pathogen detection kits	Polígon Industrial Riu Clar. C/ Ferro 6 (Nau 7) 43006 Tarragona		16.67	2,366	1,423	115	67	1,704	(828)	(828)	-	-
Inversiones Patrimoniales La Marina, SL Real estate development	Cirilo Amorós, 36 46004 Valencia		25.00	-	-	-	239	(239)	-	-	-	-
Ircio inversiones, SL Development of industrial buildings	Vitoria, 2 09200 Miranda de Ebro Burgos	35.00	35.00	-	-	-	675	(675)	-	-	-	-
IT Now, SA IT Services	Numància, 164 7ª planta 08029 Barcelona	49.00	49.00	104,272	98,831	-	3,382	1,843	216	216	1,663	-
Justinmid, SL Development of IT systems	Marie Curie, 8 08042 Barcelona		16.98	937	214	686	5	338	380	380	-	-
Kider, SA (L) Production, design, supply and assembly of products to cover functional needs	Polígon industrial d'Ayala s/n 01479 Murga Álava		48.45	-	-	-	918	2,571	-	-	-	-
Laboratoris Sanifit, SL Discovery and development of new regulating calcification processes	Parc Bit - Edifici Disset D3 07121 Palma de Mallorca Balearic Islands		14.58	13,442	3,615	3	206	12,007	(2,386)	(2,386)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Lexdir Global, SL Consultancy	Bailén 20, 4art 1ª 08010 Barcelona		23.49	502	560	83	7	51	(58)	(58)	-	-
Medlumics, SL Newco Manufacture of tomography systems	la Hoya, 2 39400 Los Corrales de la Buelna Cantabria		31.82	4,789	5,870	449	50	526	(576)	(576)	-	-
Mimoryx Therapeutics, SL Development of treatments for illnesses	Av. Ernest Lluch, 32 08302 Mataró Barcelona		1.92	7,482	1,870	-	191	6,532	(1,110)	(1,110)	-	-
Mondragón Navarra, SPE, SA Holding company	Av. Carlos III, 36 31033 Pamplona		25.00	-	-	-	3,210	(950)	46	46	-	-
Monty & Cogroup, SL Transfer reception	Cuesta de San Vicente, 4 7ª planta 28008 Madrid	20.47	20.47	-	-	-	27	1,161	-	-	252	-
Motive Television, SL Import, export and marketing of electronic and computer products	Av. Diagonal, 177 5ª planta 08018 Barcelona		32.30	-	-	-	-	-	-	-	-	-
Muchavista Sur Inversiones,SL Real estate development	Felipe Berge, 4 03001 Alacant		33.33	11,574	19,280	-	3,600	(3,600)	(9)	(9)	-	-
Nlife Therapeutics, SL Development of therapeutic agents	BIC Granada. Parque Tecnológico de Ciencias de la Salud 18100 Armilla Granada		37.13	9,024	5,472	-	6,930	(4,054)	676	676	-	-
Nucli, SA Real estate	Rambla Egara, 350 08130 Terrassa Barcelona		49.51	4,790	16,599	-	2,635	(2,635)	(5,140)	(5,140)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Omnia molecular Discovery and development of new	Baldiri Reixach, 15-21 08028 Barcelona		30.42	-	-	-	29	76	-	-	-	-
Palacio de la Merced, SA Industrial hotel/restaurant operation	Plaza España, 1 1º 09005 Burgos		47.00	14,733	6,845	3,856	6,131	1,909	433	433	-	-
Parque científico tecnológico de Córdoba, SL Science park operation and management	Astrónoma Cecilia Payne, 8 14014 Cordoba	15.49	35.49	37,007	25,023	352	20,558	(7,879)	(589)	(589)	-	-
Parque Industrial el Pla, SL Real estate development	De los deportes, 13 46600 Alriza Valencia		25.00	56	-	-	60	(3)	(2)	(2)	-	-
Peñíscola Green, SA Real estate development	Cardona Vives, 4 12001 Castelló de la Plana		33.33	10,455	2,810	-	12,000	4,226	(14)	(14)	-	-
Picanya Sud, SL Real estate development	De los deportes, 13 46600 Alzira Valencia		20.00	255	12	-	378	(378)	(1)	(1)	-	-
Pórtic Barcelona, SA Port de Barcelona logistics platform	Plaça Word Trade Center, Edif.Est 08039 Barcelona		15.97	1,931	471	-	291	604	565	565	-	-
Promociones al desarrollo Bumari, SL Investment vehicle	General Vara de Rey, 41 bis 8ª 26002 Logroño	48.00	48.00	3,929	-	-	6,386	(5,935)	-	-	-	-
Promociones Guadavila, SL Real estate development	San Bernardo, 107 28015 Madrid		30.00	-	-	-	4,000	(4,000)	-	-	-	-
Promociones Navarra Madrid, SA Real estate development	Leyre, 11 Bis 2º 31002 Pamplona		47.50	6,628	3,256	-	18,030	(11,776)	(60)	(60)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Promotora Damas Ocho (L) Real estate development	Ctra. Alovera, 11 19200 Azuqueca de Henares Guadalajara		40.00	-	-	-	870	(870)	-	-	-	-
Proretina Therapeutics, SL Pharmaceutical development	Plaza CEIN, 5 - Despacho T5 31110 Noain Navarre		21.05	3,544	2,334	-	1,111	178	(80)	(80)	-	-
ProteoDesign, SL Medical biotechnology	Baldiri i Reixac, 10-12 08002 Barcelona		3.71	821	320	91	100	480	-	-	-	-
Repsol, SA (C) (M) Oil and gas market operation	Méndez Álvaro, 44 28045 Madrid	12.14	12.14	67,600	36,854	32,241	1,400	25,747	832	832	3,264	154
Sagetis Biotech, SL Pharmaceutical development	Via Augusta, 390 08017 Barcelona		28.27	2,605	1,934	-	60	819	(209)	(209)	-	-
Sanifit Merdtech, SL Development of implants and other	Parc Bit, Ed. Naorte PB-4 07121 Palma de Mallorca Balearic Islands		35.40	117	89	-	3	54	(29)	(29)	-	-
Servihabitat Servicios Inmobiliarios, SL (*) Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	49.00	49.00	494,622	494,622	242,641	499	18,672	43,968	43,968	3,438	-
Smart Solutions Technologies Production and marketing of biometric	Sierra de Cazorla, 1 planta 2 28290 Las matas Madrid		6.18	6,892	5,569	470	133	3,068	(1,878)	(1,878)	-	-
Societat Catalana per a la Mobilitat, SA Development of new transport technologies	Pau Claris, 162 4art 1ª 08037 Barcelona	25.00	25.00	25,249	19,922	10,444	5,788	3	8	3	1,447	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Sofiland, SA Real estate development	Av. Al-Nasir, 3 - 4 1 y 2 14008 Cordoba		35.00	13,958	3,016	-	1,503	4,035	(163)	(163)	-	-
Telefónica Factoring do Brasil, LTDA (3) Factoring	Rua Desembragador Eliseu Guilherme, 69 pt. E 04004-030 Paraíso - Sao Paulo Brazil	20.00	20.00	435,027	401,663	-	5,000	1,085	27,280	27,280	2,029	1,765
Telefónica Factoring España, SA Factoring	Zurbano, 76 pl. 8 28010 Madrid	20.00	20.00	61,027	38,964	-	5,109	1,740	15,394	15,394	2,525	2,459
Tenedora de Acciones de ITV de Levante, SL Investment vehicle	Pintor Sorolla, 2-4 46002 Valencia	12.00	40.00	7,267	3	926	1,052	5,603	910	(926)	127	900
Terminal polivalente portuaria Sagunto, SA Operation of two concessions	Anadarella 1,3,5 Ciudad Dos Casares 46950 Xirivella Valencia		25.00	14	2,640	-	422	(3,048)	-	-	-	-
The Bank of East Asia, LTD (C) (4) Banking	10, des Voeux rd. Hong Kong China	17.24	17.24	815,986	733,117	15,622	33,153	36,652	3,354	3,246	1,473,810	53,995
Vanios Consulting, SL Information and communication technology	Cava Baja, 36 28005 Madrid		29.92	-	-	-	-	-	-	-	-	-
Vía 10, Sociedad mixta de viviendas de Real estate	Plaza de España, 8 09005 Burgos		49.00	2,326	-	-	2,360	(38)	(8)	(8)	-	-

CaixaBank investments in associates of the CaixaBank Group

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Yaap Digital Services, SL Finance	c/ Vía de los poblados, 3 P.E.Cristalia Ed. 1, Núcleo 2, Pl 1 28033 Madrid		33.33	13,922	6,658	1,545	1,350	17,313	(12,179)	(11,399)	-	-

(C) Listed companies. Latest publicly-available data at the date of preparation of the notes to these financial statements.
(L) Companies in liquidation.
(M) Amounts in EUR million

(1), (2), (3), (4) All data except the cost of the stake and dividends accrued are in local currency. (1) Renminbi (thousand), (2) Mexican peso (million), (3) Brazilian real (thousand), (4) Hong Kong dollar (million).
(*) Profit/(loss) from discontinued operations: Chival: EUR 659 thousand; Grupo Luxiona: EUR 52,476 thousand.
Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and profit/(loss) have been standardised in the consolidated CaixaBank statements in accordance with IFRS.

Appendix 3 - CaixaBank joint ventures (jointly controlled entities)

(1 / 2)

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Banco europeo de finanzas, SA Activities of a wholesale or investment bank	Bolsa, 4 Planta Baja 29015 Malaga	39.52	39.52	95,297	298	752	60,702	20,806	77	81	32,057	-
Cartera Perseidas, SL Holding company	Paseo de recoletos, 29 28004 Madrid	40.54	40.54	172,141	23,312	60	59,900	24,255	(57,962)	(57,962)	23,788	-
Comercia Global Payments, Entidad de Pago, SL Payment entity	Gran via Carles III, 98 entresol 08028 Barcelona	49.00	49.00	303,351	101,816	112,035	4,425	148,415	31,795	29,095	89,148	30,413
Cubican Infema, SL Real estate development	Conxita Supervia, 5 local altillo 08028 Barcelona		50.00	-	-	-	1,812	(1,812)	-	-	-	-
Cubican XXI, SL Real estate development	Sagasta, 4 bajo 26001 Logroño		50.00	4,754	3,511	2	1,000	(1,000)	(77)	(77)	-	-
Desarrollos Albero, SA Real estate	Plaza Nueva, 8 B 41004 Seville		50.00	-	-	-	10,000	(10,000)	-	-	-	-
Global Payments South America, Brasil – Serviços de Pagamentos, SA (1) Payment methods	Rua dos Pinheiros, 610 - Cj. 83 05422-001 Sao Paulo Brazil	50.00	50.00	165,426	156,006	13,106	94,363	(58,557)	(26,386)	(26,386)	2,628	-
Inversiones Alaris, SA Holding company	Av. Carlos III, 8 31002 Pamplona	33.33	66.67	200,676	181,924	72,128	11,879	-	72,128	72,128	-	-

CaixaBank joint ventures (jointly controlled entities)

(Thousands of euros)

Company name and line of business	Registered office	% interest Direct	% interest Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Profit/(loss)	Total comprehensive income	Cost of direct ownership interest (net)	Dividends accrued in the year on total ownership interest
Montealcobendas, SL Real estate	Orense, 23 Local 28004 Madrid		50.00	-	-	-	10,400	(10,400)	-	-	-	-
Numzaan, SL (L) Real estate	Doctor Casas, 20 50008 Zaragoza		21.47	1,407	66,400	-	13,000	(13,000)	-	-	-	-
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros Non-life insurance	Complex Torres Cerdà. Juan Gris, 20 - 26 08014 Barcelona		49.92	3,392,217	2,024,085	2,568,731	469,670	892,446	204,074	173,024	-	74,282
Vivienda protegida y suelo de Andalucía, SA Real estate development	Exposición, 14 - 2 Polígono PISA 41927 Mairena del Aljarafe Seville		50.00	18,831	26,369	37	2,290	(2,217)	(57)	(57)	-	-

(L) Companies in liquidation.
(1) All data except the cost of the stake are in local currency: Brazilian real (thousand).
Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
Data relating to capital, reserves and profit/(loss) have been standardised in the consolidated CaixaBank statements in accordance with IFRS.

Appendix 4 - Tax credit for reinvestment of extraordinary profit

Profit qualifying for the tax credits set forth in Article 42 of the consolidated text of the Corporation Tax Law approved by Royal Decree-Law 4/2004, of 5 March (Transitional provision twenty four of Corporation Tax Law 27/2014):

(Thousands of euros)	CaixaBank				CaixaBank Group				Banca Cívica		
Year	Profit qualifying	Amount used	Tax credit (1)	Year of reinvestment	Profit qualifying	Amount used	Tax credit (1)	Year of reinvestment	Profit qualifying	Tax credit	Year of reinvestment
2008 (2)	1,797	544,763	108,806	2008	4,918	927,367	109,175	2008	13,204	435	2007 and 2008
2009 (3)	12,458	12,458	1,495	2009	14,129	14,129	1,696	2009	73,665	12,019	2008 and 2009
2010 (3)	368,883	368,883	44,266	2010	401,313	401,313	48,158	2010	66,321	4,763	2010
2011 (3)	9,875	9,875	1,185	2011	493,819	265,124	31,815	2011 and 2012	41,292	4,955	2011
2012 (2) (3)	30,840	30,840	3,700	2012	51,055	279,507	33,540	2012			
2013	53,581	53,581	6,430	2013	67,518	67,518	8,102	2013			
2014	281,738	281,738	33,809	2014	298,346	298,346	35,802	2014			

Note: Includes amounts of "la Caixa" for years prior to 2011.

(1) There are unused tax credits due to a shortage of taxable income in the consolidated income tax return.

(2) Banco de Valencia obtained income subject to tax credits in 2008 and 2012 of EUR 87 thousand and EUR 5,468 thousand, respectively, reinvesting the full amounts obtained on transfer in those years.

(3) Barclays Bank obtained income subject to tax credits in 2009, 2010, 2011 and 2012 of EUR 330 thousand, EUR 309 thousand, EUR 11,394 thousand and EUR 3,345 thousand, respectively, reinvesting the full amounts obtained on transfer in those years.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on tangible assets, intangible assets and investment property relating to the business activity.

Appendix 5 - Disclosure on the acquisition and disposal of ownership interests in 2015

(Article 155 of the Corporate Enterprises Act and Article 53 of Spanish Securities Market Law 24/1998).

On 2 January 2015, CaixaBank, SA filed a significant event notice with the CNMV on the completion of the acquisition of the entire share capital of Barclays Bank, SAU after securing the necessary clearance from the authorities.

On 14 April 2015, notices issued by both ”la Caixa” Banking Foundation and CaixaBank, SA were filed with the CNMV reporting that, following the sale on 9 April of all the securities of Amper, SA , the direct and indirect stake held by the ”la Caixa” Group in Amper, SA fell below the 3% threshold to 0%.

On 14 May 2015, CaixaBank, SA filed a significant event notice with the CNMV on the registration in the Barcelona companies register of the public deed for the merger between CaixaBank, SA and Barclays Bank, SAU, whereby Barclays Bank, SAU was taken over and merged by CaixaBank, SA, and subsequently wound up. Previously, on 30 March, the significant event notice reporting approval of the Joint Merger Project by the Boards of Directors of both companies was placed on file.

On 24 June 2015, Criteria Caixa, SAU (formerly Criteria CaixaHolding, SAU) filed a significant event notice with the CNMV on the accelerated bookbuild among institutional and/or qualified investors of a package of shares it held in CaixaBank, SA, representing approximately 2.28% of the latter's share capital.

On 7 August 2015, a notification was filed with the CNMV on the concerted exercise of voting rights in General Alquiler de Maquinaria, SA, by CaixaBank, SA and other financial institutions. The notification reported that the concerted action arose from a shareholder agreement under the framework of the Company's financial debt restructuring, which was also notified to the CNMV in a significant event notice dated 29 July 2015. The financial institutions party to the shareholders agreement and the concerted action were: Banco Bilbao Vizcaya Argentaria, Banco Popular Español, SA, Banco de Sabadell, SA, Banco Santander, SA, Bankia, SA, CaixaBank, SA, Kutxabank, SA and Liberbank, SA. The exercise of the concerted action raised the ownership interest to 65.359%, above the 60% threshold.

On 3 December 2015, CaixaBank, SA filed a significant event notice with the CNMV on the arrangement of a swap agreement with its controlling shareholder, Criteria Caixa, SAU under which CaixaBank, SA will transfer to Criteria Caixa, SAU all of the shares it owns in Grupo Financiero Inbursa, SAB de CV (representing 9.01% of GFI's share capital) and The Bank of East Asia, Limited (representing 17.24% of BEA's share capital) and Criteria Caixa, SAU will transfer to CaixaBank, SA shares it owns in CaixaBank (representing 9.9% of its share capital) and an amount in cash. The notice said the transaction was expected to be completed in the second quarter of 2016.

On 23 December 2015, notices issued by both ”la Caixa” Banking Foundation and CaixaBank, SA were filed with the CNMV reporting that, following the transfer of Deoleo, SA shares on 22 December 2015, the stake held by the ”la Caixa” Group in Deoleo, SA had fallen below 5% to 4.990%.

Appendix 6 – Annual banking report

In accordance with Article 87 of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, as from 1 July 2014, credit institutions will be required for the first time to publish the following information on a consolidated basis for the last financial year ended, broken down by country where the credit institutions are established:

Pursuant to the above, the information required is provided hereon:

a) Name, nature and geographical location of activity

CaixaBank, SA, with tax identification number (NIF) A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 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 credit institution – on 1 July 2011.

At 31 December 2015, Criteria Caixa, SAU ("Criteria") was CaixaBank's majority shareholder, with a stake conferring profit-sharing rights of 56.76% (58.96% at 31 December 2014) and a stake conferring voting rights of 56.17% (57.24% at 31 December 2014). Criteria is 100% owned by "la Caixa" Banking Foundation.

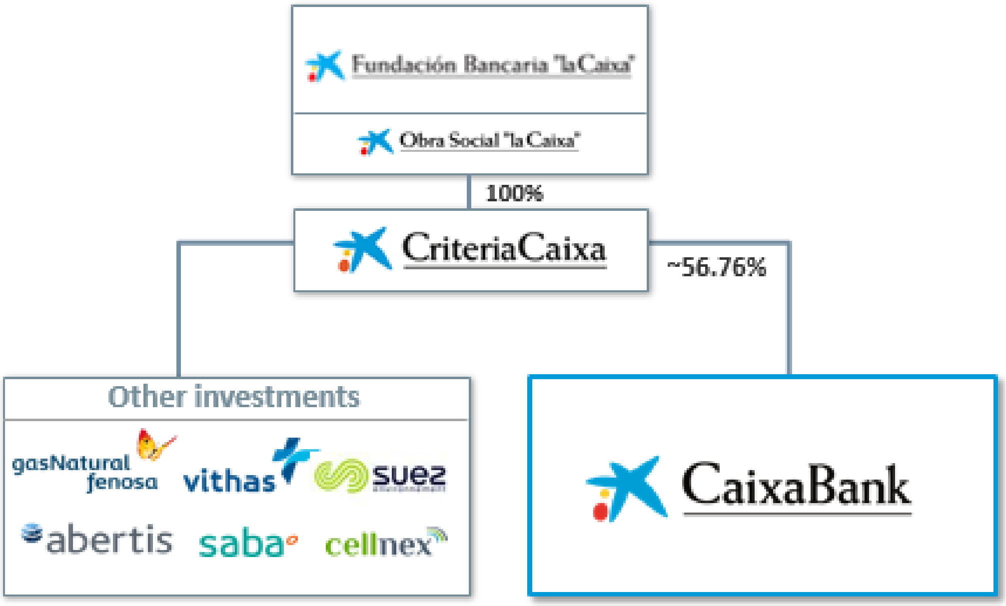
The corporate object of CaixaBank mainly entails:

a) all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and performance of the activities of an insurance agency;
b) receiving public funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, and other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and
c) acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.

As a bank, it is subject to the oversight of the European Central Bank and the Bank of Spain.

CaixaBank is also a public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market, forming part of the IBEX 35 since 4 February 2008. Accordingly, it is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV). CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a prestigious FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, inter alia, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also a constituent of the Advanced Sustainable Performance Index (ASPI), which features the top 120 DD Euro Stoxx companies in terms of sustainable development performance.

CaixaBank and its subsidiaries compose the CaixaBank Group. At 31 December 2015, the Group's corporate structure was as follows:



Appendices 1, 2 and 3 of the CaixaBank Group's consolidated financial statements detail the subsidiaries, jointly controlled entities and associates that make up the CaixaBank Group.

Appendix 5 discloses notices on the acquisition and disposal of ownership interests in 2015, in accordance with Article 155 of the Corporate Enterprises Act and Article 53 of Act 24/1998 on the Securities Market.

b) Business volume

CaixaBank, SA is established in Spain, and has two branches in Poland and Morocco. Business volume by country on a consolidated basis is as follows:

Geographical information: distribution of ordinary income (*)

(Millions of euros)

	Banking and insurance		Investments		TOTAL CaixaBank GROUP	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Spain	12,617	12,511	50	376	12,666	12,887
Poland	9	11			9	11
Morocco	7	4			7	4
Share of profit/(loss) of international associates accounted for using the equity method (**)			385	(15)	385	(15)
Total ordinary income	**12,633**	**12,526**	**435**	**361**	**13,067**	**12,887**

(*) Corresponds to the following items on the CaixaBank Group consolidated income statement: 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), and 10. Other operating income

(**) Corresponds to the share of profit/(loss) of international associates accounted for using the equity method, primarily: GF Inbursa (Mexico), Banco BPI (Portugal), The Bank of East Asia (Hong Kong) and Erste Group Bank (Austria).

c) Full-time workforce by country

At 31 December 2015, the full-time workforce by country is as follows:

Full-time workforce by country

(Thousands of euros)

	31.12.2015	**31.12.2014**
Spain	29,854	28,890
Poland	12	12
Morocco	17	15
UK	13	3
Other countries - Representative offices	38	27
Total full-time employees	**29,934**	**28,947**

d) Gross profit before tax

Gross profit before tax on a consolidated basis in 2015 amounted to EUR 638 million (EUR 202 million in 2014), and includes ordinary income from the branches detailed in b) above.

e) Income tax

The income tax rebate recognised on consolidated profit in 2015 amounted to EUR 181 million, net (EUR 418 million in 2014). Payments of income tax in 2015 amounted to EUR 269 million (EUR 369 million in 2014) and were paid in Spain.

f) Grants and public aid received

In 2015, the CaixaBank Group received the following grants and public aid:

- Grant received from the Ministry of Industry, Energy and Tourism, through the department of shipbuilding, in virtue of Royal Decree 442/1994 and subsequent amendments, for aid for shipbuilding. The amount received during the year was EUR 4,202 thousand.
- Nuevo MicroBank has signed two agreements with the European Investment Bank (EIB) as a part of the Competitiveness and Innovation Framework Programme, and the MAP programme that cover losses relating to exposure to write-offs on social and financial microcredit portfolios eligible for this programme up to a specified maximum amount. In 2014, grants received in this connection totalled EUR 4,582 thousand.
- Grants received from the Tripartite Foundation for employee training, for an amount of EUR 3,011 thousand.

Information on the Asset Protection Scheme signed in the protocol of support measures in the award of Banco de Valencia to CaixaBank is stated in Note 13.2. In 2015, no settlement in regard to this concept was made by the FROB (Fund for Orderly Bank Restructuring).

The relevant indicators and ratios are shown in section 2 of the accompanying 2015 Management Report. The return on assets in 2015, calculated as net profit divided by total assets, was 0.2% (0.2% in 2014).

CaixaBank Group Management Report
for 2015

This management report has been prepared in accordance with the Spanish Code of Commerce and Royal Legislative Decree 1/2012, of 2 July, enacting the Spanish Corporate Enterprises Act. In drafting the report, the directors have also taken into account the guidelines established in the Guide for the Preparation of Management Reports of Listed Companies published by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, CNMV) on 29 July 2013.

The financial information disclosed in this management report has been obtained from the consolidated accounting and management records of the CaixaBank Group, and is presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of 22 December and subsequent amendments.

This report describes the key data and events of 2015 shaping the financial position of the CaixaBank Group and the evolution of its businesses, risks and likely outlook. It forms part of the financial statements of the CaixaBank Group for 2015, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of 22 December and subsequent amendments.

CaixaBank Group Management Report for 2015

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HIGHLIGHTS

Acquisition of the retail banking, wealth management and corporate banking arms of Barclays in Spain (see Note 7 'Business combinations' to the accompanying financial statements)

On 31 August 2014, CaixaBank announced the signing of an agreement with Barclays Bank PLC, whereby CaixaBank was to acquire Barclays Bank, SAU.

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

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

CaixaBank paid Barclays Bank PLC EUR 815.7 million for the purchase of Barclays Bank, SAU.

Valuation of the assets and liabilities of Barclays Bank, SAU

As a result of the acquisition and following the process for the provisional allocation of a purchase price, Barclays Bank, SAU's equity was adjusted to reflect the fair value of its assets and liabilities at 31 December 2014.

With these adjustments to the equity of Barclays Bank, SAU now completed (EUR -205 million), negative goodwill in respect of the price actually paid stands at EUR 602 million, net.

Approval and registration of the merger by absorption

On 30 March 2015, the Boards of Directors of CaixaBank and Barclays Bank, SAU approved the provisional terms of the merger between CaixaBank (absorbing company) and Barclays Bank (absorbed company).

The merger entailed: (i) the extinction of Barclays Bank, SAU, and (ii) the transfer of all its assets and liabilities to CaixaBank, which has acquired, by universal succession, all the rights and obligations of Barclays Bank, SAU.

The merger by adsorption of CaixaBank (absorbing company) and Barclays Bank, SAU (absorbed company) was formalised in public instrument and filed with the Barcelona Companies Registry on 14 May 2015.

Take-over bid launched for ordinary shares of Portuguese bank BPI (see Note 1 to the accompanying financial statements)

On 17 February 2015 CaixaBank submitted a notice to the Portuguese stock market regulator, the Comissão do Mercado de Valores (CMVM), announcing its intention to launch a take-over bid for ordinary shares in the Portuguese bank, BPI.

The offer was voluntary and set a cash price of EUR 1.329 per share. The price was the weighted average of the last six months' prices and considered to be fair in accordance with Portuguese regulations. The offer was directed at all BPI's share capital not owned by CaixaBank and was conditional on: (i) obtaining acceptance from more than 5.9% of the shares issued -so that CaixaBank, considering its current stake of 44.1%, would go on to hold more than 50% of BPI's share capital after the operation- and (ii) the removal of the 20% restriction on the voting rights held by a single shareholder established in Article 12.4 of BPI's By-laws at the appropriate Annual General Meeting. For this restriction to be removed, 75% of the share capital attending the shareholders' meeting or represented therein needed to vote in favour of the motion and CaixaBank could only exercise 20% of the voting rights.

On 18 June 2015, CaixaBank reported that its Board of Directors had approved a filing to the CMVM requesting the withdrawal of the tender offer for BPI shares announced on 17 February, given that the condition concerning the elimination of the voting cap foreseen in BPI's Bylaws was not fulfilled at the vote held during BPI's Annual General Meeting held the day before.

On 4 February 2016, CaixaBank issued a positive opinion on the decision by BPI's Board of Directors, at the request of its Executive Committee, to submit a recommendation to shareholders to eliminate the voting cap from BPI's By-laws.

CaixaBank has yet to take any decision regarding its stake in BPI and is currently analysing its options bearing in mind the objectives of the 2015-2018 Strategic Plan.

Swap arrangement of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa

On 3 December 2015, the Boards of Directors of CaixaBank and Criteria Caixa entered into a swap arrangement whereby CaixaBank agreed to deliver to Criteria Caixa shares representing 17.24% of The Bank of East Asia (BEA) and 9.01% of Grupo Financiero Inbursa (GFI), while Criteria Caixa undertook to deliver to CaixaBank shares it held representing 9.9% of CaixaBank's own share capital, plus EUR 642 million in cash.

CaixaBank's Board of Directors intends to propose, at the Annual General Meeting of CaixaBank, the redemption of a number of treasury shares representing no less than the shares acquired by Criteria under the swap agreement (9.9%) and no more than 10% of CaixaBank's share capital held as treasury shares at that point in time.

The completion of the swap is subject to (i) modification of agreements currently in place with CaixaBank in connection with its holdings in BEA and GFI, whereby Criteria will assume CaixaBank's position as the new shareholder of these banks, and CaixaBank will continue as their banking partner; (ii) securing of the applicable regulatory authorisations in Hong Kong and Mexico; (iii) authorisation by GFI's board of directors of Criteria's acquisition of GFI shares; and (iv) European Central Bank authorisation of CaixaBank's acquisition of CaixaBank treasury shares, as well as their subsequent redemption, which the CaixaBank board of directors expects to propose to its shareholders at the next general meeting.

Since delivery of the BEA and GFI shares will only take place once all the authorisations have been secured and as the Group has no intention of disposing of the stakes otherwise, a 31 December 2015, these companies were still recognised as associates.

CaixaBank will maintain its strategic relations with BEA and GFI post-swap.

Upon completion of the deal, Criteria Caixa's stake in CaixaBank will drop from the current 56.8% to 52%. The fully-diluted holding (taking into account Criteria Caixa's EUR 750 million bond exchangeable for CaixaBank shares maturing in November 2017) would decrease the stake from 54% to 48.9%.

Sale of the stake held in Boursorama to Société Générale and of the stake in Self Trade Bank to Boursorama (see Note 17 to the accompanying financial statements)

On 18 June 2015, CaixaBank announced the sale of its entire stake in Boursorama to the Société Générale Group in a deal worth EUR 218.5 million. The stake accounted for 20.5% of the company's share capital plus voting rights. The price paid by Société Générale was the same as that offered to the minority shareholders during the simplified takeover bid and squeeze-out procedure of 2014, i.e. EUR 12 per share.

The sale marked an end to the alliance between Société Générale and CaixaBank, which began in 2006 following the sale of CaixaBank France to Boursorama. It also effectively cancelled the shareholder agreement signed in May 2006 and renegotiated in March 2014 by the two institutions.

CaixaBank also announced the sale to Boursorama of its entire stake in Self Trade Bank, the joint venture that both entities held in Spain, with its stake representing 49% of the total share capital. Consideration for the deal amounted to EUR 33 million. The transaction signals the end of the joint venture and of the agreements signed between Boursorama and CaixaBank in July 2008.

Consolidated net capital gains on both transactions amounted to EUR 38 million.

Issue of EUR 2,000 million of mortgage covered bonds (see Note 22 to the enclosed financial statements)

EUR 1,000 million in mortgage covered bonds issued on 12 November 2015. The coupon was 0.625% while the cost of the issue came to 43 basis points above the midswap.

EUR 1,000 million in mortgage covered bonds issued on 27 March 2015. The coupon was 0.625% while the cost of the issue came to 15 basis points above the midswap.

1. SITUATION OF THE ENTITY

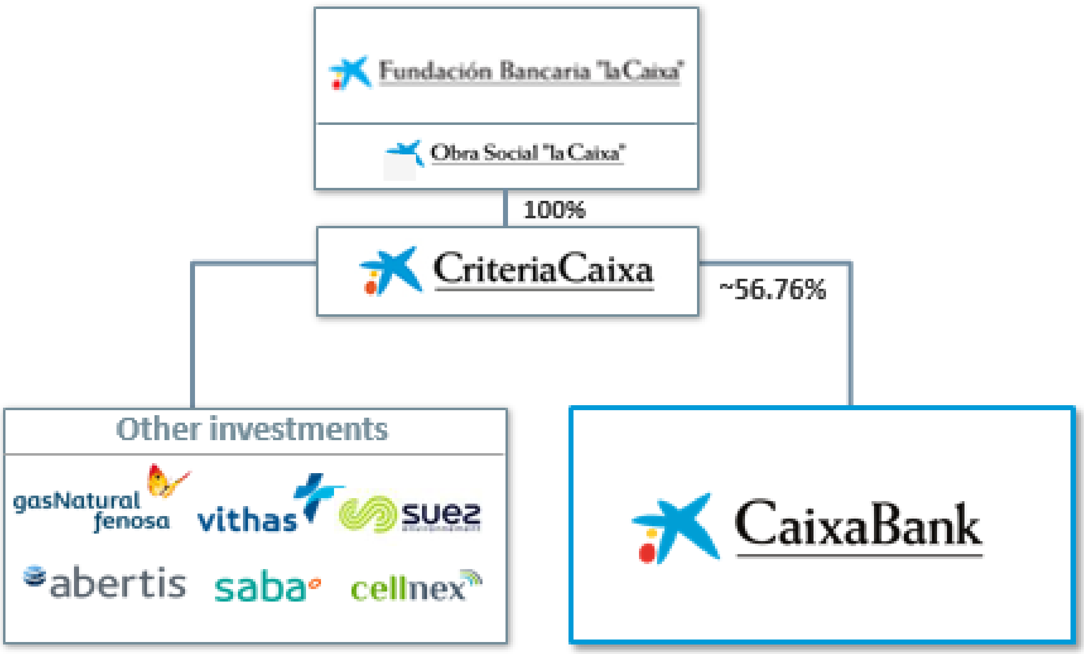
1.1. Organisational structure

Group structure

CaixaBank is a public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market, forming part of the IBEX 35 since 4 February 2008. Accordingly, it is subject to the oversight of the Spanish Securities Market Regulator (Comisión Nacional del Mercado de Valores or CNMV). CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a prestigious FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalisation, and the Dow Jones Sustainability Index, which reflects, inter alia, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also a constituent of the Advanced Sustainable Performance Indices (ASPI), which features the top 120 DJ Euro Stoxx companies in terms of sustainable development performance.

CaixaBank has Criteria has its majority shareholder (56.76% at 31 December 2015) following the Group restructuring process that took place in 2014 and is a benchmark entity in the Spanish market in both the financial and insurance segments. The bank is also diversifying into other complementary activities, such as holdings in international banks and in Telefónica SA and Repsol SA. As a bank, it is subject to the oversight of the European Central Bank and the Bank of Spain.

At 31 December 2015, the Group's corporate structure, which includes the CaixaBank Group, was as follows:



Business segments

a) Banking and insurance business

Banking is the CaixaBank Group's core business and embraces the entire banking chain of businesses (retail banking, corporate banking, cash and markets) and the 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 13.8 million customers, including individuals, companies and public bodies. It also incorporates the liquidity management and the Assets and Liabilities Committee (ALCO), and income from the financing of the equity investment business.

The CaixaBank Group rounds out its catalogue of banking products and services with a specialized offer of life insurance, pension plans and general insurance products, primarily instrumented through VidaCaixa, and also asset management through CaixaBank Asset Management.

b) Equity investment business

This line of business embraces earnings on dividends and/or equity-accounted profits in respect of international banking investees (Grupo Financiero Inbursa, The Bank of East Asia, Erste Bank and Banco BPI), Repsol, S.A. and Telefónica, S.A., net of the related finance costs. It also encompasses other significant stakes in the sphere of the company's sector diversification, included following the Group's latest acquisitions.

Note 8 to the accompanying consolidated financial statements for 2015 presents the results of the CaixaBank Group's business segments.

In 2015, the CaixaBank Group made no change to the business segment definitions effective in 2014. Information for the banking and insurance business is presented separately from the non-core real estate business, as these assets receive special treatment. Since the first quarter of 2015, non-core real estate activity has included:

- Non-core developer loans. The real estate loan management model was restructured in 2015, resulting in a dedicated team and network of centres comprising managers that specialise in those real estate loans included in this business that require a special kind of management and tracking.
- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter.
- Other real estate assets and holdings.

In 2015, the Group pressed on with its streamlining processes to improve the management of both businesses and costs. This involved merging investees, liquidating idle companies and selling off certain companies.

Governing bodies

CaixaBank's corporate governance is based on a series of principles and regulations governing the design, composition and functioning of the Bank's governing bodies: the Annual General Meeting, the Board of Directors and its various committees.

The Board of Directors is the Bank's senior decision-making body, except for those matters reserved for the Annual General Meeting. The following individuals and bodies are attached to the Board of Directors:

- Chief Executive Officer: tasked with the Bank's everyday management and ordinary decisions and ultimately accountable to the Board and the Executive Committee.

- Executive Committee: Delegate body that meets more frequently than the Board. Although it cannot decide on matters reserved for the Board, it has authority to vote on other important matters, particularly those relating to approval of lending transactions.

- The Audit and Control Committee: Organizes the tasks of monitoring, financial control and risk analysis at CaixaBank. This involves supervising the internal audit systems and ensuring the efficiency and independence of the internal control systems in place. It also oversees the entire process of preparing and presenting CaixaBank's financial information prior to publication by the Board.

- Appointments Committee: Heads the process of appointing new members to the committee and reports on proposed appointments or removals of the senior management. The Appointments Committee likewise reports to the Board on matters relating to gender diversity, and oversees the Bank's conduct in the field of corporate social responsibility. Lastly, it conducts periodic assessments of the structure, size, composition and actions of the Board of Directors and of its committees, chairman, CEO and secretary. It also evaluates the make-up of the Management Committee, as well as its lists of replacement candidates to ensure that transitions and vacancies are suitable covered.

- Remuneration Committee: establishes the general governance principles and framework for the Board remuneration policy, and for remuneration of senior executives, and reports on the Bank's general remuneration policy. It is also tasked with analysing, preparing and periodically reviewing the remuneration schemes in place, gauging their suitability and performance and ensuring they are observed. It seeks the Board's approval of remuneration reports and policies that the Board must itself put before the Annual General Meeting, and reports to the Board on any pay-related proposals and motions that the latter intends to put before the Annual General Meeting.

- Risks Committee: advises the Board of Directors on the Bank's global propensity to current and future risks and on its strategy in this regard, reporting on the risk appetite framework and proposing the Group's risk policy to the Board. It also regularly reviews exposures with main customers, economic sectors, geographic regions and types of risk, and examines the Group's risk reporting and control systems and information systems and indicators. It likewise reports on new products and services and on significant changes to existing ones.

The primary functions of each of these governing bodies are described in detail in the accompanying Annual Corporate Governance Report and on the corporate website www.caixabank.com.

In accordance with the protocol governing the financial interest held by the ”la Caixa” Banking Foundation in CaixaBank, the Board of Trustees of ”la Caixa” Banking Foundation proposes the appointment of board members by virtue of its right of proportional representation. The appointments are therefore based on its existing interest in CaixaBank (proprietary directors). The directors proposed by the Board of Trustees must meet applicable legal requirements regarding standing, experience and track record in good governance. The Board also relies on the recommendations and good corporate governance proposals issued by Spanish and European authorities and experts concerning the composition of governing bodies (in relation to diversity, among other considerations) and director profile (in respect of training, knowledge and experience, among other factors).

Similarly, the Board of Trustees shall ensure that CaixaBank's Board of Directors has sufficient diversity and sensitivity to guarantee sound and prudent management at CaixaBank, which must live up to the values, principles and direct and personalised commercial management approach set by its predecessor, Caixa d'Estalvis i Pensions de Barcelona. These have, after all, lied at the heart of ”la Caixa” social lending activity since the day it was founded.

The CaixaBank Board also comprises other categories of member, such as executive directors, “other external” directors and independent directors, all of whom are present due to the existence of minority shareholders in order to protect and guarantee the company's interests. Relations with minority shareholders at CaixaBank is detailed in the section in this report providing basic share information.

The Board of Directors met 15 times in 2015. At these meetings, the following resolutions, among others, were discussed and agreed upon:

- CaixaBank's financial situation and results.
- The Bank’s Strategic Plan.
- Mergers, acquisitions and transfers of stakes in other financial institutions.
- The Bank’s strategic and other policies.
- Budget control and risk management.

The Annual Corporate Governance Report lists the members of CaixaBank's governing bodies and details their representative functions.

In addition to the Board committees mentioned above, which report directly to the Board of Directors, the CaixaBank Group has created a Management Committee organized into the following areas and comprising the following individuals:

Area	**Post**	**Executive**
Board of Directors	Chief Executive Officer	Gonzalo Gortázar Rotaeche
Insurance and Asset Management	General Manager	Tomás Muniesa Arantegui
Business	General Manager	Juan Antonio Alcaraz García
Risks	General Manager	Pablo Forero Calderón
Human Resources and Organisation	General Manager	Xavier Coll Escursell
Internal Audit	Deputy General Manager	Joaquim Vilar Barrabeig
International Banking	Executive Manager	Maria Victoria Matía
Resources	Executive Manager	Jordi Fontanals Curiel
Finance	Executive Manager	Javier Pano Riera
Financial Accounting, Control and Capital	Executive Manager	Jorge Mondéjar López
General Secretary	General Secretary	Oscar Calderón de Oya

CaixaBank’s Management Committee meets weekly to adopt resolutions concerning implementation of the annual operating plan and organisational aspects affecting the Group. This includes approving structural changes, appointments, expense lines and business strategies. All areas and business lines are represented on the committee. Certain areas remain the direct responsibility of the CEO, such as National and International Corporate Development, Internal Control and Regulatory Compliance.

The functions of each area represented on the Management Committee are as follows:

1. Chief Executive Officer: without prejudice to his wider functions as Chief Executive, the CEO's areas of responsibility specifically extend to the following:

   - Developing business both nationally and internationally
   - Internal control
   - Regulatory Compliance

2. The General Insurance and Asset Management Division: primarily oversees the following:

   - Insurance business and asset management
   - Corporate development in the Insurance and Asset Management departments.
   - Insurance Alliance Management
   - Bankassurance operator

3. The General Risks Division primarily oversees the following:

   - Global Risk Management
   - Loan Analysis and Approval
   - Technical Secretariat and Validation
   - Credit risk monitoring
   - Risk models

4. General Business Division: primarily oversees the following:

   - Branch network and branches
   - Business banking
     - Company network
     - Real estate developer centres
     - Transaction and SME banking
   - Private and Affluent Banking
   - Wholesale banking
     - Corporate banking
     - Investment banking
     - Institutional banking
     - Structured financing
   - Individual Banking
     - Electronic banking
     - Marketing
     - Commercial information
     - Consumer business (CaixaBank Consumer Finance)
     - Business development
     - Payment systems (CaixaCard, Money to Pay, Comercia)
     - Quality
     - e-la Caixa

5. General Human Resources and Organisation Division: primarily oversees the following:

- Organisation and culture
- Remuneration, pensions and management
- Employee relations
- Legal advice on employment matters
- Development and training
- Executive Development Centre
- Internal communication
- Human resource search and selection

6. Deputy General Internal Auditing Division: primarily oversees the following:

- Internal audit: as the third line of defence, it must ensure the effective and efficient supervision of the internal control system and is also tasked with risk management at the CaixaBank Group, operating with a high level of independence and objectivity.

7. Executive International Banking Division: primarily oversees the following:

- Bank investees: monitoring and control of minority holdings in international banks, and promoting cooperation on matters relating to trade and joint project investment.
- Network of international branches and representation offices: managing the Bank's operational branches and representation offices outside Spain.
- International financial institutions: managing correspondent banking relations and relations with supranational and multilateral bodies and central banks.
- International projects: coordinating international development projects within business lines.

8. Executive Resources Division: primarily manages and oversees the following:

- The Group's real estate portfolio
- IT and communications infrastructures, along with IT service development
- Banking operating services and operating services related with the securities and capital markets
- Maintenance, logistics, fixed assets and construction services for the Group, as well as the Procurement Area, with its service procurement platform and control mechanisms to ensure transparency when contracting with suppliers
- Comprehensive security for the Group (physical, software, intelligence, IT systems, etc.)
- Defining, implementing and improving efficiency and digitalisation of processes and activities across the entire Group (including Central Services, the Branch Network and Group subsidiaries)
- Integration of financial institutions

9. The Executive Finance Division is responsible for:

- Markets: managing trading books
- ALM: liquidity, balance sheet management and wholesale funding
- Investor relations
- Market analysis

10. The Executive Financial Accounting, Control and Capital Division houses the following areas:

- Planning and Capital: financial and capital planning and associated management control; managing and reporting capital position; keeping and operating the management information system (IGC).
- Corporate reporting and investee control:
  - preparing, analysing and reporting the financial information of the Group and of the different business segments. Managing relations with the rating agencies.
  - Controlling and monitoring the investee portfolio.
- Accounts and Audit Inspection: defining the Group's accounting policies, keeping and controlling the accounts, preparing annual accounts and financial statements and liaising with auditors and supervisory bodies.
- Budget management: managing and controlling the Group's expenses and investment, arranging and monitoring implementation of budgets, analysing and monitoring costs by business unit, and tracking and controlling agreements with suppliers.

11. General Secretary: this General Secretary's office embraces the following areas and fields of action:

- General Secretary:
  - Providing the necessary advice and information to the Chairman and board members.
  - Heading relations with regulators on the subject of corporate governance.
  - M&As.
  - Technical secretary to the governing bodies.

- Legal and Tax Services:
  - Minimising the legal risks inherent in the Bank's operations.
  - Proactively offering legal advice to both the branch network and to the different divisions within the bank.
  - Overseeing the Bank's representation and defence in all manner of court proceedings, including enforcement procedures and, in general, cases aimed at recovering debt. This body also coordinates the Bank's response to any indictment of the legal entity.
  - Drawing up contracts for all kinds of dealings between the Group and suppliers and partners.
  - Coordinating legal action for all subsidiaries and investees.
  - Organising and arranging the legal side of investment and divestment operations affecting any of the Group's investees.
  - Handling tax declarations and tax aspects of the products sold by the Bank and the transactions it engages in.

- Corporate M&A: analysing and, as the case may be, carrying out corporate transactions involving acquisitions and divestments.

1.2. Strategic Plan

Now that the 2011-2014 Strategic Plan has been successfully finished, the CaixaBank Group has devised a new strategic vision for the coming four years, i.e. from 2015 through to 2018. The Group will define the next courses of action within a likely scenario of gradual economic recovery, rock-bottom interest rates, the start-up of the Banking Union and the unstoppable advance of technology and innovation in relations with customers. The new strategic plan also addresses the challenge facing the financial system of recovering high levels of trust and reputation, which also represents an opportunity for CaixaBank.

The CaixaBank Group has defined five strategic lines for the 2015-2018 horizon:

1. Customer focus: being the best bank in both quality and reputation
2. Attaining recurring returns above the cost of capital
3. Managing capital actively
4. Leading the digitalisation of the banking industry
5. Having the best-prepared and most dynamic human team possible

The CaixaBank Group is rolling out its 2015-2018 Strategic Plan under the title “Leading the way in trust and returns”, with the aim of remaining a leading financial group in Spain with a truly global outlook. A Group recognised for its social responsibility, quality service, financial strength and capacity to innovate.

To bring the organisation in line with the strategic guidelines, CaixaBank is currently implementing various Group-wide projects and improvements to key processes, which will have a major impact on its ability to reach the targets set. In addition, both internal and external communication channels and mechanisms have been set up to improve transparency and raise awareness of the new plan. A prime example here was the Investor Day held in March 2015, at which the Group presented the main strategic lines of the plan to the investor community.

Major progress was made towards the strategic objectives in what was effectively the first year of the plan, with significant advances made across the five main points of the plan:

Customer focus: being the best bank in both quality and reputation

With the aim of differentiating itself as the entity with the highest levels of customer satisfaction, CaixaBank is creating global experience maps to provide in-depth knowledge of its customers’ expectations and needs. Based on these results of this analysis, initiatives are being rolled out to improve the customer experience and their emotional ties to the bank. In 2015, the internal and external quality perception indicators saw excellent results. For example, the NPS (Net Promoter Score, meaning the difference between the percentages of promoter and detractor customers) has already surpassed the target set for 2018. In addition, CaixaBank secured its first AENOR Europe certification for the quality of its business banking service.

In terms of reputation, the Group was once again listed on the Dow Jones Sustainability Index (DJSI) World and Europe in 2015, therefore cementing its position as a leading bank when it comes to corporate responsibility. It also continued to champion financial inclusion by building the largest branch network in Spain, awarding microcredits and launching financial education programmes. The year also saw CaixaBank remove the floor clauses from its portfolio of mortgage loan agreements arranged with individual customers (most of these contracts come from the various entities to have been integrated in recent years).

The initiatives implemented in the year to strengthen corporate governance -another pillar of the plan- have led to improvements in the Group’s external scores and assessments when compared to other banks and international companies, such as the score awarded under the DJSI index or the rating awarded by ISS (Institutional Shareholder Services).

Attaining recurring returns above the cost of capital

Despite the rock-bottom interest rates, which are certainly impacting the income statement, CaixaBank successfully increased its profit in 2015 on the back of growth in bank revenue and a reduction in the cost of risk. The integration of Barclays Bank, SAU in early 2015 also helped to achieve these levels of profitability and growth. The Group also maintains a sturdy capital and liquidity structure.

In a bid to increase customer loyalty and strengthen CaixaBank's commercial leadership within the Spanish market, the Bank has continued to develop and consolidate value propositions segmented by customer type, with examples including CaixaNegocios, AgroBank, HolaBank and Premier Banking. Payroll penetration, a good indicator of customer loyalty, grew significantly in 2015 to reach 25%.

The Bank's strategy of helping customers plan their finances through the CaixaFuturo programme significantly increased the Bank's market share in funds, pension plans and savings insurance in 2015. CaixaBank Consumer Finance was also set up to enhance consumer loans; one of the priority growth areas envisaged in the plan.

The Bank also continued to make improvements to its corporate banking model. A particular highlight here was the development of a new unit -Corporate & Institutional Banking (CIB)- a transformational venture intended to create a leading business model in Spain in banking for companies and institutions.

Managing capital actively

In December 2015, CaixaBank announced a swap arrangement with Criteria over its stakes in Grupo Financiero Inbursa and The Bank of East Asia. The deal will enable the Bank to bring down the capital charge on stakes to around 8%, thus meeting the sub-10% strategic objective ahead of schedule. The deal will also allow the Bank to maintain its strategic alliances with both bank groups while channelling the proceeds into the reference euro area market. The year also saw CaixaBank sell its 20.5% stake in Boursorama and its 49% stake in Self Trade Bank.

In line with the strategic objective of reducing the amount of capital tied to the real estate business, the Bank successfully reduced its exposure to real estate developer loans by 34% in organic terms during the year (stripping out the integration of the balances of Barclays Bank, SAU), with this segment now accounting for just 5% of total loans. In turn, the balance of non-performing real estate developer loans has dropped by 47% since December 2014 (including the pro-forma impact of Barclays Bank, SAU), and has successfully contained the growth in the portfolio of foreclosed assets available for sale.

Leading the digitalisation of the banking industry

CaixaBank pressed on with its drive to remain the leader in digitalisation; a key priority under this Strategic Plan and indeed under previous plans. The number of customers with online banking (web and mobile) climbed to 31.9% in 2015, while efforts were made to step up digital arrangement of products and services, particularly investment funds, pension plans and consumer loans. The Bank also continued to innovate in its relations with customers through a range of new devices and functionalities, including the extension of "Muro" (channel enabling customers to communicate with their manager through Línea Abierta online banking), the new CaixaBank Pay mobile payment service, and the "Mis finanzas" smart manager.

Transaction-based banking also continued to migrate towards electronic channels: 81% of transactions (such as transfers and cash withdrawals) are now carried out through Línea Abierta, allowing branches to dedicate more of their time to value-added advisory services.

Mobility is another core aspect of the digitalisation strategy. Half of the Bank's employees with commercial duties are now using a mobile terminal (smart PC) to arrange products with customers outside the branch by means of digital signature.

As part of the strategic project of implementing Big Data as a commercial and management tool, the Bank has been developing projects to enhance both quality and security, increase sales through more in-depth knowledge and awareness of the customer, lower costs and improve processes.

Thanks to this ongoing work, the Bank has continued to receive recognitions and accolades from around the world. In 2015, Forrester Research named CaixaBank the world's best bank in mobile banking and the Bank also walked away with the most innovative bank award for payment systems at the Retail Banker International awards.

Having the best-prepared and most dynamic human team possible

The strategic priorities in relation to the Bank's human team focus on training and honing skills and capacities, developing a decentralised empowerment-based management model and championing performance-based advancement and diversity.

To implement this performance-based culture (meritocracy), the Bank has initiated a review of promotion processes and work performance management, setting up compensation schemes to ensure remuneration is based more on results, as well as professional development plans by segment. The Bank is also promoting new policies and initiatives in a bid to improve diversity in a number of different respects (gender, across generations, by origin, etc.). In this regard, the percentage of women holding positions of managerial responsibility increased by one percentage point from December 2014 (up to 33.3%).

On the subject of training, CaixaBank continues to invest heavily in enhancing the capacities of its employees. In 2014 and 2015, a total of 5,813 branch managers and heads of Premier Banking completed training in financial advice. Of these, 5,395 also received a double post grade certification from the Chartered Institute for Securities & Investment (CISI) and from Universitat Pompeu Fabra (UPF). CaixaBank has more than 7,000 professional certificated on financial advisory.

In tandem with this, the Bank is continuing to implement its executive development programmes with the aim of strengthening its "transformational leadership" model and championing innovation, mobility and the delegation of responsibilities.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Macroeconomic scenario for 2015

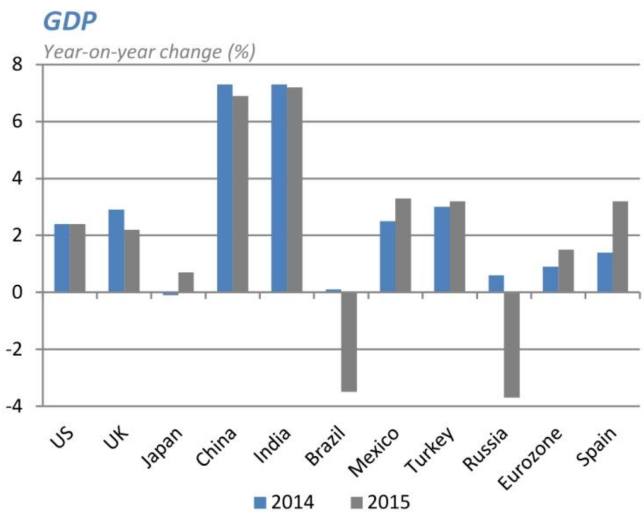
Global and market trends

Global economic growth remained above 3% in 2015 -at 3.1% to be precise- although it did lose some momentum as emerging countries struggled to keep up. In fact, the year witnessed a change-over of sorts in the economic cycle between developed and emerging economies: while growth picked up in the former, the latter suffered an economic slowdown.

Even among developed nations, the difference were clear to see. The United States and the United Kingdom, both in a phase of consolidated growth, reported growth of over 2% in 2015. In contrast, the euro area and Japan lagged further behind: growth across the eurozone was moderate but sustained (we foresee 1.5% growth for 2015 versus the 0.9% rate seen in 2014), while Japan ended the year with a year-on-year improvement, but still with sluggish growth (we predict 0.7% for 2015, versus the -0.1% reported in 2014).

Looking ahead to 2016, the economic outlook will remain positive for developed countries as a whole. That said, the different positions they are currently at in the economic cycle will lead to monetary differences, with major impacts on both their national economies and the global economy. In the United States, the Fed finally took the plunge by hiking its reference rate in December (25 basis points), thus taking a major stride towards full monetary normalisation; a process that got under way in 2013 with its tapering policy. The decision came in response to the healthy economic climate and job market in the United States, coupled with the expected rise in inflation. The pace and extent of the increase in 2016 will ultimately depend on the how these metrics pan out. The United Kingdom could also start to normalise its monetary policy in 2016 in view of the country's economic recovery, although the Governor of the Bank of England has warned that global economic risks and low inflation could delay such a move.

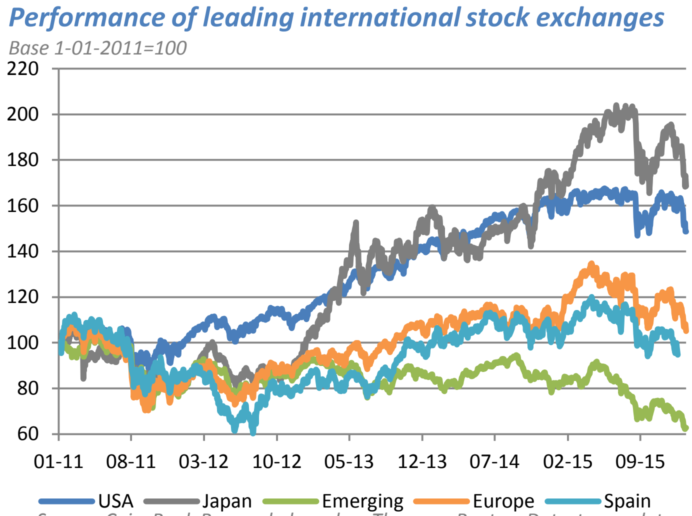
Meanwhile, the ECB and the Bank of Japan will press on with their expansionary monetary policies. The ECB will keep reference rates at close to zero, and could even step up its quantitative easing programme should the need arise. In Japan, the nation's central bank could also step up its already high asset buying as it seeks to kick-start growth and counteract deflation.



Source: CaixaBank Research, based on Thomson Reuters data *Datastream.*

Within the emerging block, there were also significant differences between nations. Starting with China, and despite fears of a heavy landing, we expect to see growth of 6.8% in 2015, certainly down on the 7.3% reported in 2014, but showing nonetheless a mild slowdown in economic activity as a result of the country's transformation of its production-based model. Other major emerging economies, such as Mexico and India, and even Turkey -a country whose macroeconomic imbalances are cause for concern- ended the year with better-than-expected levels of growth. That said, other developing nations, including Brazil and Russia, have not been so fortunate. Both economies are heavily in recession and are facing pressure on the political (Brazil) and geopolitical (Russia) fronts. On balance, emerging risk therefore remains a very real concern, especially because the prevailing situation in certain countries is extremely fragile.

On a global scale, the contrasting economic situation of developed countries on the one hand and emerging nations on the other was reflected in the stock market performance during the year, with advanced economies faring considerably better.

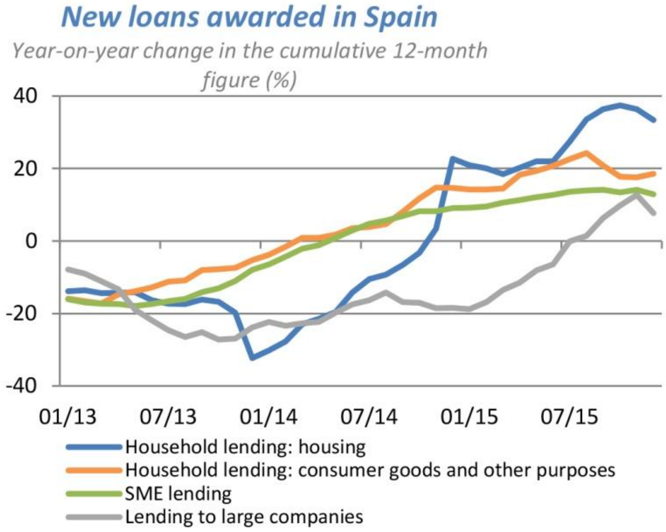


Source: CaixaBank Research, based on Thomson Reuters Datastream data.

Performance in the eurozone and Spain

Economic activity is steadily recovering across the eurozone. While hardly eye-catching, growth was nonetheless respectable in the sense that it matched potential growth. Although this growth was largely down to temporary support factors, such as the currently low commodity prices, the depreciation of the euro and the quantitative easing undertaken by the ECB, it also showed that the structural reforms have been helping to consolidate the recovery in those countries that have been the most proactive in this regard. For the time being at least, economic recovery within the eurozone remains on track thanks to the healthy state of internal demand, which is expected to continue in 2016. Therefore, the ECB's December decision to extend the Quantitative Easing (QE) process was mainly prompted by an increase in external risks, and not because of a worsening of internal economic indicators, which remain positive and on track.

In Spain, the latest figures reveal that economic activity is continuing to rally and are slightly up the same figures a few months back. GDP growth in 2015 was 3.2%, the highest among the main eurozone economies. Following a year of excellent GDP gains, we expect the pace to drop slightly in 2016 to 2.8%, as the temporary support factors underpinning growth in 2015 (such as tax reductions and falling oil prices) are gradually left behind. That said, we should also see a parallel improvement in a number of other factors that will help sustain more balanced growth in the long term. Specifically, we expect borrowing conditions to improve further, while we feel the property sector is soon set play a greater role and the structural reforms will continue to pay off, particularly within the job market, where job creation could break the 400,000 mark.



Source: CaixaBank Research, based on Bank of Spain data.

The recovery of the Spanish economy in 2015 was undoubtedly supported by the healthy performance of the banking sector. The ECB's expansionary monetary policy and the ongoing process of cleaning up balance sheets has brought lending activity back towards normal levels. In fact, new lending was up in 2015, particularly new loans for households and SMEs (up 19.4% and 5.7% year on year in December). That said, the outstanding loan balance continued to fall, albeit to a lesser degree, as a result of the debt deleveraging process by families and companies alike (-4.3% year on year in 2015 versus -7.1% in 2014). Looking ahead to 2016, we expect demand for loans to increase, as the deleveraging process is already in a very advanced stage.

Moving to the supply side, banks are also more able to award loans than in the past, largely due to the restructuring and banking consolidation process, which has enabled them to fortify their capital and liquidity structure. In the regulatory realm, highlights included the changes made to the treatment of deferred tax assets, which eliminated the uncertainty surrounding their compatibility with European law, and the enactment of Spanish Royal Decree Law governing the fees that can be charged for withdrawing cash from the cash machines of other banks. Further progress was made in 2015 towards an effective banking union. First of all, European law on the recovery and resolution of credit institutions was transposed into national law, allowing for swift intervention of struggling financial institutions with less of an impact on the public coffers. On top of this, negotiations got under way for the European deposit guarantee scheme; the final step needed to complete the banking union.

All things said, the Spanish economy is benefiting from temporary support factors, yet the reforms undertaken in recent years are also helping to generate more solid and balanced growth. Risks are still very much present, especially external risks stemming from the slowdown in emerging countries, meaning it is essential to continue strengthening our defences to prepare for any eventuality.

2.2. Business performance

The following tables show the Group's performance and management information for 2015.

Business performance and results

The key business performance and results of the CaixaBank Group are shown in the tables below:

€ million and %

Profit/(loss)	2015	2014	Change
Net interest income	4,353	4,155	4.8%
Fees and commissions	2,013	1,825	10.3%
Gross income/(loss)	7,726	6,940	11.3%
Operating expenses without non-recurring costs (1)	(4,063)	(3,773)	7.7%
Recurring pre-impairment income (1)	3,663	3,167	15.7%
Pre-impairment income	3,120	3,167	(1.5%)
Profit/(loss) attributable to the Group	814	620	31.4%

(1) Does not include EUR 259 million in costs associated with the integration process of Barclays Bank, SAU, or EUR 284 million related to the labour agreement reached in the second quarter of 2015.

Balance sheet	2015	2014	Change
Total assets	344,255	338,623	1.7%
Equity	25,205	25,232	(0.1%)
Customer funds under management criteria	296,599	271,758	9.1%
Gross customer lending under management criteria	206,437	197,185	4.7%

Efficiency and returns	2015	2014	Change
Cost-to-income ratio (total operating expenses / gross income)	59.6%	54.4%	5.2
Cost-to-income ratio, stripping out extraordinary costs	52.6%	54.4%	(1.8)
ROE (attributable profit / average equity)	3.4%	2.7%	0.7
ROA (profit / average total assets)	0.2%	0.2%	0.0
RORWA (profit / risk-weighted assets)	0.7%	0.5%	0.2
ROTE (attributable profit / average tangible equity)	4.3%	3.4%	0.9

Risk management	2015	2014	Change
NPL	17,100	20,110	(3,010)
NPL ratio	7.9%	9.7%	(1.8)
NPL ratio (non real-estate companies)	6.2%	6.4%	(0.2)
Cost of risk	0.7%	1.0%	(0.3)
NPL provisions	9,512	11,120	(1,608)
NPL coverage ratio	56%	55%	1
NPL coverage ratio including collateral	128%	132%	(4)
Net foreclosed property assets held for sale	7,259	6,719	540
Coverage ratio for foreclosed property assets available for sale	58%	55%	3

Liquidity

	2015	2014	Change
Liquidity	54,090	56,665	(2,575)
Loan-to-deposit ratio	106.1%	104.3%	1.8
Liquidity Coverage Ratio	172%	175%	(3)

Solvency - BIS III

	2015	2014	Change
Common Equity Tier 1 (CET1)	12.9%	13.0%	(0.1)
Tier Total	15.9%	16.1%	(0.2)
Risk Weighted Assets (RWA)	143,312	139,729	3,583
Leverage ratio	5.7%	5.7%	0.0
Common Equity Tier 1 (CET1), fully loaded	11.55%	12.1%	(0.5)

Share information

	2015	2014	Change
Share price (€/share)	3.214	4.361	(1.147)
Market capitalization	18,702	24,911	(6,209)
Book value per share - fully diluted (€/share)	4.33	4.42	(0.09)
Underlying book value - fully diluted (€/share)	3.47	3.54	(0.07)
Number of shares - fully diluted (*million*)	5,819	5,712	107
Earnings per share (EPS) (€/share) *(12 months)*	0.14	0.11	0.03
Average number of shares - fully diluted (*million*)	5,820	5,712	108
P/E (price / earnings)	22.97	39.65	(16.68)
P/B ratio (listed price/book value)	0.93	1.23	(0.30)

Banking business and resources (units)

	2015	2014	Change
Customers *(millions)*	13.8	13.4	0.4
CaixaBank Group employees	32,242	31,210	1,032
Branches in Spain	5,211	5,251	(40)
ATMs	9,631	9,544	87

NOTE: The 2015 income statement includes the earnings of Barclays Bank, SAU as from 1 January 2015. CaixaBank's consolidated balance sheet includes the assets and liabilities of Barclays Bank, SAU at fair value from 1 January 2015.

Business performance

The CaixaBank Group is Spain's leading retail bank, with 13.8 million customers and 5,211 branches in Spain. Its positioning is based on specialisation across business segments, plus its ongoing commitment to technological innovation and service excellence.

Growth in market shares for the main retail banking products and services thanks to sound commercial activity and the acquisition of Barclays Bank, SAU:

Market shares by product[1]	2015	2014
Loans to resident private sector	16.4%	15.2%
Deposits from resident private sector (demand and term)	15.3%	14.7%
Savings insurance	22.2%	21.7%
Pension plans	21.5%	19.4%
Mutual funds	17.9%	15.3%
Factoring + reverse factoring	19.8%	19.6%
Lending with mortgage charge	17.5%	15.9%

Market shares by service[1]	2015	2014
Payroll deposits	24.9%	23.1%
Pension deposits	20.2%	20.0%
Cards (CaixaBank card revenue)	22.8%	21.4%
Market share, branch offices	17.4%	17.1%

Market share[2]	2015	2014
Market share among individual customers (>18 years)	28.3%	27.6%
Individuals citing CaixaBank as their preferred bank	24.0%	23.5%
Market share for online banking	31.9%	35.8%
Self-employed	32.7%	31.1%

[1] Latest information available. Market shares prepared in-house. Source: Banco de España, Seguridad Social, INVERCO, AEF (Spanish Factoring Association) and ICEA.

[2] Source: FRS Inmark. Online market penetration according to comScore MMX.

Customer funds

Details of customer funds managed as per management criteria are as follows:

(Millions of euros)

			Annual change %	
	2015	2014	Total	Organic (*)
Financial liabilities - Customer funds	**182,405**	**175,034**	**4.2**	**(0.7)**
Retail funds	**181,118**	**172,551**	**5.0**	**0.1**
Demand deposits	116,841	93,583	24.9	16.4
Term deposits	60,519	72,682	(16.7)	(18.5)
Debt securities (retail)	417	2,933	(85.8)	(85.8)
Retail subordinated debt	3,341	3,353	(0.4)	(0.4)
Repurchase agreements and other accounts	**1,287**	**2,483**	**(48.2)**	**(53.1)**
Liabilities under insurance contracts	**34,427**	**32,275**	**6.7**	**6.7**
Total on-balance sheet customer funds	**216,832**	**207,309**	**4.6**	**0.4**
Assets under management	**74,500**	**57,423**	**29.7**	**19.0**
Mutual funds and SICAVs	51,321	37,482	36.9	20.2
Pension plans	23,179	19,941	16.2	16.2
Other accounts (**)	**5,267**	**7,026**	**(25.0)**	**(40.6)**
Total off-balance sheet customer funds (Note 28)	**79,767**	**64,449**	**23.8**	**11.6**
Total customer funds	**296,599**	**271,758**	**9.1**	**3.2**

(*) Variations calculated by stripping out the impact of Barclays Bank, SAU balance sheet items at 1 January 2015.

(**) Includes, among other items, funds associated with the agreements to distribute pension plans and insurance products acquired from Barclays Bank, SAU, which were incorporated in the first quarter of 2015, plus a subordinated debt placement issued by "la Caixa" (currently held by Criteria Caixa).

The reconciliation between balances calculated for management purposes and balances recorded for accounting purchases is as follows:

(Millions of euros)	2015
Financial liabilities at amortised cost (Note 22)	253,499
(-) Non-retail financial liabilities	(71,094)
(-) Deposits from central banks	*(23,753)*
(-) Deposits from credit institutions	*(10,509)*
(-) Other financial liabilities	*(2,790)*
(-) Institutional issues (1)	*(33,321)*
(-) Counterparties and other	*(721)*
Financial liabilities under management criteria	**182,405**
Liabilities under insurance contracts	40,575
(-) Capital gains and losses on insurance assets available for sale (2)	*(8,223)*
(-) Unit-links (3)	2,075
Liabilities under insurance contracts, under management criteria	**34,427**
Total on-balance sheet customer funds, under management criteria	**216,832**
Off-balance sheet funds (Note 28.1)	79,767
Total on-balance sheet customer funds	**296,599**

(1) Of which recognised in the accounts at 31-12-15: Marketable debt securities (27,056), multi-issuer covered bonds reported in Customer deposits (5,201) and subordinated liabilities (1,064).

(2) Reported as "Other financial liabilities" on the public balance sheet.

(3) Reported as "Other financial liabilities at fair value through profit or loss" on the public balance sheet.

Customer funds totalled EUR 296,599 million, up EUR 24,841 million in the year (+9.1%) after integrating the balances of Barclays Bank, SAU.

In organic terms (stripping out the impact of the EUR 15,609 million in balances integrated from Barclays Bank, SAU), growth in total customer funds stood at +3.2%. Of particular note were:

On-balance sheet customer amounted to EUR 216,832 million (+0.4%).

- Demand deposits totalled EUR 116,868 million, up 16.4% in 2015. Performance here was driven by the intensive commercial activity of the branch network, plus sound management of maturities of other retail funds.
- Term deposits came in at EUR 60,519 million. The change seen here (-18.5%) was down to increased customer interest in off-balance sheet products.
- The annual change in retail debt securities was influenced by the maturity of a EUR 2,616 million issue of senior bonds in the first quarter of 2015.
- Growth in liabilities under insurance contracts (+6.7%) thanks to the success of the sales campaigns rolled out.

Total assets under management totalled EUR 74,500 million. Highlights:

- Forceful management of the commercial network generated net subscriptions of EUR 7,012 million in investment funds in 2015, representing 28% of the total for the sector. In 2015, CaixaBank cemented its market leadership in relation to both number of fund investors and assets under management.
- Pension plans fare well (+16.2%). CaixaBank remains the leader in assets under management.

Loans and receivables

Note 3.1 to the accompanying financial statements for 2015 sets out the Group's policies for approving loans, monitoring default, refinancing debt and recovering amounts, all in respect of credit risk.

Note 3 also discloses the geographic distribution of credit risk and the loan-to-value ratio for collateralised loans, as well as the maturities profile and the sensitivity of loans and credit facilities to changes in interest rates. Information on refinancing/restructured loans and additional data on financing for the real-estate sector, residential mortgages and property foreclosed in lieu of payment of debts can also be found in that note.

Lastly, Note 13.2 to the consolidated financial statements for 2015 discloses the nature, counterparty and interest rate applicable to customer loans, as well as the composition of and movements in non-performing loans. Note 13.4 details the specific coverage and hedging associated with these.

A breakdown of the lending portfolio as per management criteria and changes therein are as follows:

€ million	2015	2014	Annual change %	
			Total	**Organic (*)**
Loans to individuals	**120,994**	**111,350**	**8.7**	**(3.9)**
Residential mortgages	89,378	80,421	11.1	(4.4)
Other	31,616	30,929	2.2	(2.3)
Loans to companies	**71,638**	**72,276**	**(0.9)**	**(5.1)**
Non real-estate businesses	59,856	56,793	5.4	1.0
Real estate developers **(Note 3.1.6)**	9,825	14,069	(30.2)	(33.6)
Criteria and "la Caixa" Banking Foundation	1,957	1,414	38.4	38.4
Public sector	**13,805**	**13,559**	**1.8**	**1.3**
Total gross customer lending	**206,437**	**197,185**	**4.7**	**(4.0)**
Of which: Performing loans ex-real estate developers	*184,342*	*171,111*	*7.7*	*(1.2)*
NPL provisions (**)	(9,163)	(10,587)	(13.5)	(24.9)
Total net customer lending	**197,274**	**186,598**	**5.7**	**(2.7)**
Memorandum items:				
Total contingent liabilities (Note 27)	***10,650***	***10,242***	***4.0***	***(0.9)***

(*) Variations calculated by stripping out the impact of Barclays Bank, SAU balance sheet items at 1 January 2015 (EUR 17,782 million).

(**) Does not include provisions to cover other financial assets (see Note 13.4).

At 31 December 2015, total net customer lending (as per management criteria) was EUR 197,274 million. This figure does not include other financial assets of EUR 749 million, which primarily includes assets under the asset protection scheme, nor reverse repurchase agreements amounting to EUR 4,873 million, which are reported under loans and advances to customers on the public balance sheet. The reconciliation between balances calculated for management purposes and the accompanying financial statement balances is as follows:

(Millions of euros)	December 2015	December 2014
Gross customer lending (management criteria)	206,437	197,185
NPL provisions	(9,163)	(10,587)
Other financial assets	749	1,791
Reverse repurchase agreement	4,873	373
Net loans and advances to customers (Note 13)	**202,896**	**188,762**

Gross lending to customers stood at EUR 206,437 million (+4.7% in 2015) following the integration of Barclays Bank, SAU. Performance here was impacted mainly by the ongoing containment of the deleveraging process, reduced exposure to the real estate development sector (-30.2%) and the NPL management approach. The drop stood at just 1.2% for the performing loan portfolio (non real estate developers). Highlights by segment (organic performance):

- Loans for home purchases (-4.4%) continue to feel the effects of the household deleveraging process, with new loans trailing loan repayments.
- Loans to individuals-other purposes were down 2.3%. The consumer financing campaigns rolled out in the year also helped shaped performance.
- Financing to companies-production sectors ex-real estate developers gained 1.0% in the year. The CaixaNegocios and AgroBank commercial strategies have both been successful in enabling the bank to detect promising business opportunities and respond to the financing needs of clients operating within these segments.
- The Bank's active management of its problem assets enabled the real estate developer portfolio to shed EUR 4,244 (-33.6%), Their weighting as part of the total portfolio fell by 2 percentage points during the year to rest at 5%.

Risk management

Credit risk quality

(loans + contingent risks)	2015	2014
Non-performing assets	17,100	20,110
NPL ratio	7.9%	9.7%
NPL ratio (non real-estate companies)	6.2%	6.4%

At 31 December 2015, NPLs stood at EUR 17,100 million (EUR -3,010 million in 2015), including NPLs from contingent risks. If we strip out the impact of the integration of Barclays Bank, SAU, NPLs fell by EUR 5,242 million.

The NPL ratio fell to 7.9% (-181pp in 2015) due to the organic drop in NPLs (-232bp), which helped offset the impact of the deleveraging process (+30bp) and the integration of the balances of Barclays Bank, SAU (+21bp).

The NPL ratio for residential mortgage loans to individual customers remains very low (3.7% at 31 December 2015).

Stripping out the real estate developer sector, the NPL ratio stood at 6.2% (-27bp in 2015).

Trends in loan default by classification and segment are as follows:

	2015	2014
Loans to individuals	**4.6%**	**5.3%**
Residential mortgages	3.7%	4.1%
Other	7.2%	8.3%
Loans to companies	**15.3%**	**18.9%**
Non real-estate businesses	11.1%	10.6%
Real estate developers	44.1%	54.6%
Public sector	**0.5%**	**0.9%**
Total risks (loans + guarantees)	**7.9%**	**9.7%**
NPL ratio (non real-estate companies)	***6.2%***	***6.4%***

Coverage

(loans + contingent risks)	2015	2014
NPL provisions	9,512	11,120
NPL coverage	56%	55%
Coverage ratio, stripping out real-estate developers	56%	54%

CaixaBank maintains a solid level of coverage thanks to its prudent risk hedging policies. At 31 December 2015, a total of EUR 9,512 million was allocated to cover potential loan losses, with a coverage ratio of 56%.

Changes in loan-loss provisions in 2015 were largely due to the cancellation of the debt deriving from the purchase and foreclosure of real estate assets and the derecognition of funds associated with asset write-offs.

Exposure to real-estate risk

The "Customer credit risk" section of Note 3.1.6 to the accompanying financial statements includes quantitative information on financing for real estate developers, residential mortgages and property foreclosed in lieu of payment of debts.

Loans to real-estate developers

In 2015, financing for the real-estate development sector fell by EUR 4,244 million (down 30.2%). If we strip out the integration of Barclays Bank, SAU, this drop becomes 33.6%, meaning its weighting within the total portfolio fell by 5% (-2pp) during the year.

Specific coverage for problem assets (non-performing and substandard) in this segment stands at 48.8%.

Foreclosed real-estate assets

At 31 December 2015, net foreclosed assets available for sale amounted to EUR 7,950 million (EUR 7,259 million for management purposes after stripping out real estate assets in the process of foreclosure since the Bank does not have possession of the asset. In addition, CaixaBank foreclosed real-estate assets held for lease (recognised for accounting purposes as Investment Property) amounted to EUR 2,966 million, net of provisions, at 31 December 2015.

In managing problem assets, CaixaBank makes every effort to help borrowers meet their payment obligations. When the borrower no longer appears to be reasonably able to fulfil these obligations, foreclosure proceedings are initiated.

The coverage ratio of the portfolio of foreclosed assets available for sale stood at 57.6% (+2.6pp in 2015) and includes initial write-downs and provisions reported after CaixaBank takes possession of the property.

Thanks to the efforts of BuildingCenter, property sales and rentals in 2015 totalled EUR 2,077 million. The rental property portfolio had an occupancy ratio of 93% at year-end.

Profit/(loss)

Net profit for the CaixaBank Group in 2015 amounted to EUR 814 million (+31.4%). The key drivers for the year were the ongoing improvements to efficiency and profitability, based on:

- Strong income generation capacity: EUR 7,726 million in gross income (+11.3%).
- Containment and streamlining of costs.
- Lower insolvency allowances following the steady improvements in credit quality.

The abbreviated income statement, for management purposes, is shown below:

(Millions of euros)	2015	2014	Change (%)
Finance income	8,372	8,791	(4.8)
Finance cost	(4,019)	(4,636)	(13.3)
Net interest income	**4,353**	**4,155**	**4.8**
Dividends	203	185	9.4
Share of profit/(loss) of entities accounted for using the equity method	375	306	22.7
Net fee and commission income	2,013	1,825	10.3
Gains/(losses) on financial assets and liabilities and exchange differences	867	640	35.5
Other operating income and expense	(85)	(171)	(50.4)
Gross income/(loss)	**7,726**	**6,940**	**11.3**
Recurring operating expenses	(4,063)	(3,773)	7.7
Non-recurring operating expenses	(543)		
Pre-impairment income/(loss)	**3,120**	**3,167**	**(1.5)**
Pre-impairment income without extraordinary costs	***3,663***	***3,167***	***15.7***
Impairment losses on financial and other assets	(2,516)	(2,579)	(2.4)
Gains/(losses) on disposal of assets and others	34	(386)	
Profit/(loss) before tax	**638**	**202**	**215.6**
Income tax	181	418	
Consolidated profit for the period	**819**	**620**	**31.7**
Profit attributable to non-controlling interests	5		
Profit attributable to the Group	**814**	**620**	**31.4**

The inclusion of results from Barclays Bank, SAU impacted different headings of the year-on-year income statement comparison.

Gross income

The CaixaBank Group's gross income stood at EUR 7,726 million, up 11.3% on 2014.

Net interest income

Against a macroeconomic backdrop of rock-bottom interest rates, net interest income stood at EUR 4,353 million, up 4.8% in 2015.

The solid performance here illustrates the Bank's approach to retail banking activity, with the sharp drop in the cost of maturity deposits (1.01% average in 2015 from the 1.76% seen in 2014) enabling it to cushion the drop in returns on lending due to the extremely low interest rates, the impact of having to remove floor clauses from mortgage loan agreements arranged with individual customers and the lower volumes and interest rate under the fixed income portfolio.

The average customer spread climbed to 2.11% in 2015 from an average of 2.03% in 2014.

An analysis of net interest income is as follows:

(in millions of euros)	2015			2014		
	Average	Yield/Cost	Int. rate	Average	Yield/Cost	Int. rate
Credit institutions	7,748	17	0.22	6,943	18	0.26
Lending portfolio	194,280	5,071	2.61	180,655	5,475	3.03
Debt securities	29,108	925	3.18	41,888	1,427	3.41
Other interest-generating assets[1]	44,578	2,350	5.27	38,896	1,862	4.79
Other assets	67,114	9		62,286	9	
Average total assets	**342,828**	**8,372**	**2.44**	**330,668**	**8,791**	**2.66**
Financial intermediaries	34,427	(227)	0.66	30,069	(273)	0.91
Retail funds	171,268	(855)	0.50	167,307	(1,677)	1.00
Demand deposits	*103,461*	*(172)*	*0.17*	*83,866*	*(206)*	*0.25*
Time deposits	*67,807*	*(683)*	*1.01*	*83,441*	*(1,471)*	*1.76*
Term deposits	*66,251*	*(675)*	*1.02*	*78,417*	*(1,324)*	*1.69*
Repurchase agreements and retail loans	*1,556*	*(8)*	*0.51*	*5,024*	*(147)*	*2.93*
Institutional debentures and marketable securities	36,814	(680)	1.85	41,039	(925)	2.25
Subordinated liabilities	4,456	(140)	3.15	4,819	(150)	3.12
Other interest-bearing liabilities[1]	47,555	(2,107)	4.43	41,293	(1,609)	3.90
Other liabilities	48,308	(10)		46,141	(2)	
Total average funds	**342,828**	**(4,019)**	**1.17**	**330,668**	**(4,636)**	**1.53**
Net interest income		**4,353**			**4,155**	
Customer spread (%)		**2.11**			**2.03**	
Balance sheet spread (%)		**1.27**			**1.26**	

[1] Includes the assets and liabilities of insurance subsidiaries.

Fees and commissions

Fee and commission income stood at EUR 2,013 million (+10.3%), driven by the strength of the commercial branch network and a broad and diversified range of products and services.

Banking fees, commissions on securities and others amounted to EUR 1,288 million. These include income from securities transactions and fees on other transactions, as well as fees relating to risk activities, deposit management and payment methods. Performance in 2015 was impacted by:

- Higher income following the incorporation of Barclays Bank, SAU and income obtained from one-off investment banking transactions.
- Lower income due to the drop in the number of transactions and in risk fees and commissions, plus the impact of the restrictions placed on interchange fees for card transactions.

Insurance and pension plan fees reached EUR 302 million (+17.8%) in the period, thanks to the success of the commercial general insurance campaigns rolled out and an increase in pension assets under management.

Mutual fund fees accounted for a sizeable EUR 423 million (+73.7%). This shows steady and sustained growth due to the increase in assets under management through a wide range of products.

(in millions of euros)	January - December		YoY change	
	2015	2014	Absolute	%
Banking fees, commissions on securities and others	1,288	1,325	(37)	(2.8)
Insurance and pension plan sales	302	256	46	17.8
Mutual funds	423	244	179	73.7
Net fee and commission income	**2,013**	**1,825**	**188**	**10.3**

Income on the equities portfolio

Income from investments in equities totalled EUR 578 million (+17.7%).

The change here was impacted by the seasonality of investee results and of dividend payouts. We would highlight the following one-off impacts:

- Attribution in 2015 of non-recurring accounting provisions for Repsol.
- In 2014, recognition of the non-recurring loss attributable to Erste Group Bank.

Gains/(losses) on financial assets and liabilities and exchange differences

Gains on financial assets and liabilities and exchange differences stood at EUR 867 million (EUR 640 million in 2014). Market opportunities meant that unrealised capital gains could materialise, mostly in the second quarter of 2015. These gains arose mainly from available-for-sale financial assets.

Other operating income and expense

The other operating income and expense heading includes the following highlights:

- The success of the ongoing commercial campaigns, pushing up income from life-risk insurance activity by 44.2%.
- Recognition in the fourth quarter of the expense due to the ordinary contribution made to the Spanish Deposit Guarantee Fund (FGD) and of the contribution made to the National Resolution Fund (FRN)(see Note 1 to the accompanying Financial Statements).
- Other operating income and expenses includes, among other items, rental income and expenses incurred from the management of the foreclosed real estate portfolio as well as operating income and expenses of non-real estate subsidiaries.

€ million	January - December		Change	
	2015	2014	Absolute	%
Income and expenses of the insurance business	214	149	65	44.2
Contribution to FGD and FRN	(278)	(293)	15	(5.1)
Other	(21)	(27)	6	(18.6)
Other operating income and expense	**(85)**	**(171)**	**86**	**(50.4)**

Pre-impairment income/(loss)

Stripping out non-recurring costs, the CaixaBank Group's pre-impairment income stood at EUR 3,663 million (+15.7%).

The drivers behind the performance of pre-impairment income were:

- Strong revenue-generating capacity. Gross income totalled EUR 7,726 million (+11.3%), with net interest income up +4.8% and fees and fees and commissions up +10.3%.
- Recurring expenses on a like-for-like basis were down 1.2% (pro-forma including the recurring expenses of Barclays Bank, SAU in 2014), following the drive to pare back and streamline costs. Factoring in the integration of Barclays Bank, SAU, recurring operating expenses were up 7.7%.
- Recognition of synergies from the acquisition of Barclays Bank, SAU (EUR 115 million in 2015).
- Recognition in 2015 of EUR 259 million in non-recurring costs owing to the integration of Barclays Bank, SAU, and EUR 284 million in relation to the labour agreement.

The cost-to-income ratio improved to 52.6% (-1.8pp over the last twelve months). Managing efficiency was a strategic focal point in 2015 and will continue to be so in the coming years. In 2016, CaixaBank expects to capture EUR 189 million in synergies with Barclays Bank, SAU.

€ million	January-December		Change	
	2015	2014	Absolute	%
Gross income/(loss)	**7,726**	**6,940**	**786**	**11.3**
Recurring operating expenses	(4,063)	(3,773)	(290)	7.7
Non-recurring operating expenses	(543)		(543)	
Pre-impairment income/(loss)	**3,120**	**3,167**	**(47)**	**(1.5)**
Recurring pre-impairment income	***3,663***	***3,167***	***496***	***15.7***

Impairment losses on financial and other assets

In 2015, impairment losses on financial and other assets totalled EUR 2,516 million (-2.4%).

Insolvency provisions were down heavily (-23.6% year on year), following the steady improvements in the Group's credit quality during 2015.

Ongoing reduction in the cost of risk to 0.73% (-27bp in 2015).

Other charges to provisions primarily reflect the current estimation of coverage needs for future contingencies and other asset impairment allowances.

In 2015, the Group included an estimation of prudential coverage for contingencies deriving from legal proceedings in relation to the floor clauses present in certain mortgage loan agreements, most of which came from integrated entities.

€ million	January-December		Change	
	2015	**2014**	**Absolute**	**%**
Loan-loss allowances (1)	(1,593)	(2,084)	491	(23.6)
Total loan-loss allowances	**(1,593)**	**(2,084)**	**491**	**(23.6)**
Other charges to provisions	(923)	(495)	(428)	87.3
Impairment losses on financial and other assets (2)	**(2,516)**	**(2,579)**	**63**	**(2.4)**

(1) Includes impairment losses on financial assets (loans and receivables) and provisions for contingent risks reported under Provisions on the public income statement.

(2) Includes the headings Impairment losses on financial assets and Provisions on the public income statement.

Gains/losses on disposal of assets

Gains/(losses) on disposal of assets and others mainly comprises gains on non-recurring transactions completed during the period, and results on sales and write-downs in relation to the real estate portfolio and other assets.

A number of one-off events in 2015 help to explain the year-on-year difference:

- Recognition of the negative goodwill arising from the integration of Barclays Bank, SAU (EUR 602 million; see Note 7 to the accompanying financial statements) and of asset impairment due to obsolescence also associated with the integration process (EUR 64 million).
- Write-down of real estate and other assets.

Income tax

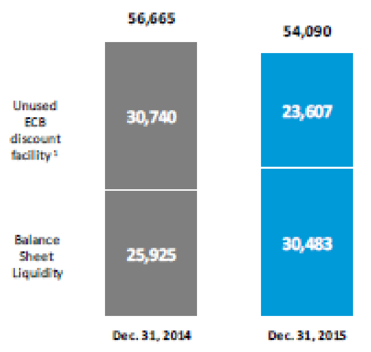
With respect to income tax expense, double taxation avoidance principles are applied to income contributed by investees and profit on corporate transactions, with a significant impact following the recognition of the negative goodwill on consolidation of Barclays Bank, SAU.

Following the enactment of the 2014 tax reform package and the change in the tax treatment of capital gains obtained from the sale of holdings, CaixaBank proceeded to derecognise certain deferred assets and liabilities (EUR +310 million) reported in previous years largely as a result of the corporate restructuring of the ”la Caixa” Group.

3. LIQUIDITY AND FUNDING

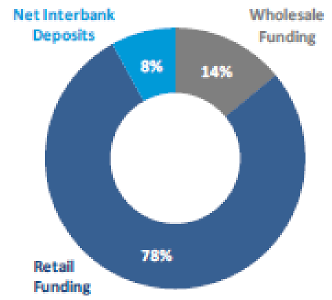
Excellent liquidity position: 15.7% of the Group's assets

€ million



Drawn down - ECB facility: €18,319 million

Robust financing structure

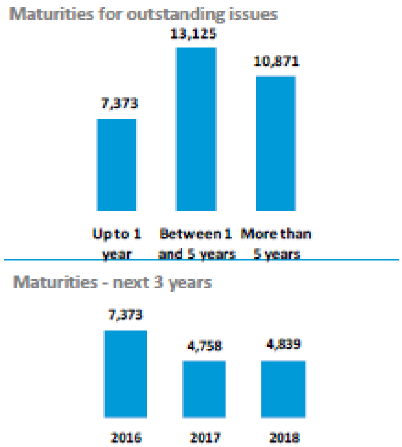


Total financing: €232,730 million

Loan-to-deposits: 106.1%

Institutional financing²

€ million



2015 maturities: €6,817 million

2015 issues: €2,000 million

(1) As at December 31 2014 and 2015 include EUR 1,584 and 911 million from assets pending to be include under ECB facility. The assets were included in January 2015 and 2016, respectively.
(2) For liquidity management net of owned portfolio.

Bank liquidity at year-end 2015 stood at EUR 54,090 million (EUR 56,665 million in 2014), all immediately available, mainly as a result of:

- Changes in the loan-deposit gap, the integration of Barclays Bank, SAU, the drop in institutional financing and the increase in financing secured from the European Central Bank.
- The balance drawn under ECB facilities stood at EUR 18,319 million, consisting entirely of TLTRO.
- A total of EUR 4,558 million in balance sheet liquidity was generated in the year.

In relation to the LCR ratio, CaixaBank comfortably meets the required percentage with a ratio of 172%, which is also well above the 130% target defined in the 2015-2018 Strategic Plan.

Institutional financing amounted to EUR 31,369 million, with organic performance in 2015 impacted by maturities that were not renewed:

- Maturities totalling EUR 6,817 million.
- Mortgage covered bond issue of EUR 2,000 million.
- Available capacity to issue mortgage and regional public sector covered bonds stands at EUR 4,005 million.

Information on the collateralisation of mortgage covered bonds

(Millions of euros)

		31-12-2015	31-12-2014
Mortgage covered bonds issued	a	48,648	50,043
Portfolio of loan and credit collateral for mortgage-covered bonds	b	121,872	125,772
Collateralisation	b/a	**251%**	**251%**
Overcollateralisation	b/a - 1	**151%**	**151%**
Mortgage covered bond issuance capacity (*)		**2,799**	**4,211**

(*) The CaixaBank Group' capacity to issue public-sector covered bonds in 2015 and 2014 was EUR 1,206 million and EUR 2,147 million, respectively.

Loan to Deposits (LTD) ratio

(Millions of euros)

	31-12-2015	31-12-2014
Loans and advances to customers	**192,213**	**179,936**
Gross loans and advances to customers	206,437	197,185
NPL provisions	(9,163)	(10,587)
Brokered loans (*)	(5,061)	(6,662)
Retail funds	**181,118**	**172,551**
Demand deposits	116,841	93,583
Term deposits	60,936	75,615
Retail subordinated debt	3,341	3,353
Loan-to-deposit ratio	**106.1%**	**104.3%**
Commercial gap	**(11,095)**	**(7,385)**

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

4. CAPITAL MANAGEMENT

At 30 September 2015, CaixaBank's fully-loaded Common Equity Tier 1 (CET1) ratio stood at 11.55%, in line with the criteria envisaged for the end of the phase-in period. The ratio marks a year-on-year increase of 22 basis points in the Group's ability to generate capital, although this was offset by the impact of a 78-basis point drop following the integration of Barclays Bank, SAU.

Under the phase-in criteria in force in 2015, CaixaBank had a regulatory CET1 ratio of 12.9% at December 2015, while the total capital ratio stood at 15.9%.

Risk-weighted assets (RWA) stood at EUR 143,312 million, up EUR 3,583 million from 31 December 2014 (2.6%), largely on account of the inclusion of Barclays Bank, SAU's risk-weighted assets, which was partly offset by the deleveraging of the lending portfolio.

The leverage ratio stood at 5.7% at 31 December 2015.

The European Central Bank (ECB) issued CaixaBank the minimum regulatory capital requirements after analysing the results of the supervisory review and evaluation process (SREP), which requires the Bank to maintain a regulatory CET1 ratio of 9.25%. This includes the general minimum CET1 requirement of 4.5% under Pillar 1 plus 4.75% for the specific requirements of Pillar 2 and the capital conservation buffer.

CaixaBank also received the Bank of Spain's decision on the capital buffer required due its status as an other systemically important institution (O-SII) from 1 January 2016 (0.25% of be phased in over a period of four years through to 2019).

Together, these decision required CaixaBank to maintain a CET1 ratio of 9.25% (9.3125% in 2016). This requirement, compared to the current CET1 ratio, indicate that the requirements applicable to CaixaBank would not give rise to any limitation to those referred to in solvency regulations regarding distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments.

CaixaBank is also subject to minimum capital requirements on a non-consolidated basis. CaixaBank's individual CET1 ratio stood at 13.0%.

Key solvency indicators

(Millions of euros)	Regulatory	
	31-12-2015	**31-12-2014**
CET1 instruments	23,984	23,268
Deductions	(5,499)	(5,173)
CET1	**18,485**	**18,095**
TIER 1 additional instruments	-	-
Deductions	-	-
Core capital (Tier 1)	**18,485**	**18,095**
Tier 2 instruments	4,444	4,517
Deductions	(102)	(162)
Supplementary capital (Tier 2)	**4,342**	**4,355**
Eligible capital (total capital)	**22,828**	**22,450**
Risk-weighted assets	**143,312**	**139,729**
CET1 ratio	12.9%	13.0%
Tier 1 ratio	12.9%	13.0%
Total capital ratio	15.9%	16.1%
Leverage ratio	5.7%	5.7%

5. RISKS AND UNCERTAINTIES

Note 3 to the accompanying financial statements discusses the CaixaBank Group's Risk Management and Internal Control Model.

The business environment in 2015 was certainly a testing one, with four main factors significantly impacting the priorities of the Bank's risk management. These key factors, which will likely persist for the time being, are as follows:

- Improving **macroeconomic environment** across the euro area and particularly in Spain, which has yet to feed through fully to the banking sector.
- **Regulatory and supervisory changes**, which have had a major impact on the day-to-day running of Risk Management and prompted internal changes to adapt to and successfully navigate these challenges. Prime examples here include:
  - The review conducted by the Basel Committee on Banking Supervision (BCBS) on the different standardised approaches to regulatory capital consumption (for credit, market and operational risk) and numerous preliminary analyses on changes and related surveys.
  - Development of the Risk Data Aggregation (RDA) project so that CaixaBank can proactively implement the RDA principles ahead of time, thus improving control of the process of collating risk information.
  - Full development of banking supervision through the Single Supervisory Mechanism (SSM, which has been operational since November 2014), with a Joint Supervisory Team (comprising staff of both the ECB and Banco de España) entrusted with the ongoing monitoring of CaixaBank. The SSM follows the EBA rule book, which is mainly articulated through the Supervisory Review and Evaluation Process (SREP), encompassing the following steps:
    - Assessment of risk levels and controls present at the institutions (including an analysis of the Group's own business model and its internal governance).
    - Exhaustive review of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).
    - Quantification of capital and liquidity needs based on the risk assessment.
    - Comparative analysis of the information sent by each institution, whether as part of their recurring reporting obligations (COREP, FINREP), or in response to sporadic requests for numerical information (such as Quantitative Impact Studies), or on-site inspections into specific matters.
  - 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: amortised 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 amortised 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 recognise changes in fair value related to credit risk as a component of equity for financial liabilities under the fair value option. The effective date of IFRS 9 is pending endorsement by the European authorities, although a favourable opinion has been issued by the European Financial Reporting Advisory Group (EFRAG). In

any event, application of this standard is not mandatory for annual periods beginning before 1 January 2018 (see Note 3).

- **Threats deriving from technological advances**, with the emergence of new suppliers capable of responding to the needs of retail and business customers. Here we have, for example, the so-called "FinTechs"; start-ups that provide services to the financial sector through the use of innovative disruptive technologies. They are also subject to more lax legal/regulatory restrictions and have lightweight business models in terms of costs. Their technological infrastructures are also becoming more complex, as shown by the Risk Assessment questionnaire of the European Banking Authority (EBA), in which 95% of institutions confirmed that the greater sophistication and complexity of information and communication technologies (ICTs) is generating new threats.
- **Trust and image of the sector**, which has already been tarnished for several years due to a variety of factors, including the economic and financial crisis and the sometimes confused regulatory response. CaixaBank placed special emphasis on conduct risk in 2015. Conduct risk would include malpractice in the design, sale and post-sale of financial products and services in which the financial institution took advantage of its greater knowledge or and control over the process to obtain a higher profit, causing a damage to customers, counterparties or investors.

These factors, among others, are triggering a structural transformation of the banking framework across Europe, and this upheaval has had a huge impact on the day-to-day functioning of Risk Management and even prompted changes within the risk management framework to adapt to and successfully navigate these challenges.

The core elements of CaixaBank's risk management framework are as follows:

- The Risk Culture
- The Governance Structure and the Organisation
- The Corporate Risk Map
- The Risk Appetite Framework
- The Internal Control Framework

Risk Culture

Risk Culture takes various forms, one of which is training, which is viewed as a strategic tool aimed at providing support to the business areas and also as a channel for conveying and raising awareness of the Bank's risk culture and policies. It offers training, information and tools for all CaixaBank employees. The content of this training is defined jointly by the General Risks Division and the Human Resources and Organisation Division, in relation to both support functions for the Board of Directors and Senior Management and on a global scale across the entire organisation.

The ultimate objective is to facilitate:

- the transfer of the Risk Appetite Framework,
- the decentralisation of decision-making,
- the updating and honing of competencies in relating to risk analysis, and
- optimisation of risk quality

To accomplish these objectives, the Bank structures its training initiatives through a Risk Academy. In September 2015, the academy launched its first course in risk analysis (aimed at 1,132 sales managers, with a total of 46,200 training hours) and the first post-graduate diploma in Risk Analysis - Specialising in Retail (aimed at 760 branch managers and assistant managers, with a total of 37,900 training hours).

These courses are expected to be run twice a year during the next few years, thereby providing training for all employees carrying out these functions.

Governance structure and organisation

Work continued in 2015 to reinforce and reorganise the Group's governance and management structure as part of the process that started in 2014.

On the subject of governance, the functions of the Risks Committee were extended in compliance with article 42 of Royal Decree 84/2015, of 13 February, further implementing Act 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions (published in the Official State Gazette on 14 February).

The Risks Committee meet 14 times in 2015. The main business discussed concerned the different types of risk from the Corporate Risk Catalogue (including credit, market, operational, actuarial, liquidity and regulatory), the risk appetite framework, the risk scorecard, and different policies approved by the committee and to be laid before the Board of Directors. The committee was also kept regularly informed of the business discussed by the Global Risks Committee, which is attached to the Risks Division, and received information as and when required on the Recovery Plan and on the Capital and Liquidity Self-Assessment Reports, among other subjects.

Turning to management, a number of risk-specific committees were set up/modified to supplement existing committees with the aim of providing a swifter and more expert response to the challenges facing the company as and when these arise. Highlights here included the creation of:

- "*Restructuring and Resolution Plans Committee*", which oversees all aspects relating to recovery and resolution plans, in compliance with the terms of the Bank Recovery and Resolution Directive (BRRD).
- *"Provisions Committees"*, which are specifically entrusted with modifying the rating and hedging/coverage of loans associated with borrowers assessed individually upon detecting objective evidence of impairment, and with modifying the procedure for estimating provisioning of assets whose value impairment is assessed jointly.

Corporate Risk Map

The current climate has illustrated the growing importance of assessing risks and the related control environment. Fully aware of this, the CaixaBank Group has set up a "Corporate Risk Map" to identify, measure, monitor, control and report risks. Coordinated by the Internal Control Division, the map provides a comprehensive vision of the risks associated with the corporate activities within its control area.

At the time it was prepared, the Corporate Risks Map included a Corporate Risks Catalogue to improve the process of monitoring and reporting the Bank's risks. This catalogue groups risks into two main categories:

- Risks affecting the Bank's financial activity; and
- Risks affecting business continuity.

In order to restore the confidence of its customers in the Entity, CaixaBank has focused on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, regulatory compliance and anti-money laundering structures to minimise the probability of occurrence of actions or omissions such as those recently seen in certain global financial institutions, and which are receiving increasing media and press exposure and have affected the sector's image.

Risk Appetite Framework

In line with recommendations issued by regulators and advisory bodies operating within the financial sector, the CaixaBank Group approved its Risk Appetite Framework (RAF) in 2014 and fully integrated this within its Risk Management in 2015. It has therefore successfully developed and implemented an integral and prospective tool with which to shape and channel the Group's risk management and control accordingly, based on what the Board of Directors decides in relation to risk types and acceptable thresholds (in view of strategic and profitability targets).

A further highlight in 2015 was the successful integration of the RAF within planning and stress test processes.

5.1. Credit risk

Credit approval processes and organisation

Note 3.1 to the accompanying financial statements details how credit risk is managed within the Group.

Highlights for the year included:

- Implementation of the improvements defined in the project to review the risk approvals policy for companies and individuals, which was carried out in 2014. These improvements have simplified and streamlined the approvals process and placed more powers with the branch network.
- Based on the success of centralising risk pre-approvals for individuals, a risk pre-approval project has been launched for legal entities, specifically for micro enterprises and small companies.
- A Policy Scorecard has been designed to effectively analyse and monitor risk policies. This scorecard is extremely useful for adjusting and improving existing policies.
- In line with the roll-out of the Risk Appetite Framework in various departments, a control for the large risk exposure ratio has also been developed.
- The pricing tools integrated in the loan application system (based on appropriate coverage of the risk premium), which use information from the risk-adjusted return tool, have been fully implemented in the CIB network, business centres and other SMEs.

Concentration risk

As part of the approvals process, the CaixaBank Group monitors and ensures compliance with the regulatory limits set by the CRR (25% of eligible own funds) and the risk appetite thresholds for large exposures, which is included in the RAF's Tier 1 metrics. Although exempt from regulatory limits, RAF sub-limits are applied for other types of exposure, such as exposure to public administrations.

From the perspective of the RAF, a much more conservative internal methodology is used, including credit risk on the loan portfolio and equity stakes, the insurance portfolio and positions in investment funds and guaranteed pension funds.

At year-end 2015 no breach of the defined thresholds had been observed.

Note 3.1.4 to the accompanying financial statements provides quantitative details of risk concentration by activity and by geographic area, as well as the distribution of loans by business activity and collateral provided. In that regard, the CaixaBank Group's lending portfolio, which primarily comprises primary residence mortgage loans for individuals, entails higher exposure to real-estate risk than to other sectors. Note 3.1.6. to the accompanying financial statements provides a breakdown of loans to real-estate developers and residential loans, including a distribution in terms of loan purpose, loan status, type of collateral and the latest loan-to-value (LTV) ratio.

5.2. Market risk

Market risk of trading activities

Market risk refers chiefly to the potential loss in value of financial assets as a result of adverse fluctuations in market rates or prices. Due largely to the Treasury Desk's involvement in financial markets, the Group is exposed to the risk of unfavourable movements in the following risk factors: interest rates, exchange rates, share prices, commodity prices, volatility and changes in the credit spread of private fixed-income positions.

The levels of market risk assumed by the Group were moderate in 2015, with an average risk of EUR 4.6 million.

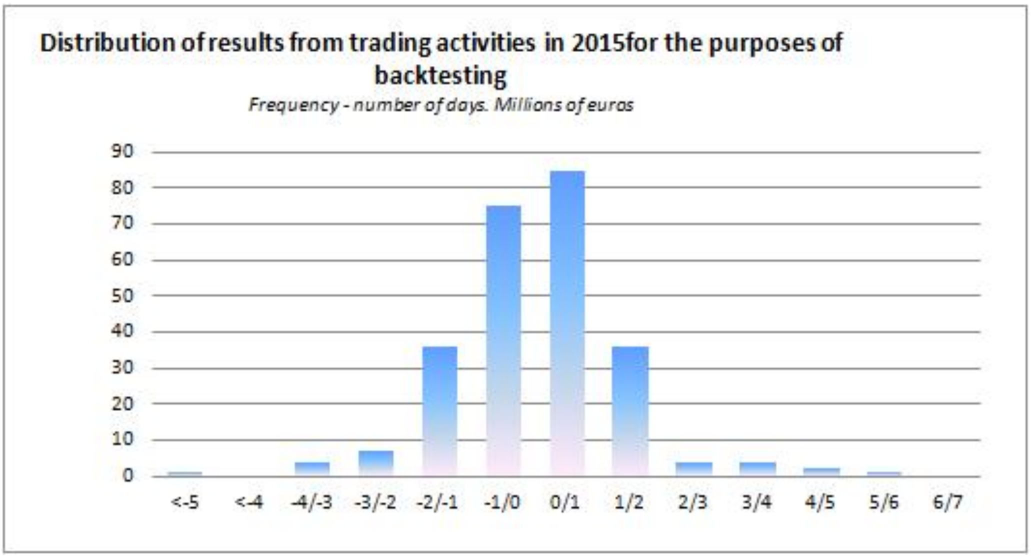
To measure and control this risk, the following four-fold approach is applied:

- Estimating daily risk.
- Testing the quality of these measurements.
- Calculating hypothetical results in the event of sudden changes in market prices.
- Monitoring and controlling limits.

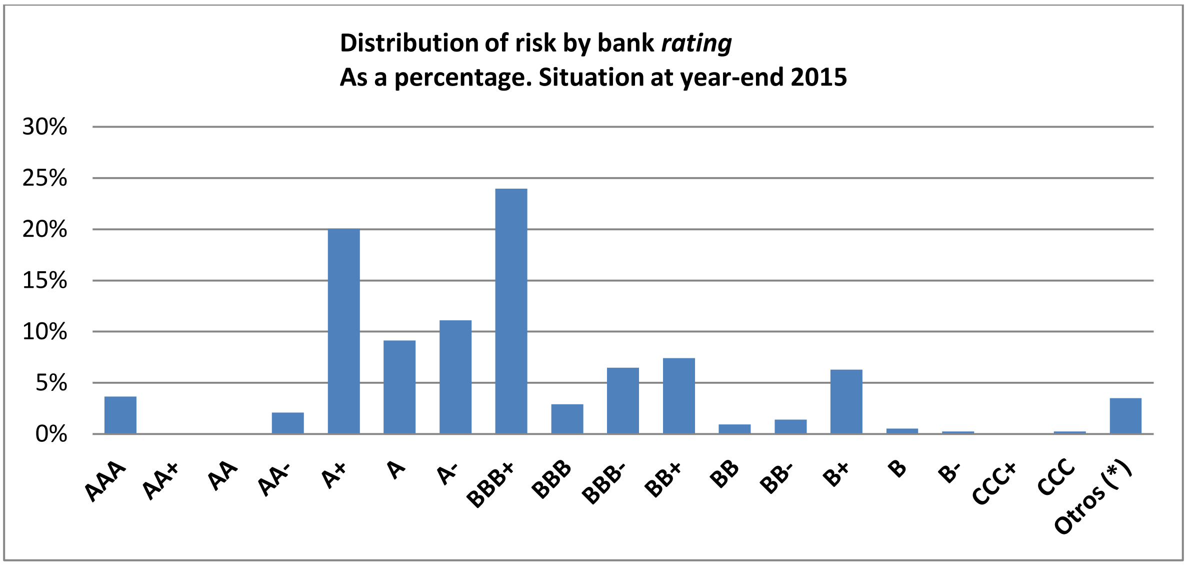
The accuracy of the risk estimates is compared against actual daily gains and losses, i.e. backtesting, demonstrating the suitability and quality of the metrics employed.

The measurements of potential loss are supplemented with estimates on hypothetical profit or loss in the event of sudden changes in relevant risk factors or the possible repetition of previous crises. These are known as stress tests and provide an in-depth understanding of the Group’s market risk profile.

CaixaBank also has a robust structure of controls and limits in place to ensure that the market positions taken are aligned with the objective of achieving returns while keeping risk at acceptable levels.



In addition, a specific area within the Bank is entrusted with valuing financial instruments and measuring, controlling and monitoring their associated risks, as well as estimating the counterparty risk and the operational risk associated with financial market activity. The area monitors transactions on a daily basis, calculates the effect of market trends on positions (i.e., daily results are marked to market), quantifies the market risk assumed, monitors compliance with limits, and analyses the risk/return ratio.



(*) Entitities without rating

Controls over risks assumed in financial market transactions must be fortified by estimating and monitoring the losses that could arise should counterparties become insolvent and default on their obligations.

The maximum authorised credit risk exposure for a single counterparty is determined using a calculation approved by the management, based on ratings for the entities and on an analysis of their financial statements.

Counterparty risk is controlled through an integrated real-time system that provides up-to-date information on the available limit for any counterparty, broken down by product and maturity. The system embraces the banking and insurance businesses as well as the positions of guaranteed funds. Risk is therefore measured both in respect of current market value and future exposure.

The adequacy of the related contractual documentation is also monitored. To mitigate exposure to counterparty risk, CaixaBank has a solid base of collateral agreements; virtually all the risks undertaken in connection with derivative instruments are covered by standardized ISDA and/or Spanish CMOF contracts, which allow outstanding cash inflows and outflows between the parties to be offset. The Group has signed collateral agreements with most of its banking counterparties, guaranteeing the market value of derivative transactions.

Revaluation of financial instruments

Financial instruments are classified in different categories, based on the methodology used to determine their fair value. Note 2.2 to the accompanying financial statements discloses the fair value determined for each category of financial asset and liability, in accordance with Bank of Spain Circular 4/2004 and grouped in one of three levels, as follows:

a) prices quoted on active markets for the same instrument, i.e. without modification or reorganization into a different form (Level 1);
b) prices quoted on active markets for similar instruments or other measurement techniques in which all significant inputs are based on directly or indirectly observable market data (Level 2);
c) measurement techniques in which one or more significant inputs are not based on observable market data (Level 3).

The risk in valuing financial instruments increases for instruments classified in the higher levels, especially in Level 3.

Contracting, validating, obtaining inputs, valuing, accounting and other elements that could influence the fair value assessment of financial instruments are subject to internal control measures. The Group has implemented control mechanisms throughout the different phases of the financial instrument valuation process, documenting control activities and assigning order executor, manager and frequency. Control activities are carefully classified based on the risk to be managed and its critical level.

5.3. Structural interest rate risk

Interest rate risk is managed and controlled directly by CaixaBank management through the Asset-Liability Committee (ALCO), always within the limits of the Risk Appetite Framework in effect.

The CaixaBank Group manages this risk with a two-fold strategy:

- Optimising the Bank’s net interest income within the limits in place.
- Preserving the economic value of the balance sheet within the value change limits in place.

At the close of 2015, the Bank had set up management limits within the context of the Risk Appetite Framework in relation to net interest income at one and two years for interest rate scenarios and for the economic value in terms of VaR and sensitivity.

To attain these two objectives, the Bank actively manages the risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on the Bank's own balance sheet.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the Asset and Liability Committee to achieve this dual objective.

A number of assessment mechanisms are available for managing the risk:

- The static gap, which reveals the spread of maturities and interest rate reviews, on a specific date, for sensitive items on the balance sheet.
- The sensitivity of net interest income, which reflects the impact on this income of the review of balance sheet transactions due to changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, on the basis of various interest rate scenarios. Scenarios with both parallel and non-parallel shifts in the yield curve and with different degrees of intensity are analysed.
- The sensitivity of assets and liabilities to interest rates, which measures the impact of changes in interest rates on the current value of the balance sheet.
- VaR (Value at Risk) measurements, taken in accordance with treasury-specific methodology.
- EaR (Earnings at Risk) measurements.

5.4. Operational risk

Note 3.4 to the accompanying financial statements describes how operational risk is managed within the CaixaBank Group.

Operational risk covers all events that could give rise to a loss caused by shortcomings in internal processes, human error, malfunctioning of information systems and/or external events. Operational risk is inherent to all business activities and, although it can never be wholly eliminated, it can be managed, mitigated and, in some cases, insured.

Operational risk rises as the banking business becomes more reliant on factors such as the intensive use of IT, outsourcing, and the utilization of complex financial instruments.

Operational risk management

In 2015, further progress was made in migrating to a more advanced operational risk management system, with the dual objective of implementing best practices in operational risk management while at the same time being able to calculate regulatory capital with risk-sensitive approaches.

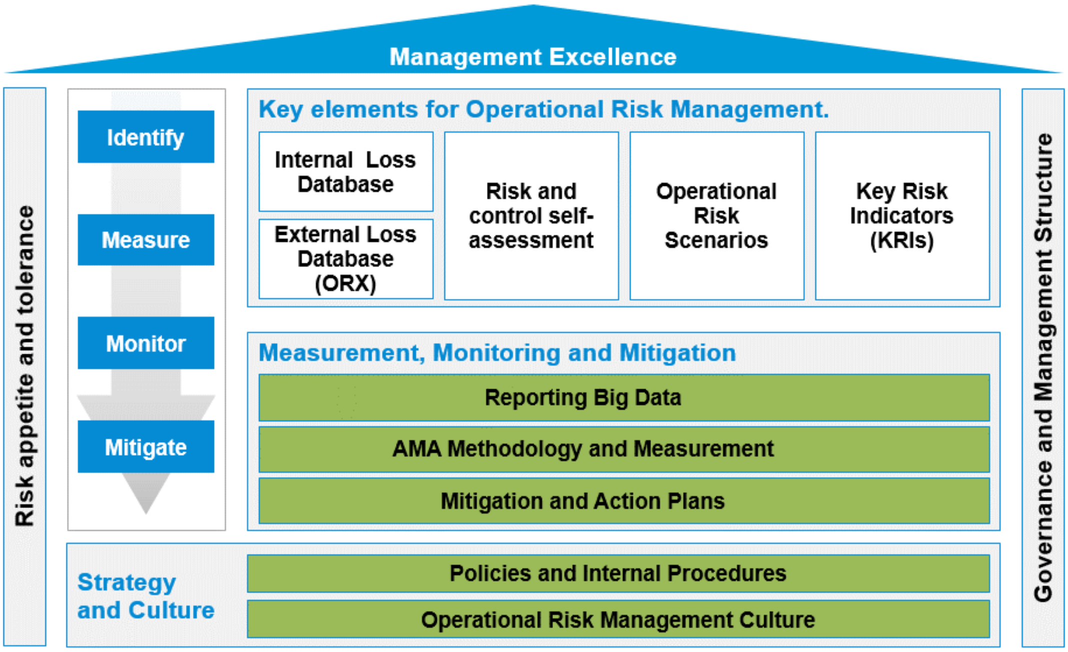
The main lines of action pursued in 2015 were as follows:

- Updates to the Operational Risk Management Framework and Regulations, which were approved by the Board of Directors
- Bringing operational risk part within the remit of the Models Committee
- Enhancing the mechanisms for detecting weak points and devising actions plans in relation to operational risk
- Reviewing operational risk metrics within the Risk Appetite Framework
- Making operational risk presentations to the governing bodies of the main Group companies
- Integrating operational risk management procedures and reporting at Barclays
- Commencing the periodic analysis of data to feed the internal operational loss database

- Annual updating of extreme operational loss scenarios and self-assessments of operational risk (with methodological changes made in both cases)
- Commencement by the European Central Bank of operational risk management supervision

The main milestones envisioned for 2016 are as follows:

- Analysis of the impact of the new regulatory draft on capital requirements for operational risk and of adapting to it
- 2016 Stress Testing of the European Banking Authority
- Mass training in operational risk
- Development analysis of operational risk indicators (KRIs)
- Integration of operational risk infrastructure within the institutional Data Pool project
- Maintaining and strengthening the process of integrating operational risk into the management, especially in respect of the internal loss database and the self-assessments.



The different methodologies implemented through operational risk management mechanisms and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector.

5.5. Actuarial risk

The Group's policies regarding actuarial risk are described in Note 3 of the accompanying consolidated financial statements.

In 2013, the European authorities set January 1, 2016 as the application date of the Solvency II directive.

The Omnibus II Directive was approved in 2014, amending the Solvency II Directive and completing the new regulatory and supervisory framework for insurance in the EU, and granted powers to the EIOPA to conclude the Solvency II project.

On the European stage, a number of pressing regulatory matters (delegated acts, technical standards and guidelines) were successfully completed in 2015, while in Spain, all the provisions of Solvency II were transposed into national legislation.

In preparation for Solvency II until the 1 January 2016 effective date, in 2014 the EIOPA (the European insurance advisor) issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II until 2016.

The Group, in addition to working to comply with the adaptation guidelines, has worked actively on implementing Solvency II since the project began, participating in insurance sector working groups and in quantitative and qualitative impact studies conducted by the supervisors, making the necessary adaptations and improvements to its systems and operation.

The Group is preparing to comply with Solvency II when it comes into force on 1 January 2016.

5.6. Legal and regulatory risk

Aware of the influence that the regulatory framework can have on the Entity's activities and its potential impact on its long-term sustainability, the CaixaBank Group regularly monitors all regulatory changes. Senior Management, especially through the Regulation Committee set up as an offshoot of the Management Committee, carefully considers the transcendence and scope of new regulatory measures.

The Regulation Division, belonging to the Legal Advisory Area, is tasked with continuously monitoring regulatory changes and handling regulatory alerts, in coordination with the different areas.

In 2015, the Bank took part in the following processes, among others:

- consultative processes to help develop a crisis management framework through delegated acts and technical standards under the Bank Recovery and Resolution Directive (BRRD) and include these developments in national legislation;
- review of capital consumption frameworks for credit, market and operational risk, which the Basel Committee is currently carrying out;
- monitoring of developments by ESMA and the European Commission in relation to the Markets in Financial Instruments Directive, known as MIFID II and the Regulation on Markets in Financial Instruments amending EMIR Regulation 648/2012 (MiFIR);
- developments by the European Supervision Authorities of Regulation 1286/2014, on key information documents for packaged retail and insurance-based investment products (PRIIPs);
- the review of the Directive on Payment Services (PSD2).

On the subject of tax risk, key developments in 2015 included the following:

- the CaixaBank Group's governing bodies drew up a Fiscal Strategy, containing its key tax policies;
- the Tax Risk Control and Management Policy was drawn up and approved by the CaixaBank Group's governing bodies as a key element in determining responsibilities when managing decisions with a tax impact;
- adherence to the Code of Good Tax Practices;
- review and updating of standardised procedures for complying with tax obligations and existing functional control tools.

5.7. Reputational risk

The Corporate Social Responsibility and Reputation Area, under the supervision of the Reputation Committee, is entrusted with monitoring any reputational risk which, should it arise, could adversely affect CaixaBank's image, with this meaning the perception and expectations of the Group held by its stakeholders.

In 2015, the CaixaBank Group's Reputation Committee was given an overhaul and renamed the Corporate Responsibility and Reputation Committee to bring it in line with the recommendations of the new Good Governance Code for Listed Companies approved by the CNMV in February 2015. The Committee will report to the Nomination Committee of the CaixaBank Board of Directors. Its functions include the duty to: "Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter". One of the key tasks performed in this regard was to prepare the CaixaBank Group's Corporate Social Responsibility Policy.

In 2015, the scorecard was expanded to include those risks with the greatest potential impact on reputation and work was finished on automating the input of indicators in the tool employed by the Bank for managing other risks. Traffic lights were also configured for each indicator to detect the criticality of changes in each one and respond more decisively to red alerts.

The main actions carried out in 2015 to improve certain indicators were as follows:

- fostering financial training by staging over 100 workshops intended for groups of society at risk of social exclusion. This campaign was in response to calls by consumer associations and was carried out in partnership with MicroBank, services sector enterprises and "la Caixa" volunteers.
- Close coordination with all press and media channels to convey CaixaBank's key achievements and milestones. The Group's presence on social media has also been ramped up.
- An internal and external communications campaign was also run using fact files and corporate videos to explain CaixaBank's most significant efforts in the area of corporate social responsibility.

In the area of mortgage loan defaults, branch staff received additional training in 2015 on applying the solution set out in the Good Practices Code for the viable restructuring of mortgage debts, which is available to those borrowers at risk of social exclusion. Moreover, the number of dwellings donated by the Group to the Social Housing Fund (FSV) hit 2,629, exceeding the initial target of 1,085 homes (including Banco de Valencia and Barclays).

6. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At the Annual General Meeting held on 19 April 2012, shareholders authorised the company's Board of Directors to buy treasury shares by virtue of the provisions in article 146 of the Corporate Enterprises Act, revoking in tandem the unused portion of the authorisation previously granted at the Annual General Meeting held on 12 May 2011. The authorisation is valid for five years (see Note 25.1 to the financial statements).

By virtue of the aforementioned authorization, CaixaBank's Board of Directors is able to approve and modify the policy on treasury shares, as set out in the Internal Rules of Conduct and the Internal Rules of Conduct for Treasury Share Transactions of CaixaBank, S.A. and its group of companies. Both these documents are available on the corporate website. Transactions with treasury shares must always be for legitimate purposes and comply with applicable regulations, such as supporting the market liquidity of CaixaBank shares or enhancing regularity in trading. Treasury share operations must never be carried out in order to intervene in the free market or to benefit certain shareholders of CaixaBank.

At 31 December 2015, CaixaBank held 5,150,471 treasury shares, representing 0.088% of its share capital and with an acquisition cost of EUR 19,713 thousand.

At 31 December 2014, CaixaBank held 2,656,651 treasury shares, representing 0.046% of its share capital and with an acquisition cost of EUR 11,013 thousand.

Net gains/(losses) on transactions involving treasury shares in 2015 and 2014 amounted to gains of EUR 72 thousand and EUR 3,205 thousand, respectively, which were taken to "Unrestricted reserves".

7. KEY DISCLOSURES ON CAIXABANK SHARES

7.1. CaixaBank shareholder structure

At 31 December 2015, CaixaBank's capital was represented by 5,823,990,317 shares, each with a par value of one euro. CaixaBank's controlling shareholder is Criteria Caixa, which holds a 56.76% stake in the company.

Movements in CaixaBank's share capital in 2013 are disclosed in Note 25 to the accompanying financial statements.

The company's free float (meaning the percentage of share capital not held by the majority shareholder or by company directors) stood at 41.28%. This free float was distributed among more than 704,000 shareholders.

CaixaBank has not been informed of any agreements between its shareholders for the concerted exercise of voting rights or any that could restrict the free transfer of shares, except for the agreement described under section A.6 of the accompanying annual corporate governance report.

At 31 December 2015, non-controlling shareholders (including employees) held approximately 47% of the free float (19% of total capital), while the remaining 53% was held by institutional investors.

The geographic distribution of institutional investors is as follows:

	%
North America	34%
Great Britain and Ireland	23%
Spain	16%
Rest of Europe	17%
Rest of the world	10%

7.2. Shareholder remuneration policy and share price performance

Shareholder remuneration (Note 6)

Shareholder remuneration remains one of CaixaBank's top priorities. In 2015, CaixaBank agreed to pay out a gross annual total of EUR 0.16 per share through four quarterly payments, two in cash and two under the CaixaBank scrip dividend programme, which is essentially a bonus share issue for shareholders. The first dividend charged to 2015 was paid in September under the scrip dividend programme, allowing shareholders to choose between shares under a capital increase, cash from the sale of their rights under the same increase, or a combination of both. The second dividend was paid out in cash in December (EUR 0.04/share).

The Bank agreed that from 2015 onward it will earmark at least 50% of its profit for cash remuneration. From 2017 on, the 2015-2018 Strategic Plan dictates that if the Basel III CET1 capital adequacy ratio exceeds 12%, capital will be returned to the shareholders through the buy-back of shares or payment of a special dividend.

CaixaBank share performance

Most European stock markets closed out 2015 with tepid growth in a year that saw the steady economic improvement being threatened by lingering concerns over Greece in the first half of the year, the slowdown of the Chinese economy and other emerging nations and the resulting slump in commodity prices. The Euro Stoxx 50 gained 3.8% in the year while the Ibex 35 was the worst performer among all the main European indices, reporting a 7.2% drop in response to growing political uncertainty both at home and internationally. Looking ahead to 2016, we expect to see a certain slowdown in global growth and ongoing uncertainty in relation to certain key areas: (i) a possible hard landing by the Chinese economy; (ii) a continuation of political risks in Spain; (iii) unwelcome repercussions of the interest rates hikes in the United States.

CaixaBank shares shed 26.3% in 2015, closing out the year at EUR 3.214 per share. This decline was greater than the average for the Spanish financial sector, which dropped by 24.0% during the period and greater also than the 4.9% drop seen by the Euro Stoxx Eurozone Bank index.

CaixaBank share performance

Stock market capitalization (EUR million)	18,702
Number of outstanding shares (1)	5,818,840
Share price (€/share)	
Quoted price at the start of the period (31-12-2014) (2)	4.361
Quoted price at the end of the period (31-12-2015) (2)	3.214
Maximum price (2)	4.510
Minimum price (2)	3.214
Trading volume (number of shares, excluding special transactions, in thousands)	
Highest daily trading volume	39,681
Lowest daily trading volume	3,498
Average daily trading volume	13,467
Market ratios	
Net Profit (€M) (12 months)	814
Average number of outstanding shares - fully diluted (1)	5,820,365
Earnings per share (EPS) (€/share)	**0.14**
Equity (€ million)	25,204
Number of shares outstanding at 31/12/2015 - fully diluted (1)	5,818,840
Book value per share (€/share) – fully diluted	**4.33**
Tangible equity (€ million)	20,192
Number of shares outstanding at 31/12/2015 - fully diluted (1)	5,818,840
Tangible book value per share (€/share) – fully diluted	**3.47**
PER	**22.97**
P/B ratio – fully diluted	**0.93**
Dividend yield (3)	**5.0%**

(1) Number of shares excluding treasury shares

(2) Trading session closing price

(3) Calculated by dividing the yield for the past 12 months (EUR 0.16/share) by the share price at the end of the period.

7.3. Coverage

In late 2015, 34 Spanish and international financial analysis companies covered CaixaBank shares.

Analyst opinions provide CaixaBank shareholders with an independent and external source to help them understand market opinion on the shares and obtain a better overview of the trends and potential upside or downside of the shares.

"Buy" and "hold" recommendations accounted for 74% of total opinions. At December 2015, the average target price set by analysts was EUR 3.92 per share.

Analysts singled out CaixaBank's leadership of the retail banking market in Spain, coupled with the strength of the franchise and its sturdy balance sheet.

7.4. Relations with non-controlling shareholders

CaixaBank’s commitment to its non-controlling shareholders is key in relation to reporting, shareholder service, training and the benefits enjoyed by to this group of stakeholders.

In 2015, the Bank continued to enhance the digitalisation of its information channels by launching a monthly Accionistas CaixaBank newsletter (CaixaBank Shareholders) and a multimedia gallery, featuring training and corporate presentation videos for shareholders. The Bank also improved interaction and communication with shareholders by arranging in-person meetings and events across Spain. The aim here was to provide information straight from the horse’s mouth on the Bank's new Strategic Plan for the 2015-2018 horizon, and to clear up any doubts and queries in relation to this or any other matter.

The CaixaBank Group's shareholder service channels and initiatives can be summarised as follows:

- **Shareholder Service**, which can be contacted by e-mail, telephone, or post. In 2015, the Bank logged 2,026 exchanges with shareholders.
- The **Shareholders Office**, providing a direct channel for discussing doubts, making inquiries and raising suggestions. The Shareholder Office is located at the Bank's corporate headquarters in Barcelona and also travels with the Shareholder Relations team to any city where they may be posted at any given time.
- **Meetings with shareholders** to report on the Bank's 2015-2018 Strategic Plan, along with its earnings, shareholder remuneration and all initiatives aimed at shareholders. A total of 12 meetings were held in 2015, with 1,089 shareholders in attendance.
- The **CaixaBank Shareholder Advisory Committee**, which comprises 17 members representing the company's shareholding structure and which is partially rotated each year. During its two meetings in 2015, the committee assessed the implementation of committee recommendations and received new ideas on how to build even stronger relationships between shareholders and CaixaBank.

The following information channels are available to CaixaBank shareholders:

- **Corporate website**, which includes the Shareholder Services section (191,932 visits in 2015), where all shareholder-related initiatives are discussed at length.
- **Accionistas CaixaBank mobile portal,** with information on share prices, access to Significant Corporate Events and details of new developments and news in relation to shareholder initiatives.
- **The Shareholder Magazine**, a half-yearly publication containing corporate information that is sent out to those shareholders who have at least 1,000 shares deposited with the Bank.
- **Accionistas CaixaBank newsletter**, a new digital publication that is sent out by e-mail every month to all Bank shareholders who have provided an e-mail address.

- **Shareholder Information Service Reports**, which have different release dates and can be received by e-mail on request.
- **E-mail and text updates**, with information on the Annual General Meeting, corporate M&A, earnings, dividends, and special offers and discounts for shareholders.
- Accionista CaixaBank Twitter profile, with daily tweets on share closing prices, published reports and sundry information of interest to shareholders.
- **Information on results, shareholder remuneration and shareholder benefits,** available to shareholders from CaixaBank branches.

The following advantages were made available to shareholders in 2015:

- **Financial benefits**, such as exemption from paying fees on the purchase, administration or custody of CaixaBank shares held with the Bank; the CaixaBank Share Investment Account; or the CaixaBank shareholder card, which is free for shareholders with at least 1,000 shares deposited with the Bank and entitles them to exclusive benefits.
- **Regular offers** for shareholders - technological products, travel, etc.
- Three **competitions** to raise shareholders' knowledge of the Bank, with 16,846 participants.
- A range of **cultural and sports events** carried out across Spain.

CaixaBank is firmly committed to sharing macroeconomic and stock market know-how with its shareholders. It does so through the **Learning Room** programme, which features on-site courses and online resources available from the corporate website. **Courses for shareholders** continued to be arranged in 2015, including “Trading in the financial markets”, “Economic outlook and analysis” and “Financial products and taxation”. A total of 16 courses were given in 2015, with 1,306 participants.

8. CREDIT RATINGS

At the date of this Management Report, CaixaBank has been assigned the following credit ratings:

	Long-term	Current	Outlook	Assessment date	Rating - mortgage covered bonds
Standard & Poor's Credit Market Services Europe Limited	BBB	A-2	Stable	06/10/2015	A+
Fitch Ratings España, SAU	BBB	F2	Positive	23/02/2016	
Moody's Investor Services España, SA	Baa2	P-2	Stable	17/06/2015	Aa2
DBRS	A (low)	R-1 (low)	Positive	20/11/2015	AA (low)

On 6 October 2015, Standard & Poor's confirmed CaixaBank's long-term rating (BBB) with stable outlook.

Fitch confirmed its long-term rating (BBB) and maintained its outlook at positive on 23 February 2016.

On 17 June 2015, Fitch upgraded the long-term ratings (senior unsecured and deposits) from Baa3 to Baa2 with stable outlook, following implementation of its new bank rating methodology.

DBRS confirmed its long-term rating (A low) and upgraded its outlook from stable to positive on 20 November 2015. For mortgage covered bonds, it awarded a credit rating of AA (low) on 20 January 2016.

9. CUSTOMER CARE SERVICES

Pursuant to Ministerial Order ECO/734/2004, of 11 March, during the first quarter of each year, Customer Service and the Customer Ombudsman must furnish the Board of Directors with a report on their performance. In compliance with this ministerial order, a summary of the report is provided below.

CaixaBank has a Customer Service team and Customer Ombudsman at its disposal, charged with handling and resolving customer complaints and claims. Customer Service is in-house and has authority to deal with complaints involving sums of over EUR 120,000. The Customer Ombudsman is an independent institution responsible for resolving all other complaints and claims.

Both bodies are supported by the Customer Service Office which is assigned the task of resolving complaints received through various channels (telephone, email or letters to the CEO). This office's goal is to limit the number of complaints received, by taking preventive steps and acting quickly and on a case-by-case basis to deal with any disputes personally in order to "avoid, resolve and improve".

If complaints are not resolved satisfactorily or two months have elapsed without obtaining a reply, claimants can contact the complaints services of the supervisors: Bank of Spain, CNMV and the Directorate General of Insurance and Pension Plans. Reports issued by the supervisors' complaints services are not binding and the entity against which a complaint has been lodged must decide whether any rectification is needed.

Complaints received by the Customer Service Office

	Number of complaints	
	2015	**2014**
Free customer care telephone service	9,238	11,200
Letters to the CEO	16,714	18,394
Internet portal	15,110	10,612
Total	**41,062**	**40,206**

Complaints received by customer services

	Number of complaints	
	2015	**2014**
Customer Care Service	14	4
Customer Ombudsman	4,105	4,282
Total	**4,119**	**4,286**

Complaints handled through official channels

	Number of complaints	
	2015	**2014**
Bank of Spain	2,895	4,359
Spanish Securities Market Regulator (CNMV)	65	78
Directorate General of Insurance	80	32
Total	**3,040**	**4,469**

Three and 229 complaints were received by Customer Service and the Customer Ombudsman, respectively, in 2015, which have yet to be resolved.

The number of reports or resolutions issued by customer services and the supervisors' complaints services was as follows:

Resolutions issued by customer services

Type of resolution	Customer Care Service 2015	Customer Care Service 2014	Customer Ombudsman 2015	Customer Ombudsman 2014
Resolved in favour of the claimant	1	0	724	694
Resolved in favour of the entity	3	4	2149	2688
Acceptance	0	0	514	390
Others (rejected/unresolved)	7	0	434	639
Total	**11**	**4**	**3,821**	**4,411**

Report issued by the supervisors' complaints services

Type of resolution	Bank of Spain 2015	Bank of Spain 2014	Spanish Securities Market Regulator (CNMV) 2015	Spanish Securities Market Regulator (CNMV) 2014	Directorate General of Insurance 2015	Directorate General of Insurance 2014
Resolved in favour of the claimant	2,222	2,158	59	105	8	16
Resolved in favour of the entity	818	749	17	48	59	9
Acceptance	1,403	1,093	7	8	0	0
Others (rejected/unresolved)	83	192	3	3	13	2
Total	**4,526**	**4,192**	**86**	**164**	**80**	**27**

A number of areas for improving policies, procedures and documents for marketing the products and services of CaixaBank and its group were identified through an exhaustive analysis of complaints received and, in particular, the reports issued by the supervisors' claims services throughout 2015. Customer Service made 23 recommendations in this regard, especially in the following areas:

- Information on customer loan arrangement costs.
- Information on tacit overdrafts for customers.
- Pre-contract information to be provided to mortgage loan guarantors.
- Documentation publicising Code of Best Practices.

Regulatory Compliance is responsible for ensuring these recommendations are acted upon, and reporting progress to the Management Committee.

The Customer Service Office also put forward a number of enhancements in the areas of:

- Personnel training on the grievances system.
- Digitalisation of claims received from the branch network through the "*electronic internal mail*" system.
- Improvement to provide PINs immediately.
- New circuit for delivering physical cards to customers away from home.

10. CUSTOMER QUALITY AND EXPERIENCE

Service quality is one of the hallmarks of CaixaBank and we therefore treat it as a competitive edge and an element that helps differentiates our banking business. Quality is ultimately intended to achieve the maximum possible satisfaction and positive word of mouth among CaixaBank's stakeholders: customers, employees, shareholders and the community at large.

Following on from previous years, CaixaBank remained fully committed to offering high quality service in 2015 and we therefore aspire to become best bank when it comes to quality and reputation, a challenge we have set ourselves in the 2015-2018 Strategic Plan. Service excellence will be our calling as we offer unrivalled treatment and the products and services best suited to each customer, along with personalised care.

Quality will therefore remain an utmost priority, and will be based on trust, proximity, efficiency and the ability to provide unique and memorable experiences.

To achieve this, the Quality and Customer Experience Division has a quality officer in each of the regions. In 2015, these officers visited all of the branches in their area with room for improvement, devising specific upon action plans adapted to the specific characteristics of each centre and therefore to the needs of its customers, thus optimising levels of service at the branch.

Special efforts were made in 2015 to generate more promoter customers for CaixaBank by raising awareness across the company of the importance of delivering good experiences in order to enhance customers’ perception of CaixaBank each and every time they come into contact with us and therefore increase positive word of mouth.

We are already implementing the methodology and a suitable customer experience culture so as to be able to gauge what customers feel when they interact with CaixaBank and better understand their needs, thus improving their level of satisfaction and generate recommendations.

Customer perception must therefore be measured and their opinions gathered if we are to maintain our excellent levels of service. CaixaBank conducts regular customer satisfaction surveys and has set up internal service quality indicators across the branch network, which it has coined the Customer Satisfaction Index (CSI) and the Recommendation Index (Net Promoter Score, or NPS for short). More than 350,000 customer surveys are conducted yearly for all CaixaBank businesses (Individuals/Retail, Premier, Private, Business, Institutions and Corporate) and for all available channels (Branch, Línea Abierta online banking, ATMs and Mobiles). The CSI addresses aspects such as attention received and employee availability, knowledge of products, adapting to the needs of customers, or taking the initiative and showing a proactive approach when offering products and services, among others.

The year saw significant improvements in levels of both satisfaction and word of mouth, thanks to the efforts of all CaixaBank teams that have been working to ensure more customer orientation; a key priority in our 2015-2018 Strategic Plan.

As well as the surveys, the Bank makes use of mystery shoppers, enabling to see how potential new customers are treated. Certain branches also carry out specific satisfaction polls so as to proactively detect areas for improvement and improve quality management.

In 2015, CaixaBank successfully disseminated and implemented a system for measuring internal quality, addressing all the services provided to the Bank’s different stakeholders (employees, customers, shareholders, and so forth). The system allows the Bank to compile enough qualitative and quantitative information to be able to implement specific action plans.

CaixaBank is actively seeking to retain its position of leadership in management, by pressing on with various initiatives to complement and further the Bank's strategic lines with a Group-wide roll-out that has not only involved CaixaBank but also the entire business group and all its stakeholders. Highlights here include:

- Systematic implementation of the EFQM-2014 improvement recommendations across all the main areas of the Group to therefore achieve full implementation of the EFQM model.
- A new ground-breaking system for measuring internal quality (and for managing the entire company), which seeks internal awareness of and commitment to continuous improvement and management excellence.
- Highest ranked Spanish company in Europe when it comes to management/EFQM: CaixaBank came second in the EFQM Good Practice Competition (through one of its MicroBank group companies and on account of its firm commitment to providing credit to the most needy groups of society).
- Further advances made in obtaining certification for its main specialised segments: the companies business earned its first European certification from Aenor, which can be added the certification already earned by the Premier Banking segment.

Challenges for 2016 will be to reinforce the specialisation of key segments (Companies and Premier Banking) by relying on their management leadership and commitment to renewing the EFQM seal by at least matching or exceeding the position and points earned in 2014 (+600 EFQM points).

11. ENVIRONMENTAL INFORMATION

CaixaBank is committed to carrying out its business, projects, products and services in the most environmentally-friendly way possible. To that end, the Group encourages financing for projects that take environmental aspects into account, such as energy efficiency and long-term sustainability.

11.1. Environmental management

With society increasingly aware of the need to protect the environment in which we live and work and as part of our continuous improvement policy, CaixaBank has implemented an environmental management system in accordance with European regulation EMAS 1221/2009 and ISO standard 14001 to guide its environmental protection and preservation actions.

On the subject of environmental policy, noteworthy is CaixaBank's embracement of the Equator Principles and the United Nations Global Compact, its voluntary participation in the Carbon Disclosure Project, its commitment to promoting environmentally-friendly technologies and including environmental criteria in products and services, and its ongoing support of initiatives to combat climate change.

Our commitment extends to employees and the companies that work with us, but it must also provide an extra benefit to our customer relations.

Following on from previous years, an audit was conducted in 2015 of the greenhouse gases emitted by - CaixaBank activities in 2014 with the aim of calculating its carbon footprint and establishing actions to minimise this. The Entity also participated in the Verified Carbon Standard- certified Mariposas hydroelectric project in Chile to offset emissions from the Central Services building in Barcelona and from the electricity consumed by the branch network.

Further highlights for the year included the results obtained under the Carbon Disclosure Project, in which CaixaBank was awarded the highest score. The global CDP index assesses the actions of companies on matters affecting climate change. The Entity was given a score of 100 A for transparency and measures taken to tackle climate change, positioning it among the top corporate worldwide in terms of environmental management.

Several initiatives approved in the 2013-2015 Environmental Plan have contributed to achieving this level of excellence. These include: rolling out energy saving measures; using energy generated using renewable sources or cogeneration; and raising awareness of the need to cut paper use, expanding services offered through Línea Abierta online banking and introducing electronic signatures.

11.2. Management of social and environmental risk in project financing

CaixaBank endeavours to maximise profits at the lowest possible risk, and avoid, minimise, mitigate and remedy any factors that threaten the environment or society.

Project finance is carried out under the Equator Principles, which CaixaBank has adhered to since 2007. Accordingly, an analysis is required of the potential environmental and social risks of the projects, pursuant to the standards established by the International Finance Corporation (IFC) for:

- Project finance entailing an overall investment of more than USD 10 million.
- Loans linked to investment projects in excess of USD 100 million overall.
- Project finance bridge loans and advisory services.
- CaixaBank voluntarily applies this procedure to project bonds exceeding EUR 7 million.

- An internal procedure has been in place for syndicated operations for projects exceeding EUR 7 million since 2011. In 2015, the scope of application of this procedure was widened to include project finance of over EUR 5 million, in cases where the borrower is a medium-large, large or very large body corporate.

Under these premises, CaixaBank:

- Projects entailing potentially significant and irreversible risks or impacts for which no viable action plan can be envisaged, or which conflict with corporate values, are rejected.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. Projects are then classified into category A, B, or C, depending on the potential risks and impacts detected during the due diligence process, which involves teams from the sales and risk areas and external and independent experts.
  Category A and some Category B projects may have potential significant adverse impacts. In these cases, an action plan must be drawn up that contributes to preventing, minimising, mitigating and remedying adverse social and environmental impacts.

A total of 14 projects were financed in 2015 within the perimeter of the Equator Principles, with total investment of over EUR 17,808 million, and with CaixaBank contributing EUR 636 million. Of these projects, 12 were categorised as B and two as C. There were no category A projects in the year. All projects were duly assessed by an external and independent expert.

Various online and classroom-based training courses were run in 2015 for managers, risk analysts and lawyers involved in these transactions.

ecoFinancing

In 2013, CaixaBank rolled out a new line of ecoFinancing (ecoFinanciación), offering loans for sustainable development agricultural projects in connection with energy efficiency, efficient use of water, organic farming, renewable energies, waste management and development of rural communities.

During 2015, CaixaBank granted 583 ecoLoans (ecoPréstamos) totalling EUR 1,582 thousand, allowing consumers to purchase energy-efficient vehicles and appliances and to add energy-efficient features to their homes.

MicroBank, a CaixaBank Group company, financed 393 personal eco-Microloans (ecoMicrocréditos) totalling EUR 594 thousand, encouraging sustainable investments that improve resource efficiency or reduce environmental impacts. Moreover, a total of 53 ecoFinancing loans were granted to the farming sector for a total of EUR 3,585 thousand.

MicroBank also collaborates with the World Wildlife Fund (WWF) on environmental conservation and sustainable development through its own financial contributions and those of its customers, which are made via the Cuenta Verde account.

Encouraging the use of more energy efficient cars (low CO_2 emissions and electric and hybrid vehicles)

CaixaRenting promotes sales of low CO_2 emission, hybrid and electric vehicles through advertising campaigns.

A total of 68% of the vehicles featured in the 1,600 commercial campaigns launched in 2015 were low-emission vehicles.

It also continues to support the Spanish government's PIMA Aire Plan, encouraging a widespread shift by Spanish drivers towards more fuel-efficient and environmentally-friendly vehicles.

12. HUMAN RIGHTS AND CODES OF CONDUCT

CaixaBank has a Code of Business Conduct and Ethics, which is binding on all employees, executives and members of the governing bodies.

The Code is rooted in the values of quality, trust and social commitment and fosters the following conduct:

- Compliance with applicable law, rules and regulations
- Respect for people, cultures, institutions, and the environment
- Integrity
- Transparency
- Excellence and professionalism
- Confidentiality
- Social responsibility

CaixaBank also has an anti-corruption policy that expressly prohibits any kind of unlawful activity related to corruption, such as extortion, bribery, facilitating payments and influence peddling.

Training was given to all employees in 2015 on the Code of Business Conduct and Ethics and the anti-corruption policy.

The Bank also has an internal code of conduct for specific areas (such as the Internal Code of Conduct on Matters Relating to the Securities Market, the Telematic Code of Conduct and the Code of Conduct relating to the Euribor Contribution Process). It also has specific policies relating to ethics and social and environmental values and principles with its stakeholders: Ethics, environmental and social values for Group suppliers, anti-money laundering policy, anti-discrimination policies and financial inclusion policies for MicroBank, the Group's social banking arm. In 2015, the Board of Directors approved CaixaBank's Corporate Social Responsibility Policy. The decision was also reached in March 2015 to honour and abide by the Code of Good Tax Practices.

CaixaBank is also a signatory to international ethical standards such as the United Nations Global Compact, the Women's Empowerment Principles, and the Equator Principles in the field of project financing.

To ensure compliance with the codes of conduct, a confidential channel has been set up within the company whereby employees can:

- Resolve any doubts they may have on how to interpret or apply the codes.
- Report any possible breaches of the codes.
- Report breaches or grievances in relation to the financial or accounting information.

Regulatory Compliance addresses all incoming questions and claims. It also heads the process of investigating the reports, which may require the involvement of other departments or divisions. The whistle-blower or subject is guaranteed full anonymity at all times and his or her identity will only be disclosed with his or her prior consent and only if absolutely essential for the investigation to continue. A joint body will then reach a final decision on the matter based on the results of the completed investigation. A total of ten consultations and four grievances were received in 2015 in relation to the Code of Ethics.

13. HUMAN RESOURCES

13.1. CaixaBank's most important asset: people

As part of its quest for excellence - as in all areas of the business - CaixaBank has defined and rolled out a comprehensive human resource management model. This model integrates the Group's human resources management policies and principles, the processes and systems geared toward satisfying and involving all stakeholders, the management drivers for these processes and systems, and measurement tools to ensure ongoing improvements across the entire model.

The roll-out of challenge number five under CaixaBank's 2015-2018 Strategic Plan will require the Bank to develop and hone professional capacities, ensure a system of decentralised management with local empowerment, adapt the remuneration structure and professional development plans accordingly, and strengthen a culture of meritocracy and diversity of the human team.

Changes in the average headcount are disclosed in Note 35 to the accompanying financial statements. The 2015 average headcount has been 32,289 employees.

13.2. Management policies and principles

CaixaBank predicates its people management policy on respect for diversity, equal opportunities and non-discrimination on any grounds, including gender, age or disability. It therefore considers it essential to ensure transparency in recruitment processes and when promoting existing employees. To such end, it has defined the following policies and management principles:

- diversity, equal opportunities and work/life balance
- promoting career development
- merit-based approach to internal selection processes
- performance-based variable pay directly related to the attainment of individual and team targets
- occupational health and safety
- optimising internal communications

A job integration agreement was signed on 14 April 2015 as part of the process of integrating Barclays Bank, SAU within CaixaBank. The agreement ensures that Barclays staff will enjoy the same salaries and employee pension, insurance and other benefits as those enjoyed by CaixaBank personnel.

Similarly, a workforce restructuring agreement was signed on 29 June 2015, providing voluntary options for employees to allow the Group to reorganise and rebalance the geographical distribution of its employees.

Diversity, equal opportunities and work/life balance policies:

CaixaBank's commitment to equality and work/life balance is evident in its adherence to different initiatives and standards as well as the steady growth in female representation in the Group's management ranks.

- **Family-responsible company** Since 2010, CaixaBank has been following the management model of Fundación Másfamilia, geared towards the continuous improvement of equality and work-life balance, leading to the F-RC certificate (family-responsible company),

- CaixaBank adheres to the **Women's Empowerment Principles** (WEPs), a global initiative championed by the UN and its Global Compact, with membership implying a public commitment to supporting and implementing the WEPs.

- The Bank is a signatory to the **Diversity Charter**, a voluntary initiative open to companies and public bodies to promote the basic principles of equality; conduct that respects the right of all people to employment and social inclusion; recognition of the benefits of cultural, demographic and social diversity within companies and organisations; implementation of specific policies to foster a non-discriminatory working environment in terms of employment, training and promotion; and promoting non-discrimination programmes aimed at underprivileged groups.

- CaixaBank and the Ministry of Health, Social Services and Equality also signed the first **voluntary agreements to increase the presence and involvement of women in management positions within companies**. This ground-breaking initiative is one of the most important pledges between the Spanish government and the business world to ensure a better balance of men and women in senior positions of responsibility.

  The percentage of women on CaixaBank's managing functions is 33.3%.

Promotion policy

Internal promotion figures within CaixaBank are as follows:

	2015	2014
% internally promoted employees	19.0%	16.6%
% management positions covered internally	99.5%	99.7%

Pay policy

On 26 February 2015, CaixaBank's Board of Directors approved the latest version of the CaixaBank General Remuneration Policy, which explains each pay item while reflecting and incorporating the latest set of regulations governing remuneration. The policy is available to all employees via the Intranet.

Remuneration at CaixaBank essentially features the following pay items:

- Fixed remuneration based on the employee's level of responsibility and career path. This accounts for a significant part of total remuneration and is governed by the collective bargaining agreement and the various internal labour agreements.

- Variable remuneration that takes the form of a performance-related bonus pegged to the attainment of certain pre-defined targets. This remuneration is set up so as to avoid possible conflicts of interest and, when required, includes qualitative assessment principles to help ensure alignment with customer interests and the rules of conduct relating to the securities market. Variable remuneration at CaixaBank is intended to ensure prudent risk management.

  Employee remuneration ensures a reasonable and prudent balance between fixed and variable pay items; one that responds to market conditions and the Bank's specific situation at the time in question and involves a proper assessment of performance.

  When measuring performance, the Bank relies on both quantitative (financial) and qualitative (non-financial) criteria, with the combination depending on the functions and responsibilities of each employee. Qualitative criteria include measures such as customer satisfaction, compliance with external and internal rules and the suitability and fitness of the financial instruments marketed and sold, which are measured by evaluating claims and grievances received and the controls in place to ensure that all action invariably has the customer's best interests in mind.

  Each functional business area or segment has a specifically designed bonus programme in place featuring its own unique metrics and a series of base challenges and conditions for calculating variable remuneration based on the level of attainment. Each employee has a bonus objective on which his or her performance is measured.

  Each month, CaixaBank employees can track their progress in relation to the challenges and conditions that make up their specific bonus programme, and also consult their bonus objective.

- Employee pensions, insurance and other benefits.

  The employee welfare scheme at CaixaBank takes the form of a mixed, defined contribution pension plan for the entire workforce, covering retirement and payouts in the event of incapacity and death.

  CaixaBank also offers employees a number of other employee benefits as part of their remuneration package.

CaixaBank seeks to ensure that each employee is made fully aware of all aspects of his or her salary and other remuneration, plus the incentive schemes and other employee benefits.

In this regard, all Bank employees have access to the *My Total Remuneration* app, enabling each of them to find out the pay, employee benefits and other perks they received over the last twelve months.

Occupational health and safety policy

CaixaBank has an **occupational health and safety management system** in compliance with applicable law and OHSAS 18001:2007 (voluntary certification).

This standard requires the management system undergo a yearly audit by both internal and external auditors. In 2015, the Bank approved completion of the improvements relating to 2014 and conducted the relevant follow-up audits. CaixaBank's preventive management system guarantees the health and safety of all employees and effectively integrates a culture of prevention across the organisation.

CaixaBank's Prevention Office integrated specific mechanisms during the year so as to better control and monitor present needs in relation to occupational health and safety. It also worked alongside Development and Training in staging training activities with the aim of raising employee awareness and knowledge of occupational health and safety concerns. Moreover, all employees were offered a health check-up based on the specific risks of their job and asked to take part in various health-oriented campaigns (healthy habits, nutrition and physical activity, preventing back pain, etc.).

Internal communication policy

Internal communication focuses on three main aspects:

- raising awareness of the Bank's strategic and business priorities as these arise;
- disclosing those internal policies that affect employees and good practices and announcing internal and external recognitions and accolades granted to specific employees or to the Bank;
- finding out the expectations and concerns of all employees so as to be able to talk with them effectively.

To achieve these aims, the "Personas" page on the Intranet –with upwards of 1.7 million visits a month and which expanded its presence in 2015 with regional websites to provide region-specific information– provides regular information on new institutional and strategic developments. The "Working here pays off" page stores up-to-date information on the each employee's individual relationship with the Bank, along with the associated employee benefits. The CanalCaixa internal magazine also regularly features CaixaBank employees.

Lastly, the senior management holds face-to-face meetings and other events with groups of employees from all areas of the Bank to strengthen ties at all levels, while also rolling out motivational campaigns targeting the entire workforce.

International HR management policy

CaixaBank manages people across 17 different countries, respecting the local characteristics and customs of each region, but based nonetheless on a unified policy across the Group. Mobility between the different countries is also addressed in the Bank's **single international mobility policy for long and short-term transfers**.

In 2015, we updated the international mobility policy to bring it in line with market changes. The new policy features the following key changes: benefits rendered more flexible, allowing expatriates to use them as best suits their personal situation and making them easier to arrange and manage; enhancing family protection for international transfers by placing the family at the centre of the mobility management process; and strengthening safety measures (in coordination with the Safety Division) in view of the prevailing global climate.

Furthermore, and with the aim of structuring and assessing performance on an international scale, the new functions of International Banking have been defined to include the traditional functions of representative offices and branches and the business they engage in. For the first time, a specific policy addressing challenges has been defined, plus a set of new competency-based assessments for each function.

13.3. Professional development

To ensure full employee satisfaction and commitment, CaixaBank has a number of specific programmes in place aimed at:

- training and knowledge management
- performance evaluation and talent management
- employee involvement and recognition schemes

Training and knowledge management

A well-trained team is critical to excellent customer service and adapting to emerging business and market requirements.

The various training initiatives are set up on-site at the employee's work centre and also make use of Virtaula, CaixaBank's e-learning platform, allowing employees to share their knowledge and optimise their time.

For CaixaBank, the knowledge of its employees is a hugely valuable intangible asset. To this end, CaixaBank works to structure and transmit this knowledge by different means, including internal trainers and knowledge leaders, technology such as Virtaula, and the Conecta in-house social network, which facilitates the sharing of information, ideas, opinions and experiences.

Following the arrival of the Banking Union, European regulators are insisting more and more on certification in relation to financial advice. CaixaBank is now favouring the approach that the Anglo-Saxon model has been following for years now; keeping one step ahead of the sector by seeing to it that 5,618 employees have already earned the Diploma in Financial Advice from Pompeu Fabra University of Barcelona, and also the **International Certificate in Wealth & Investment Management** from the Chartered Institute for Securities & Investment (CISI), which is accredited by Europe’s flagship regulatory body , the Financial Conduct Authority (FSA), the most widely recognised body operating within the financial sector worldwide.

Performance evaluation and talent management

CaixaBank has consolidated its own model for identifying, evaluating and nurturing executive talent based on a competency-based approach and the leadership model intended to transform the Bank.

Competency-based assessments have now reached 100% of the workforce. This process, supplemented with other mechanisms and tools such as manager assessment and 180% evaluation, not only improves feedback processes between the management and employees, but also flags those employees showing the greatest potential within the organisation so that they can be put on specific career development programmes. In tandem with this initiative, the *My performance evaluation* document lists each employee's individual skills and targets and provides a detailed explanation of the findings of the assessment.

Transformational leadership model

This leadership model ensures that the actions of CaixaBank team leaders are in line with corporate strategy and values; champions innovation and creativity as the drivers of change (a necessary element in the current competitive environment); fosters the personal and professional growth of all employees; and empowers individuals and their ideas as the drivers of the Bank's transformation.

Executive Development Centre (EDC)

Aware of the key role played by CaixaBank executives within the Bank's business model and leadership, the EDC provides bespoke training and development programmes in partnership with leading business schools in Spain (such as IESE and ESADE) to hone their skills while providing support for the deployment of strategic initiatives. It also strengthens their sense of belonging at the Bank and their appreciation of its values and culture, while also facilitating executive networking opportunities. The EDC also offers conferences and specific programmes and courses to refine management skills.

To ensure continuous the development of executives, the EDC offers a Digital EDC space with with a permanent supply of resources.

A total of 316 employees took part in 2015 (up 18% year on year).

Employee participation and recognition schemes

Employee recognition is crucial to motivation, engagement and commitment with respect to delivery of individual targets and contribution to team objectives.

CaixaBank recognises and rewards its employees' attitudes and contributions with individual prizes and awards at team and business segment levels.

Highlights here include the **Prizes for Excellent Service**, which are awarded to those teams that reported the best result for the year in terms of customer care quality; recognitions for the **Best Sales Teams**, which are open to the largest number of employees of all the accolades and reward those branches that post the best results; and also the good practices of the best sellers, which are granted individually. A total of 15 events were held across Spain in 2015 to hand out prizes to employees from the 150 branches with the Best Sales Team, while 60 employees were awarded prizes for Best Seller. In total, 753 individuals received the applause of the 11,700-plus people who turned up at the events.

Social commitment

As social commitment is one of the Bank's institutional values and because this is key to the ongoing development of its personnel, CaixaBank offers employees participation-based systems for channelling their ideas, initiatives and community outreach endeavours, such as the Corporate Volunteering scheme and Espacio Solidario (Charity Corner).

13.4. Measurement and improvement

CaixaBank employs a number of mechanisms for identifying and flagging actions to enhance employee development, satisfaction and commitment.

- The 2015 Opinion Survey was taken by 64% of all employees, with 69% responding favourably.
- CaixaBank ranked 12 out of the 100 best companies to work at in Spain, according to the Business Monitor of Corporate Reputation (MERCO, to use its Spanish acronym). CaixaBank climbed three positions on 2014, and is now ranked third within the banking sector.

14. INNOVATION

In 2015, CaixaBank invested a total of EUR 165 million in technology, of which EUR 62 million was in R&D and innovation.

Given the fiercely competitive and demanding economic climate, financial institutions need innovation to grow. CaixaBank is wholly committed to innovation. It employs an open and participative model to generate new sources of income and profit through the implementation of new ideas, improve its position in existing businesses, identify and anticipate the impact of new technologies and social changes and capture new business opportunities.

The innovation process at CaixaBank has various focal points, all allowing for the transfer of both knowledge and technology on the path to developing new initiatives and projects.

- **Identifying trends and new ideas**: Identifying knowledge and technology in order to develop new ideas and share them across the company. In doing so, CaixaBank makes use of consultancy firms, relevant websites, companies, academic institutions, banks, etc.

- **Discussing new ideas with the business areas:** trends and new ideas are shared with the business areas and proofs of concept carried out to test the technology.

- **Assessing and defining initiatives and projects:** after evaluating the initiatives with the business areas, the Bank defines the projects to be rolled out.

CaixaBank is strategically committed to Big Data technologies. The 2015-2018 Strategic Plan envisions a Group-wide Big Data project aimed at improving the commercial effectiveness and operational efficiency of selling and internal management processes through the use of Big Data technology.

IBM - CaixaBank Digital Innovation Centre

CaixaBank and IBM continued to work together in 2015 to discover and test emerging technologies within the context of their strategic alliance to manage technological infrastructure.

Extensive work on text processing and to construct natural language processing capabilities was carried out at the Digital Innovation Centre, making CaixaBank the leading company in the development of Watson cognitive technology in Spanish.

In this regard, CaixaBank and IBM have developed a new virtual helper to advise employees on matters relating to foreign trade, while analysing huge amounts of information (international trade law, country-specific regulations, internal regulations, etc.).

Innovation process support tools

The Innova and Conecta tools are used to support the innovation process at CaixaBank.

Innova. In 2015 Innova became the number one tool for collaboration with CaixaBank employees and is continuing to meet its objectives: enhancing a culture of innovation within the organisation, bringing about cultural change and maximising involvement. With over 80% of employees involved in the platform, numerous challenges and product tests were put forward in 2015 in relation to matters of business interest. Based on the ideas and proposals received from employees, various initiatives were tested and turned into fully-fledged projects. Innova also offers employees a suggestions mailbox, allowing them to send their ideas and comments on different aspects to the business areas concerned.

Conecta. Conecta is the chosen tool for communications between employees, helping improve teamwork and encouraging the exchange of knowledge. Through transversal groups, employees can bring forth queries and resolve doubts, learn from the experience of others, and share best practices.

External awards and distinctions

The Group received the following awards in 2015, among others:

- **Euromoney Award for CaixaBank Private Banking** in February 2015: "la Caixa" Private Banking was handed an award by British publication Euromoney at the Private Banking Survey 2015 awards. The publication was swayed by the excellent client attention given by Private Banking and its high-quality services and management model.

- In March 2015, CaixaBank received the **Global Finance Award** for **Best Bank in Spain**. CaixaBank was chosen on account of its ability to adapt to its customers' needs, for being the best bank when it comes to offering market-relevant products, and for having successfully navigated the volatility of recent years and being ready for future success.

- In July 2015**, CaixaBank was named Best Bank in Spain** by British publication Euromoney. The Bank has now won this award three times in the last four years. This global accolade open to institutions from all around the world was handed to CaixaBank in view of its leadership in the Spanish market, coupled with its prudent financial management and its profitable growth strategy rooted in technology and innovation capacity.

- In July 2015, CaixaBank was handed the best score in the 2015 Global Mobile Banking Functionality Benchmark report of **Forrester Research**, which appraises the mobile apps of 41 large retail financial institutions from around the world. According to the report, CaixaBank is one of the very few banks that not only offers account and payment management services, but also provides mobile banking users with predictive tools without having them having to manually key in their details.

- In December 2015, CaixaBank was singled out at the **AFSM Awards 2015** for the exemplary way it structures and manages its technology infrastructure, with particular highlights being its ongoing drive towards digitalisation, mobility and big data, plus the advances made in the field of information security.

15. BRANCH NETWORK

15.1. A branch network with regional roots

To carry out its activity smoothly, CaixaBank has created the largest branch network in the Spanish banking sector. The network has a high degree of capillarity, allowing the Bank's employees to reach numerous locations, as the basic vehicle for the Bank's close relationship with customers. This far-reaching network enables the Bank to provide high-quality, personalized advisory services, and is in turn supported by its other complementary channels.

Following the incorporation of Barclays Bank, CaixaBank is now present in all Spanish towns and cities with a population of over 10,000 and has increased its presence to 93% in towns with over 5,000 inhabitants. In this regard, new attention points have been set up in certain towns in Aragon and Castilla la Mancha to offer support and service for former customers, mostly elderly, of the now-defunct Banco Zaragozano - which was absorbed some time back by Barclays Bank- and also to increase the Bank’s market share in these towns.

Yet in spite of this expansion, the branch network has also been streamlined, especially following the integration of Barclays, whose branches were often located very close to existing CaixaBank branches. This process has enabled the Bank to generate important synergies, while increasing the number of specialist managers able to offer the best possible advice to customers.

It has been carried out with the utmost care, with all attempts made to keep branches in rural communities so as not to abandon any markets, and reposting employees to those branches showing the greatest commercial growth potential.

At 31 December, CaixaBank had a network in Spain of 5,211 branches and 264 teller windows (relocated customer attention centres attached to a main office), in addition to 17 representative branches and branches overseas.

Specialisation and enhancing the in-branch experience

Continuing on from 2014, the number of ***Branch A*** offices was increased further in 2015. Branch A is a new model of branch featuring its own unique design to help ensure that the purchasing experience is as innovative and personalised as possible and responds to all the customer’s needs. By providing customers with new technologies and direct channels for making the most common transactions, branches can focus more on providing advice and added-value services to customers, thus ensuring branch employees are fully available and ultimately making things much more convenient for customers. During the year, the new Branch A concept was opened in Bilbao, Zaragoza, Malaga, Palma de Mallorca, Tarragona, Girona, Tudela and Estella, bringing the total number of cities to have this ground-breaking model to thirteen.

Besides transforming the branch model, CaixaBank rolled out two major commercial initiatives in 2015: the first was to create and enhance the ***AgroBank*** brand to ensure that its branches are suitably geared towards areas of particular importance for the agricultural and farming sector; the second, following the acquisition of Barclays, was the deployment of ***HolaBank*** branches, which are primarily intended for customers from OECD countries who have their primary residence or holiday home in Spain, and who require and value bank employees who can speak their language and are familiar with their home countries.

In tandem with these initiatives and so as to harness the strong points of the merged entities –Barclays in this particular case- CaixaBank changed the name of its Personal Banking Service aimed at medium-wealth customers to ***Premier Banking***. The Bank also implemented a plan to refurbish those branches with a large number of premier customers so as to provide a more suitable and comfortable setting in which to talk with their advisor.

Mobility and new technologies

The current customer care model therefore remains predicated on the network's reach. However, each branch can adapt to its typical customer and market profile, while developing the relevant expertise, training employees and giving them cutting-edge tools relating to mobility, and also redesigning the branch accordingly, including its interior design and lay-out.

The Bank is therefore clearly committed to mobility and new technologies, so much so that all branch managers, private banking managers, premier banking managers and company and store managers now have smart PCs or tablets and smart phones on them so that they can perform the most common transactions for customers when visiting them at their place of business. Customer managers therefore act as a mobile branch of sorts when out and about on their daily visits.

15.2. Geographic distribution of business volume

Since all CaixaBank branches offer their customers the full range of products and services, the breakdown of business volume below is by branches by Spanish Autonomous Community, foreign branches and representative offices at 31 December 2015 and 2014:

	31-12-2015		31-12-2014	
Autonomous communities and cities	**No. of branches**	**%**	**No. of branches**	**%**
Andalusia	917	17.54	917	17.41
Aragon	87	1.66	87	1.65
Asturias	70	1.34	68	1.29
Balearic Islands	207	3.96	207	3.93
Canary Islands	258	4.93	262	4.97
Cantabria	47	0.90	47	0.89
Castilla-La Mancha	153	2.93	149	2.83
Castilla-Leon	250	4.78	237	4.50
Catalonia	1,380	26.40	1,406	26.68
Ceuta	4	0.08	4	0.08
Valencia	443	8.47	436	8.28
Extremadura	64	1.22	64	1.22
Galicia	199	3.81	194	3.68
La Rioja	26	0.50	26	0.49
Madrid	637	12.18	677	12.84
Melilla	2	0.04	2	0.04
Murcia	122	2.33	124	2.35
Navarre	157	3.00	158	3.00
Basque Country	188	3.60	186	3.53
Total branches in Spain	**5,211**	**99.67**	**5,251**	**99.68**
Foreign branches				
Poland (Warsaw)	1	0.02	1	0.02
Morocco (Casablanca)	1	0.02	1	0.02
Morocco (Tangiers)	1	0.02	1	0.02
Total foreign branches	**3**	**0.06**	**3**	**0.06**
Representative offices:				
Germany (Stuttgart)				
Germany (Frankfurt)	1	0.02	1	0.02
China (Peking)	1	0.02	1	0.02
China (Shanghai)	1	0.02	1	0.02
UAE (Dubai)	1	0.02	1	0.02
France (Paris)	1	0.02	1	0.02
India (New Delhi)	1	0.02	1	0.02
Italy (Milan)	1	0.02	1	0.02
UK (London)	1	0.02	1	0.02
Singapore (Singapore)	1	0.02	1	0.02
Turkey (Istanbul)	1	0.02	1	0.02
Chile (Santiago de Chile)	1	0.02	1	0.02
Egypt (El Cairo)	1	0.02	1	0.02
Colombia (Bogota)	1	0.02	1	0.02
United States (New York)	1	0.02		
Total representative offices	**14**	**0.27**	**13**	**0.26**
Total branches	**5,228**	**100.00**	**5,267**	**100.00**

Note: Excludes relocated customer care centres attached to other branches.

15.3 Electronic banking: Internet, mobile, social networks and cards

Digital channels allow CaixaBank, in close partnership with the CaixaBank Group branch network, to offer its clients an innovative, high-quality, accessible, and readily available form of banking anywhere and any time. These new channels stem from our continuous drive towards innovation, with heavy reliance on technology to permanently improve the quality of our services, allow for closer and more personal relationships with customers, and free up time and resources at the branches themselves, thus enabling them to focus more on addressing customer needs by making the commercial relationship with customers more personal. In 2015, more than 90% of total CaixaBank transactions were carried out remotely while 63% of these were completed over the Internet, via mobile banking, or at ATMs.

Online banking

Key indicators of online banking:

- 900 different operations permitted
- 23 languages
- 4.8 million customers using Línea Abierta
- 11.2 million customers with Línea Abierta contracts
- 2,537 million transactions

In 2015, CaixaBank was once again the leading player in online banking in Spain. It is ranked first in terms of its share of the domestic market (31.9% in 2015 according to ComScore) and it also tops the international table in relation to user penetration of banking services in each country. Moreover, and now for the sixth year running, AQmetrix named CaixaBank best bank for service quality.

To enhance the multi-channel model, in 2015 the Bank continued to expand the range of products available through the Ready-to-Buy, a tool allowing customers to use Línea Abierta online banking to arrange products offered to them personally by their manager, without having to pay a visit to their branch.

A further highlight for the year was the work undertaken to further improve digital ties by personalising digital environments, with this extending to both the communication channels and range of products on offer. This ongoing management of the digital customer and the multi-channel model has led to new functionalities that now provide a 360º view of the customer. With the Prior Appointment service, customers can arrange an appointment with their manager/branch by simply stating the reason.

The year 2015 saw the launch of HolaBank, a programme aimed at foreign customers that customises the portal to their needs with a range of specific products and services. It includes multi-channel communication tools such as El Muro (The Wall) so that customers can speak directly with the manager over the Internet. The Wall was already up and running for the CaixaNegocios, CaixaBank Companies, Private Banking and Premier Banking segments.

In 2015, the Bank continued to devise new online and multi-device services to make banking easier and more sophisticated. To further complement ReciBox (over 1.6 million users) and CardBox (upwards of one million users), we launched the Mis Finanzas (My Finances) personal finance manager. This new service features a cutting-edge graphic interface, making the information even easier to understand, and offers advanced yet simple and intuitive functions for managing income and spending at a glance and with a depth of 24 months. Up to three different profiles can be set up, allowing users to manage their personal, family and work-related finances separately. At 31 December 2015, Mis Finanzas already had more than 1.7 million users.

In the corporate realm, improvements were made to three key products for the segment. In foreign trade, CaixaBank leads the way when it comes to online exchange rate hedging. The service has been available since 2014 and can be arranged in three simple steps, providing access to an interactive simulator. As of 2015, users can view all the hedges they have arranged, plus a full array of relevant information organised with commercial utility and and usability firmly in mind. These include hedges arranged manually with specialists operating outside the branch network.

For tax payments, the user experience has been enhanced as they are now guided through the process from start to finish. Users now access the service via one entry point and further options have been added for paying taxes and bills.

Last but not least, the flagship project for the year was the complete overhaul of the online broker and the launch of the new Bolsa Abierta (online trading). Featuring a brand new interface, the service is now more visually appealing, agile and customisable and provides all the information needed to make the right investment decisions.

Products and services through mobile banking

Key figures are as follows:

- 2.8 million active customers of Línea Abierta Mobile
- 1,490 million transactions
- 2.7 million app downloads a year
- 27 million alerts sent.

CaixaBank's mobile banking platform is a sector frontrunner in Spain and an international benchmark. In 2015, CaixaBank's mobile banking service was voted best in the world for the first time by Forrester. It was also named Innovation of the Year in Mobile Payments at the Retail Bankers International Awards. CaixaBank also tops the list in the AQmetrix ranking, which assesses the quality of services rendered.

In 2015, we launched a new version of the "la Caixa" app for both smartphones and tablets, making it more commercial and user-friendly and updating its design. We also added new innovative touches with biometric log-ons to the mobile banking service and push messaging.

We also launched the CaixaBank Pay app in 2015. Available for all devices, the app provides a mobile payment solution featuring NFC technology, and a host of additional services for financial card transactions, such as the option to split payments. Other new services include MailBox, Mis Finanzas, HolaBank, CaixaNegocios and the Wall.

imaginBank was launched recently in January 2016. This new banking model is operated exclusively via mobile phone apps and is Spain's first mobile-only bank, offering a full range of commission-free services, tools for managing personal finances, mobile payments and P2P.

Last but not least, and in response to the relentless levels of innovation in mobility and the increasing popularity of smartwatches, we have developed a branch finder for Apple Watch and a Bolsa Abierta (online trading) app for Android Wear. On the subject of technologies based on the Internet of Things, we are the first financial institution to have developed a mobile app that can be connected to Ford vehicles, allowing users to locate branches in their vicinity.

At 31 December 2015, the new CaixaMovil Store on the Caixa website featured more than 60 free proprietary apps, available for all mobile types.

As a further example of our long-standing support and search for young talent, in 2015 we held the fifth edition of FinappsParty. This year, we staged the Millennial Finapps Party 2015, Maker Edition, with 110 participants from seven different countries. The idea this year round was to ask the 27 teams taking part to create new financial services through a mobile app that connects to objects, with the teams free to develop their app for conventional wearables or for any other device. The so-called “Internet of Things” and the huge possibilities for new digital services of being able to connect to objects are one of the key R&D lines at CaixaBank. To connect things to the Internet, the teams were handed a maker kit containing a microcontroller, sensors, actuators and connectors.

Turning to social networks, CaixaBank already had five social communities set up in 2015, with upwards of 170,000 registered users. CaixaNegocisCommunity has undergone a complete redesign. Club Ahora is intended for elderly citizens while StockTactics is aimed at stock market traders and enthusiasts. EnFamilia multiEstrella and the Finapps Community were both launched in 2015.

EnFamilia multiEstrella is a family-based social network open to both customers and non-customers, who can invite close friends and family to their own private and secure space to share images, experiences and memories. In April 2015, EnFamilia was handed the EFMA Award for most innovative community.

ATMs

Key indicators in respect of ATMs are as follows:

- 9,631 ATMs
- Upwards of 250 services available
- 16 languages
- 620 million transactions
- Market share measured by number of terminals in Spain: 19%

The Bank continued to modernise and upgrade its ATM network in 2015, which involved enhancements to global ATM functionality. In many cases, envelope-based payment units were replaced for cash payment units. Thanks to these upgrades, more than 70% of CaixaBank branches now feature the automatic deposit functionality. Furthermore, customers can now customise the ATM menus to ensure the machine is ideally set up for them. Customisation makes using ATMs a breeze, with features such as “My regular transactions”. Users can also choose the size of bank note they would like when making cash withdrawals. Our ATMs also feature menus in sign language, high-contrast letters for the visually impaired and voiced instructions and guidance for the blind. They also offer simplified “Caixafácil” menus for those users unaccustomed to cash machines.

Another focal point in 2015 was cash recycling at ATMs. In a bid to retain its leader status in banknote recycling in Spain, CaixaBank consolidated its final solution in 2015 with further improvements to branch procedure and tracing of counterfeit notes. Recycling allows for greater operational efficiency at branches and less cash in transit.

We have also added a new service whereby users can use their Android mobile phone with NFC technology to take out cash on debit or credit at the ATM. This functionality is extremely secure and allows customers to use their mobile phone at the ATM as if they were using a contactless card.

Last but not least, our ATMs can be used to communicate with our customers and the terminals can even display videos presenting the institutional campaigns of CaixaBank and Welfare Projects.

Cards

CaixaBank is the leading bank when it comes to payment methods, with 15.1 million cards in circulation, roughly 5.7 million of which are normal credit and revolving credit cards, with 8.2 million debit cards and 1.2 million prepaid cards. Purchases made with these cards totalled EUR 30,090 million, representing a market share of 22.8% of total card turnover.

Through its subsidiary CaixaCard, CaixaBank is leading the way when it comes to contactless cards. Upwards of 6.3 million cards (nearly 50% of the Bank's total cards) and 285,000 point of sale terminals (representing 85% of devices installed) are already fitted with contactless technology. Use of these cards became fully consolidated among the Bank's customers in 2015, with over EUR 3,400 million in turnover and a total of 100 million purchases made with this technology (14% of turnover and 17% of total card purchases). This technology is in fact a core feature of the Bank's new value-added services, such as the 75,000 payment wearables (including contactless wristbands and stickers for mobiles), which accounted for over EUR 14 million in turnover in 2015 from more than 450,000 purchases.

The Bank has also set up an immediate card delivery service to support the branches in marketing the cards. This new service is the first of its kind among Spanish banks and is now available at over 5,000 CaixaBank branches, enabling the branch to hand over the card there and then on the spot as soon as the customer asks for it. Upwards of 170,000 cards have now been delivered through this service.

Key figures are as follows:

CaixaBank cards

- Market share of 22.8%
- 50% market share of the contactless card market
- EUR 5,060 million in online sales
- EUR 2,568 euros processed per second (cards + stores)
- EUR 55,859 million in in-store payments and ATM cash withdrawals (up 14% on 2014)

Customer retailers

- 26.2% market share in card-based purchases
- 303,306 PoS (point of sale) terminals installed
- 954 million in-store transactions (up 18% on 2014) for a total of EUR 35,860 million (up 14% on 2014)
- EUR 4,993 million in e-commerce purchases (up 14% on 2014)

16. WELFARE PROJECTS: FOREVER LOYAL TO ITS ORIGINAL MISSION

After just one year of integration within “la Caixa” Banking Foundation, Welfare Projects closed 2015 with clear signs of improved operational efficiency resulting from the restructuring. Twelve months in which the entity has further consolidated its original commitment to individual and collective progress; its defining hallmark since its inception over a century ago.

”la Caixa” Welfare Projects works closely with the **CaixaBank branch network**, the largest in Spain, to roll out initiatives geared towards the specific social, educational, scientific and cultural needs of each region. To keep up this partnership, part of the Welfare Projects budget must be assigned to the financial network. Through this approach, which pays testament to the social commitment of all “la Caixa” Group employees, a total budget of EUR 43 million was managed in 2015, with over 13,000 aid packages handed out to around 790,000 beneficiaries. The ultimate aim is to champion individual and collective development in the regions where CaixaBank operates its financial business and this is indeed one of the entity’s hallmarks.

The most vulnerable people lie at the heart of this social commitment and are therefore the key priorities of Welfare Projects. With this in mind, the main focal points remain **social and welfare action**, with 336 million of the total 500 million budget earmarked for ”la Caixa” Welfare Projects in 2015. In turn, **cultural projects** will receive 13.5% (EUR 67 million); **science and environmental initiatives** will absorb 11.2% (EUR 56 million); while support for **education and research** will take up 8.2% (EUR 41 million).

The overall budget of **EUR 500 million** -the same allowance as for the last seven years- makes ”la Caixa” Banking Foundation Spain’s largest private foundation and indeed one of the largest worldwide, thanks to the dividends received from CaixaBank and Criteria.

“la Caixa” Welfare Projects tackles and responds to pressing social concerns and challenges: the fight against poverty and exclusion, improving job opportunities, providing access to housing, caring for the elderly and sick people, supporting quality education, advancing research and disseminating culture and knowledge as the drivers of personal development.

These priorities are reflected in the work undertaken in 2015, which yielded the following **key figures** in relation to social work, education, science, the environment and culture:

CaixaProinfancia, the care programme for families with children facing or at risk of exclusion, provided support to over **61,493 children and their family members** in 2015, with the total investment exceeding **EUR 42 million**. Since its inception back in 2007, the project has reached out to over 253,000 children in a bid to break the vicious circle of hereditary poverty. The initiative extends to all the main cities of Spain and their wider metropolitan areas and in 2015 it was extended further to **new towns and cities** in regions such as Galicia and Catalonia in order to widen the outreach of Welfare Projects to better combat child poverty in Spain.

Employment and job initiatives have Incorpora as their flagship programme, which seeks to improve the job prospects of vulnerable and underprivileged individuals. In 2015, Incorpora created close to **23,000 jobs** (versus 19,393 in 2014) thanks to the involvement of over **8,000 companies** across all of Spain, which work closely with the CaixaBank branch network and the CaixaEmpresa centres. The programme remained firmly committed to its Incorpora Training Stations in 2015, a new line of action that seeks to improve the job prospects of those struggling to find work.

Welfare Projects has also been working for the last ten years on improving access to housing for those most at need. This commitment is reflected in programmes such as Vivienda Asequible (affordable housing) and Alquiler Solidario (charity-assisted renting), with flats available from just 85 euros a month for people with yearly income of less than 18,600 euros. Overall, the “la Caixa” Group has provided upwards of **30,000 affordable homes** across all of Spain.

Promoting health and hospital care is another of core aspect of the entity’s social action. In 2015, aid and support was provided to **over 16,000 patients with advanced illnesses and diseases** as part of a project that also offers support and counselling for family members. In recent months, the programme’s outreach was extended further to 100 new healthcare centres in five new provinces.

The elderly still remain one of the entity’s main beneficiaries one hundred years on from the first initiative of Welfare Projects back in 1915: an event to celebrate old age. True to its roots as a retirement pensions and savings institution, upwards of 727,000 senior citizens have **now taken part in the numerous initiatives organised under the active ageing programme, which is present at 612 centres** across all of Spain, with the aim of ensuring the full involvement and integration of elderly people within society.

”la Caixa” Welfare Projects also transcends borders. In the international realm, it has stepped up its collaboration with world-renowned organisations such as **Bill & Melinda Gates Foundation** to improve child vaccination; with **UNICEF** to reduce child deaths caused by pneumonia; and with the **Inter-American Development Bank** (IDB) to champion social and economic development projects in Colombia.

Welfare Projects continues to view **education** as an important driver of individual and collective progress; a belief embodied in **eduCaixa**. This initiative is a prime example of the Banking Foundation's support for training initiatives aimed at students aged 3 to 18 and for teachers and parents associations. Over **two million pupils from 7,500 schools** have already taken part in the educational schemes rolled out by Welfare Projects. A further highlight in the field of education were of **120 new grants** handed out to students to allow them to study postgraduate courses at the best foreign universities.

Another major milestone for the year was the creation of **CaixaImpulse**. This joint initiative by Welfare Projects and Caixa Capital Risc singled out the most promising 15 projects from the 41 presented by various research centres, hospitals and universities. It is Spain’s first comprehensive programme for creating biotechnology companies and aims to help transform scientific knowledge in life sciences and healthcare companies and products that generate value within society.

As a further example of its tireless commitment to research, Welfare Projects continues to advance global healthcare (through ISGlobal, which is now in its fifth year of life), while also promoting research into AIDS (IrsiCaixa), cancer (”la Caixa” Molecular Therapy Unit at Hospital Vall d’Hebron), digestive endoscopic surgery (W.I.D.E.R. institute), neurodegenerative diseases (working alongside CSIC and within the framework of the BarcelonaBeta project), cardiovascular diseases (CNIC), and genetic disorders (with the Girona-based IDIBGI as its partner).

Turning to the **environment**, Welfare projects stepped up its efforts in the area of conservation and improvement of natural spaces across Spain. A total of 210 environmental projects were supported in 2015, with staff hiring for conservation work focusing on individuals at risk of social exclusion. A total of 1,105 beneficiaries found work through these projects in 2015.

Sharing culture with the public, regardless of age and education, is another cornerstone of Welfare Projects. This mainly takes the form of travelling exhibitions and the numerous events organised by the CaixaForum and CosmoCaixa centres. Of the many hugely popular cultural shows and events organised by Welfare Projects in 2015, we might highlight ***Alvar Aalto*** *1898-1976. Organic architecture, art and design;* ***Animals and Pharaohs.*** *The animal kingdom in Ancient Egypt;* ***Drawing Versailles****. Charles Le Brun (1619-1690);* ***Pixar****. 50 years of animation; and* ***El Greco****. Through the eyes of Rusiñol.*

This cultural commitment was also borne out through support for Fundación Arte y Mecenazgo, the staging of El Mesías participatory concerts and conferences and other events relating to the humanities, assistance in creating the online dictionary of the Royal Spanish Academy (RAE), and aid for cultural projects with a social impact.

On balance, a year in which the "la Caixa" Banking Foundation has focused heavily on the most pressing programmes and initiatives, while also rolling out new initiatives in response to emerging social needs.

17. 2016 OUTLOOK AND FORECAST PERFORMANCE FOR THE CAIXABANK GROUP

17.1. 2016 Outlook

Global economic growth for the year as a whole remained sturdy at around 3.1%, with developed nations leading the charge. Looking ahead to 2016, we expect global economic expansion to climb slightly to 3.4% as growth within the eurozone and in certain key emerging nations (such as Mexico and Chile) gains momentum. International economic growth in 2016 should, therefore, fare reasonably well, partly in response to the plummeting oil prices. That said, there are still numerous geopolitical threats with major financial implications and a definite risk of increased instability, which could undermine global economic growth.

The fact that many developed countries are at different stages of the economic cycle will certainly generate monetary divergence, which will have a significant impact on the world economy. The Fed's decision in December to start hiking interest rates in the United States was a major stride towards normalising the nation's monetary policy. The pace and extent of further interest rates hikes in 2016 will ultimately depend on how economic activity, inflation and the job market pan out. The sharp growth in employment in recent months was behind the Fed's decision. Nonetheless, the Fed will continue to keep a watchful eye on how its monetary policy affects other countries. As indicators for the US economy have so far continued to reveal solid growth, we feel that GDP could grow by 2.3% in 2016 (one tenth of a point less than in 2015). Turning to the United Kingdom, the solid growth reported so far (expected growth of 2.2% for 2016; unchanged versus 2015) could also prompt the authorities to start normalising the nation's monetary policy, although any such move will be undertaken with extreme caution given the high levels of global uncertainty.

In contrast, monetary policy will remain extremely lax in Japan and across the eurozone, where we have seen a considerable gap between target inflation and current rates. Although the central banks of both regions are pursuing the same expansionary monetary approach, their respective economies had little else in common at the end of 2015. While the Japanese economy saw only muted growth, the eurozone posted much healthier figures, with this trend expected to continue. One of the factors behind this divergence is private consumption, which remains very sluggish in Japan, while European households have been spending more and more in recent months. In any case, both economies will see an upturn in growth: in Japan, from 0.7% in 2015 to 1.0% in 2016, and in the eurozone from 1.5% to 1.8%.

Growth within the emerging block is set to climb from 4.0% in 2015 to 4.3% in 2016, albeit at a slightly slower pace than what was expected a few months back. The slightly gloomier outlook is largely due to the worsening economic situation in Brazil, Russia and China. Brazil, Latin America's main economy, was heavily in recession in 2015 and is now expected to contract by around 2.5% in 2016 due to the combined effect of anaemic export activity and slumping internal demand. The country has been hit hard by the drop in commodity prices, given its status as a major exporter of minerals and food, particularly to the Asian giant that is China. Russia is another emerging nation in the full swings of recession and the situation looks set to continue throughout 2016. Plummeting oil prices are certainly largely to blame for the decline of the Russian economy, although the geopolitical tensions surrounding the country have also played an important part. The Chinese situation can hardly be compared with that of Brazil or Russia, since the country's growth outlook remains more than healthy, with nothing more than a slowdown expected (from 6.8% in 2015 to 6.5% in 2016), due to the need to shift the economic model more towards consumption and services. Yet not everything is doom and gloom within the emerging block as we expect growth in both Mexico and Chile to gain between 8 and 10 tenths of a point in 2016 to reach 3.3% and 3.2%, respectively. Therefore, forecast growth for the emerging block as a whole remains largely favourable, albeit with considerable risks.

Turning to the Spanish economy, the overall balance was positive in 2015 and economic growth looks to be gaining momentum. It certainly stands the country in good stead as we move into 2016. In fact, most international organisations agree that Spain is leading the way in growth among the main countries in Europe. According to our projections, annual growth for 2016 will be 2.8% as internal demand continues to drive the economy and external demand finally begins to make some contribution. Although this pace will clearly be down on the estimated 3.2% growth for 2015, let us not forget that temporary support factors such as the tax reductions and falling oil prices have been instrumental to the current levels of growth and will likely play less of a role in 2016.

The Spanish economy can certainly rely on a number of strengths as it moves into 2016, but it also has a number of weak points. Among the positives, three deserve special mention: the improvements in bank lending, the recovery of the real estate sector and the positive impact of the structural reforms implemented in recent years. On the subject of lending, we expect demand to increase in 2016 seeing as though the deleveraging process among households and companies is now in an advanced stage. On the supply side, banks are now better positioned to extend loans than was previously the case, since the bank restructuring and consolidation process has enabled them to improve their capital and liquidity. In relation to the real estate sector, the figures speak for themselves. We expect to see more home purchases in 2016 on the back of lower borrowing costs plus heightened demand from buyers who have been patiently waiting for the real estate market to level off and from investors, thanks to the attractive returns on property rentals in comparison with other assets. This renewed demand is likely to continue pushing up property prices in the coming year, although performance will vary considerably between regions as the expected price increases will largely be confined to regions with less new housing available for sale. Lastly, the structural reforms already rolled out will continue to pay off as we move into 2016, particularly within the job market, where job creation could top the 400,000 mark. This will bring down unemployment by nearly two points (to 19.9%), still a high figure but one that is clearly heading in the right direction.

That said, the Spanish economy will still have a number of significant weak points in 2016. The delicate state of the public balance sheet, with debt at close to 100% of GDP, will only accentuate the country's vulnerability to changes in the international financial climate. Another major challenge in store is the external sector, as the nation must continue to improve its foreign trade surplus if it hopes to lower external debt. Spain will therefore have to continue readying its defences in 2016 to respond to any possible eventuality. To ensure this happens, it will need to reach a political consensus soon on what are to be the country's priorities in terms of economic policy for 2016.

17.2. Outlook for the CaixaBank Group

The year 2015 marked the beginning of a new strategic four-year vision for the Group of cementing its leadership in the Spanish market while accomplishing the strategic priority of attaining recurring and sustainable returns above the cost of capital. All of this came in a scenario of gradual economic recovery, in which low interest rates look set to stay.

The macroeconomic and financial climate turned out to be even more testing than first anticipated in what was the first year of the Group's 2015-2018 Strategic Plan. Although unemployment figures have fallen and GDP growth has been upgraded, particularly for the 2015-2016 horizon, certain risks have emerged that are not envisaged in the plan. These include, in particular:

- The ECB's decision in December to extend the Quantitative Easing programme. Prompted by an increase in external risks, the move has nonetheless undermined interest rates even further. In this context, the 12-month Euribor rate hit an all-time low and it will now take even longer for it to recover.
- Plus a slower-than-expected recovery in the outstanding balance on the loan portfolio.

In 2015, the Group managed to increase its recurring profit, although the figure still remained relatively low given the ongoing deleveraging process, rock-bottom interest rates and a still-high cost of risk. The improvement was largely down to the reduction in finance costs, the drive to contain recurring expenses on a like-for-like basis, the drop in the non-performing loan ratio to below 8% (CoR below 0.80%), and a major drive to ensure more sales and rentals of real estate assets and also to integrate Barclays Bank, SAU.

Looking ahead to 2016, bank profitability will continue to face pressure from the complex macroeconomic climate, coupled with high market volatility, low interest rates and the ongoing deleveraging process. Nevertheless, improvements in the number of new loans awarded plus the slow but steady increase in interest rates should help shore up returns and profitability. Growth in new loans to households and SMEs is expected to remain roughly on par with the levels seen in 2015, seeing as though the deleveraging process by economic agents has already come a long way. In the third quarter of 2015, the debt of households and non-financial companies accounted for 68.6% and 107.2% of GDP, respectively; figures very close to the average for the euro area. It is also worth noting that the decline in loans reported by CaixaBank at year-end was less than the rate forecast for the market as a whole, and this trend is expected to continue as we move forward. We are also likely to see more home acquisitions in the short term as demand picks up once again, and house prices are set to continue climbing, although there will be a mixed bag of results among the regions of Spain.

In this context, customer focus, loan and deposit pricing, the commercial drive and risk management (defaults and sales/rentals of real estate assets) will remain key concerns for CaixaBank, as will its ability to manage operational efficiency and its continue to invest in technology.

Capital adequacy will similarly remain a key strategic priority, with ongoing pressure to comply with strict regulatory measures and requirements. Following the Supervisory Review and Evaluation Process (SREP), CaixaBank was required to maintain a level of minimum regulatory capital of 9.25% in 2015; well below the actual level of capital at year-end (fully-loaded CET1 of 11.55% and regulatory CET1 of 12.9%). And looking ahead to 2016, the European Banking Authority (EBA) is set to conduct a new stress test, with this to provide the basis for the ECB's SREP (Pillar 2).

Last but not least, the recent general elections in Spain have caused considerable parliamentary fragmentation and have therefore sparked uncertainty as to the political panorama and, in particular, the government's ability to continue rolling out reforms.

18. EVENTS AFTER THE REPORTING PERIOD

Between 31 December 2015 and the date these consolidated financial statements were authorised for issue, no events occurred that are not described in the remaining explanatory notes.

19. CORPORATE GOVERNANCE REPORT FOR 2015

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

A re-formatted edition of the comprehensive text of CaixaBank's Annual Corporate Governance Report for 2015, approved by the Bank's Board of Directors on 25 February 2016, follows below. The original report, prepared in accordance with the prescribed format and prevailing regulations, is available at www.caixabank.com and on the website of the Spanish National Securities Market Commission (CNMV).

APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR-END	31/12/2015

Company Tax ID No. (C.I.F.)	A-08663619

CORPORATE NAME
CAIXABANK, S.A.

REGISTERED OFFICE
AV. DIAGONAL N.621, (BARCELONA)

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (EUR)	Number of shares	Number of voting rights
29/09/2015	5,823,990,317.00	5,823,990,317	5,823,990,317

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

Yes [ ]   No [X]

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

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
LA CAIXA BANKING FOUNDATION	0	3,305,666,049	56.76%
INVESCO LIMITED.	0	58,429,063	1.00%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, SAU	3,305,666,049
INVESCO LIMITED	INVESCO ASSET MANAGEMENT LIMITED	52,428,870
INVESCO LIMITED	OTHER ENTITIES TOTAL STAKE (INDIVIDUALLY ADMITTED TO TRADING UNDER SECTION 10)	6,000,193

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
INVESCO LIMITED	26/10/2015	It holds over 1% of the share capital (only tax havens)

A. 3 Complete the following tables on company Directors holding voting rights through company shares.

Name or corporate name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
ANTONIO SÁINZ DE VICUÑA Y BARROSO	592	0	0.00%
ALAIN MINC	12,556	0	0.00%
MARIA DOLORS LLOBET MARIA	867	0	0.00%
ISIDRO FAINÉ CASAS	729,455	0	0.01%
JUAN JOSÉ LÓPEZ BURNIOL	25,493	0	0.00%
SALVADOR GABARRÓ SERRA	8,790	0	0.00%

Name or corporate name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
ANTONIO MASSANELL LAVILLA	92,076	0	0.00%
JUAN ROSELL LASTORTRAS	0	41,130	0.00%
MARÍA AMPARO MORALEDA MARTÍNEZ	0	0	0.00%
GONZALO GORTÁZAR ROTAECHE	426,058	0	0.01%
FUNDACIÓN CAJA NAVARRA	53,600,000	0	0.92%
JOHN S. REED	12,199	0	0.00%
EVA AURÍN PARDO	1,479	0	0.00%
MARÍA TERESA BASSONS BONCOMPTE	18,806	0	0.00%
JAVIER IBARZ ALEGRÍA	3,341	0	0.00%
FRANCESC XAVIER VIVES TORRENTS	3,249	0	0.00%
FUNDACIÓN CAJASOL	53,642,911	0	0.92%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
JUAN ROSELL LASTORTRAS	CIVISLAR, S.A.	20,565
JUAN ROSELL LASTORTRAS	CONGOST, S.A.	20,565

% of total voting rights held by the Board of Directors	1.86%

Complete the following tables on share options held by Directors.

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

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

Related-party name or corporate name
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Corporate

Brief description

”la Caixa” Banking Foundation is the result of changing Caja de Ahorros y Pensiones de Barcelona ”la Caixa” into a banking foundation. Its main activity is the development of welfare projects and the management of its stake in CaixaBank.
Following the transfer of its stake to Criteria CaixaHolding, S.A.U., which is controlled by ”la Caixa” Banking Foundation, the Banking Foundation's stake in CaixaBank is indirect.
Therefore all of these comprise "la Caixa" Group, hence the corporate relationship.

Related-party name or corporate name
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Contractual

Brief description

There are commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Relations between CaixaBank and ”la Caixa” Banking Foundation submitted to the CNMV on 1 July 2011 (available at www.CaixaBank.com). Following the transfer of Monte de Piedad's activity to CaixaBank, this was amended on 1 August 2012 and following the extinction of the indirect exercise by ”la Caixa” of its activity as a credit institution through CaixaBank. It was novated on 16 June 2014 and filed with the CNMV the following day, to extend the validity of the Internal Relations Protocol, under all the terms and conditions that are not affected by the end of the indirect exercise by "la Caixa" of its financial activity up until a new Internal Relations Protocol is adopted.

Related-party name or corporate name
LA CAIXA BANKING FOUNDATION
CAIXABANK GROUP

Type of relationship: Commercial

Brief description

There are commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Relations between CaixaBank and ”la Caixa” Banking Foundation submitted to the CNMV on 1 July 2011 (available at www.CaixaBank.com). Following the transfer of Monte de Piedad's activity to CaixaBank, this was amended on 1 August 2012 and following the extinction of the indirect exercise by ”la Caixa” of its activity as a credit institution through CaixaBank. It was novated on 16 June 2014 and filed with the CNMV the following day, to extend the validity of the Internal Relations Protocol, under all the terms and conditions that are not affected by the end of the indirect exercise by "la Caixa" of its financial activity up until a new Internal Relations Protocol is adopted.

A.6 Indicate whether the company has been notified of any shareholders’ agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act (“LSC”). Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes [X] No [ ]

Shareholders bound by agreement
FUNDACIÓN CAJASOL
LA CAIXA BANKING FOUNDATION
FUNDACIÓN CAJA CANARIAS
CAJA NAVARRA BANKING FOUNDATION
FUNDACIÓN CAJA DE BURGOS, BANKING FOUNDATION

% of share capital affected: 80.60%

Brief description of agreement

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: "la Caixa" Banking Foundation, Caja Navarra (currently Caja Navarra Banking Foundation), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), (hereinafter "the Foundations") entered into an agreement which regulates the relations of "the Foundations" and "la Caixa" Banking Foundation as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting ”la Caixa" Banking Foundation with their control.

CONTINUES IN SECTION H.

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

Yes [ ] No [X]

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

The company is not aware of the existence of any concerted actions among its shareholders.

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

Yes [X] No [ ]

Name or corporate name
LA CAIXA BANKING FOUNDATION

Remarks

”la Caixa” Banking Foundation is the controlling shareholder of CaixaBank, under the terms of article 4 of the Securities Market Act, as its stake in CaixaBank is held through Criteria Caixa, S.A.U., a wholly owned investee of ”la Caixa”Banking Foundation.
In order to strengthen transparency and good governance at the Company, and in line with recommendation 2 of the Unified Code of Good Governance, CaixaBank and ”la Caixa” Banking Foundation, as its controlling shareholder, signed an Internal Relations Protocol which has been novated on various occasions to reflect the changes in the Group's structure. The most recent was on 16 June 2014 to adapt it to the new situation whereby Caja de Ahorros y Pensiones de Barcelona ”la Caixa” no longer indirectly carries out its financial activity through CaixaBank and the former's transformation into ”la Caixa” Banking Foundation.

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

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
5,150,471	0	0.09%

(*) Through:

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

Details of significant changes

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders’ Meeting to issue, buy back and/or transfer treasury stock.

The mandate granted at the Annual General Meeting of 19 April 2012 remains in force. This annulled the unused portion of the authorisation for treasury stock acquisition granted on 12 May 2011, and agreed to grant the Company's Board of Directors powers for the derivative acquisition of treasury stock, directly or through group companies for the purpose of either disposals, redemption or for remuneration schemes specified in paragraph 3, section a) of article 146 of the Corporate Enterprises Act, within a period of five years from the adoption of the resolution agreed on 19 April 2012, under the following terms:

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

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

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

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

A.9.bis Estimated floating capital:

	%
Estimated floating capital	40.28

A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes [ ] No [X]

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

Yes [ ] No [X]

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

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes [ ] No [X]

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Bylaws. Describe how it differs from the system of minimum quorums established in the LSC.

Yes [ ] No [X]

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

Yes [ ] No [X]

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

B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

CaixaBank's Bylaws establish the same limits and conditions as those set forth in the Corporate Enterprises Act.

The provisions of the Corporate Enterprises Act shall be applied to protect shareholders' rights when changing the Bylaws.

In addition, as a credit institution, and in accordance with the terms of Article 10 of Royal Decree 84/2015, of 13 July, amendments to CaixaBank's Bylaws are governed by the authorisation and registration procedure set forth therein. Nevertheless, certain amendments (including the change of registered office within Spain, an increase in the share capital, the textual incorporation of mandatory or prohibitive legal or regulatory precepts, or those to comply with judicial or administrative resolutions) are not subject by the authorisation procedure although they still must be reported to the Bank of Spain

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

	Attendance data				
Date of general meeting	**% attending in person**	**% by proxy**	**% remote voting**		**Total**
			Electronic means	**Other**	
24/04/2014	61.60%	13.35%	0.02%	0.14%	75.11%
23/04/2015	59.97%	8.67%	0.02%	1.33%	69.99%

B.5 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes [X] No [ ]

Number of shares required to attend the General Meetings	**1,000**

B.6 Section revoked.

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

All CaixaBank's corporate governance content is available on the website (www.caixabank.com) under "Shareholders and Investors" "Corporate Governance": http://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo_en.html
http://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo_en.html
Specific information on Annual General Meetings can be found in the "Annual General Meeting" subsection of the "Corporate Governance" section of the website:

http://www.caixabank.com/informacionparaaccionistaseinversores/gobiernocorporativo/juntageneralaccionistas_en.html

Also, when a General Meeting is announced, a banner appears on the CaixaBank homepage with a direct link to all the pertinent information. We would also note that there is a section on the CaixaBank homepage entitled "Direct Links" where users can access all the information on the General Meetings.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 List the maximum and minimum number of Directors included in the Bylaws.

Maximum number of Directors	22
Minimum number of Directors	12

C.1.2 Complete the following table with Board members' details.

Name or corporate name of Director	Representative	Director category	Position on the Board	Date of first appt.	Date of last appt.	Election procedure
ANTONIO SÁINZ DE VICUÑA Y BARROSO		Independent	DIRECTOR	01/03/2014	24/04/2014	AGM RESOLUTION
ALAIN MINC		Independent	DIRECTOR	06/09/2007	24/04/2014	AGM RESOLUTION
MARIA DOLORS LLOBET MARIA		Proprietary	DIRECTOR	07/05/2009	19/05/2010	AGM RESOLUTION
ISIDRO FAINÉ CASAS		Proprietary	CHAIRMAN	07/07/2000	19/05/2010	AGM RESOLUTION
JUAN JOSÉ LÓPEZ BURNIOL		Proprietary	DIRECTOR	12/05/2011	12/05/2011	AGM RESOLUTION
SALVADOR GABARRÓ SERRA		Proprietary	DIRECTOR	06/06/2003	23/04/2015	AGM RESOLUTION
ANTONIO MASSANELL LAVILLA		Executive	DEPUTY CHAIRMAN	30/06/2014	23/04/2015	AGM RESOLUTION
JUAN ROSELL LASTORTRAS		Independent	DIRECTOR	06/09/2007	24/04/2014	AGM RESOLUTION
MARÍA AMPARO MORALEDA MARTÍNEZ		Independent	DIRECTOR	24/04/2014	24/04/2014	AGM RESOLUTION
GONZALO GORTÁZAR ROTAECHE		Executive	CHIEF EXECUTIVE	30/06/2014	23/04/2015	AGM RESOLUTION
CAJA NAVARRA BANKING FOUNDATION	JUAN FRANCO PUEYO	Proprietary	DIRECTOR	20/09/2012	25/04/2013	AGM RESOLUTION
FUNDACIÓN CAJASOL	GUILLERMO SIERRA MOLINA	Proprietary	DIRECTOR	20/09/2012	23/11/2015	CO-OPTION
JOHN S. REED		Independent	DIRECTOR	03/11/2011	19/04/2012	AGM RESOLUTION
EVA AURÍN PARDO		Proprietary	DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION
MARÍA TERESA BASSONS BONCOMPTE		Proprietary	DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION
JAVIER IBARZ ALEGRÍA		Proprietary	DIRECTOR	26/06/2012	26/06/2012	AGM RESOLUTION

Name or corporate name of Director	Representative	Director category	Position on the Board	Date of first appt.	Date of last appt.	Election procedure
FRANCESC XAVIER VIVES TORRENTS		Independent	DIRECTOR	05/06/2008	23/04/2015	AGM RESOLUTION

Total number of Directors	17

Indicate any Board members who left during this period.

Name or corporate name of Director	Status of the Director at the time	Leaving date
LEOPOLDO RODÉS CASTAÑÉ	Proprietary	08/07/2015
ARTHUR K. C. LI	Other external	30/12/2015
FUNDACIÓN MONTE SAN FERNANDO	Proprietary	18/06/2015

C.1.3 Complete the following tables on Board members and their respective categories.

EXECUTIVE DIRECTORS

Name or corporate name of Director	Position held in the company
GONZALO GORTÁZAR ROTAECHE	CHIEF EXECUTIVE
ANTONIO MASSANELL LAVILLA	DEPUTY CHAIRMAN

Total number of executive Directors	2
% of the Board	11.76%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of Director	Name or corporate name of significant shareholder represented or proposing appointment
ISIDRO FAINÉ CASAS	LA CAIXA BANKING FOUNDATION
FUNDACIÓN CAJASOL	CAJA NAVARRA BANKING FOUNDATION, FUNDACIÓN CAJASOL, FUNDACIÓN CAJA CANARIAS AND FUNDACIÓN CAJA DE BURGOS
CAJA NAVARRA BANKING FOUNDATION	CAJA NAVARRA BANKING FOUNDATION, FUNDACIÓN CAJASOL, FUNDACIÓN CAJA CANARIAS AND FUNDACIÓN CAJA DE BURGOS
EVA AURÍN PARDO	LA CAIXA BANKING FOUNDATION
MARÍA TERESA BASSONS BONCOMPTE	LA CAIXA BANKING
SALVADOR GABARRÓ SERRA	LA CAIXA BANKING
JAVIER IBARZ ALEGRÍA	LA CAIXA BANKING FOUNDATION
JUAN JOSÉ LÓPEZ BURNIOL	LA CAIXA BANKING FOUNDATION
MARIA DOLORS LLOBET MARIA	LA CAIXA BANKING FOUNDATION

Total number of proprietary Directors	9
% of the Board	52.94%

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of Director

ANTONIO SÁINZ DE VICUÑA Y BARROSO

Profile:

Born in Barcelona in 1948, Antonio Sainz de Vicuña y Barroso has been a member of the CaixaBank Board of Directors since 2014.
He is a graduate in Law and Economic and Commercial Science from Madrid's Complutense University (1971), and then studied a postgraduate course with a final dissertation on European and International Law. He also holds a Diploma in International Law from Pembroke College, Cambridge University. He was awarded a grant from the Juan March Foundation.
In 1974, he became a State Attorney acting as a legal advisor to the Ministries of Finance, Economy and Foreign Affairs between 1974 and 1989. From September 1989 to November 1994 he was the Chief International Legal Counsel of Banco Español de Crédito in Madrid. Between November 1994 and June 1998, he was General Counsel at the European Monetary Institute (EMI) in Frankfurt, the body entrusted with the preparatory work for the launch of the euro. In June 1998, he moved to the European Central Bank where he was General Counsel and Director of the Legal Services, before retiring at 65 in November 2013.
He is also a founder member of and sat on the first Board of Directors of Asociación para el Estudio del Derecho Europeo (1982-1986); a founder member of the Corte Civil y Mercantil de Arbitraje (1989-1994); founder member and member of Supervisory Board of the Institute for Law and Finance, Wolfgang Goethe Universität, Frankfurt (2000-2013); founder member and member of the Advisory Board of PRIME Finance (2011-2013); and a member the Advisory Board of the European Capital Markets Institute (2000-2013).
He has also published a monography on "State Contracts in International Law" Ministry of Foreign Affairs, 1986) and some 30 legal articles in specialist publications. He has been awarded with the Commander Cross, Order of Elizabeth the Catholic (1987) and with the Commander Cross, Order of Civil Merit (2014).

Name or corporate name of Director

ALAIN MINC

Profile:

Born in Paris in 1949, Alain Minc has been a Member of the CaixaBank Board of Directors since 2007.

He is Chairman and CEO of his own consultancy firm, AM Conseill and is a graduate from the École des Mines de Paris and the École Nationale d'Administration (ENA) in Paris. In 1991, he founded his own consultancy firm, AM Conseil.

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

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

He is currently Chairman of Sanef and a Director at Prisa.

He has been named Commandeur de la Légion d' Honneur, Commander of British Empire and Gran Cruz de la Orden del Mérito Civil.

He has written more than 30 books since 1978, many of them best-sellers, including: Rapport sur l'informatisation de la société; La Machine égalitaire; Les vengeances des Nations; Le Nouveau Moyen-âge; Rapport sur la France de l'an 2000; www.capitalisme.fr; Epître á nos nouveaux maîtres (2003); Les Prophétes du bonheur: historie personnelle de la pensée économique (2004); Ce monde qui vient (2004); Le Crépuscule des petits dieux (2006); Une sorte de Diable, les vies de John M. Keynes (December 2006); Une histoire de France (2008); Dix jours qui ébranleront le monde (2009); Une historie politique des intellectuels (2011); Un petit coin de paradis, L'Âme des Nations (2012); L' Homme aux deux visage (2013), Vive l'Allemagne (2013), Le mal français n' est plus ce qu'il était (2014) and Un Français de tant de souches 2015.

Name or corporate name of Director

JUAN ROSELL LASTORTRAS

Profile:

Born in Barcelona in 1957, Juan Rosell Lastortras has been a member of the CaixaBank Board of Directors since 2007.
He holds a degree in Industrial Engineering from Barcelona Polytechnic University and studied Political Science at the Complutense University of Madrid. He is Chairman of Congost Plastic.
During his career he has served as Managing Director of Juguetes Congost and has been Chairman of Enher (1996-1999), Fecsa-Enher (1999-2002) and Corporación Unliand (2005-2006). He has also been a Board member of Agbar, Endesa, Endesa Italia S.p.A., Siemens España, and Applus Servicios Tecnológicos.
He currently sits on the Board of Gas Natural.
He is also Chairman of the Confederation of Employers' Organizations (CEOE), member of the Mont Pelerin Society, and Deputy Chairman of Business Europe.
Mr. Rosell has received numerous decorations including the Gold Medal of Merit of the International Trade Fair of Barcelona and the Silver Medal of the Barcelona Chamber of Commerce; was named a Commander of the Order Merit of the Italian Republic; he was given the Keys to the City of Barcelona and the Tiepolo Prize.

Name or corporate name of Director

MARÍA AMPARO MORALEDA MARTÍNEZ

Profile:

Born in Madrid in 1964, María Amparo Moraleda has been a member of the CaixaBank Board of Directors since 2014.
She graduated in Industrial Engineering from the ICAI and holds an MBA from the IESE Business School.
She is an independent Director at several companies: Faurecia, S.A. (since 2012), Solvay, S.A. (since 2013) and Airbus Group, S.E. (since 2015).
She is also a member of the Supervisory Board of the Spanish High Council for Scientific Research (since 2011) and a member of the Advisory Boards of KPMG España (since 2012) and SAP Ibérica (since 2013).
Between January 2009 and February 2012 she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011.
She was Executive Chairman of IBM Spain and Portugal between July 2001 and January 2009, responsible for Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001 she was assistant executive to the President of IBM Corporation. From 1998 to 2000 Ms Moraleda Martínez was General Manager of INSA (a subsidiary of IBM Global Services). From 1995 to 1997 she was HR Director for EMEA at IBM Global Services and from 1988 to 1995 held various professional and management positions at IBM España. She is also a member of various Boards and trusts of different institutions and bodies including the Academy of Social Sciences and the Environment of Andalusia, the Board of Trustees of the MD Anderson Cancer Center in Madrid and the International Advisory Board of the Instituto de Empresa.
In 2005 she was inducted into the Women in Technology International (WITI) organisation's Hall of Fame, established to recognise, honour, and promote the outstanding contributions women make to the scientific and technological communities that improve and evolve society, while her numerous accolades include: the Values Leadership Award (FIGEVA Foundation – 2008), the Javier Benjumea Prize (Engineering Association of the ICAI – 2003) and the Award for Excellence (Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs – Fedepe – 2002).

Name or corporate name of Director

JOHN S. REED

Profile:

Born in Chicago in 1939, John Reed has been a member of the Board of Directors of CaixaBank since 2011.

He was raised in Argentina and Brazil and completed his university studies in the United States. In 1961, he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the

Massachusetts Institute of Technology under a double degree programme. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science. John Reed worked for Citibank/Citicorp and Citigroup for over 35 years, holding the position of President for the last 16 before retiring in April 2000.

From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and was Chairman of the MIT Corporation (2010-2014).

Mr. Reed is a member of the Board of Directors of MDRC, the Isabella Stewart Gardner Museum, the Boston Athenaeum and the NBER as well as Supervisor of the Boston Symphony Orchestra. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society and Director of the Social Science Research Council.

Name or corporate name of Director

FRANCESC XAVIER VIVES TORRENTS

Profile:

Born in Barcelona in 1955, Xavier Vives Torrents has been a member of the CaixaBank Board of Directors since 2008.
He is a Professor of Economics and Finance at the IESE Business School. He also holds a PhD in Economics from the University of California, Berkeley.
He was also Professor of European Studies at the INSEAD Business School in 2001-2005; Director of the Institute of Economic Analysis at the Spanish High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, and New York (King Juan Carlos I Chair 1999-2000), as well as the Autonomous University of Barcelona and the Pompeu Fabra University.
He has also advised the World Bank, the Inter-American Development Bank, the New York Federal Reserve, the European Commission (where he was Special Advisor to the EU Vice President and Competition Commissioner, Joaquín Almunia). He is also a member of CARE (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia and has advised many international companies. Mr. Vives also served as Chairman of the Spanish Economic Association in 2008; and Deputy Chairman of the Spanish Energy Economics Association in 2006-2009 and was a Duisenberg Fellow at the European Central Bank in 2015.
He is currently a Director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992.
He has published numerous articles in international journals and directed the publication of various books. Mr. Vives Torrents has also received several awards including the King Juan Carlos I Prize for Research into Social Sciences in 1988; the Catalan Society for Economics prize in 1996; the Narcís Monturiol Medal from the Catalonian regional government in 2002; and the Catalonia Economics Prize in 2005, in addition to the IEF Award for academic excellence for his professional career in 2012. He is also the recipient of a European Research Council Advanced Grant in 2009-2013 and was awarded the King Jaime I Award for economics in 2013.

Total number of independent Directors	6
% of the Board	32.29%

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, Director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the Board detailing the reasons why the said Director may carry on their duties as an independent Director.

OTHER EXTERNAL DIRECTORS

Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or shareholders.

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

C.1.4 Complete the following table on the number of women Directors over the past four years and their category.

	Number of women Directors				% of total Directors of each type			
	for 2015	for 2014	for 2013	for 2012	for 2015	for 2014	for 2013	for 2012
Committee	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	3	3	3	3	33.33%	30.00%	27.27%	27.27%
Independent	1	1	1	2	16.66%	16.66%	25.00%	40.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	4	4	4	5	23.53%	21.05%	22.22%	26.32%

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of women Directors on the Board to guarantee an even balance between men and women.

Explanation of measures

At 31 December 2015, the Board of Directors included 4 women out of 19 Directors with 2 vacancies.

Even though the percentage of women Directors at CaixaBank is not equal and can clearly be improved, it is in the upper range of the companies on the IBEX 35.

Pursuant to prevailing legislation, when analysing and proposing candidates' profiles for appointment to the Board of Directors, the Appointments and Remuneration Committee takes into account criteria of repute, knowledge and professional experience to be appointed a Director of a credit institution, in addition to gender diversity. However, it still needs to establish a representation target for the less represented sex on the Board of Directors.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select women Directors, and whether the company makes a conscious effort to search for women candidates who have the required profile.

Explanation of measures

Women candidates are not discriminated against in the selection process of Directors. Likewise, article 14 of the Regulations of the Board of Directors states that one of the duties assigned to the Appointments Committee is to report to the Board on gender diversity issues, ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of women Directors, and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved.

When, despite the measures taken, there are few or no women Directors, explain the reasons.

Explanation of the reasons
At year end, women comprised 23.53% of the Board of Directors. Women comprise 16.66% of the independent Directors and 33.33% of proprietary Directors while 25% of the members of the Executive Committee are women, the Remuneration Committee is chaired by a woman who is also a member of the Risks Committee. Likewise, the majority of the members of the Appointments Committee are women. Therefore, even though the number of women Directors is not equal, it is deemed to be neither few nor non-existent.

C.1.6.bis Explain the Nomination Committee's conclusions on its checks that the Director selection policy is being complied with. Particularly whether the policy pursues the goal of having at least 30% of total Board places occupied by women Directors before the year 2020.

Explanation of conclusions
In compliance with section 7 of the Director Selection Policy, as approved by the Board on 19 November 2015, the Remuneration Committee confirms that it has verified compliance with that policy in respect of the resolutions that have been carried in relation to appointments of board members, with this extending to resolutions adopted both before and after the approval of the policy. Similarly, all such resolutions are compliant with the principles and guidelines subsequently added to the policy. When the agreed appointment proposal is executed, the committee confirms that the percentage of the least represented gender will stand at 26.3%, which may increase to 27.7% if the vacant board position left by Professor Li is eliminated, which will bring us close to meeting the target of 30%.

C.1.6 Explain how shareholders with significant holdings are represented on the Board.

As a significant shareholder of CaixaBank and in representation of this shareholding, the “la Caixa” Banking Foundation proposed the appointment of eight (8) Directors, namely:

ISIDRO FAINÉ CASAS - CHAIRMAN - PROPRIETARY
ANTONIO MASSANELL LAVILLA- DEPUTY CHAIRMAN/PROPRIETARY
EVA AURÍN PARDO - MEMBER-PROPRIETARY
MARÍA TERESA BASSONS BONCOMPTE - MEMBER- PROPRIETARY
SALVADOR GABARRÓ SERRA - MEMBER- PROPRIETARY
JAVIER IBARZ ALEGRÍA - MEMBER - PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL - MEMBER - PROPRIETARY
MARIA DOLORS LLOBET - MEMBER - PROPRIETARY

Likewise, within the merger and absorption framework of Banca Cívica by CaixaBank, on 1 August 2012 Caja de Ahorros y Pensiones de Barcelona, ”la Caixa” (currently ”la Caixa” Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja Burgos, Banking Foundation) (hereinafter "the Foundations"), entered into a shareholders agreement which, inter alia, stated the pledge given by ”la Caixa” to vote in favour of the appointment of two (2) Directors to the CaixaBank Board of Directors proposed by the Foundations, namely:
FUNDACIÓN CAJA NAVARRA (represented by Juan Franco Pueyo) - MEMBER - PROPRIETARY
FUNDACIÓN CAJASOL (represented by Guillermo Sierra Molina) - MEMBER - PROPRIETARY

C.1.7 Explain, when applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 3% of the share capital.

Name or corporate name of shareholder

CAJA NAVARRA BANKING FOUNDATION

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, ”la Caixa” (currently ”la Caixa” Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), (hereinafter "the Foundations") entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN CAJASOL

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, ”la Caixa” (currently ”la Caixa” Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), (hereinafter "the Foundations") entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN CAJA CANARIAS

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, ”la Caixa” (currently ”la Caixa” Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), (hereinafter "the Foundations") entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

Name or corporate name of shareholder

FUNDACIÓN CAJA DE BURGOS, BANKING FOUNDATION

Justification:

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, the shareholders: Caja de Ahorros y Pensiones de Barcelona, ”la Caixa” (currently ”la Caixa” Banking Foundation) and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias) and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), (hereinafter "the Foundations") entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of ”la Caixa" Banking Foundation. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily ”la Caixa” Banking Foundation, should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

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

Yes [ ] No [X]

C.1.8 Indicate whether any Director has resigned from office before their term of office has expired, whether that Director has given the Board their reasons and through which channel. If made in writing to the whole Board, list below the reasons given by that Director.

Name of Director

LEOPOLDO RODÉS CASTAÑÉ

Reasons for resignation

On 8 July 2015, CaixaBank reported that Leopoldo Rodés had ceased to be a Director on the event of his death.

Name of Director

ARTHUR K. C. LI

Reasons for resignation

On 31 December 2015, CaixaBank reported that Arthur K. C. Li had tendered his resignation as Director with immediate effect due to his various business commitments in Hong Kong.

Name of Director

FUNDACIÓN MONTE SAN FERNANDO

Reasons for resignation

On 18 June 2015, CaixaBank reported that Fundación Monte San Fernando had ceased to be a Director following its disappearance as it had been absorbed by Fundación Privada Monte de Piedad y Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla (Fundación Cajasol).

C.1.9 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

Name or corporate name of Director

GONZALO GORTÁZAR ROTAECHE

Brief description

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

C.1.10 List the Directors, if any, who hold office as Directors or executives in other companies belonging to the listed company's group.

Name or corporate name of Director	Corporate name of the group entity	Post	Do they have executive duties?
MARIA DOLORS LLOBET MARIA	VidaCaixa, SA de Seguros y Reaseguros	Director	NO
GONZALO GORTÁZAR ROTAECHE	VidaCaixa, SA de Seguros y Reaseguros	Chairman	NO
EVA AURÍN PARDO	VidaCaixa, SA de Seguros y Reaseguros	Director	NO
JAVIER IBARZ ALEGRÍA	VidaCaixa, SA de Seguros y Reaseguros	Director	NO

C.1.11 List any company Board members who likewise sit on the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name of Director	Corporate name of the group entity	Post
ALAIN MINC	PROMOTORA DE INFORMACIONES S.A. (GRUPO PRISA)	DIRECTOR
ISIDRO FAINÉ CASAS	SUEZ ENVIRONNEMENT COMPANY	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	TELEFÓNICA, S.A.	DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL, S.A.	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL SDG, S.A.	CHAIRMAN
ANTONIO MASSANELL LAVILLA	TELEFÓNICA, S.A.	DIRECTOR
JUAN ROSELL LASTORTRAS	GAS NATURAL SDG, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	FAURECIA, S.A.	DIRECTOR

Name or corporate name of Director	Corporate name of the group entity	Post
MARÍA AMPARO MORALEDA MARTÍNEZ	SOLVAY, S.A.	DIRECTOR
GONZALO GORTÁZAR ROTAECHE	GRUPO FINANCIERO INBURSA	DIRECTOR
ISIDRO FAINÉ CASAS	GAS NATURAL SDG, S.A.	DIRECTOR
ANTONIO MASSANELL LAVILLA	ERSTE GROUP BANK, AG	DIRECTOR
GONZALO GORTÁZAR ROTAECHE	ERSTE GROUP BANK, AG	DIRECTOR
GONZALO GORTÁZAR ROTAECHE	REPSOL, S.A.	DIRECTOR
MARÍA AMPARO MORALEDA MARTÍNEZ	AIRBUS GROUP, S.E.	DIRECTOR

C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the number of Boards on which its Directors may sit.

Yes [X] No [ ]

Explanation of rules
Article 31. 4 of the Board of Directors' Regulations stipulates that Directors must abide by the limitations on belonging to Boards of Directors set forth in the current regulations of the organisation, supervision and solvency of credit entities.

C.1.13 Section revoked.

C.1.14 List the total remuneration paid to the Board of Directors in the year.

Board remuneration (thousands of euros)	7,754
Cumulative amount of rights of current Directors in pension scheme (thousands of euros)	15,250
Cumulative amount of rights of former Directors in pension scheme (thousands of euros)	289

C.1.15 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year.

Name or corporate name	Post
PABLO FORERO CALDERÓN	CHIEF RISKS OFFICER
JORGE MONDÉJAR LÓPEZ	HEAD OF FINANCIAL ACCOUNTING, CONTROL AND CAPITAL
JOAQUIN VILAR BARRABEIG	DEPUTY GENERAL MANAGER AUDIT
JAVIER PANO RIERA	CHIEF FINANCIAL OFFICER
FRANCESC XAVIER COLL ESCURSELL	GENERAL MANAGER HUMAN RESOURCES AND ORGANISATION
JORGE FONTANALS CURIEL	HEAD OF RESOURCES
TOMÁS MUNIESA ARANTEGUI	CHIEF INSURANCE AND ASSET MANAGEMENT OFFICER
ÓSCAR CALDERÓN DE OYA	GENERAL SECRETARY
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER
MARIA VICTORIA MATIA AGELL	HEAD OF INTERNATIONAL BANKING

Total remuneration received by senior management (thousands of euros)	9,438

C.1.16 List, if applicable, the identity of those Directors who are likewise members of the Boards of Directors of companies that own significant holdings and/or group companies.

Name or corporate name of Director	Name or corporate name of significant shareholder	Post
MARIA DOLORS LLOBET MARIA	SABA INFRAESTRUCTURAS, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	CRITERIA CAIXA, SAU	CHAIRMAN
ISIDRO FAINÉ CASAS	LA CAIXA BANKING FOUNDATION	CHAIRMAN
JUAN JOSÉ LÓPEZ BURNIOL	CAIXA CRITERIA CAIXA, S.A.U.	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	LA CAIXA BANKING FOUNDATION	DIRECTOR
SALVADOR GABARRÓ SERRA	CAIXA CRITERIA CAIXA, S.A.U.	3RD DEPUTY CHAIRMAN
ANTONIO MASSANELL LAVILLA	MEDITERRANEA BEACH & GOLF COMMUNITY, S.A.	DEPUTY CHAIRMAN
MARÍA TERESA BASSONS BONCOMPTE	LA CAIXA BANKING FOUNDATION	DIRECTOR

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

C.1.17 Indicate whether any changes have been made to the Board Regulations during the year.

Yes [X] No [ ]

Explanation of rules

At its meeting on 12 March 2015, the CaixaBank, S.A. Board of Directors resolved to amend the Regulations of the Board of Directors to adapt them to the reformed Corporate Enterprises Act introduced by Law 31/2014, of 3 December, to the Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions and to Royal Decree 84/2015, of 13 February which implements the latter and makes technical improvements, and adjust the wording to certain articles of the Bylaws whose amendment was agreed by the Board at the same meeting on 12 March and subsequently approved at the Annual General Meeting of 23 April 2015.

The amendments to the Regulations of the Board of Directors and the Bylaws came into effect following approval granted at the Annual General Meeting of 23 April 2015.

In accordance with the provisions of article 529 of the Corporate Enterprises Act, the amended text of both was reported to the Comisión Nacional del Mercado de Valores ("CNMV), executed in a public document and filed in the Companies' Registry. Once filed, the full texts were published by the CNMV and by CaixaBank, S.A. on its corporate website (www.caixabank.com).

C.1.18 Indicate the procedures for appointing, re-electing, evaluating and removing Directors. List the competent bodies, procedures and criteria used for each of these procedures.

Pursuant to article 529 (16) of Royal Legislative Decree 1/2010 of 2 July, approving the revised text of the Corporate Enterprises Act, and articles 5 and 17-20 of the Regulations of the Board of Directors, proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option legally attributed to it must be preceded by the pertinent proposal of the Appointments and Remuneration Committee, in the case of independent Directors, and by a report, in the case of the remaining Directors. All proposed Director appointments or re-elections shall be accompanied by an explanatory report from the Board which assesses the competence, experience and merits of the candidate.
In addition, when exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt Directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a majority over executive Directors and that the latter should be the minimum.

The Board will also strive to ensure that the majority group of non-executive Directors includes stable significant shareholders of the Company or those shareholders that have been proposed as Directors, even when their shareholding is not significant (proprietary Directors) and persons of recognised experience who can fulfil their duties without being conditioned by relationships with the Company or its Group, its Directors or its significant shareholders (independent Directors).
Directors will be classified pursuant to the definitions established by applicable legislation and which are included in article 18 of the Regulations of the Board of Directors.
The Board will also strive to ensure that its external Directors include stakeholder and independent Directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital. At least one third of the Company's Directors will be independent Directors.
Directors shall remain in their posts for the term of office stipulated in the Bylaws while the General Meeting does not agree their removal or they resign from the position, and may be re-elected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than 12 years.
Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, but if the vacancy was produced after having called the General Meeting and before it being held, the appointment of the Director by cooption by the Board to cover such vacancy will be effective until the celebration of the next General Meeting.
Article 529 (19) of Royal Legislative Decree 1/2010 of 2 July and article 15.7 of the Regulations of the Board of Directors stipulate that, at least once a year, the Board, as a plenary body, shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of the duties on the part of the Chairman of the Board and the chief executive of the company; the functioning of the Committees and shall propose, based on the result, an action plan which corrects any shortcomings detected.

CONTINUES IN SECTION H.

C.1.19 Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities.

Description of amendments
The Board of Directors evaluated its performance during the year. However, this evaluation did not prompt significant changes in its internal organisation and the procedures applicable to its activities.

C.1.20.bis Describe the evaluation process and the areas evaluated by the Board, assisted, if applicable, by an external advisor, concerning diversity in its composition and skills, the functioning and composition of its committees, the performance of the Chairman of the board and the Chief Executive Officer and the performance and contribution of each Director.

As stipulated in article 529 (19) of the Corporate Enterprises Act and article 15 of the Regulations of the Board of Directors, the Board evaluates its performance annually. It is also compliant with Recommendation 36 of the current Code of Good Governance dated February 2015 which recommends that a regular self-assessment be carried out on the performance of the Board of Directors and its Committees.

For this purpose each Director is asked to complete a questionnaire regarding the performance of the Board and the Committees during the year. The Chairman of the Board of Directors and of the Executive Committee, of which they are also a member, do not usually give their assessment of the Board and the Executive Committee as the questionnaire is intended to ascertain his/her performance of the main duties inherent in their position.

On the basis of the responses received and the activity reports prepared by each of the Committees, the Board of Directors produces a favourable report on the quality and efficiency of the functioning of the Board of Directors and its Committees during the year in question. In this regard, the Board of Directors favourably evaluated the quality and efficiency of the functioning of the Board and each of its Committees during 2015. It considered the quantitative and qualitative composition to be suitable, that a sufficient number of meetings had been held and that the proposals made were suitable.

The questionnaire sent to the Directors also asks for their opinion on the performance of the Company's Chairman and Chief Executive Officer. The Board then, subject to a report from the Appointments Committee, issues its assessment of the performance of the Chairman and the Chief Executive Officer during the year.

Each member of the Board of Directors was asked to complete a questionnaire regarding the performance of the Board, as well as their opinions on the performance of duties by the Chairman and the Chief Executive Officer. Based on the replies provided, and subject to a report from the Appointments Committee, the Committee concludes that the performance of both the Chairman and the Chief Executive Officer in 2015 was positive.

No individual evaluation is carried out on the contribution of each Director to assess their performance or contribution to the Board or the Company. Therefore, the Company is only Partially Compliant with Recommendation 36 of the Good Governance Code.

C.1.20.ter Explain, if applicable, the business relationship the advisor or any group company maintains with the company or any group company.

No external collaboration is requested in the evaluation process.

C.1.20 Indicate the cases in which Directors must resign.

Article 20.2 of the Regulations of the Board of Directors stipulates that the Directors must place their position at the disposal of the Board of Directors and formalise, if the latter deems appropriate, the pertinent resignation, in the following cases:

(a) when they depart the executive positions, posts or functions with which their appointment as Director was associated;
(b) when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to the applicable regulations;
(c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
(d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of external stakeholding Directors, when the shareholder they represent transfers its stake in its entirety. They must also do so when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external stakeholding Directors;
(e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
(f) when due to facts attributable to the Director, his remainder on the Board causes a serious damage to the corporate net worth or reputation in the judgement of the Board.

In the case of an individual representing a Director who is a legal entity incurs in any of the situations foreseen in the previous section, the individual representative should offer its post to the legal entity appointing him. If this latter decides to maintain the representative to develop its position of Director, the Director who is a legal entity should offer its post of Director to the Board of Directors.

C.1.21 Section revoked.

C.1.22 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes [ ] No [X]

If applicable, describe the differences.

C.1.23 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed Chairman.

Yes [ ] No [X]

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

Yes [X] No [ ]

Matters where the Chairman has the casting vote
Articles 35. 4. of the Bylaws and 16.4 of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

C.1.25 Indicate whether the Bylaws or the Board Regulations set any age limit for Directors.

Yes [ ] No [X]

C.1.26 Indicate whether the Bylaws or the Board Regulations set a limited term of office for independent Directors.

Yes [ ] No [X]

C.1.27 Indicate whether the Bylaws or Board Regulations stipulate specific rules on appointing a proxy to the Board, the procedures thereof and, in particular, the maximum number of proxy appointments a Director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, give brief details.

Article 16 of the Regulations of the Board of Directors states that Directors should attend Board meetings in person. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. It also states that non-executive Directors can only grant their proxy to another non-executive Director.

Likewise, the internal regulations stipulate that the proxy shall be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.

Notwithstanding the above, so that the proxyholder can adhere to the outcome of the discussion by the Board, proxies are not usually granted with specific instructions so that proxies may adhere to the matters under discussion by the Board. This is in keeping with the law on the powers of the Chairman of Board, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all Directors, safeguarding their rights to adopt positions.

C.1.28 Indicate the number of Board meetings held during the year and how many times the Board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	15
Number of Board meetings held without the Chairman's attendance	0

If the Chairman is an executive Director, indicate the number of meetings held without an executive Director present or represented and chaired by the lead Director

Number of meetings	0

Indicate the number of meetings of the various Board committees held during the year.

Committee	No. meetings
AUDIT AND CONTROL COMMITTEE	12
NOMINATION COMMITTEE	14

Committee	No. meetings
REMUNERATION COMMITTEE	9
RISKS COMMITTEE	14
EXECUTIVE COMMITTEE	22

C.1.29 Indicate the number of Board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Number of meetings with all members present	7
% of attendances of the total votes cast during the year	94.83%

C.1.30 Indicate whether the consolidated and individual financial statements submitted for authorisation for issue by the Board are certified previously.

Yes [ ] No [X]

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the Board.

C.1.31 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

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

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

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

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

* to review the Company's accounts and previously report to the Board of Directors about the periodic financial information which the Company must periodically publish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management, in order to guarantee the integrity of the accounting and financial systems, including the financial and operational control, and compliance with the applicable legislation;

C.1.32 Is the Secretary of the Board also a Director?

Yes [ ] No [X]

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
ALEJANDRO GARCÍA-BRAGADO DALMAU	

C.1.33 Section revoked.

C.1.34 Indicate and explain, where applicable, the mechanisms implemented by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

As well as submitting to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection appointment, re-election and replacement of the external auditor, the Audit and Control Committee is responsible for maintaining the appropriate relations with the external auditors in order to receive information on those matters that could jeopardise their independence and any other matters related to the process of auditing the accounts. In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the issuance of the audit report, a report containing an opinion on the independence of the auditor. This report must address, in all cases, the evaluation of the provision of any additional services referred to above, individually and collectively considered, different form the legal audit and related to the degree of independence or to the regulatory audit regulations.

As an additional mechanism of ensuring the auditor's independence, article 45.4 of the Bylaws states that the General Meeting may not revoke the auditors until the period for which they were appointed terminated, unless it finds just cause. Further, the Company has policies governing the relationship with the external auditors, approved by the Audit and Control Committee, to guarantee compliance with applicable legislation and the independence of the auditing work.

With regard to its relationship with market agents, the Company acts on the principles of transparency and non-discrimination set out in the applicable legislation and those stated in the Regulations of the Board of Directors which stipulate that the Board, through communications of material facts to the Spanish Securities Market Commission (CNMV) and the corporate website, shall inform the public immediately with regard to any material information. With regard to the Company's relationship with analysts and investment banks, the Investor Relations department shall coordinate the Company's relationship with analysts, shareholders and institutional investors and manage their requests for information in order to ensure they are treated fairly and objectively.
In this regard, and pursuant to Recommendation 4 of the new Good Governance Code of Listed Companies, at its meeting on 30 July 2015 the Board of Directors, under its powers to determine the Company's general policies and strategies, resolved to approve the Policy on information, communication and contact with shareholders, institutional investors and proxy shareholders which is available on the Company's website.

The powers legally delegated to the Board of Directors specifically include the duty of supervising the dissemination of information and communications relating to the Company. Therefore, the Board of Directors is responsible for managing and supervising at the highest level the information distributed to shareholders, institutional investors and the markets in general. Consequently, the Board of Directors, through its corresponding bodies and departments, works to ensure, protect and facilitate the exercise of the rights of shareholders, institutional investors and the markets in general in the defence of public interest, in compliance with the following principles: transparency, equality and non-discrimination, continuous information, affinity with public interest, being At the cutting edge in the use of new technologies and compliance with the Law and CaixaBank's internal regulations.

These principles are applicable to all information disclosed and the Company's communications with shareholders, institutional investors and relations with markets and other stakeholders as such as, *inter alia*, intermediary financial institutions, management companies and the Company's share depositories, financial analysts, regulatory and supervisory bodies, proxy advisors, credit ratings agencies, information agencies, etc. In this regard, the Audit and Control Committee is kept duly informed of all matters regarding the granting and revision of ratings by rating agencies.
The Company pays particular heed to the rules governing the treatment of privileged information and relevant information contained in applicable legislation and the Company's regulations on shareholder relations and communications with securities markets contained in CaixaBank's Code of Business Conduct and Ethics, and the Internal Code of Conduct on Matters Relating to the Securities Market of CaixaBank, S.A. and the Board of Directors' Regulations (these are also available on the Company's website).

C.1.35 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor.

Yes [ ] No [X]

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

C.1.36 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of the fees invoiced to the company and/or its group.

Yes [X] No [ ]

	Company	Group	Total
Amount of non-audit work (thousands euros)	2,280	1,090	3,370
Amount of non-audit work as a % of the total amount billed by the audit firm	37.12%	29.81%	34.39%

C.1.37 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes [ ] No [X]

C.1.38 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	Group
Number of consecutive years	14	14
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	87.50%	87.50%

C.1.39 Indicate and give details of any procedures through which Directors may receive external advice.

Yes [X] No [ ]

Procedures
Article 22 of the Regulations of the Board of Directors expressly states that to receive assistance in fulfilling their duties, non-executive Directors may request that legal, accounting or financial advisors or other experts be hired, at the expense of the Company.

The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that:

* it is not necessary for the proper performance of the duties entrusted to the other non-executive Directors;

* the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;

* the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or

* it may entail a risk to the confidentiality of the information that must be handled.

C.1.40 Indicate whether there are procedures for Directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies.

Yes [X] No [ ]

Procedures
Pursuant to article 21 of the Regulations of the Board of Directors, when carrying out their duties, Directors have the right to request and obtain from the company any information they need to discharge their Board responsibilities. For such purpose,

they may request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.

Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and otherwise, to the Chief Executive Officer who will forward the request to the appropriate party in the Company. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations.

Notwithstanding the above, documents must be approved by the Board. In particular, documents that cannot be fully analysed and discussed during the meeting due to their size are sent out to Board members prior to the Board meeting in question.

C.1.41 Indicate and, where appropriate, give details of whether the company has established rules obliging Directors to inform the Board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes [X] No [ ]

Details of rules
In addition to the response to C.1.21 above, article 20 of the Regulations of the Board stipulates that Directors must place their position at the disposal of the Board of Directors and formalise, if the latter deems appropriate, the pertinent resignation when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgement of the Board.

C.1.42 Indicate whether any Director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the LSC.

Yes [ ] No [X]

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the Director should continue to hold office or, if applicable, detail the actions taken or to be taken by the Board.

C.1.43 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

Not applicable.

C.1.44 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries 54

Type of beneficiary

2 executive Directors, 10 Management Committee members, 13 executives/ 29 employees - specialists and middle management

Description of resolution

2 executive Directors
As per the Remuneration Policy for the Board of Directors approved at the General Shareholders' Meeting of 23 April 2015, CaixaBank executive Directors are entitled to receive two times the total of the gross annual fixed components of remuneration (fixed remuneration and an annual contribution to the complementary pension scheme) after deducting the cumulative amount in the employee's favour in the policy governing pension benefit obligations or other long-term savings plans for any of the following reasons:
Unilateral termination by the Director due to a serious breach by the Company of the obligations included in their contract;

Unilateral termination by the Company where no just cause is found;
Removal from or non-renewal of their post as a Director of the Company and their executive duties with no due cause; or
Acquisition of a controlling stake in the Company by an entity other than "la Caixa" pursuant to article 42 of the Commercial Code, or the transfer of all or a relevant part of its activity or its assets and liabilities to a third party or its integration into another business group thereby obtaining control of the Company.
10 members of the Management Committee:
Members of the Management Committee are entitled to receive 2-7 annual payments comprising fixed remuneration or fixed and variable remuneration, depending on contractual conditions, after deducting the cumulative amount in the employee's favour in the policy governing pension benefit obligations or other long-term savings plans for any of the following reasons:
Termination without cause by CaixaBank, of their employment contract without prior notice;
Substantial changes by the Company to the working conditions which seriously jeopardise their professional training, which attack their dignity, or which are decided in serious breach to their good faith;
Continuous delays or failure to pay the agreed salary;
Any other serious breach by the Company of contractual obligations, other than those arising as a result of force majeure which prevent the payment of compensation;
The succession of the Company or any significant changes to its ownership which entail a change to the governing bodies or the content or scope of its primary activity, providing the termination occurs in the three months following any change.
13 Officers:
2-3.5 annual payments comprising fixed remuneration or fixed and variable remuneration depending on contractual conditions, in the event of unfair early removal or rescission after deducting the cumulative amount in the employee's favour in the policy governing pension benefit obligations or other long-term savings plans.
Group of 29 employees – specialists and middle management:
0.25-2.4 annual payments (fixed remuneration or fixed and non-fixed remuneration, depending on contractual conditions).
Some middle managers have compensation clauses in the event of unfair dismissal, the amounts of which are calculated based on their individual professional and wage conditions.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

	Board of Directors	General Shareh
Body authorising clauses	Yes	No

	Ye	No
Is the General Shareholders' Meeting informed of such clauses?		X

C.2 Board Committees

C.2.1 Give details of all the Board committees, their members and the proportion of proprietary and independent Directors.

AUDIT AND CONTROL COMMITTEE

Name	Post	Category
ALAIN MINC	CHAIRMAN	Independent
SALVADOR GABARRÓ SERRA	MEMBER	Proprietary
FRANCESC XAVIER VIVES TORRENTS	MEMBER	Independent

% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0.00%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

Identify the Director who has been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both and state the number of years they have been Chairman.

Name of Director with experience	ALAIN MINC
Number of years as Chairman	0

NOMINATION COMMITTEE

Name	Post	Type
ANTONIO SÁINZ DE VICUÑA Y BARROSO	CHAIRMAN	Independent
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	Proprietary

% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0.00%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

REMUNERATION COMMITTEE

Name	Post	Type
ALAIN MINC	MEMBER	Independent
SALVADOR GABARRÓ SERRA	MEMBER	Proprietary
MARÍA AMPARO MORALEDA MARTÍNEZ	CHAIRMAN	Independent

% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0.00%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

RISKS COMMITTEE

Name	Post	Category
ANTONIO SÁINZ DE VICUÑA Y BARROSO	CHAIRMAN	Independent
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	Proprietary
JUAN ROSELL LASTORTRAS	MEMBER	Independent
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent

Name	Post	Category
JAVIER IBARZ ALEGRÍA	MEMBER	Proprietary

% of proprietary Directors	40.00%
% of independent Directors	60.00%
% of other external Directors	0.00%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

EXECUTIVE COMMITTEE

Name	Post	Category
ANTONIO SÁINZ DE VICUÑA Y BARROSO	MEMBER	Independent
MARIA DOLORS LLOBET	MEMBER	Proprietar
ISIDRO FAINÉ CASAS	CHAIRMAN	Proprietary
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	Proprietary
ANTONIO MASSANELL LAVILLA	MEMBER	Executive
MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
GONZALO GORTÁZAR ROTAECHE	MEMBER	Executive
JAVIER IBARZ ALEGRÍA	MEMBER	Proprietary

% of executive Directors	25.00%
% of proprietary Directors	50.00%
% of independent Directors	25.00%
% of other external Directors	0.00%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

Indicate whether the composition of the Executive Committee reflects the participation within the Board of the different types of Directors.

Yes [X] No [ ]

C.2.2 Complete the following table on the number of women Directors on the various Board committees over the past four years.

	Number of women Directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND CONTROL COMMITTEE	0	00.00%	0	00.00%	0	00.00%	0	00.00%
NOMINATION COMMITTEE	2	66.67%	2	66.67%	2	66.67%	2	66.67%

	Number of women Directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
REMUNERATION COMMITTEE	1	33.33%	1	25.00%	0	00.00%	0	00.00%
RISKS COMMITTEE	1	20.00%	1	20.00%	0	00.00%	0	00.00%
EXECUTIVE COMMITTEE	2	25.00%	2	25.00%	2	33.33%	3	42.86%

C.2.3 Section revoked.

C.2.4 Section revoked.

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

EXECUTIVE COMMITTEE

Brief description

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

There is no express mention in the Company's Bylaws that the Committee must prepare an activities report. Nevertheless, at its meeting on 18 February 2016 the Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2015.

AUDIT AND CONTROL COMMITTEE

Brief description

There are no specific regulations for the Board committees. The organisation and functions of the Audit and Control Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together with its structure and composition.

In compliance with article 13.3 (v) of the Regulations of the Board of Directors, at its meeting on 25 February 2016, the Audit and Control Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2015.

RISKS COMMITTEE

Brief description

There are no specific regulations for the Board committees. The organisation and functions of the Risks Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with article 13.3 (e) of the Regulations of the Board of Directors, at its meeting on 18 February 2016, the Risks Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2015.

NOMINATION COMMITTEE

Brief description

There are no specific regulations for the Board committees. The organisation and functions of the Appointments Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with prevailing legislation, at its meeting on 24 February 2016, the Appointments Committee approved its annual activities report detailing its performance during 2015.

REMUNERATION COMMITTEE

Brief description

There are no specific regulations for the Board committees. The organisation and functions of the Remuneration Committee are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website (www.caixabank.com) together its structure and composition.

In compliance with prevailing legislation, at its meeting on 17 February 2016, the Appointments Committee approved its annual activities report detailing its performance during 2015.

C.2.6 Section revoked.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, if applicable, the procedures for approving related party or intragroup transactions.

Procedures for approving related party transactions

The Board of Directors in plenary session shall approve, subject to a report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorisation corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (Related-Party Transactions). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:
a. they are governed by standard-form agreements applied on an across-the-board basis a large amount of clients;
b. they go through at market prices, generally set by the person supplying the goods or services;
c. their amount is no more than 1% of the company's annual revenues.

Therefore, the Board of Directors or, for reasons of urgency, other duly authorised bodies or persons, shall approve related-party transactions. These must then be ratified at the first Board meeting held following approval prior to a favourable report from the Audit and Control Committee. Any Directors affected by these transactions shall abstain from the debate and voting on the transactions.

Intragroup transactions are regulated by the Internal Relations Protocol between ”la Caixa” Banking Foundation and CaixaBank (available on CaixaBank's website). This sets, inter alia, the general criteria to carry out transactions or provide intragroup services under market conditions, as well as identifying the services which ”la Caixa” Banking Foundation provides and will provide to CaixaBank and CaixaBank Group companies and those which CaixaBank and/or CaixaBank Group companies provide or will provide in turn to ”la Caixa” Banking Foundation and ”la Caixa” Banking Foundation Group companies.

The Protocol establishes the circumstances and terms for approving intragroup operations. In general the Board of Directors is the competent body for approving these transactions.

It should be noted that certain intragroup operations described in Clause 4.3, given their importance, shall be subject to prior approval of the CaixaBank Board of Directors which must be in possession of a report from the CaixaBank Audit and Control Committee and also of the Board of Trustees of ”la Caixa” Banking Foundation.

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company’s significant shareholders.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
LA CAIXA BANKING FOUNDATION	CAIXABANK, S.A.	Corporate	Dividends and other profit distributed	533,964
CRITERIA CAIXA, SAU	CAIXABANK, S.A.	Commercial	Financing agreements: loans	1,950,000
CRITERIA CAIXA, SAU	CAIXABANK, S.A.	Commercial	Other instruments that could imply a transfer of resources of or obligations between the Company and the related party	1,900,000
LA CAIXA BANKING FOUNDATION	CAIXABANK, S.A.	Contractual	Licences agreements	1,600

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or Directors.

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

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company

BARCLAYS BANK, SAU

Amount (thousands of euros) 60,000

Brief description of the transaction

Barclays Bank, SAU's asset management business acquired.

Corporate name of the group company

BARCLAYS BANK, SAU

Amount (thousands of euros) 33,000

Brief description of the transaction

Barclays Bank, SAU's factoring and confirming management business acquired.

Corporate name of the group company

BARCLAYS BANK, SAU

Amount (thousands of euros) 80,000

Brief description of the transaction

Barclays Bank, SAU's card management business acquired.

Corporate name of the group company

SEGURCAIXA ADESLAS

Amount (thousands of euros) 47,000

Brief description of the transaction:

Collection of addendum to agency contract.

D.5 Indicate the amount from other related-party transactions.

0 (thousands of euros)

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

Directors and Executives

Article 28 of the Regulations of the Board of Directors regulates the duty not to compete of company Directors. This prohibition can only be lifted if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. The obligation to abide by the conditions and guarantees provided by the dispensation agreement and, in any case, the obligation to abstain from participating in the deliberations and voting in which he has a conflict of interest shall be applicable to the Director who has obtained the dispensation, all of which in accordance with the provisions of current legislation.

Pursuant to article 29 of the Regulations, Directors shall avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, taking for these purposes any measures that may be necessary. In all cases, Directors should inform to the Board of Directors of the situations of direct or indirect conflict that they or persons related thereto may have with the interests of the Company and these shall be disclosed in the notes to the financial statements.

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

Significant shareholders

In order to foster the Company's transparency, and good governance, and in accordance with Recommendation 2 of the Unified Code of Good Governance, CaixaBank and “la Caixa”, as controlling shareholder, signed an Internal Relations Protocol. This has been novated on various occasions and duly reported to the CNMV each time.

The current Protocol aims to: develop the basic principles governing relations between ”la Caixa” Banking Foundation and CaixaBank; demarcate the general parameters governing any mutual business or social dealings between CaixaBank, its group and ”la Caixa” Banking Foundation and other Group companies (of which CaixaBank is part), and to ensure an adequate flow of information to allow ”la Caixa” Banking Foundation and CaixaBank to prepare financial statements and meet their periodic reporting and supervision obligations with Bank of Spain, the CNMV and other regulatory bodies

The Protocol lays down the procedures to be followed by CaixaBank and ”la Caixa” Banking Foundation with regard to, inter alia, conflicts of interest, their relationship with core shareholders, related party transactions and the use of privileged information, pursuant to prevailing legislation at all times.

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

Yes [ ] No [X]

Identify the listed subsidiaries in Spain

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the company, including fiscal risks.

The Company hereby states that of the descriptions contained in CNMV Circular 7/2015, of 22 December, regarding the scope of entities' risk management system, the one which best describes the Company's is number 1, namely:

“The Risk Management System functions in an integrated and continuous manner, with each area, business unit, activity, subsidiary, geographical area and support area (for example human resources, marketing or management control) managing risk at a corporate level.”

In other words, risk control is fully ingrained in the business and the organisation plays a proactive role in ensuring that it is implemented. The Board of Directors determines the risk control and management policies and strategies. To this end it is advised by the Risks Committee who also regularly reviews the policy in depth.

Senior management participates directly in maintaining the internal control framework, ensuring that it is executed prudently, and in the ongoing strategic management and planning of capital to guarantee the level of capital available is in keeping with the Entity’s risk level. The Risk Management System is comprehensive and thorough and can be adapted and streamlined to all subsidiaries and business units while adhering to the criteria of materiality and reasonableness.

The Risk Management System itself comprises the following elements:

• - The corporate risk catalogue, signed by the Board in March 2014 within the framework of the Corporate Risk Map Project (for more information see point E.3), allows for the classification of risks by category and facilitates their evaluation, thereby helping determine the Group's risk profile, a Risk Appetite Framework which standardises risk terminology and facilitates the adaptation of risk reporting to the requirements of the Single Supervisory Mechanism (SSM).

• The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the CaixaBank Group's Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the Financial Conglomerate's strategic and profitability targets.

• Policies which are the regulatory framework defining how risk activities are conducted in general in order to control and manage risks at corporate level.

• Procedures, methodologies and support tools, which allow policies to be articulated and the "standardisation, comprehensiveness and consistency" principle to be adhered to.

• Risk culture at CaixaBank is constantly evolving. This is evident in (i) training as borne out in 2015 with the creation of the “Risks School” which aims to, whilst also supporting all business areas in risk matter, convey this risk culture and policies to ensure correct management (with both classroom-based and virtual training sessions, using the remote means available), (ii) information – publication of relevant risk management principles, standards, circulars and manuals which are reported during monthly meetings of the CEO and senior management with the Directors of the branch network and Central Services; and (iii) incentives – at present this applies to the variable remuneration of certain managers involved in risk origination and management.

• A fully integrated Risk Monitoring and Control System which (i) mitigates operational losses, provides information on thresholds, consumption and risk positions to (ii) avoid overexposure and ensure reporting information is complete, risk calculations and metrics to (iii) guarantee the reliability thereof when measuring risks; and data fed into risk software to ensure (iv) no key data is missing or contains inaccurate or out-of-date information which means debtor risks cannot be calculated properly.

• An Internal Control Model which offers a reasonable degree of assurance that the Group will achieve its objectives and which evolves to take on board the guidelines issued by regulatory bodies and industry best practice to move towards the Three Lines of Defence model: the first line of defence embraces the Group's business units and support areas; the second line of defence mainly comprises the Risk Management, Compliance and Internal Control functions and acts independently. It is designed to identify, measure, monitor and report all of the Group's material risks while developing management and control systems for these risks; the third line of defence, which comprises Internal Audit, is responsible for assessing the effectiveness and efficiency of risk management and control.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

E.2 Identify the bodies responsible for preparing and implementing the risk management system, including fiscal risks.

Governing bodies

CaixaBank's Board of Directors is the Entity’s highest risk-policy setting body. In this regard, the Board itself takes decisions on certain risk management issues:

Adopting and monitoring compliance with risk measurement approaches, as well as calculating the related regulatory capital requirements;

Organising control duties at the highest level of authority;

Establishing global risk limits; and

Ruling on general risk policies and progress made. In general, the Board of Directors' functions are:

Defining general risk management principles;

Establishing the distribution of functions within the organisation and establishing the criteria for preventing conflicts of interest;

Approving and reviewing periodically the risk performance, management, control and reduction strategies and policies;

Approving the general internal control strategies and procedures; and

Monitoring the results of the risk management and control function and the status of internal control.

The Board has delegated certain issues to the delegate committees, whose activities are described in the Regulations of the Board of Directors (articles 11 et. seq.). Specifically, the Risks Committee closely monitors risk management. Its exact duties and composition are detailed in point C.2.4.. However, the Audit and Control Committee is, without prejudice to the Board's risk control and management powers, the final guarantee of the control mechanisms. See point C.2.4 for its exact duties and composition.

We would note that the Risks Committee met on 14 occasions in 2015. At these meetings it analysed, inter alia, the various risks included in the Corporate Risks Catalogue (e.g. actuarial, operational, market, credit, liquidity, regulatory etc.), the risk appetite framework and the risk scorecard.

Management Bodies

Senior management acts within the framework of powers delegated by the Board of Directors, both collegiately (Management Committee) and individually through the Chief Risks Officer. CaixaBank's General Risks Division ensures the correct working of the Group's Risk Management System. It is not directly responsible for reputational risk (which is managed by the Corporate Division of Communication, Institutional Relations, Brand and CSR) nor legal/political/regulatory/fiscal risk (which fall to the General Secretary) nor regulatory compliance (which is the responsibility of the Deputy -General Control and Compliance Division).

CaixaBank senior management sit on the various risk management committees which establish general action policies, approve transactions at the highest level, and manage business risk across the Group. These committees are:

• Global Risks Committee

• Asset-Liability Committee (ALCO)

• Permanent Lending Committee

• Recovery and Resolution Plans Committee

• Risk Policies Committee

• Subsidiaries' Risk Policies Committee

• Real Estate Acquisition and Appraisal Committee

• Operational Risks Committee

• Models and Parameters Committee

• Default and Recovery Committee

• New Investment Products Committee

• Corporate Rating Committee

• Large Auctions Committee

• Dations Committee

• Provisions committee

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

E.3 Indicate the main risks, including fiscal, which may prevent the entity from achieving its targets.

Developments in the financial system and the rapid transformation of the Regulatory Framework indicate the growing importance of assessing risk and the control environment of entities. Within this framework, the CaixaBank Group has a Corporate Risk Map to identify, measure, monitor, control and report risks.

The Corporate Risk Map included a Corporate Risk Catalogue in March 2014 (see point E.1), which helps the internal and external monitoring and reporting of risks.

The main risks reported periodically to management and the governing bodies are:
• Credit risk: Risk of a decrease in the value of the CaixaBank Group's assets due to uncertainty in a counterparty's ability to meet its obligations.

• Market risk: Risk of a decrease in the value in the Group's assets held for trading or increase in the value of its liabilities held for trading due to fluctuations in interest rates or prices in the market where the assets/liabilities are traded.
• Liquidity risk: Risk of insufficient liquid assets to meet contractual maturities of liabilities, regulatory requirements, or the needs of the business.

• Interest or foreign currency risk: Risk of a negative impact on the economic value of the balance sheet or results, arising from changes in the structure of the interest rate curve or exchange rate fluctuations.

• Actuarial risk: Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans due to the differences between the claims estimates and actual performance.

• Capital adequacy risk: Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.
• Legal/Regulatory risk: Risk of a loss or decrease in profitability of the CaixaBank Group as a result of changes to the regulatory framework or court rulings that are unfavourable to the Entity.

• Compliance: Risk arising from a deficient procedure that generates actions or omissions that are not aligned with the legal or regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

• Operational risk: Risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Includes the risk categories encompassed in the regulation.

• Reputational risk: Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by the Entity, its Senior Management or Governing Bodies.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

E.4 Identify if the entity has a risk tolerance level, including fiscal.

The Entity has various risk tolerance levels in its Risk Appetite Framework (already detailed in point E.1, as part of its Risk Management System).

CaixaBank's Risk Appetite Framework includes qualitative and quantitative statements.

• The risk appetite statement transmits the target risk profile with four key dimensions

1. Loss protection: The Entity wishes to maintain a medium-low risk profile and a comfortable level of capital.
2. Liquidity and financing: In order to have a stable and diversified financing base, the Entity must be certain it has the capability to meet its financing obligations and needs, including under adverse market conditions.
3. Business combination: The Entity aspires to hold a leading position in the retail banking market and be able to generate revenue and capital in a balanced and diversified manner.
4. Franchise risks: the Group adheres to the highest ethical and governance standards, encouraging sustainability and social responsibility, and actively strives to ensure operating excellence.

• Quantitative metrics, which are summarised in scorecards:

1. Primary metrics, with the appetite and tolerance levels set by the Board
2. Complementary indicators, to break down or complement risk monitoring by the management team

• Management levers, to ensure the business and risks are managed in a coherent and efficient manner. These are included in:

1. Training and communication
2. Risk assessment and analysis methodologies
3. Limits, policies and powers
4. Incentives and appointments
5. Tools and processes

For each key dimension defined, there are also qualitative statements, various quantitative metrics with the appetite to be maintained and the tolerance thresholds. Along with the management levers, these help steer the risk profile assumed by the management team.

“Appetite” and “Tolerance” levels are set for each of the metrics through a system of alert traffic lights:

- “Green traffic light”: risk target
- “Amber traffic light”: early alert
- “Red traffic light”: breach

There is also a "Black traffic light" for certain metrics included in the Recovery Plan (see below). Once activated, certain internal communication and governance processes would be triggered based on the defined seriousness of the situations.

Finally, and in line with EU Directive 2014/59/EU, of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions, CaixaBank has a Recovery Plan which is kept up to date.

The Plan is intended to help the Entity implement recovery measures so it can re-establish its financial position following a significant impairment of same. It is designed to allow the Entity to respond to situations where its solvency and liquidity are seriously impaired. A Recovery and Resolution Plans Committee (RRPC) has been created to manage the Recovery and Resolution Plans.
When drawing up the Recovery Plan, the RRPC determines the Plan's scope and the areas involved. It recommends that the Plan be updated at least once a year in line with prevailing legislation. It also directs the project and supervises and controls the preparation process which falls to the Project Office.
Before approving the Recovery Plan the RRPC validates the Report proposed by the Project Office and submits it to the Management Committee.
The RRPC reviews the Report drawn up by the Project Office every quarter to revise the recovery indicators. The Report is then submitted to the Management Committee.

The Report is updated at least once a year and requires Board approval. The Board is also responsible for activating the Plan should it be necessary to implement any of the measures.

There is also a "Black traffic light" for certain metrics included in the Recovery Plan. Once activated, the stipulated communication and governance processes will be triggered.

This ensures a comprehensive and scaled monitoring process of potential impairments in the Entity's risk profile, and regulates the opportune and selective involvement of the governing bodies.

The RRPC also coordinates all information requests sent by both Spanish and European resolution authorities such as the Bank of Spain, FROB or the Single Resolution Mechanism.

For more information (risk assessment process) see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

E.5 Identify any risks, including fiscal, which have occurred during the year.

The risks, identified in the Corporate Risks Catalogue, are listed in point E.3; the comprehensive (management, control, etc.) and forward-looking tool used is the Risk Appetite Framework (described in point E.1); some of the primary metrics defined therein rose above the risk appetite thresholds in 2015, although these remained within the tolerance levels.

Specifically, there were losses due to impairment of the portfolio of loans, while real estate and non-core assets on the consolidated balance sheet exceeded the desired amount, against a backdrop of a drawn-out economic crisis in Spain, deleveraging of the private sector and stagnation in the real estate sector.
The initiatives adopted and the current action plans should enable the risk levels to be brought back into line with the Entity's risk appetite.

The main figures which affected credit risk in 2015 are:

- NPLs. At 31 December 2015 the Group's non-performing loans totalled EUR 17,100 million (7.9%). At 31 December 2014 this was EUR 20,110 million (9.7%).
- CaixaBank's NPL ratio compares very favourably with that of the private sector resident lending for the total system, which in 11 months has gone from 12.9% (31 December 2014) to 10.1% (31 December 2015).
- Property development and foreclosed assets. At 31 December 2015, the Group's gross financing of real estate development stood at EUR 9,825 million (EUR 14,069 million at 31 December 2014) and the net carrying amount of foreclosed assets was EUR 7,259 million (EUR 6,719 million at 31 December 2014).
- For the NPL coverage ratio, in 2015 the Group recognised insolvency provisions of EUR 1,593 million (EUR 2,084 in 2014), stripping out recoveries. Including these provisions, total credit loss provisions were EUR 9,512 million at the end of 2015 (EUR 11,120 at the end of 2014).
- This gave a Cost of Risk of 0.7% in 2015 compared to 1.0% in 2014 and an expected loss of EUR 7,438 million at the end of 2015 (EUR 8,687 at the end of 2014).

Control systems

The Group's ability to generate value over the long term has not been affected.
The control systems worked correctly, meaning the risk was correctly managed. The Group's board was informed of the progress.

We would also note that the Framework has also been used in internal planning processes and simulation processes in the event of possible stress scenarios.

• The2015-2018 Strategic Plan was published in the first quarter of the year, certifying that it is qualitatively and quantitatively compliant with Framework statements and Tier 1 metrics.

• The Internal Capital Adequacy Assessment Process report, the Internal Liquidity Adequacy Assessment Process report and the corresponding stress scenarios: verifying that none of the Tier 1 metrics are in breach (red) in the baseline scenario or in an adverse or severely adverse scenario.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

E.6 Explain the response and monitoring plans for the main risks the entity is exposed to, including fiscal

Due to space limitations, see our response in "Appendix to 2015 ACGR" attached to section H.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

The Board of Directors of CaixaBank has formally assumed responsibility for ensuring the existence of a suitable, effective ICFR and has delegated powers to Financial Accounting, Control and Capital (FACC) to design, implement and monitor the same.

Article 40.3 of CaixaBank's Bylaws, states that the Audit and Control Committee's responsibilities shall include at least the following:

• "To monitor the effectiveness of the Company's internal control environment, internal audit and risk management systems, and discussing with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.

• To monitor the process for preparing and submitting regular financial information."

In this regard, the Audit and Control Committee is charged with overseeing ICFR. Its oversight activity seeks to ensure its continued effectiveness by gathering sufficient evidence of its correct design and operation.

The Entity has been notified of this role and an internal, classified Internal Control over Financial Reporting Code has been approved by the Management Committee and Board of Directors. The Internal Control over Financial Reporting Unit ("ICFR") reports directly to the Head of Audit, Management and Capital Control who:

• "Monitors whether the practices and processes in place at the Institution ensure the reliability of the financial information and compliance with applicable regulations.

• Assesses that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:

i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
ii. The information includes all transactions, facts and other events in which the entity is the affected part (completeness).
iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
v. Financial information shows, at the corresponding date, the Entity's rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

The Code also details the responsibilities of the Internal Accounting Units which are involved in preparing financial information. These responsibilities include attesting the execution of the key controls identified with the required frequency, as well as helping to identify risks and controls and the formal establishment and descriptive documentation of the activities and controls which affect the preparation of financial information.

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the entity.

CaixaBank's Board of Directors has entrusted its Management Committee and Appointments Committee with reviewing the organisational structure and the lines of responsibility and authority at the Entity. The Organisation and Quality area designs the organisational structure of CaixaBank and proposes to the Entity's governing bodies any suitable changes. Then, the Human Resources and Organisation Deputy General Division proposes the people to be appointed to carry out the duties defined.

The lines of responsibility and authority for drawing up the Entity's financial information are clearly defined. It also has a comprehensive plan which includes, among other issues, the allocation of tasks, key dates and the various revisions to be carried out by each of the hierarchical levels. The above-mentioned lines of authority and responsibility have been duly documented and all of those people taking part in the financial reporting process have been informed of the same.

We would note that all CaixaBank Group entities have an ICFR model and act in a coordinated manner. In this regard, the above-mentioned Internal Regulations enable the Entity to disseminate its ICFR methodology groupwide.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The CaixaBank Code of Business Conduct and Ethics, which has been approved by the Board of Directors, sets out the core ethical values and principles that guide its conduct and govern the actions of all employees, executives and officers. The Code is available to all employees on the Company's intranet and can also be accessed by shareholders, customers, suppliers and other interested parties under the Corporate Responsibility section of the CaixaBank website.

The ethical values and principles outlined in the Code are as follows: compliance with the law, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.
The Code also states that the Entity undertakes to provide its customers and shareholders with accurate, truthful and understandable information on its transactions and commissions and the procedures for handling claims and resolving incidents.

CaixaBank also makes all its financial and relevant corporate information available to its shareholders, in line with prevailing legislation.

All new employees must adhere to the Code.

The Queries and Complaints Committee, which include Compliance, General Council, Legal and Human Resources is responsible for analysing any breach or proposing corrective measures and penalties. Likewise, due to prevailing legislation and self-regulatory agreements proposed by Management and the Governing Bodies, there are other codes regulating the conduct of employees in specific areas. These are:

I. Internal Code of Conduct on Matters Relating to the Stock Market (IRC)

Its objective is to set out the rules governing CaixaBank's actions as well as its administrative bodies, employees and representatives, in accordance with the rules of conduct contained in the Securities Market Law and the corresponding implementing regulations. In addition, this Code of Conduct sets out CaixaBank's conflict of interest policy, in accordance with the above-referenced legislation.

The overall purpose is to promote transparency in markets and to protect, at all times, the legitimate interests of investors.

The Code is available to all employees on the Regulatory Compliance section of the Entity's intranet and all covered parties must declare that they are cognisant of it. Other stakeholders may also access it on the CaixaBank website.

The Code of Conduct Monitoring Committee is charged with analysing any breaches and imposing corresponding corrective measures or disciplinary action. Likewise, any queries regarding the content of the Internal Code of Conduct can be forwarded to the Secretary of the Code of Conduct Monitoring Committee or Regulatory Compliance, depending on the issue.

II. Telematic Code of Conduct

It has been approved by the Board of Directors and implements the conduct and best practices associated with access to the Entity's data and information systems.

It applies to all CaixaBank employees and is disseminated internally on the Regulatory Compliance portal on the intranet.

All new employees must adhere to the Telematic Code of Conduct and all new versions of the same are announced on the intranet.

The Queries and Complaints Committee, which include Compliance, General Council, Legal and Human Resources is responsible for analysing any breach or proposing corrective measures and penalties.

Finally, we would note that there is an Internal Confidential Consulting Channel where employees can send any queries regarding the interpretation and application of the Code of Ethics and the Telematic Code of Conduct. The channel is available to all employees on the intranet. Queries are handled by Regulatory Compliance except for those regarding the Telematic Code of Conduct which are handled by the IT Security Area.

As we have already mentioned, all queries regarding the Code of Conduct can be sent to the Code of Conduct Monitoring Committee or Regulatory Compliance, depending on the subject.

All of these issues have been included in the Entity's Training Regulations and courses must be taken by all employees. At the end of each course all participants must pass a test to receive formal validation.

The Entity currently offers the following courses:

- The Code of Ethics and the Confidential Consulting and Whistle-blowing Channel. This is a 90 minute e-learning course.
- Information Security training provides knowledge on the protection measures and criteria to be adopted concerning information. The course also included the guidelines of the Telematic Code of Conduct. This is a 60 minute e-learning course.
- The Entity also has two e-learning courses available on the Internal Code of Conduct:

o one for all covered persons; and
o another for all employees which focuses on identifying and notifying any market abuse or suspicious operations, the corporate conflict of interest policy and employees' general obligations regarding privileged information.

In 2015, all new employees were required to take these courses, including those who joined following the integration with Barclays Bank, SAU.

• 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

All notifications about possible breaches of the Code of Ethics and the Telematic Code of Conduct, as well as reports of potential irregularities regarding financial and accounting information must be sent to Regulatory Compliance via the Confidential Consulting and Whistle-blowing Channel set up by CaixaBank and available to all employees on the intranet.

This unit is responsible for managing the channel, while all reports are dealt with by an internal collegiate unit which alerts the relevant business units of the measures to be applied.
The collegiate body, which is formed by the General Secretary's Office, Human Resources, Regulatory Compliance and Legal Advisory, notifies the Audit and Control Committee of any complaints regarding financial and accounting information pursuant to the ICFR guidelines.

This internal channel is exclusively for employees and can be accessed via various links on the intranet. All reports must be individual and confidential. The whistle-blower is only identified to the business areas involved in the investigation if it is absolutely necessary and only with the employee's consent. This also guarantees the employee's indemnity except in cases of intentional claims or their participation in the events.

We would note that in 2015 the Entity offered training on this channel and its use (see previous section).

• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

The Entity and its subsidiaries strive to offer an ongoing accounting and financial plan which is adapted to the requirements inherent in the job and responsibilities of personnel involved in preparing and reviewing financial information.

In 2015, training courses focused on the following areas:

- Accounting
- Audit
- Internal Control
- Legal/Tax
- Risk management
- Regulatory Compliance
- Risks

The various courses were aimed at personnel in Financial Accounting, Control and Capital, the Deputy General Audit and Control Division, Default and Recovery, Risks and Regulatory Compliance, as well as members of the Entity's Senior Management. Approximately 3,610 hours of training were offered in the year, a 44% increase compared to 2014.

We would note that in the last quarter of 2015 the Entity relaunched an online course on ICFR aimed at 81 employees from Legal Advisory, Management and Capital, Internal Control and Risks. This is in addition to the 64 employees who took the course in 2014 and the 236 people in 2013.

This two-hour long course is intended to raise awareness among all employees, either directly or indirectly involved in preparing financial information, of the importance of establishing mechanisms which guarantee the reliability of the same, as well as their duty to ensure compliance with applicable regulations. The first section covers ICFR standards, with particular reference to the CNMV's guidelines issued in June 2010, while the second covers the methodology established at the CaixaBank Group to ensure compliance with all prevailing ICFR regulatory requirements.

Financial Accounting, Control and Capital (FACC) also subscribes to various national and international accounting and financial publications, journals and websites. These are checked regularly to ensure that the Entity takes into account any developments when preparing financial information.

One of the key features of CaixaBank's Strategic Plan for 2015-2018 is "to be leaders in service quality and have the best trained and dynamic team and develop the professional skills of all Branches and Central Services employees".

In 2015 the Entity set up the Risks School in collaboration with the Instituto de Estudios Bursátiles (IEB), the Pompeu Fabra University (UPF) and the Open University of Catalonia (UOC). The main purpose of this initiative is to support the training of critical professional skills and promote a decentralised management model so that more employees have the necessary skills to approve lending transactions.

The Risks School has four different levels and training is adapted to the various profiles of CaixaBank employees according to their professional functions and requirements. It contains virtual content on the Virtaula corporate platform which is complemented with classroom-based sessions with internal training staff. The training is accredited by external experts from UPF.

The first edition is open to 1,893 employees from various levels. Over the next four years it is expected that all CaixaBank employees receive training in the four levels offered by the Risks School.

Another important initiative is CaixaBank's agreement with the UPF Barcelona School of Management and the CISI (Chartered Institute for Securities & Investment) whereby both institutions certify the training taken by the Entity's employees with a tough exam, in accordance with European regulations on specialist training for bank employees. This training initiative is aimed at branch managers and Premier Banking managers as well as CaixaBank private banking advisers so that they are able to offer customers the best possible service. With this, CaixaBank is adhering to the EU regulations which will come into effect once the banking union is operational and is also the first Spanish financial entity to certify employees' training with a post-graduate Financial Advisory diploma and a prestigious international financial sector certificate. In 2015, 762 employees (branch managers and Premier Banking managers) took exams to be awarded the post-graduate Financial Advisory diploma and the international CISI certificate. They join the over 6,000 CaixaBank employees who already hold these qualifications.

As in 2014, professional development programmes and courses for the various business areas were drawn up in accordance with the profiles and skills of potential participants and the objectives set.

The Management Development Centre also runs specific training courses for managers, following on from the leadership programmes for Business Area Heads and activities aimed at executives from central services and new business areas. Talent identification and management programmes were also available.

The training courses for members of the Management Committee, Audit and Control Committee and Appointments Committee were given by an audit and consultancy firm. The 12 sessions of 2 hours each covered, among others, risk management, internal and external audit, capital instruments, the stock market and banking.

The Entity gave classroom-based and online training in 2015 to its staff. Among the subjects covered were accounting and auditing principles, as well as internal control and risk management. CaixaBank is committed to informal e-learning via its Virtaula platform where employees can share knowledge.

F.2 Risk assessment in financial reporting Report at least:

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

• The process exists and is documented.

CaixaBank's risk identification process is as follows:

1. Determining the scope of the review: relevant headings and Group entities generating this financial information are selected, using quantitative and qualitative criteria. In 2015, this exercise was carried out at the beginning of the year and revised in the second half.

2. Documentation of the processes, applications and Business Areas involved, either directly or indirectly, in preparing financial information.

3. Identifying and assessing risks Details of the processes concerning risks which may cause errors in the financial information. A financial information risk map is defined.

4. Documentation of existing controls to mitigate critical risks identified.

5. Continual assessment of the efficiency of ICFR. Reports submitted.

As indicated in the internal regulations which govern Internal Control over Financial Reporting, CaixaBank has a policy outlining the risk identification process and the relevant areas and risks associated with financial information reporting, including risks of error or fraud.

This policy implements the methodology to identify key processes, areas and risks associated with financial information, based largely on:

- establishing specific guidelines for responsibilities and implementation and updating; and establishing the criteria to be followed when identifying these. Both quantitative and qualitative criteria are used. The different possible combinations of these two types of criteria (qualitative and quantitative) are used to determine whether a financial statement item is considered significant or insignificant.
- The sources to be used.

The ICFR Function periodically, at least once a year, reviews all the risks within the ICFR scope and all control activities designed to mitigate these. This process is carried out in conjunction with all the areas involved. However, if, during the course of the year, unidentified circumstances arise that could affect the preparation of financial information, the ICFR function must evaluate the existence of risks in addition to those already identified.

In any case, risks will refer to possible errors (intentional or otherwise) with a potentially significant impact on financial information objectives: existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations.

The risk identification process takes into account both routine transactions as well as less frequent transactions which are potentially more complex as well as the effects of other types of risks (operational, technology, financial, legal, reputational, environmental, etc.).

The Entity also has an analysis procedure in place at the various Business Areas involved in corporate transactions and non-recurring or special operations, with all accounting and financial impacts being studied and duly reported.

The scope of consolidation is also assessed on a monthly basis by the Consolidation function which is part of the Accounts and Audit Inspection Area.

The impact of risks on the reliability of the reporting of financial information is analysed in each of the processes entailed in its preparation. The governing and management bodies receive periodic information on the main risks inherent in the financial information, while the Audit and Control Committee, monitors the generation, development and review of the financial information via the Internal Audit function and the opinion of both External Audit and Supervisory Bodies.

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

See the explanation in the first section.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies. etc.

See the explanation in the first section.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

See the explanation in the first section.

- Finally, which of the entity's governing bodies is responsible for overseeing the process.

See the explanation in the first section.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Financial Accounting, Control and Capital is responsible for reporting, preparing and reviewing all financial information. It demands that the various Business Areas collaborate in ensuring that the financial information submitted is sufficiently detailed.

Financial information is the cornerstone of the control and decision-making process of the Entity's senior governing bodies and Management.

The reporting and review of all financial information hinge on suitable human and technical resources which enable the Entity to disclose accurate, truthful and understandable information on its transactions in compliance with applicable standards.

In particular, the professional experience of the personnel involved in reviewing and authorising the financial information is of a suitable standard and all are appointed in light of their knowledge and experience in accounting, audit or risk management. Likewise, by establishing control mechanisms, the technical measures and IT systems ensure that the financial information is reliable and complete. Also, the financial information is monitored by the various hierarchical levels within Financial Accounting, Control and Capital and, where applicable, double checked with other business areas. Finally, the key financial information disclosed to the market is examined and, if applicable, approved by the highest-ranking governing bodies (the Board of Directors and the Audit and Control Committee) and the Entity's management.

The Entity has in place control and monitoring mechanisms for the various levels of financial information it compiles:

- The first control level is carried out by the various business areas which generate the financial information. This is intended to guarantee that the items are correctly accounted for.
- The second control level is the business area Intervention Unit. Its basic function is to ensure accounting control concerning the business applications managed by the Entity's different business units, which help validate and ensure that the applications work correctly and adhere to defined accounting circuits, generally accepted accounting principles and applicable accounting regulations.

The accounting control duties and responsibilities in these two control levels are outlined in an internal regulation.

There are various monthly revision procedures in place, such as a comparative analysis of actual and forecast performance, indicators of changes in business and the financial position.

- Finally, the third control level corresponds to the ICFR function which assesses whether the practices and processes in place at the Entity ensure the reliability of the financial information and compliance with applicable regulations. It specifically evaluates that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:

i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
ii. The information includes all transactions, facts and other events in which the Entity is the affected party (completeness).
iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
v. Financial information shows, at the corresponding date, the Entity's rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

With regard to activities and control procedures directly related to transactions which may have a material impact on the financial statements, the Entity has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks. This ensures that all documentation is complete and up-to-date.

The documentation of the critical processes and control activities contains the following information:

- A description of the processes and associated subprocesses
- A description of the financial information risks along with the financial statement assertions and the possibility of the risk of fraud. In this regard, we would note that the risks are classified into risk category and risk models which comprise the Entity's Corporate Risk Map which is managed by the Internal Control Area.
- Control activities carried out to mitigate the risk along with their characteristics:

o Classification - Key / Standard
o Purpose – Preventive / Detective / Corrective
o Automation – Manual / Automatic / Semiautomatic o
Frequency – How often the control is executed
o Evidence – Evidence/proof that the control is working correctly
o COSO Component – Type of control activity, according to COSO classification (Committee of Sponsoring Organizations of the Treadway Commission)
o System – IT applications or programmes used in the control activity –
Person responsible for implementing the control
o Person responsible for the control – Person who ensures the control is executed correctly

All activities and controls are designed to guarantee that all transactions carried out are correctly recorded, valued, presented and itemised.

CaixaBank has an upward internal key control certification process to ensure the reliability of financial information disclosed to the markets. The persons responsible for each of the controls identified shall submit certifications guaranteeing their efficient execution during the period in question. The process is carried out quarterly although there are also ad-hoc attestations where controls of financial reporting are carried out during different periods.

The Head of Financial Accounting, Control and Capital informs the Management Committee and the Audit and Control Committee of the outcome of this attestation process as well as the Board of Directors.

In 2015, the Entity carried out six attestation processes (four quarterly and two ad-hoc) and no significant incidences which may affect the accuracy of the financial information were identified.

Internal Audit carries out the monitoring functions described in F.5.1 and F.5.2 below.

The preparation of the consolidated financial statements requires senior executives to make certain judgements, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates are based on the best information available at the date the financial statements are prepared, using generally-accepted methods and techniques and observable and comparable data and assumptions.

The procedures for reviewing and approving judgements and estimates are outlined in the Judgements and Estimates Review and Approval Policy which forms part of the internal ICFR regulations and has been approved by the Management Committee and the Board of Directors.

This year the Entity has carried out the following:

- Impairment losses on certain financial assets and the fair value of the related guarantees.
- The measurement of goodwill and intangible assets.
- The useful life of and impairment losses on other intangible assets and tangible assets.
- Impairment losses on non-current assets held for sale.
- 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 labour, 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 and the capitalisation and recoverability of tax assets.
- Determination of share of profit (loss) in associates.

The Audit and Control Committee must analyse those transactions which are most complex and have the greatest impact before approval can be granted by the Board of Directors.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes regarding the preparation and publication of financial information.

The IT systems which give support to processes regarding the preparation of financial information are subject to internal control policies and procedures which guarantee completeness when preparing and publishing financial information.

Specifically these are policies regarding:

I. Information Security Management System: CaixaBank has an Information Security Management System (ISMS) based on international best practices and which is ISO 27001:2013 certified on an annual basis (BSI). This system defines, among other policies, those for accessing IT systems and the internal and external controls which ensure all of the policies defined are correctly applied.

II. Operating and business continuity: the Entity has in place an IT Contingency Plan to deal with serious situations to guarantee its IT services are not interrupted. It also has strategies in place to enable it to recover information in the shortest time possible.
The British Standards Institution (BSI) has certified that CaixaBank's business continuity programme is ISO 22301:2012 compliant. The certificate accredits:

- Management's commitment to business continuity.
- The existence of business continuity management best practices.
- The existence of a cyclical process aimed at continuous improvement.
- That CaixaBank's business continuity management system is compliant with international standards.

This certificate provides:

- Assurance to our customers, investors, employees and society in general that the Entity is able to respond to serious events that may affect business operations.
- Compliance with the recommendations of regulators, the Bank of Spain, MIFID and Basel III.
- Advantages in terms of the Entity's image and reputation.

Annual audits, both internal and external, which ensure we keep our system up-to-date.

III. Information technology (IT) governance: CaixaBank's information and technology (IT) governance model ensures that its IT services are aligned with the Entity's business strategy and comply with all regulatory, operational and business requirements. IT governance is an essential part of overall governance and encompasses organisational structures and guidelines to ensure that the IT services support and facilitate the fulfilment of strategic objectives. The governance model has been designed and developed according to ISO 38500:2008 standard, and was certified by Deloitte Advisory, S.L. in July 2014.

CaixaBank's IT services have been designed to meet the business' needs, guaranteeing the following:

- Segregation of duties;
- Change management;
- Incident management;
- IT quality management;
- Risk management; Operational, Reliability of financial reporting, etc.;
- Identification, definition and monitoring of indicators (scorecard);
- Existence of governance, management and monitoring committees;
- Periodic reporting to management;
- Rigorous internal controls which include annual internal and external audits.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The CaixaBank Group has a procurement and commissioning policy in place to ensure transparent and rigorous compliance with the legally established framework. The relationship between the CaixaBank Group and its suppliers is predicated on these principles.

All of the processes carried out between Group entities and suppliers are managed and recorded by programmes which include all activities. The Efficiency Committee is responsible for ensuring that the budget is applied in accordance with internal regulations.

The procurement and commissioning policy is detailed in the internal regulations which mainly regulate processes regarding:

- Drawing up, approving, managing and settling the budget
- Applying the budget: procurement and commissioning
- Paying invoices

Also, the Procurement Department is the collegiate body of the Efficiency Committee which ratifies all resolutions agreed by the Spending Committees and their respective business areas/subsidiaries which entail or could entail future procurement obligations or services and investment contracts. The Entity's Code of Business Conduct and Ethics stipulates that goods must be purchased and services engaged objectively and transparently, avoiding situations that could affect the objectiveness of the people involved. Auctions and budget requests are acceptable procurement methods according to the Procurement Department and a minimum of three tenders from suppliers must be submitted.

The CaixaBank Group has a Suppliers’ Portal offering quick and easy communication between suppliers and Group companies. This channel allows third party companies to submit all the necessary documentation when bidding for contracts as well as all the necessary documentation once services have been contracted. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

CaixaBank has an Outsourcing Policy which establishes the methodological framework and criteria to take into account when outsourcing services. The policy determines the roles and responsibilities of each activity and states that all outsourcings must be assessed according to their critical nature, as well as defining various control and supervision levels according to their classification.

Deloitte Advisory, S.L. (currently Deloitte, S.L.U.) has certified that the design and wording of the outsourcing governance complies with ISO standard 37500:2014, which attests:

• Senior management’s commitment to outsourcing governance.
• The existence of outsourcing management initiative best practices.
• A cyclical process based on continuous improvement.

Formalisation of this Policy means:

• Our customers, investors, employees and other stakeholders trust in the decision-making and control process for outsourcing initiatives.
• Compliance with the recommendations of regulators, such as the Bank of Spain, MiFID and Basel III.
• Advantages in terms of the Entity’s image and reputation.

CaixaBank ensures that any future outsourcing does not entail a loss of supervisory capacity, analysis or demands of the service or activity under contract. The following procedure is followed when there is a new outsourcing initiative:

• •Analysis of the applicability of the outsourcing model to the supplier.
• •Assessment of the outsourcing.
• •Engagement of the supplier.
• •Transfer of service to external supplier.
• •Oversight and monitoring of the activity or service rendered.

All outsourced activities have control activities largely based on performance indicators. Each person in charge of an outsourced activity shall request that the supplier report all indicators and keep these up-to-date. These are then reviewed internally on a periodical basis.

In 2015, valuation and calculation services commissioned from independent experts mainly concerned the following:

- Certain internal audit and technology services
- Certain financial consultancy and business intelligence services
- Certain marketing and various procurement services
- Certain IT and technology services
- Certain financial services
- Certain financial, fiscal and legal advisory services
- Certain processes related to Human Resources and various procurement services
- Certain processes related to Information Systems

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity’s operating units.

The Accounts and Audit Inspection Area – Accounting Circuits and Policies Department, which reports to Financial Accounting, Control and Capital (FACC), is responsible for defining the Entity's accounting criteria.

These criteria are based on and documented according to the characteristics of the product/transaction defined by the business areas involved and, applicable accounting regulations, which specify the creation of amendment of an accounting circuit. The various documents comprising an accounting circuit explain in detail all the likely events which could affect the contract or transaction and describe the key features of the operating procedures, tax regulations and applicable accounting criteria and principles.

This department is charged with resolving any accounting queries not included in the circuit and any queries as to its interpretation. Additions and amendments to the accounting circuits are notified immediately and can be consulted on the Entity’s intranet.

Accounting criteria are constantly updated in line with new contract types or transactions or any regulatory changes. In this process all new events which have been reported to the department and which may have an accounting impact both for the Entity and the Group are analysed. The various areas involved in these new events work together to review them. The conclusions of these reviews are transferred to and implemented in the various accounting circuits and, if necessary, the various documents comprising the general accounting documents. The affected business areas are informed via existing mechanisms, mainly the Intranet and the accounting policies manual. Also, documentation regarding the accounting analysis of one-off translations is prepared and held by the accounting policies department. In 2015, the accounting policies used during the year were reviewed.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

CaixaBank has internal IT tools which guarantee the completeness and consistency of the processes for capturing and preparing financial information. All of these applications have IT contingency mechanisms which guarantee that the data is held and can be accessed in any circumstances.

We would note that the Entity is currently upgrading its accounting information architecture to improve the quality, completeness, and immediacy of the information provided by business applications. The different IT applications are gradually being incorporated in the project.

Both CaixaBank and other Group entities use specialist tools and mechanisms in standard format to capture, analyse and prepare consolidated financial information.

The accounts plan, which is incorporated in the consolidation application, has been defined to comply with requirements of the various regulators.

The Entity also has a SAP Governance, Risk and Compliance (SAP GRC) tool to guarantee the completeness of ICFR, uniformly reflecting all the activities involved in a process and associating them with existing risks and controls. The tool also supports the Corporate Risk Map and Key Risk Indicators, for which the Internal Control and Credit Risk Models business areas are respectively responsible.

The system became fully operational in 2014 and further improvements were made in 2015, relating largely to improved usability for end users and system administrators. Improvement work on the SAP GRC is set to continue in 2016.

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

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

The duties of the Audit and Control Committee include those related to overseeing the process for preparing and submitting regular financial information as described in section F.1.1.

As part of its duty to oversee the process for preparing and submitting regular financial information, the Audit and Control Committee carries out, inter alia, the following activities:

- Approval of the Annual Internal Audit Plan and assessing whether the Plan has sufficient scope to provide appropriate coverage for the main risks to which the Entity is exposed.
- Assessment of the conclusions of the audits carried out and the impact on financial information, where applicable.
- Constant monitoring of corrective action, prioritising each one.

The internal audit function, which is part of the Deputy General Audit and Control Division, is governed by the principles contained in the Internal Audit Regulations approved by the CaixaBank Executive Committee and the Board. Its mission is to guarantee effective supervision of the internal control system through ongoing assessment of the organisation's risks and provide support to the Audit and Control Committee by drafting reports and reporting regularly on the results of work carried out. Point E.6 provides a description of the internal audit function and all the functions of the Deputy General Audit and Internal Control Division.

Internal Audit has auditors working in various audit teams which specialise in reviewing the main risks to which the Entity is exposed. One of these teams is the Financial Audit, Investees and Regulatory Compliance Division where specialists oversee processes at Financial Accounting, Control and Capital, which is responsible for preparing the Entity's financial and accounting information. The Internal Audit's annual plan includes a multiyear review of the risks and controls in financial reporting for all auditing work where these risks are relevant.

In each review Internal Audit:

- Identifies the necessary controls to mitigate the risks associated with the process' activities.
- Analyses the effectiveness of the existing controls on the basis of their design.
- Verifies that these controls are applied.
- Reports its conclusions of the review and issues an opinion on the control environment.
- Recommends corrective actions.

Internal Audit has developed a specific working plan to review ICFR, focusing on the periodical review of the relevant processes (transversal and business) defined by the Internal Control over Financial Reporting team which is complemented by a review of existing auditing controls in other processes. This working programme is currently complemented by an ongoing review of evidence of the effective execution of all controls. Based on this, the Audit function publishes an annual report which includes an assessment of the performance of ICFR during the year.

The annual assessment of ICFR at 31/12/2015 focused on:

- Revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the best practices for internal control over financial reporting.
- Verifying the application of the methodology established in the Internal Control over Financing Reporting Code to guarantee that Group ICFR is adequate and effective.
- Assessing the hierarchical attestation of key controls identified process.
- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information

In 2015, Internal Audit also revised the processes which affect the preparation and presentation of financial information, focusing on, *inter alia*, financial-accounting, financial instruments, legal and compliance, information systems and the insurance and payment method businesses.

The Audit and Control Committee and senior management will be informed of the results of the ICFR evaluation. These reports also include an action plan detailing corrective measures, their urgency to mitigate risks in financial information and the timeframe for resolving these.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the entity's senior management and its audit committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Entity has in place a discussion procedure with its auditor. Senior management is kept permanently informed of the conclusions reached during the review of the financial statements. Also, the Audit and Control Committee receives information from the auditor on the audit plan, the preliminary conclusions reached concerning publication of the financial statements and the final conclusions as well as, if applicable, any weaknesses encountered in the internal control system, prior to preparing the financial statements. Also, when reviewing the interim financial information, the Audit and Control Committee shall be informed of the work carried out and the conclusions reached.

In addition, and within its areas of activity, Internal Audit's reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analysed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them. Internal Audit reports are sent to senior management. The Audit and Control Committee also issues a monthly report on the activities carried out by Internal Audit, with specific information on all significant weaknesses identified during the reviews.

Internal Audit constantly oversees the fulfilment of recommendations, focusing particularly on critical and high-risk weaknesses, and reports to senior management on a regular basis. This monitoring information, as well as the relevant incidents identified in the Audit reviews, are reported to the Audit and Control Committee and senior management.

F.6 Other relevant information

No other relevant information.

F.7 External auditor report

Report on:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

In accordance with the recommendation concerning the Auditor's Report included in the guidelines on the information relating to Internal Control over Financial Reporting in Listed Companies published by the National Securities Market Commission on its website, the annual accounts auditor of CaixaBank has reviewed the information on internal control over financial reporting system. The final report concludes that, as a result of the procedures applied regarding information on ICFR, there are no relevant inconsistencies or incidents.

This report is attached as an Appendix to the Annual Corporate Governance Report.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

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

Compliant [X] Explain [ ]

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

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

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

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [x]

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

   a) Changes taking place since the previous annual general meeting.

   b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant [X] Partially compliant [ ] Explain [ ]

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant	X	Partially compliant		Explain	

5. The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant	X	Partially compliant		Explain	

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committee.

c) Audit committee report on third-party transactions.

d) Report on corporate social responsibility policy.

Compliant	X	Partially compliant		Explain	

7. The company should broadcast its general meetings live on the corporate website.

Compliant	X	Explain	

8. The audit committee should strive to ensure that the Board of Directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant	X	Partially compliant		Explain	

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.
Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant	X	Partially compliant		Explain	

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant		Partially compliant	X	Explain		Not applicable	

The Company is partially compliant with this Recommendation given that pursuant to the Regulations of the Annual General Meeting, different voting rules are applied when an accredited shareholder submits new proposals and when the Board of Directors submits new proposals.

The difference is that those shareholders who were present at the beginning of the General Meeting can leave without having to notify this and then vote using any of the channels set up for this purpose.

In these situations, and to avoid these shareholders having to vote one by one (if there are many shareholders this could complicate the voting) votes may be pooled. As it is not possible to assign opposing votes to the same shareholder, it shall be assumed that they intend to vote in favour of the motions tabled by the Board of Directors given that they were able to given prior notice of their absence so their vote is not counted and as they are also able to cast their votes in advance of the meeting using the duly-established channels.

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant	X	Partially compliant		Explain		Not applicable	

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant	X	Partially compliant		Explain	

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant		Explain	X

At 31 December 2015 the Board of Directors comprised 19 members with 2 vacancies.

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

The size of the Board is also deemed to be suitable given the Bank's history, namely that it was previously a savings bank with a 21-member board.

The current size and composition of the Board of Directors is justified, as well, by the need to include a certain number of independent Directors and to comply with the shareholders agreement stemming from the merger with Banca Cívica. This agreement calls for the inclusion of two additional Board members representing the savings banks (currently banking foundations) acquired as a result of the merger.

In addition, and owing to the interest held in The Bank of East Asia (BEA)—the largest independent bank in Hong Kong and one of the best-positioned foreign banks in China—it was deemed appropriate to include a person from the Board of BEA. For this reason, at CaixaBank, this person held the position of Other external Director until their departure on 31 December 2015.

Finally, and in compliance with new legal requirements, as the Entity has five board committees it requires a sufficient number of Directors to avoid, in so far as possible, duplications therein. Therefore, despite the Entity exceeding the recommended number of Directors, it considers this number to be appropriate as it ensures maximum effectiveness and participation of both the Board and its committees.

14. The Board of Directors should approve a Director selection policy that:

a) Is concrete and verifiable;

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each Director.

The Director selection policy should pursue the goal of having at least 30% of total board places occupied by women Directors before the year 2020.

The nomination committee should run an annual check on compliance with the Director selection policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially compliant [ ] Explain [ ]

15. Proprietary and independent Directors should constitute an ample majority on the Board of Directors, while the number of executive Directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant [X] Partially compliant [ ] Explain [ ]

16. The percentage of proprietary Directors out of all non-executive Directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

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

Compliant [X] Explain [ ]

17. Independent Directors should be at least half of all Board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent Directors should occupy, at least, a third of Board places.

Compliant [X] Explain [ ]

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

    a) Professional experience and background;

    b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

    c) Statement of the Director class to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with.

    d) Dates of their first appointment as a board member and subsequent re-elections.

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

Compliant [X] Partially compliant [ ] Explain [ ]

19. Following verification by the nomination committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

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

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

    The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Compliant [X] Explain [ ]

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

The moment a Director is indicted or tried for any of the offences stated in company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant	X	Partially compliant		Explain	

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other Directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

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

The terms of this Recommendation also apply to the Secretary of the Board, even if he or she is not a Director.

Compliant	X	Partially compliant		Explain		Not applicable	

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

Compliant	X	Partially compliant		Explain		Not applicable	

25. The Nomination Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which Directors can serve.

Compliant	X	Partially compliant		Explain	

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Compliant	X	Partially compliant		Explain	

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.

Compliant [ ] Partially compliant [X] Explain [ ]

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

This, in addition, is line in line with the law on the powers of the Chairman of Board, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all Directors, safeguarding their rights to adopt positions.

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

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

29. The company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [X] Partially compliant [ ] Explain [ ]

30. Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

31. The agendas of Board meetings should clearly indicate on which points Directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of Directors present.

Compliant [ ] Partially compliant [X] Explain [ ]

The Chairman or any other Director, regardless of their position or category, are subject to the same rules for proposing the addition of initially unscheduled items. Therefore, this Recommendation may contradict the provisions of Recommendation 26.

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant [X] Partially compliant [ ] Explain [ ]

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's Bylaws, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

34. When a lead independent Director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Vice Chairmen give voice to the concerns of non-executive Directors; maintain contacts with investors and shareholders to hear their views and develop

a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the Chairman's succession plan.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

35. The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant [X] Explain [ ]

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the Board's operation.

b) The performance and membership of its committees.

c) The diversity of Board membership and competences.

d) The performance of the Chairman of the Board of Directors and the company's Chief Executive.

e) The performance and contribution of individual Directors, with particular attention to the Chairmen of Board committees.

The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the nomination committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report.

The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.

Compliant [ ] Partially compliant [X] Explain [ ]

Once a year, the Board in plenary session evaluates the quality and efficiency of the Board's operation, the diversity in its composition, its powers as a collegiate body, the performance of the Chairman and the Chief Executive Officer and the performance and membership of its committees. However, no individual evaluation is carried out on the contribution of each Director to assess their performance or contribution to the Board or the Company. Therefore, the Company is only partially compliant with this recommendation.

37. When an executive committee exists, its membership mix by Director class should resemble that of the Board. The Secretary of the Board should also act as Secretary to the Executive Committee.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

38. The Board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all Board members should receive a copy of the committee's minutes.

Compliant	X	Partially compliant		Explain		Not applicable	

39. All members of the audit committee, particularly its Chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent Directors.

Compliant	X	Partially compliant		Explain	

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-Executive Chairman or the Chairman of the audit committee.

Compliant	X	Partially compliant		Explain	

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant	X	Partially compliant		Explain		Not applicable	

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

   a) Monitoring the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

   b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

   c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

   a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

   b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant	X	Partially compliant		Explain	

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant	X	Partially compliant		Explain	

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant	X	Partially compliant		Explain		Not applicable	

45. Control and risk management policy should specify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant	X	Partially compliant		Explain	

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other dedicated Board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Compliant	X	Partially compliant		Explain	

47. Appointees to the nomination and remuneration committee - or of the nomination committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent Directors.

Compliant [X] Partially compliant [ ] Explain [ ]

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Compliant [X] Partially compliant [ ] Explain [ ]

49. The nomination committee should consult with the company's Chairman and Chief Executive, especially on matters relating to executive Directors.

When there are vacancies on the Board, any Director may approach the nomination committee to propose candidates that it might consider suitable.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the Board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Statement.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the Board of Directors regulations and aligned with those governing legally mandatory Board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive Directors, with a majority of independents.

b) Committees should be chaired by an independent Director.

c) The Board should appoint the members of such committees with regard to the knowledge, skills and experience of its Directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first Board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all Board members.

Compliant	X	Partially compliant		Explain		Not applicable	

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one Board committee or split between several, which could be the Audit Committee, the Nomination Committee, the Corporate Social Responsibility Committee, where one exists, or a dedicated committee established ad hoc by the Board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant	X	Partially compliant		Explain	

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant [X] Partially compliant [ ] Explain [ ]

55. The company should report on corporate social responsibility developments in its Directors' report or in a separate document, using an internationally accepted methodology.

Compliant [X] Partially compliant [ ] Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive Directors.

Compliant [X] Explain [ ]

57. Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors.

The company may consider the share-based remuneration of non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Compliant [X] Partially compliant [ ] Explain [ ]

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

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

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

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

61. A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, Directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Compliant [ ] Partially compliant [ ] Explain [X] Not applicable [ ]

The shares delivered as settlement of the annual bonus, and which are deferred over 3 years, are subject to a 12-month lock-up period after delivery and no minimum amount must be held once this period has concluded.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

64. Termination payments should not exceed a fixed amount equivalent to two years of the Director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

A.2 - Regarding the direct or indirect stake of “la Caixa” Banking Foundation in CaixaBank, we would note that the General Assembly of Caja de Ahorros y Pensiones de Barcelona (“la Caixa”), held on 22 May 2014 approved its transformation into a banking foundation, stating its commitment to enter into an agreement whereby "la Caixa" Banking Foundation transfers to Criteria CaixaHolding, S.A.U. (currently Criteria Caixa, S.A.U. and hereinafter Criteria Caixa) all the debt issues made by “la Caixa” and its stake in CaixaBank, previously held directly by the Banking Foundation. The deed of the transfer to Criteria Caixa of the debt issued and other assets and liabilities and its stake in CaixaBank was registered on 14 October 2014. Thereafter the “la Caixa” Banking Foundation's stake in CaixaBank is held through Criteria Caixa.
Following this process, and at year-end, the Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) Banking Foundation directly holds through Criteria Caixa (wholly-owned by the Banking Foundation) holds 3,305,666,049 shares in CaixaBank. We would also note that in accordance with Additional Provision 8a of the 2013 Law on Savings Banks and Banking Foundations, banking foundations that subscribe capital increases at an investee credit institution may not exercise the voting rights corresponding to that part of the capital acquired which would allow them to maintain a position of 50% or higher or a controlling position. Therefore, of the 3,305,666,049 shares it held in CaixaBank at 31 December 2015, the Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) Banking Foundation may only exercise the voting rights corresponding to 3,271,232,029 shares.
We would also note that on 3 December CaixaBank, S.A. reported to the CNMV in a Significant Event Filing that it had entered into a swap arrangement with its controlling shareholder, Criteria Caixa, whereby CaixaBank, S.A. will transfer to Criteria Caixa all its shares in Grupo Financiero Inbursa, S.A.B. de C.V. (representing 9.01% of GFI) and The Bank of East Asia, Limited (representing 17.24% of BEA) while in return receiving from Criteria Caixa shares in CaixaBank, S.A. (representing 9.9% of the share capital) and an amount in cash. It was also stated that the swap is expected to be concluded in the first quarter of 2016 and that CaixaBank's Board of Directors intends to propose, at the next Annual General Meeting of CaixaBank, the redemption of a number of treasury shares representing no less than the shares acquired by Criteria Caixa under the swap agreement (9.9%) and no more than 10% of CaixaBank's share capital held by CaixaBank as treasury shares at that point in time.

A.6.1 – The share capital affected by the shareholder agreement notified to the Company is 80.597%. This represents the CaixaBank shares held by: Caja Navarra (currently Caja Navarra Banking Foundation), Cajasol (currently Fundación Cajasol), Caja Canarias (currently Fundación Caja Canarias), and Caja de Burgos (currently Fundación Caja de Burgos, Banking Foundation), ("the Foundations") and the “la Caixa” Banking Foundation at 1 August 2012, the date the agreement was signed.
This percentage has not been updated as two of the signatories do not sit on the CaixaBank Board (i.e. Fundación Caja Canarias and Fundación Caja Burgos, Banking Foundation) and therefore are not legally bound to report their stake in CaixaBank in the same way as the Directors of the listed company (information on the stakes of the other Foundations is available on the websites of the CNMV and CaixaBank). Therefore this percentage is the most recent made available by the Company.
"Brief description of agreement" continued:
They also agreed that the “la Caixa” Banking Foundation would vote in favour of the appointment of the two members to the Board of Directors of CaixaBank proposed by "the Foundations" and, in order to give stability to their shareholding in CaixaBank, the "Foundations" agreed a four-year lock up period, as well as a commitment to exercise their pre-emptive acquisition rights over two years in favour of the other Foundations in the first place and subsidiarily the “la Caixa” Banking Foundation, should any of "the Foundations" wish to transfer all or part of their stake, once the lock-up period has expired.

A.7 "Comments" continued:

The initial Protocol which was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market was replaced by a new Protocol when a number of reorganisation transactions were carried out at the “la Caixa” Group, as a result of which CaixaBank became the bank through which "la Caixa" indirectly carried on its financial activity.
Thereafter, following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad’s activity to CaixaBank, the Protocol was amended by means of a novation agreement to remove reference to the exceptionality of Monte de Piedad’s indirect activity.
The purpose of the Protocol was to develop the basic principles governing relations between “la Caixa” and CaixaBank; define the main areas of activity of CaixaBank, bearing in mind that CaixaBank is the vehicle via which the financial activity of “la Caixa” is carried on; demarcate the general parameters governing any mutual business or social dealings between CaixaBank and its Group and “la Caixa” and other “la Caixa” group companies; and to ensure an adequate flow of information to allow “la Caixa” and CaixaBank to prepare financial statements and meet their periodic reporting and supervision obligations with the Bank of Spain, the CNMV and other regulatory bodies.

As a result of the entry into force of Law 26/2013 of 27 December on Savings Banks and Banking Foundations, inasmuch as Caja de Ahorros y Pensiones de Barcelona “la Caixa” owned over 10% of the share capital and voting rights of CaixaBank, the former must become a banking foundation. The primary activity of the banking foundation shall be to manage and carry out welfare projects and appropriately manage its stake in CaixaBank. Consequently, this extinguishes the arrangement whereby Caja de Ahorros y Pensiones de Barcelona “la Caixa” indirectly carries out its financial activity through CaixaBank.

Once the “la Caixa” Banking Foundation was registered in the Foundations Registry, the “la Caixa” Banking Foundation immediately ceased to carry out its financial activity indirectly through CaixaBank, therefore rendering the Protocol ineffective. It was therefore necessary to amend the Protocol to extend its validity for all matters which are not related to the indirect exercise of the Caja de Ahorros y Pensiones de Barcelona “la Caixa” Banking Foundation's financial activity until a new Internal Relations Protocol is signed outlining the “la Caixa” Group's new structure.

By virtue of the foregoing, the Parties entered into a novation agreement amending the Protocol on 16 June 2014, duly informing the CNMV the following day.

Law 26/2013 on Savings Banks and Banking Foundations requires banking foundations to approve, within two months from their creation a Protocol for managing its ownership interest in the financial institution. This Protocol must establish, at a minimum, the strategic criteria for managing the interest, the relations between the Board of Trustees and the governing bodies of the bank, specifying the criteria for proposing Director appointments and the general criteria for carrying out operations between the bank foundation and the investee credit institution, and the mechanisms to avoid potential conflicts of interest. The “la Caixa” Banking Foundation signed its Protocol for managing its ownership interest in the CaixaBank on 24 July 2014. The CNMV was notified on 9 December 2014 following Bank of Spain approval.

A.8 Within the framework of authorisation to acquire treasury stock granted by the CaixaBank General Shareholders' Meeting, in order to increase the liquidity of shares on the market and regularise their trading, on 29 July 2010 the Board of Directors approved the acquisition of company shares up to a maximum net balance of 50 million shares, provided the net investment was less than EUR 200 million.
This authorisation also includes a disposal entitlement, depending on the prevailing market conditions.

Likewise, on 8 March 2012, the Board of Directors resolved to extend the limit for treasury shares set in 2010 to 75 million shares. Subsequently, on 22 May 2012, it was resolved to render nul and void the limit of 75 million, leaving transactions involving treasury shares only subject to the limits established in the 2012 General Shareholders’ Meeting resolution granting the Board a new authorisation for five years from adoption of the resolution on 19 April 2012, and the Corporate Enterprises Act, with the obligation of informing the Board every three months of the performance of the treasury shares and the financial result of transactions involving treasury shares. This is without prejudice to the fact that the Separate Area responsible for managing the treasury shares reports every month to the Audit and Control Committee so the Committee can monitor compliance with the treasury share policy established by the Board of Directors, and, if applicable, whether the Area has applied the controls assigned by the Board pursuant to this Policy. The Chief Executive Officer or, if applicable, the Secretary to the Board of Directors, shall report to the Board on the essential aspects of the information submitted to the Audit and Control Committee by the Separate Area. This is without prejudice to any other information which, if applicable, the Chairman of the Audit and Control Committee deems appropriate to submit to the Board.

At its meeting of 30 January 2014, the Board resolved to amend the Internal Code of Conduct and the Internal Code of Conduct for Treasury Shares Transactions of CaixaBank, S.A. to include the recommendations contained in the CNMV’s criteria governing the discretionary trading in own securities of 18 July 2013. Both documents are available on the CaixaBank website.

A.10 - There is no restriction on the transfer of securities or voting rights. Notwithstanding the above, it should be noted that Article 16 et seq. of Law 10/2014, of 26 July, on Discipline and Supervision of Credit Entities states that persons wishing to acquire ownership interest in the Entity (under the terms of article 16) or voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital is equal to or greater than 20%, 30% or 50% of the total or they obtain control of the credit institution, must give prior notice to the Bank of Spain.

Nor does CaixaBank have legal restrictions or restrictions set forth in the Bylaws on voting rights. Nevertheless, as explained in Note B.5 below, CaixaBank’s Bylaws and Annual General Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

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

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

B. 1 and B.2 - The quorum required for constitution of the Annual General Meeting and the system of adopting corporate resolutions at CaixaBank do not differ from that established in the Corporate Enterprises Act. However, we would note that, in accordance with Additional Provision 10 of the Savings Bank and Banking Foundations Law of 2013, resolutions concerning the distribution of dividends to the credit institutions controlled by a banking foundation pursuant to article 44.3 of this Law are subject to a larger quorum as stipulated in article 194 of the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July. These must be adopted by at least two thirds of the share capital present or represented at the Meeting. The Bylaws of the investee may stipulate a greater majority. Therefore, in the case of CaixaBank, due to the Savings Banks and Banking Foundations Law, for the distribution of dividends (which is not expressly included in article 194.1 of the Corporate Enterprises Act), a larger quorum and the corresponding majority required for adopting the pertinent resolution is applicable.

B.5 - CaixaBank's Bylaws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend.

C.1.2 Fundación Monte San Fernando was a Director of CaixaBank between September 2012 and June 2015 when it was absorbed by Fundación Cajasol which was then appointed to the Board by co-option in November 2015.

Mr. Arthur K. C. Li resigned on 30 December 2015. However, the actual date was 31 December 2015 as reported to the CNMV in a Significant Event Filing.

C.1.3 Given Antonio Massanell Lavilla's position as a company executive and pursuant to the Corporate Enterprises Act of 2 July 2010, he is considered to be an executive Director. However, since he was appointed to represent the holding of the "la Caixa" Banking Foundation at CaixaBank he is also considered to be a proprietary Director.

C.1.11 The information on Directors and directorships at other Group Companies refers to year-end. This section includes Group Companies and Joint Ventures at the end of the financial year.

C.1.12 The information on Directors and directorships at other listed companies refers to year-end. Gonzalo Gortázar Rotaeche and Antonio Massanell Lavilla are both Members of the Supervisory Board at Erste Group Bank, AG. However, due to space restrictions, they are listed as Directors.

C.1.15 The remuneration of Directors in 2015 as reported in this section takes the following aspects into consideration:

• The Board of Directors at 31 December 2015 was composed of 19 members (with two vacancies).

• On 18 June 2015, Fundación de carácter especial Monte San Fernando resigned as it had been absorbed by Fundación Privada Monte de Piedad and Caja de Ahorros de San Fernando de Huelva, Jerez y Sevilla (Fundación Cajasol).

• Leopoldo Rodés Castañe died on 8 July 2015 and therefore ceased to be a Director.

• On 19 November 2015, the Board of Directors resolved to appoint by co-option as a proprietary Director, until the next General Meeting, Fundación Privada Monte de Piedad y Caja de Ahorros de San Fernando de Huelva, Jerez y Sevilla (hereinafter Fundación Cajasol) to cover the vacancy which arose following the resignation of Fundación de carácter especial Monte San Fernando as it had been absorbed by Fundación Cajasol.

• On 31 December 2015, CaixaBank reported that Arthur K.C. Li had tendered his resignation from the Board with immediate effect.

The figure for the remuneration of the Board of Directors does not include the amount for contributions to the savings system during the financial year, which stood at €358,000, or the life insurance premiums paid during the financial year, which stood at €76,000.

C.1.16 CaixaBank's Senior Management at 31 December 2015, comprised 10 persons, holding the following positions at the Entity: General Managers (4), Deputy General Managers (1), Executive Managers (4) and General Secretary (1).
This amount includes the total fixed, in kind and variable remuneration paid to senior management in cash or shares receivable on a straight-line basis over the next three years.
The remuneration paid in 2015 to Senior Management at CaixaBank in connection with their activities as representatives of the Parent on the Boards of listed companies and other companies in which it has a significant presence or representation and that are CaixaBank consolidated companies was EUR 577 thousand, recognised in the income statements of these companies.
There are agreements with members of the Management Committee regarding termination benefits for early termination or rescission of contracts.

C.1.17 Due to space limitations, where the position of "Director" appears under "la Caixa" Banking Foundation (i.e. for Mr. Juan José López Burniol and Mrs. María Teresa Bassons Boncompte) this should be "Trustee" of the Foundation.

C.1.19 - "Indicate the procedures for appointing, re-electing, evaluating and removing Directors" continued. List the competent bodies, procedures and criteria used for each of these procedures.

On 19 November 2015, the Board approved the CaixaBank, S.A. Director Selection Policy (hereinafter the "Policy") which is part of the Company's corporate governance system and which outlines the key aspects and commitments followed by the Company and Group when nominating and appointing Directors.
The "Policy" lays down the criteria used by the CaixaBank Board in all selection processes when nominating or re-electing Directors pursuant to applicable legislation and corporate governance best practice.
When selecting Directors the pertinent bodies shall at all times bear in mind the principle of diversity of knowledge, gender and experience. The selection process shall also uphold the principle of non-discrimination and equal treatment, ensuring that, when candidates are put forward for election or re-election to the Board, there are no impediments to selecting the gender which is under-represented and that discrimination is avoided.
All resolutions adopted within the framework of this "Policy" shall at all times respect applicable legislation, the CaixaBank corporate governance system and standards and all good governance recommendations and standards adhered to by the Entity.
Directors shall have the necessary skills, knowledge and experience to discharge their duties, taking into consideration the needs of the Board and its composition. The general composition of the Board of Directors as a whole should have sufficient knowledge, powers and experience in the governance of credit entities to adequately understand the Company's activities, including its main risks and assure the effective ability of the Board of Directors to take decisions independently and autonomously for the benefit of the Company.
Along these lines, and in keeping with the Company's Corporate Governance Policy, candidates should i) have recognised business and professional integrity: ii) have the appropriate knowledge, skills and experience to perform their duties; and iii) be able to exercise good governance of the entity.
The procedure for selecting Directors established in the "Policy" shall be complemented, for those applicable aspects, by the stipulations of the Protocol on Procedures for Selecting and Assessing the Suitability of Posts (hereinafter the "Suitability Protocol") or any equivalent internal regulation in force at that moment.

The Suitability Protocol establishes the units and internal procedures to ensure the selection and ongoing assessment of

Directors, General Managers and similar, the people responsible for internal control and other key positions at CaixaBank, as defined in applicable legislation. Under the Suitability Protocol, the Board of Directors, in plenary session, assesses the suitability of proposed candidates, based on a report from the Appointments Committee.
Also, with regard to the procedure to assess the suitability of candidates prior to their appointment as Director, the Suitability Protocol also establishes procedures to continually evaluate Directors and to assess any unforeseeable circumstances which may affect their suitability for the post.
Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Meeting in use of the attributes granted thereto, legally or in the Bylaws, and when they resign.
In the event of the conditions described in C.1.21, Directors must place their position at the disposal of the Board of Directors and formalise, if the latter deems appropriate, the pertinent resignation.
When a Director leaves office prior to the end of their term, they must explain the reasons in a letter which shall be sent to all members of the Board of Directors.

C.1.30 In 2015, the total number of non-attendances was just 14. Proxies appointed without specific instructions are deemed to be non-attendances. Director absences occur when Directors are unable to attend. Proxies, when appointed, do not generally include specific instructions for the proxyholder, so that the proxyholder can adhere to the outcome of the discussion by the Board.

Therefore, the percentage of non-attendances of the total votes cast in 2015 is 5.17%, taking into account that proxies appointed without specific instructions are deemed to be non-attendances.

C.1.31 Notwithstanding the response given, we hereby note that as part of the ICFR System the financial statements for the year ended 31 December 2015, which form part of the annual financial statements, are certified by the Entity's Head of Financial Accounting, Control and Capital.

C.1.45 - The Board of Directors, in plenary session, is responsible for approving, based on a report from the Remunerations Committee and within the system called for in the Bylaws, Directors' remuneration and, in the case of executive Directors, the additional consideration for their management duties and other contract conditions, as well as compensation clauses. Therefore, the Board of Directors only approves "golden parachute" clauses for the Entity's two executive Directors and the 10 members of the Management Committee given that for all other executives (13 beneficiaries) who are not senior management the impact is irrelevant as they are absorbed by the pension scheme.

C.2.2 - Regarding the information on the participation of women Directors in the Appointments, Remuneration and Risks Committees, we would note that up until 25 September 2014 there were three Board committees: the Appointments and Remuneration Committee, the Audit and Control Committee and the Executive Committee. Thereafter, and pursuant to Law 10/2014 on the organisation, supervision and solvency of credit institutions, the CaixaBank Board of Directors resolved to change the Appointments and Remuneration Committee into an Appointments Committee, create a Remuneration Committee and a Risks Committee, and amend the Regulations of the Board of Directors accordingly to incorporate the provisions of the new Law and establish the duties of the new Board Committees. These changes resulted in the Entity having five Board Committees, namely: the Appointments Committee, the Remuneration Committee, the Risks Committee, the Audit and Control Committee and the Executive Committee.
Therefore, the information regarding the presence of women Directors on Board committees takes into account the above mentioned changes and therefore, for the Appointments Committee, given that it was originally the Appointments and Remuneration Committee, the information for 2013 and 2012 refers to women Directors on the former Appointments and Remuneration Committee which became the Appointments Committee in 2014.
Also, and for the same reasons, for the Remuneration Committee and the Risks Committee (both created in 2014), the participation of women Directors in these committees for 2013 and 2012 is ZERO. However, given that these committees did not exist in those years, NOT APPLICABLE should appear. Finally, and as means of clarification, the information on the participation of women Directors in the Audit and Control Committee for 2015, 2014, 2013 and 2012 is ZERO. This accurately reflects the real situation, i.e. the absence of women Directors on this Committee in 2015, 2014, 2013 and 2012.

D.2 - On 3 December, a swap agreement was signed between CaixaBank and Criteria Caixa, whereby CaixaBank undertook to transfer to Criteria Caixa 17.24% of the share capital of The Bank of East Asia (BEA) and 9.01% of the share capital of Grupo Financiero Inbursa (GFI), while Criteria Caixa, as consideration, undertook to transfer CaixaBank shares representing 9.9% of its share capital, plus a cash amount of 642 million euros. See Note in section A.2.

The transaction has yet to be completed as clearance is still pending. Further information on the transaction can be found in Note 1 to the 2015 financial statements and in CaixaBank's Relevant Corporate Event released on 3 December 2015.

Note 41 to the consolidated financial statements provides the aggregate view of the balances held with Criteria Group companies and la "Caixa" Banking Foundation, plus additional breakdowns for 2015.

D.3 - All transactions were carried out in the ordinary course of business and on an arm's length basis. Note 41 of the consolidated financial statements shows the balances with managers and Directors in aggregate form for 2015.

D.4- Note 41 of the consolidated financial statements shows the balances with CaixaBank Group associates and joint ventures in aggregate form as well as additional breakdowns 2015.

D.5 - All transactions were carried out in the ordinary course of business and on an arm's length basis.
Note 41 of the consolidated financial statements shows the balances with managers and Directors in aggregate form for 2015.

G.2 – Even though the core shareholder is not a listed company, we have defined the type of activity it engages in and business dealings as well as the mechanisms in place to resolve possible conflicts of interest, as explained in point D.6.

G.26 - Article 7.2 of the Regulations of the Board of Directors stipulates that the Chairman is vested with the ordinary powers to draw up the agenda for such meetings and lead the discussions and deliberations.
However, all Directors may request that additional items be included in the agenda.

G.29 - Pursuant to article 33.2 of the CaixaBank Bylaws, Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected. No distinctions are made between types of Directors. Nevertheless, article 19.1 of the Regulations of the Board of Directors stipulates that independent Directors will not stay on as such for a continuous period of more than 12 years.

Article 20 of the Regulations of the Board of Directors stipulates general and specific situations for each type of Director in which Directors must place their post at the disposal of the Board of Directors and tender their resignation, if the Board deems this appropriate.

G.56 - The required dedication, the limitations of other professional activities, the responsibilities inherent in this position and the demands of experience and knowledge must be duly rewarded through remuneration. However, if the Entity does not adequately compensate its Directors in return for limiting the activities they are able to carry out at other banking entities and demands a certain level of dedication and responsibility, this could become a barrier to selecting and incorporating new professionals to the Boards of Directors of highly complex banking entities.

Likewise, a level of compensation in keeping with their qualifications, dedication and responsibility, as required by the position of Director, could in some cases jeopardise their independence if this represents a significant proportion of their income.

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on: 25/02/2016.

List whether any Directors voted against or abstained from voting on the approval of this Report.

Yes		No	X

CAIXABANK, S.A.

2015 ACGR APPENDIX

C.2.1. Give details of all the board committees, their members and the proportion of proprietary and independent Directors. Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.*:..

AUDIT AND CONTROL COMMITTEE

Brief description

Articles 40 and 13 of the Bylaws and Regulations of the Board of Directors and applicable legislation describe the organisation and operation of the Audit and Control Committee.

1) Organisation and operation

The Audit and Control Committee will be formed exclusively by non-executive Directors in the number that is determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). At least two (2) members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

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

The Audit and Control Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. The Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. It shall also appoint a Secretary and may appoint a Deputy Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as such.

The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests. The Committee may also require the Company's auditors to attend its meetings.

(i) The Audit and Control Committee shall meet as often as necessary to fulfil its duties and shall be convened by the Chair, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

(ii) The Secretary shall be responsible for convening the same and for filing the minutes and documents submitted to the Committee;

(iii) It will shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members;

(iv) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary;

(v) The Audit and Control Committee shall prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof that will serve as a base, among others, and if applicable, for the evaluation that the Board of Directors will make of the Committees functions. Furthermore, if the Committee deems it appropriate, it shall include in the report suggestions for improvement.

2) Responsibilities

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

(i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee;

(ii) to submit to the Board of Directors, for submission to the General Shareholders' Meeting,
the proposals for selection appointment, re-election and replacement of the external auditor, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of his/her professional mandate and regularly recompile from the external auditor information on the auditing plan and its execution as well as preserving its independence in the exercise of its duties;

(iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports; The internal audit will report functionally to the Chairman of the Audit and Control Committee, without prejudice of its reporting obligations to the Chairman of the Board of Directors for the due compliance of the Chairman's duties.

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

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

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

In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities and the corresponding fees received by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.

In addition, the Audit and Control Committee will issue annually, prior to the issuance of the audit report, a report containing an opinion on the independence of the auditor. This report must address, in all cases, the evaluation of the provision of any additional services referred to in the preceding paragraph, individually and collectively considered, different form the legal audit and related to the degree of independence or to the regulatory audit regulations;

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

(viii) to review the Company's accounts and previously report to the Board of Directors about the periodic financial information which the Company must periodically publish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management, in order to guarantee the integrity of the accounting and financial systems, including the financial and operational control, and compliance with the applicable legislation;

(ix) to supervise the compliance with regulations with respect to Related Party Transactions and, previously, inform the Board of Directors on such transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the current legislation, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation;

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

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

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

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

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

(xv) any others attributed thereto in the Law, the Bylaws, the Regulations of the Board of Directors and other regulations applicable to the Company

3) Activities during the year

The Committee analyses recurring issues such as the required financial information which is submitted to the Board of Directors for approval or transactions which are studied by the Committee pursuant to the content of the Internal Relations Protocol between CaixaBank and the Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" Banking Foundation (hereafter "the Protocol").

The Committee paid particular attention to overseeing the process for preparing and submitting required and other financial information disclosed to the market in 2015. The person in charge
of the financial information was present at various Committee meetings during the year and informed the members of the process of preparing and consolidating the intermediate financial information and the individual and consolidated financial statements. The Committee was also able to check, assisted by the external auditor, that all the information complied with applicable accounting regulations and principles to ensure that these statements correctly reflect the financial situation and the results of CaixaBank and its Group.

In addition, and as part of their ordinary powers, the Committee discussed, examined, and took decisions or issued reports on the following matters:

- Engagement of the external auditor, their independence and the reports issued.
- Approval of the Internal Audit Plan for 2015, monitoring its implementation and the main conclusions.
- Internal Audit reports issued at the Group and overseeing their recommendations.
- Overseeing the efficiency of the Internal Control Systems, including the internal control over financial reporting (ICFR).
- Overseeing the activity of the Regulatory Compliance Area.
- Overseeing the working of the Company's mechanisms which allow employees to confidentially report irregularities of potential significance which they observe within the Company (whistle-blowing channel).
- Overseeing compliance with the Internal Rules of Conduct on matters relating to the Securities Market.
- Overseeing the efficiency of the risk management systems at CaixaBank.
- Information on transactions which imply or may imply conflicts of interest between CaixaBank and its Directors or related persons.

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Articles 40 and 14 of the Bylaws and Regulations of the Board of Directors and applicable legislation describe the organisation and operation of the Appointments Committee and the Remuneration Committee.

1) Organisation and operation

The Appointments Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members. At least one third of their members should be independent Directors, and in no event the number of independent Directors shall be less than two (2). The Chairman of the Appointments Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the independent Directors forming part of such Committees.

Both the Appointments and the Remuneration Committees shall be self-governing, they shall elect their Chairman and appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.

Both the Appointments and the Remuneration Committee shall:

(i) Shall meet each time when considered appropriate for the good performance of their duties and the meetings will be called by their Chairperson, either by his/her own initiative, or when required by two (2) members of the Committee itself, and must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal;

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

(iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation presented to the Committee.

(iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board and the minutes will be available to all members of the Board in the Board Secretariat, but shall not be sent or delivered for reasons of discretion, unless the Chair of the Committee decides otherwise;

(iv) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy;

(vi) They will prepare an annual report on about their operation highlighting the main incidents occurred, if any, related to their duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

2) Responsibilities

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

(i) Evaluate and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company;

(ii) Submit to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders Meeting;

(iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting;

(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;

(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based
on their knowledge, aptitudes and experience, and forward these proposals to the Board;

(vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established;

(vii) Examine and organize in collaboration with the Chair of the Board, his or her succession as well as that of the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner;

(viii) Report to the Board on gender diversity issues, ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of female Directors, and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved;

(ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary, making recommendations regarding possible changes to these. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.

(x) Evaluate, with the frequency required by the regulations, the suitability of the diverse members of the Board of Directors and of the Board as a collective, and consequently inform the Board of Directors;

(xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations;

(vi) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company;

(xiii) Supervise and control the smooth operation of the corporate governance system of the Company, making, if applicable, the proposals it deems necessary for its improvement;

(xii) Monitor the independence of the independent Directors;

(xiii) Propose to the Board the Annual Corporate Governance Report;

(xiv) Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter;

(xvii) Evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the duties and aptitudes which may be necessary for any specific appointment, evaluating the expected dedication of time for fulfilling the position.

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

(i) Draft the resolutions related to remunerations and, particularly, report and propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial, and without prejudice to the competences of the Appointments Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect;

(ii) Ensure compliance with the remuneration policy for Directors and Senior Managers as well as report the basic conditions established in the contracts of these and compliance of the contracts;

(iii) Report and prepare the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers;

(iv) Analyse, formulate and periodically review the remuneration programmes, weighing their adequacy and performance and ensuring compliance;

(v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting;

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

3) Activities during the year

3.1) Appointments Committee:

As part of its ordinary powers, the Committee discussed, examined, and took decisions or issued reports on the following matters: assessment of suitability; appointments to the Board, Committees and Advisory Committees; verification of the Directors' character; gender diversity; the Protocol on Procedures for Selecting and Assessing the Suitability of Posts; the policy for selecting Directors, senior management and other key posts; the corporate governance policy; incidents due to regulatory changes; corporate governance documentation to be submitted for 2014; the duties stipulated in article 14 of the Regulations of the Board of Directors; and Director training.

3.2) Remuneration Committee:

The Committee analyses recurring issues such as annual remuneration, salary policy and remuneration systems and corporate governance.

In addition, and as part of its ordinary powers, the Committee discussed, examined and agreed on or issued reports on, inter alia, the proposed evaluation of individual and group targets for 2014; the 2014 ACGR; the 2015-2018 Long-term Incentive Plan; and the Director Remuneration Policy.

RISKS COMMITTEE

Brief description

Articles 40 and 13 of the Bylaws and Regulations of the Board of Directors describe the organisation and operation of the Risks Committee.

1) Organisation and operation

The Risks Committee shall comprise exclusively non-executive Directors and who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the entity, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members. At least one third of members, and in any case the Chairman, shall be independent Directors.

The Risks Committee shall meet as often as necessary to fulfil its duties and shall be convened by the Chair, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

(ii) The Secretary shall be responsible for convening the same and for filing the minutes and documents submitted to the Committee;

(iii) It will shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members;

(iv) The Committee will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary;

It will prepare an annual report on about its operation highlighting the main incidents occurred, if any, related to its duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. Furthermore, if the Committee deems it appropriate, it shall include in the report suggestions for improvement.

For the proper performance of its functions, the Entity shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk situation of the Entity and, if necessary, specialist outside expertise, including external auditors and regulators.

The Risk Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

2) Responsibilities

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

(i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established;

(ii) To propose to the Board the Group's risk policy, which shall identify in particular:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) which the Company faces, including among the financial or economic risks the contingent liabilities and other off-balance-sheet risks;

(b) The internal reporting and control systems to be used to control and manage the above risks.

(c) The level of risk that the Company considers acceptable;

(d) The planned measures to mitigate the impact of identified risks should they occur;

Ensure that the pricing policy of the assets and liabilities offered to the clients fully consider the business model and risk strategy of the entity. Otherwise, the Risks Committee will submit to the Board of Directors a plan to amend it.

(iv) Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.

(v) Regularly review exposures with its main customers, economic business sectors and by geographic area and types of risk.

(vi) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:

(a) The adequacy of the structure and the functionality of risk management throughout the Group;

(b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution;

(c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes;

(d) The proper functioning of policies and procedures that mitigate the operational risks;

(vii) Evaluate the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions, financial loss, or material or reputational loss that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.

(viii) Report on new products and services or significant changes to existing ones, in order to determine:

(a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.

(b) The internal reporting and control systems to be used to control and manage the above risks.

c) Corrective measures to limit the impact of the identified risks, should they occur.

(d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.

(ix) Cooperate with the Remuneration Committee in the establishment of rational policies and practices of remunerations. For these purposes, the Risks Committee will examine notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.

(x) Assist the Board of Directors, particularly, regarding the (i) establishment of efficient channels of information to the Board about the risk management policies of the Company and all the important risks it faces, (ii) ensure that adequate resources will be assigned for managing risks, and, particularly, intervening in the evaluation of the assets, in the use of external credit classifications and the internal models related to these risks and (iii) the approval and periodical review of the strategies and policies for assuming, managing, supervising and reducing the risks to which the Company is or can be exposed, including those presented by the macro-economic situation in which it operates in relation to the economic cycle.

(xv) Any others attributed thereto in the Law, the Bylaws, the Regulations of the Board of Directors and other regulations applicable to the Company

3) Activities during the year

As part of its ordinary powers, the Committee discussed, examined and agreed on or issued reports on, inter alia, issues within its remit regarding the Risk Appetite Framework (RAF); the Recovery Plan; the Group's Risk Policies; the risk scorecard; the review of the types of risk; regulatory Compliance risk; and the Global Risk Committee.

EXECUTIVE COMMITTEE

Brief description

Article 39 of the Bylaws and articles 11 and 12 of the Regulations of the Board of Directors describe the organisation and operation of the Executive Committee.

1) Organisation and operation

The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in the Law, in the Company's Bylaws and in these Regulations.

The Executive Committee will meet as often as it is called by its Chairman or whoever replaces him/her in his/her absence, as occurs in the event of vacancy, leave, or incapacity, and will be validly assembled when the majority of its members attend the meeting, either personally or by representation.

The appointment of members of the Executive Committee and the permanent delegation of powers from the Board on the same will require the favourable vote of at least two thirds of the members of the Board of Directors.

The Executive Committee will inform the Board of the main matters it addresses and the decisions it makes thereon at its meetings.

The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

The resolutions of the Committee will be adopted by the majority of the members attending the meeting in person or represented by proxy and will be validated and binding without the need for later ratification by the full Board of Directors, notwithstanding that foreseen in article 45 of the Regulations of the Board of Directors.

2) Responsibilities

The Executive Committee has been delegated all of the responsibilities and powers available to it both legally and under the Company's Bylaws. In terms of procedure, the Executive Committee is subject to the limitations set forth under article 4.5 of the Regulations of the Board of Directors.

3) Activities during the year

The Committee analysed recurring issues such as:

- Information on the general economic situation and CaixaBank's key indicators, including monitoring the 2015-2018 Strategic Plan, results, the performance of its commercial and financial activities, the share price, the reactions of investors and analysts to the various decisions taken by the Company, the agreements taken regarding employees, appointments and other changes in the workforce and securities transactions entered into since the previous Committee meeting.

- Granting of loans and credits.
- Real estate sales.
- Resolutions on investees, including: capital contributions, amendments to Bylaws, distribution of reserves, amendments to the composition of their governing bodies, granting of powers, sale and purchase of shares or stakes, the dissolution or liquidation of companies, and the appointment of proxies to attend meetings.
- Analysis of corporate investment or divestment transactions.

- Information on the general economic situation and CaixaBank's key indicators, including monitoring its results, the performance of its commercial and financial activities, its share price, the reactions of investors and analysts to the various decisions taken, the Strategic Plan, the agreements taken regarding employees, appointments and other changes in the workforce and securities transactions entered into since the previous Committee meeting.

- Granting of loans and credits.
- Real estate sales.
- Resolutions on investees, including: capital contributions, amendments to Bylaws, distribution of reserves, amendments to the composition of their governing bodies, granting of powers, sale and purchase of shares or stakes, the dissolution or liquidation of companies, and the appointment of proxies to attend meetings.
- Analysis of corporate investment or divestment transactions.

Of the various matters dealt with by the Committee in the year, we would highlight the following: monitoring the BPI tender offer; various intragroup corporate transactions; establishing the terms of the scrip issue approved by the 2015 General Meeting and others.

E.6 Explain the response and monitoring plans for the main risks the entity is exposed to, including fiscal

As we have mentioned before, the main risks the Entity is exposed to are outlined in the Corporate Risk Catalogue.

Clear monitoring responsibilities have been established and, where applicable, the response within the risk appetite framework.

The **Board of Directors** is responsible for defining and supervising the Group's risk profile, updating the framework each year and monitoring the effective risk profile.

The **Risks Committee** advises the Board of Directors on the Entity's overall susceptibility to risk, current and future and its strategy in this area.

The **Global Risks Committee** is an executive body that reports directly to the Risks Committee. It monitors the effective compliance of the framework at least once a month. If the pre-established levels are exceeded, the necessary measures are taken to reshape the situation.

In order to meet the information, management and control needs of the above mentioned bodies, the following reporting system has been set up:

- **Monthly presentation** of the Tier 1 scorecard to the **Global Risks Committee,** indicating the risk position for the last available month and the trend. If risk levels breach the threshold for:
  - **Appetite**: an "amber traffic light" or early alert is assigned to the indicator, and the party responsible or the Management Committee is entrusted with preparing a response, or action, plan to return to the "green" zone, and a timeline drawn up.
  - Tolerance: a "red traffic light" is assigned, including an explanation as to why the previous action plan did not work. Corrective or mitigating measures are proposed to reduce exposure. This must be approved by the Risks Committee.
  - Recovery indicators report, part of the **Recovery Plan** (see response to point E.4).
- Quarterly presentation to the Risk Committee on the situation, action plans and forecasts for Tier 1 metrics.
- Half-yearly presentation to the Board of Directors on the situation, action plans and forecasts for Tier 1 metrics.

  At these meetings, the Board can amend or update the metrics and thresholds previously assigned.

  If a risk breaches a tolerance threshold and threatens the Group's ability to continue as a going concern, the Board may initiate the measures set forth in the Recovery Plan.

One example of a “Response Plan” is the “Liquidity Contingency Plan”, drawn up by Balance Sheet Analysis and Monitoring and endorsed by the Board. This Plan includes:

- A detailed governance framework which lays down the various activation phases (defining and monitoring alerts, evaluating the impact / scenario / severity and formal activation of the contingency plan), execution (communication plan, quantifying liquidity requirements and measures and action plans) and termination (evaluation of alerts and termination limits);
- Inventory of feasible measures in each of the crisis scenarios assessing all of the measures to obtain liquidity, indicating for each scenario if this is possible, the timeframe, the maturity of the financing source and the frequency with which it may be used; and
- Description of action plans for three areas (communication, wholesale markets and retail markets) and two timeframes (short and long term).

This Liquidity Contingency Plan also explains the differences between it and the Recovery Plan with regard to its governance and the intensity of the crisis.

With regard to fiscal risk (specifically included this year) we would note that in 2015 the Group's governing bodies approved the Fiscal Strategy (which includes strategic tax principles) and the Fiscal Risk Control and Management Policy.

The Entity now adheres to the Code of Best Tax Practices.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

Below are the key risk management, control and supervisory teams (second and third lines of defence, pursuant to the Group's Internal Control Framework):

- **Global Risk Management**
- **Internal Validation**
- **Internal Control**
- **Regulatory Compliance**
- **Audit**

Global Risk Management

The Global Risk Management Corporate Division, which reports to the Group's General Risk Division, is responsible for ensuring that the main risk management principles are in keeping with the Entity's risk profile, its risk policies, the organisation of the risk function (structure, limits and delegation and committee), the use of measurement methodologies in keeping with their complexity, the monitoring of positions and solvency of borrowers and the systems and procedures for reporting, managing and controlling risks.

As we mentioned above, the Risk Appetite Framework was approved in 2014 as a comprehensive and forward-looking tool used by the board to determine the types and thresholds of risk it is willing to accept. The Corporate Global Risk Management Division ensures the tool is implemented and monitored.

A systematic and periodical reporting system aimed at the various governing bodies has been defined to handle the reporting, management and control needs of the various thresholds established.

Additionally, the Risks in Market Operations Department, forming part of the Corporate Global Risk Management Division is developing an internal control function that is independent from structural interest rate and liquidity risk.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

Internal Validation

The Basel Capital Accord establishes how entities can determine their minimum capital requirements based on their risk profile. For credit, market and operational risk, it allows entities to use internal risk models to determine their capital requirements.

The importance of the risk management and capital determination process requires proper control environments to ensure that reliable estimates are obtained. The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialised division within the entity. It must also be carried out on a continuous basis at the entities, as a complementary feature to traditional control functions (internal audit and supervision).

The validation function at CaixaBank is carried out by the Internal Validation unit which reports directly to the CaixaBank General Risk Division, guaranteeing the independence of the teams developing and implementing internal models.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

Internal Control

The Internal Control Area's mission is to provide reasonable assurance to management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the Group's risks.

Its main functions are: coordinating the Corporate Risk Map and systematically and regularly reporting on the Group's control environment to Senior Management and the governing bodies. The area also provides a transversal view of the main risks assumed by the Group and assesses the Group's control environment.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

Regulatory Compliance

The CaixaBank Group's objective is, on the one hand, to minimise the probability of occurrence of regulatory compliance risk (as defined in point E.2), and, if it occurs, to detect, report and address the weaknesses promptly.

As a second line of defence, the Regulatory Compliance Area reviews internal procedures to verify that they are up-to-date and, as appropriate, to identify situations of risk, in which case it calls upon the affected areas to develop and implement the improvement actions necessary. A commitment to a reasonable implementation schedule is reached and Regulatory Compliance performs regular monitoring, reporting the results to the governing bodies and management.

Regulatory Compliance is also in charge of advising Senior Management on this matter and of promoting a compliance culture in the Entity.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

Internal Audit

Internal Audit is in charge of ensuring the correct supervision of CaixaBank's internal control model.

Pursuant to the principles of independence and objectivity, and applying a systematic and disciplined approach, Internal Audit acts as a third line of defence in CaixaBank's Internal Control Framework, supervising the first and second lines of defence.

For more information see Note 3 of the Consolidated Financial Statements of the CaixaBank Group for 2015.

H. Other Information of Interest

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

CaixaBank participates in numerous alliances and initiatives, both at home and on the international stage, in order to achieve joint progress in questions of corporate responsibility and the exchange of best practices in this area.

UN Global Compact

CaixaBank supports the Global Compact and endeavours to disseminate its 10 principles, based on human and labour rights, the environment and the fight against corruption. A member since 2005, in 2012, CaixaBank was awarded the 4-year presidency of the Spanish Global Compact Network, extending its commitment to establish and implement the principles among Spanish companies and institutions.

Equator Principles

CaixaBank has been a signatory to the Equator Principles since 2007. The Entity is committed to considering and managing social and environmental risks in assessing and financing project finance transactions of more than US $10 million and project-related corporate loans where the total aggregate loan amount is over US $ 100 million.

Carbon Disclosure Project

CaixaBank is a signatory to the Carbon Disclosure Project (CDP) since 2012. The CDP is an independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water usage. As a signatory, and as a token of its commitment to respect and protect the environment, CaixaBank has committed to measure, disclose, manage and disseminate environmental information.

Women's Empowerment Principles

In 2013, CaixaBank adhered to the U.N. Women and the United Nations Global Compact's joint initiative: Women's Empowerment Principles By doing so, CaixaBank publicly assumed the commitment to ensure that its policies promote gender equality.

Global Reporting Initiative

CaixaBank draws up anIntegrated Corporate Reportthat includes the GRI's indicators regarding the actions taken in the social, environmental and corporate governance areas.

United Nations Principles for Responsible Investment (UNPRI)

Since October 2009, VidaCaixa, the CaixaBank company which sells life insurance policies and manages pension plans, is a signatory to these principles which guide the responsible management of all its investments.

OECD Guidelines for multinational enterprises

CaixaBank follows these guidelines which promote sustainable and responsible business behaviour.

The Conference Board

CaixaBank takes part in this business research association, whose aim is to share with leading world organisations the practical know-how they need in order to improve their performance and serve society better.

Code of Good Practices for the viable restructuring of mortgage loans on primary residences

On 15 March 2012, CaixaBank adhered to the Spanish government's Code of Good Practices for the viable restructuring of mortgage loans on primary residences. CaixaBank's decision to join was based on the fact that the code mirrors one of its own core objectives: its long-standing fight against social and financial exclusion.

National Education Plan

Since 2010 CaixaBank has been a signatory to the Financial Education Plan promoted by the Bank of Spain and the Spanish Securities Market Regulator (CNMV) to improve society's knowledge of financial matters.

CSR –SMEs initiative

CaixaBank collaborates with the ICO and the Spanish Global Compact Network to promote corporate social responsibility amongst small and medium-sized enterprises.

Diversity Charter

A diversity charter is a short document voluntarily signed by a company or a public institution to promote its commitment to the principles of equality, its actions to foster the inclusion of all people in the workplace and society, the recognition of the benefits of cultural, demographic and social diversity within companies, the implementation of specific policies which encourage a working environment free from prejudice with regard to employment, training and the promotion and adoption of non-discrimination policies. CaixaBank became a signatory in 2012.

Voluntary Agreements to increase the presence and participation of women in managerial positions at companies.

Signatory, along with the Ministry of Health, Social Services and Equality, of this pioneering initiative and one of the most important pledges of the Spanish government and industry to achieve a better balance of men and women in positions of responsibility.

Green Bonds Principles

CaixaBank signed up to these principles in 2015. These are a series of voluntary guidelines for all players in the green bond issuance process (underwriters, issuers and investors).

Voluntary agreements programme to reduce greenhouse gas emissions.

Under this programme, which is promoted by the Catalan Climate Change Office, in 2015, CaixaBank voluntarily pledged to monitor its emissions and introduce measures other than those legally established to help reduce these.

Code of Best Tax Practices

At its meeting on 12 March 2015, the Board of Directors resolved that CaixaBank, S.A. would comply with and adhere to Code of Best Tax Practices drawn up within the framework of the Large Companies Forum in collaboration with the Spanish tax autorities.

For more information, please visit the “Corporate Responsibility” section under “Corporate Information” on the CaixaBank website, or via this link:

http://www.caixabank.com/responsabilidadcorporativa/modelofinanzasresponsables/iniciativasyalianzas_es.html

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

AUDITOR'S REPORT FOR 2015 ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF CAIXABANK, S.A.

To the Directors of CaixaBank, S.A.,

As requested by the Board of Directors of CaixaBank S.A. ("the Company") and in accordance with our proposal-letter dated 15 December 2015, we have applied certain procedures to the "Information relating to the system of ICFR" enclosed in the Section "Internal Systems of Control and Risk Management regarding to the Process of Issuance of Financial Information (ICFR)" to the Company's 2015 Annual Corporate Governance Report, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operativity of the internal control system adopted by the Company in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Company's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below, and, indicated in the *Action Guide on the auditor's report, based on the Information relative to the System of Internal Control over Financial Reporting of listed companies*, published by the National Securities Market Commission on its website, which states the work to be performed, its minimum scope as well as the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2015 described in the accompanying Information relating to the system of ICFR. Therefore, had procedures additional to those provided for in the aforementioned Guide been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

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Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the current regulation of Account Audit activity in Spain, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Company in relation to the system of ICFR - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required, which will be in line with the minimum content described in section F, relating to the description of the system of ICFR, of the Annual Corporate Governance Report model established in CNMV Circular 7/2015, of 22 December 2015.

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Company.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the Company's knowledge of the system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit and Control Committee and of other Company committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the system of ICFR did not disclose any inconsistencies or incidents that might affect the Information.

This report was prepared exclusively under the framework of the requirements established by Article 540 of the Consolidated Spanish Limited Liability Companies Law and by Spanish National Securities Market Commission (CNMV) Circular 7/2015, of 22 December, for the purposes of the description of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco Ignacio Ambrós

26 February 2016