

**TOTAL TAX CONTRIBUTION OF THE
CAIXABANK GROUP**
FINANCIAL YEAR 2016



1. INTRODUCTION

1.1. Social commitment in CaixaBank's Business

The social commitment that characterises CaixaBank's business is embodied in responsible tax management that contributes to sustaining public funds, which provide the infrastructures and public services that are essential for society to develop and progress.

1.2. CaixaBank's Contribution to the Public Treasury

Not only does CaixaBank effectively pay the taxes directly levied on its corporate business as a taxpayer, it also contributes, in its position of a collaborating institution of the tax authorities, by collecting taxes from third parties and paying them into the public treasury.

CaixaBank's Contribution to the Public Treasury

- **Payment of taxes and duties by CaixaBank**
Among these, direct taxes (Corporation Tax, Business Tax and Property Tax), indirect taxes (non-deductible VAT amounts, Property Transfer Tax and Stamp Duty (ITP-AJD)) and its social security contributions (employer's share)).
- **Collection of taxes and duties payable by third parties to the public treasury due to their economic relationship with CaixaBank**
Such as personal income tax withholding in payrolls and payment of interest and dividends, their social security contributions (the workers' share) and the VAT payable to the tax authorities.
- **Assisting in the collection of taxes and duties on behalf of the State and for the treasuries of the Autonomous Communities and local governments**
Through its network of branches, ATMs and online service.

2. OBJECTIVE

Traditionally, companies (among these the CaixaBank Group) include tax information in their financial statements strictly following the reporting models required by commercial and accounting regulations. In this respect, the public tax information is basically focussed on the assessment of the individual and consolidated corporation tax expense, when this tax is one of the various duties and charges levied on their corporate business.

The Total Tax Contribution (TTC) exceeds this informative bias by including the amount of the various social duties and charges that the institution and its Group directly contribute to sustaining the public treasury, either because they are directly paid and incurred by the Group or because they are taxes collected on behalf of the public authorities due to the group's business activity.

3. DATA FOR THE CAIXABANK GROUP

In the financial year 2016, the Total Tax Contribution amounted to 2,093 million euros, of which an amount of 866 million euros was for taxes effectively paid by CaixaBank, in its position as a taxpayer, and 1,227 million euros for taxes collected by CaixaBank on behalf of the various tax authorities.

The aforementioned TTC figures are not included in the institution's annual accounts because the TTC is based on a cash flow approach instead of the profit and loss approach of the annual accounts.

CaixaBank, SA is incorporated in Spain and has three subsidiaries abroad; specifically, in Poland, Morocco and the United Kingdom. In addition, CaixaBank has 15 representative offices through which it does not conduct any banking activity but rather provides information about the institution's services in the following 14 countries: Germany, Brazil, China (2), Chile, Colombia, Egypt, the United Arab Emirates, the United States of America, France, India, Italy, Turkey, Singapore and South Africa.

CaixaBank pays its taxes in the countries where it operates; however, in 2016, the bank performed almost all its business in Spain. The subsidiaries recorded a total amount of taxes paid and collected of 3.5 million euros, of which 1.1 million euros corresponded to Poland, 1.8 million euros to Morocco and 0.6 million euros to the United Kingdom.

CaixaBank also pays the taxes applicable to it for the representative offices in the countries where they are located (this mainly involves taxes related to employees working in such countries).

3.1 Taxes paid and collected

(in millions of euros)

Total taxes paid	866
Direct taxes	111
Indirect taxes	343
Social security payable by the company	412
Total taxes collected	1.227
TOTAL TAX CONTRIBUTION	2.093

Regarding the taxes paid:

The tax that had the greatest cost for the Group were the company social security contributions (412 million euros, 47.58% of all taxes paid) followed by the non-recoverable VAT paid (338 million euros, 39.01% of taxes paid), which is included in the category of indirect taxes.

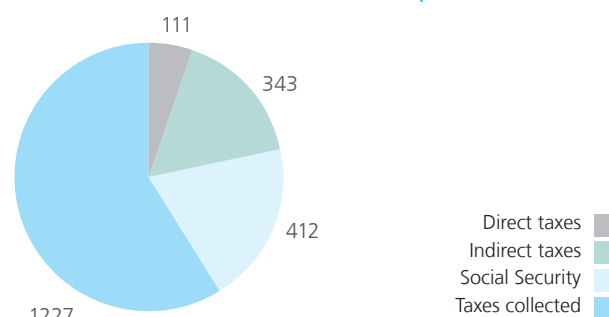
Regarding the taxes collected:

The largest individual entry corresponds to withholding applied to the salaries of employees and the fees charged by professionals (562 million euros, 45.79% of all taxes collected), followed by the withholding applied to returns on financial instruments, insurance policies and pensions (434 million euros, 35.36% of all taxes collected).

It should be pointed out that CaixaBank has unused tax credits that have an impact on the payment of current and future taxes.

Taxes paid and collected

(in millions of euros)



Moreover, for the purpose of comparison, it is useful to bear in mind the following considerations:

- The consolidated profit after taxes of the CaixaBank in the financial year 2016 amounted to 1,055 million euros.
- In the financial year 2016, the Total Tax Rate for the CaixaBank Group was 36.02%. In other words, for every 100 euros of profit before paying any tax, 36.02 euros were used to pay tax in the financial year 2016.
- The overall tax contribution ratio for the CaixaBank Group with respect to its turnover amounted to a percentage of 26.74% in the financial year 2016. In other words, for every 100 euros of turnover achieved by the CaixaBank Group, 26.74 euros were used to pay tax, of which 11.06 euros were taxes paid and 15.68 euros were taxes collected.

3.3. CaixaBank as an institution collaborating with the public authorities in managing taxes and social contributions

CaixaBank performs an important social duty as an institution collaborating with the tax authorities of the State, the Autonomous Communities and local governments, along with the general treasury of the Spanish social security. As such, CaixaBank collects duties and social contributions third parties on behalf of these public authorities and pays any tax rebates ordered by the latter to such third parties.

By performing such duties in the financial year 2016, it managed collections and payments for the aforementioned public authorities (exclusively related to duties and social contributions) for an amount of 50,283 million euros and 27,899 million euros, respectively.

3.4. Conclusions

Therefore, we can conclude that the business activity conducted by CaixaBank contributes the following:

- A very significant tax contribution, quantitatively speaking, that has a direct impact to the benefit of the society in which it operates
- In addition, the profits after tax also imply an indirect impact on benefiting society through the social work performed by the controlling shareholder, Fundació Bancaria Caixa D'Estalvis i Pensions de Barcelona, "la Caixa", the general object of which is to promote and develop social, charitable, care, educational and/or cultural work. Its budget in 2016 for the aforementioned social work was 500 million euros.

The tax contribution of CaixaBank and the whole "la Caixa" group supports the coherence of the social commitment of the business activity performed by CaixaBank and its Group.

4. TAX RESPONSIBILITY AND CODE OF GOOD TAX PRACTICES

In line with the institution's social commitment, as one of the general principles of conduct for the institution, CaixaBank's Risk Control and Management Policy stipulates that it must avoid operating through tax havens and any incorporation or holding of subsidiaries must in all cases correspond to a real business activity being performed and may never be motivated by reasons related to tax evasion.

CaixaBank therefore has no current holdings in any subsidiary companies incorporated in territories that are considered tax havens according to Spanish law and the guidelines issued by the OECD, which are also in accordance with the variety of international treaties signed by Spain to prevent double taxation and agreements on the exchange of tax information.

CaixaBank applies the Code of Good Tax Practices. This code was approved by the Large Companies' Forum and contains a series of recommendations, voluntarily undertaken both by the Spanish tax authorities (AEAT) and companies, aimed at improving the tax system by increasing legal security, reciprocal cooperation based on companies' good faith, legitimate trust and application of responsible tax policies that are reported to the governance bodies.

CaixaBank is a voluntary member and actively collaborates with the Large Companies' Forum. The Spanish tax authorities and the main large taxpayers belong to the Forum in order to extend and develop the cooperative relationship model through a space where they can jointly analyse the main tax issues by sector.