CAIXABANK, SA

2013 Management report and annual financial statements

CaixaBank

2013

CaixaBank, SA

2013 Management report and annual financial statements

CaixaBank

Contents

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

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
CaixaBank, S.A.:

We have audited the financial statements of CaixaBank, S.A. (the Company), which comprise the balance sheet at 31 December 2013 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors of CaixaBank, S.A. are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2013 present fairly, in all material respects, the equity and financial position CaixaBank, S.A. at 31 December 2013, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

The accompanying directors' report for 2013 contains the explanations which the directors of CaixaBank, S.A. consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2013. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

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

Francisco Ignacio Ambrós

27 February 2014

COL·LEGI
DE CENSORS JURATS
DE COMPTES
DE CATALUNYA

Membre exercent:
DELOITTE, S.L.

Any 2014 Núm. 20/14/00120
CÒPIA GRATUÏTA

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

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

CaixaBank Financial Statements for the year ended 31 december 2013

Balance sheet at December 31, 2013 and 2012, before appropriation of profit

Income statement for the years ended December 31, 2013 and 2012

Statement of changes in equity for the years ended December 31, 2013 and 2012

- **A) Statement of recognized income and expense**
- **B) Statement of total changes in equity**

Statement of cash flows for the years ended December 31, 2013 and 2012

Notes to the financial statements for the year ended December 31, 2013

BALANCE SHEET

At December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

Assets

	31/12/2013	31/12/2012 (*)
Cash and deposits at central banks (Note 10)	**6,967,247**	**7,855,074**
Financial assets held for trading (Note 11)	**12,193,256**	**17,298,677**
Debt securities	3,619,837	1,489,723
Equity instruments	95,756	85,840
Trading derivatives	8,477,663	15,723,114
Memorandum items: Loaned or advanced as collateral	*188,079*	*20,521*
Other financial assets at fair value through profit or loss	–	–
Available-for-sale financial assets (Note 12)	**23,471,909**	**21,982,474**
Debt securities	19,922,074	18,830,871
Equity instruments	3,549,835	3,151,603
Memorandum items: Loaned or advanced as collateral	*2,706,820*	*2,953,885*
Loans and receivables (Note 13)	**226,391,331**	**242,006,453**
Loans and advances to credit institutions	7,937,189	10,041,548
Loans and advances to customers	215,120,571	227,925,369
Debt securities	3,333,571	4,039,536
Memorandum items: Loaned or advanced as collateral	*85,315,502*	*99,493,117*
Held-to-maturity investments (Note 14)	**17,830,752**	**8,940,184**
Memorandum items: Loaned or advanced as collateral	*1,859,850*	*154,048*
Adjustments to financial assets – macro-hedges	**80,001**	**96,190**
Hedging derivatives (Note 15)	**4,591,384**	**6,312,333**
Non-current assets held for sale (Note 16)	**701,202**	**491,059**
Investments (Note 17)	**14,918,540**	**14,172,205**
Associates	7,002,243	7,958,856
Jointly controlled entities	229,952	262,923
Group entities	7,686,345	5,950,426
Insurance contracts linked to pensions (Note 22)	**1,736,297**	**1,759,439**
Tangible assets (Note 18)	**3,403,766**	**3,451,508**
Property and equipment	3,043,248	3,176,571
For own use	*3,043,248*	*3,176,571*
Investment properties	360,518	274,937
Intangible assets (Note 19)	**2,758,932**	**2,801,720**
Goodwill	2,409,739	2,409,739
Other intangible assets	349,193	391,981
Tax assets	**8,382,447**	**6,562,634**
Current	96,523	35,750
Deferred (Note 23)	8,285,924	6,526,884
Other assets (Note 20)	**1,329,475**	**1,825,361**
Total assets	**324,756,539**	**335,555,311**
Memorandum items		
Contingent liabilities (Note 25)	**10,655,034**	**10,775,058**
Contingent commitments (Note 25)	**50,261,192**	**47,216,148**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the balance sheet at December 31, 2013.

BALANCE SHEET

At December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

Liabilities and equity

	31/12/2013	31/12/2012 (*)
Liabilities		
Financial liabilities held for trading (Note 11)	**10,055,020**	**17,301,301**
Trading derivatives	8,433,602	15,752,917
Short positions	1,621,418	1,548,384
Other financial liabilities at fair value through profit or loss	–	–
Financial liabilities at amortized cost (Note 21)	**280,380,054**	**284,551,964**
Deposits from central banks	20,049,617	32,976,828
Deposits from credit institutions	20,963,662	18,166,619
Customer deposits	191,920,645	176,463,420
Marketable debt securities	40,200,815	48,119,272
Subordinated liabilities	4,711,145	5,797,007
Other financial liabilities	2,534,170	3,028,818
Adjustments to financial liabilities – macro-hedges	**2,195,517**	**3,643,957**
Hedging derivatives (Note 15)	**1,487,432**	**1,807,295**
Liabilities associated with non-current assets held for sale	–	–
Provisions (Note 22)	**4,166,883**	**3,931,075**
Provisions for pensions and similar obligations	2,786,482	2,645,786
Provisions for taxes and other legal contingencies	431,573	118,745
Provisions for contingent liabilities and commitments	528,879	126,405
Other provisions	419,949	1,040,139
Tax liabilities	**1,595,146**	**1,291,947**
Deferred **(Note 23)**	1,595,146	1,291,947
Other liabilities (Note 20)	**1,667,530**	**1,884,297**
Total liabilities	**301,547,582**	**314,411,836**
Equity		
Shareholders' equity	**22,004,690**	**20,769,688**
Capital **(Note 24)**	5,027,610	4,489,749
Share premium **(Note 24)**	10,583,008	10,125,140
Reserves **(Note 24)**	3,705,123	3,903,087
Other equity instruments **(Note 24)**	1,938,222	2,188,279
Equity component of compound financial instruments	*1,938,222*	*2,188,279*
Less: Treasury shares	(22,193)	(193,953)
Profit for the year	805,901	272,597
Less: Dividends and remuneration	(32,981)	(15,211)
Valuation adjustments (Note 24)	**1,204,267**	**373,787**
Available-for-sale financial assets	1,206,472	398,415
Cash flow hedges	(3,326)	(25,813)
Exchange differences	1,121	1,185
Total equity	**23,208,957**	**21,143,475**
Total equity and liabilities	**324,756,539**	**335,555,311**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the balance sheet at December 31, 2013.

INCOME STATEMENT

For the years ended December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

	2013	2012 (*)
Interest and similar income (Note 27)	**7,752,837**	**7,960,877**
Interest expense and similar charges (Note 28)	**(4,397,583)**	**(4,383,090)**
NET INTEREST INCOME	**3,355,254**	**3,577,787**
Return on equity instruments (Note 29)	**784,193**	**1,466,533**
Fee and commission income (Note 30)	**1,614,546**	**1,762,635**
Fee and commission expense (Note 30)	**(108,457)**	**(140,351)**
Gains/(losses) on financial assets and liabilities (net) (Note 31)	**635,845**	**232,754**
Held for trading	195,408	45,319
Other financial instruments not measured at fair value through profit or loss	234,959	(30,942)
Other	205,478	218,377
Exchange differences (net)	**3,081**	**157,044**
Other operating income (Note 32)	**112,367**	**99,928**
Other operating expenses (Note 33)	**(402,079)**	**(371,216)**
GROSS INCOME	**5,994,750**	**6,785,114**
Administrative expenses	**(4,044,856)**	**(2,989,956)**
Personnel expenses **(Note 34)**	(3,266,899)	(2,283,647)
Other general administrative expenses **(Note 35)**	(777,957)	(706,309)
Depreciation and amortization (Notes 18 and 19)	**(341,451)**	**(285,576)**
Provisions (net) (Note 22)	**1,315,274**	**195,160**
Impairment losses on financial assets (net) (Note 36)	**(3,899,163)**	**(3,859,752)**
Loans and receivables	(3,827,721)	(3,801,940)
Other financial instruments not measured at fair value through profit or loss	(71,442)	(57,812)
NET OPERATING INCOME/(LOSS)	**(975,446)**	**(155,010)**
Impairment losses on other assets (net) (Note 37)	**(1,414,264)**	**(341,278)**
Goodwill and other intangible assets	(40,374)	(8,111)
Other assets	(1,373,890)	(333,167)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale (Note 38)	**313,951**	**317,956**
Negative goodwill in business combinations (Note 8)	**2,288,075**	**–**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations (Note 39)	**17,659**	**13,026**
PROFIT/(LOSS) BEFORE TAX	**229,975**	**(165,306)**
Income tax (Note 23)	**575,926**	**437,903**
Mandatory transfer to welfare funds	**–**	**–**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**805,901**	**272,597**
Profit from discontinued operations (net)	**–**	**–**
PROFIT FOR THE YEAR	**805,901**	**272,597**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 and 6 are an integral part of the income statement for the year ended December 31, 2013.

STATEMENT OF TOTAL CHANGES IN EQUITY

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For the years ended December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

	2013	2012 (*)
Profit for the year	**805,901**	**272,597**
Other recognized income/(expense)	**830,480**	**(318,785)**
Items not transferred to income statement	**–**	**–**
Actuarial gains/(losses) on pension plans		
Non-current assets held for sale		
Income tax related to items no transferred to income statement		
Items that can be reclassified to the income statement	**830,480**	**(318,785)**
Available-for-sale financial assets	1,206,809	(420,435)
Revaluation gains/(losses)	*1,329,174*	*(451,290)*
Amounts transferred to income statement	*(122,365)*	*30,855*
Other reclassifications		
Cash flow hedges	32,134	(49,361)
Revaluation gains/(losses)	*32,157*	*(48,915)*
Amounts transferred to income statement	*(23)*	*(446)*
Amount transferred to the initial carrying amount of hedged items		
Other reclassifications		
Hedges of net investment in foreign operations	–	–
Revaluation gains/(losses)		
Amounts transferred to income statement		
Other reclassifications		
Exchange differences	(91)	1,356
Revaluation gains/(losses)	*(91)*	*1,356*
Amounts transferred to income statement		
Other reclassifications		
Non-current assets held for sale	–	–
Revaluation gains/(losses)		
Amounts transferred to income statement		
Other reclassifications		
Other recognized income and expense		
Income tax	(408,372)	149,655
Total recognized income/(expense)	**1,636,381**	**(46,188)**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 and 6 are an integral part of the statement of recognized income and expense for the year ended December 31, 2013.

STATEMENT OF TOTAL CHANGES IN EQUITY

B) STATEMENTS OF TOTAL CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012, in thousands of euros

CAIXABANK, SA

	Shareholders' equity			
2013	Share capital	Share premium	Accumulated reserves/ (losses)	Other equity instruments
Opening balance at December 31, 2012	**4,489,749**	**10,125,140**	**3,903,087**	**2,188,279**
Adjustments due to changes in accounting policy				
Adjustments made to correct errors				
Adjusted opening balance	**4,489,749**	**10,125,140**	**3,903,087**	**2,188,279**
Total recognized income and expense				
Other changes in equity	**537,861**	**457,868**	**(197,964)**	**(250,057)**
Capital increases	302,968		(302,968)	
Conversion of financial liabilities into capital	163,234	266,268	(9,890)	
Increase in other equity instruments			(107,203)	15,000
Payment of dividends/remuneration to shareholders			(36,767)	
Transactions with own equity instruments (net)			14,527	
Transfers between equity items	71,659	191,600	257,845	(265,057)
Increases/ (decreases) due to business combinations			224	
Other increases/ (decreases) in equity			(13,732)	
Final balance at December 31, 2013	**5,027,610**	**10,583,008**	**3,705,123**	**1,938,222**

	Shareholders' equity			
2012 (*)	Share capital	Share premium	Accumulated reserves/ (losses)	Other equity instruments
Opening balance at 31/12/2011	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**
Adjustments due to changes in accounting policy				
Adjustments made to correct errors				
Adjusted opening balance	**3,840,103**	**9,381,085**	**3,785,868**	**1,500,000**
Total recognized income and expense				
Other changes in equity	**649,646**	**744,055**	**117,219**	**688,279**
Capital increases	180,756		(180,756)	
Conversion of financial liabilities into capital	86,945	143,807		
Increase in other equity instruments			(132,342)	1,445,942
Payment of dividends/remuneration to shareholders			(177,073)	
Transactions with own equity instruments (net)			(21,989)	
Transfers between equity items	148,945	600,248	381,790	(756,855)
Increases/ (decreases) due to business combinations	233,000		287,586	
Other increases/ (decreases) in equity			(39,997)	(808)
Final balance at 31/12/2012	**4,489,749**	**10,125,140**	**3,903,087**	**2,188,279**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the statement of total changes in equity for the year ended December 31, 2013.

Treasury shares	Profit for the year	Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Total equity
(193,953)	**272,597**	**(15,211)**	**20,769,688**	**373,787**	**21,143,475**
			–		–
			–		–
(193,953)	**272,597**	**(15,211)**	**20,769,688**	**373,787**	**21,143,475**
	805,901		**805,901**	**830,480**	**1,636,381**
171,760	**(272,597)**	**(17,770)**	**429,101**	**–**	**429,101**
			–		–
182,537			602,149		602,149
			(92,203)		(92,203)
		(32,981)	(69,748)		(69,748)
(22,653)			(8,126)		(8,126)
1,339	(272,597)	15,211	–		–
25,278			25,502		25,502
(14,741)			(28,473)		(28,473)
(22,193)	**805,901**	**(32,981)**	**22,004,690**	**1,204,267**	**23,208,957**

Treasury shares	Profit for the year	Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Total equity
(270,008)	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**
			–		–
			–		–
(270,008)	**838,332**	**(457,232)**	**18,618,148**	**692,572**	**19,310,720**
	272,597		**272,597**	**(318,785)**	**(46,188)**
76,055	**(838,332)**	**442,021**	**1,878,943**	**–**	**1,878,943**
			–		–
			230,752		230,752
			1,313,600		1,313,600
		(15,211)	(192,284)		(192,284)
(183,805)			(205,794)		(205,794)
6,972	(838,332)	457,232	–		–
252,512			773,098		773,098
376			(40,429)		(40,429)
(193,953)	**272,597**	**(15,211)**	**20,769,688**	**373,787**	**21,143,475**

STATEMENT OF CASH FLOWS (1 of 2)

For the years ended December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

	2013	2012 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES	**1,625,455**	**9,392,485**
Profit for the year	**805,901**	**272,597**
Adjustments to obtain cash flows from operating activities	**2,027,963**	**3,897,268**
Depreciation and amortization	341,451	285,576
Other adjustments	1,686,512	3,611,692
Net increase/(decrease) in operating assets	**17,451,979**	**6,780,046**
Financial assets held for trading	(1,195,565)	(1,339,706)
Available-for-sale financial assets	(1,075,479)	1,711,635
Loans and receivables	17,380,717	2,825,986
Other operating assets	2,342,306	3,582,131
Net increase/(decrease) in operating liabilities	**(18,084,462)**	**(1,119,525)**
Financial liabilities held for trading	(952,104)	1,808,152
Financial liabilities at amortized cost	(19,570,869)	(3,932,254)
Other operating liabilities	2,438,511	1,004,577
Income tax (paid)/received	**(575,926)**	**(437,901)**
B. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**201,115**	**(3,202,939)**
Payments	**(5,138,074)**	**(5,485,682)**
Tangible assets	(355,793)	(151,145)
Intangible assets	(83,266)	(123,533)
Investments	(416,962)	(558,025)
Subsidiaries and other business units	(3,400,568)	(2,022,647)
Non-current assets and associated liabilities held for sale	(881,485)	(1,052,460)
Held-to-maturity investments		(1,577,872)
Proceeds	**5,339,189**	**2,282,743**
Tangible assets	230,149	536,847
Investments	1,254,300	392,800
Subsidiaries and other business units	574,492	205,638
Non-current assets and associated liabilities held for sale	759,016	1,147,458
Held-to-maturity investments	2,521,232	
C. CASH FLOWS FROM FINANCING ACTIVITIES	**(2,713,289)**	**(1,046,329)**
Payments	**(9,301,290)**	**(2,246,329)**
Dividends	(69,748)	(417,894)
Subordinated liabilities	(977,000)	(75,000)
Acquisition of treasury shares	(268,769)	(196,188)
Other payments related to financing activities	(7,985,773)	(1,557,247)
Proceeds	**6,588,001**	**1,200,000**
Subordinated liabilities	750,000	
Disposal of own equity instruments	355,901	
Other inflows related to financing activities	5,482,100	1,200,000

(*) Presented for comparison purposes only.

STATEMENT OF CASH FLOWS (2 of 2)

For the years ended December 31, 2013 and 2012, in thousands of euros
CAIXABANK, SA

	2013	2012 (*)
D. EFFECT OF EXCHANGE RATE CHANGES	**(1,108)**	**22**
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(887,827)**	**5,143,239**
F. CASH AND CASH EQUIVALENTS AT JANUARY 1	**7,855,074**	**2,711,835**
G. CASH AND CASH EQUIVALENTS AT DECEMBER 31	**6,967,247**	**7,855,074**
Memorandum items		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT DECEMBER 31		
Cash	*1,508,803*	*1,329,592*
Cash equivalents at central banks	*5,458,444*	*6,525,482*
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31	**6,967,247**	**7,855,074**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 41 and appendices 1 to 6 are an integral part of the statement of cash flows for the year ended December 31, 2013.

Notes to the financial statements of CaixaBank for the year ended December 31, 2013

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Notes to the financial statements for the year ended December 31, 2013

CAIXABANK, SA

As required by current legislation governing the content of financial statements, these notes to the financial statements complete, extend and discuss the balance sheet, income statement, statement of changes in equity and 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 CaixaBank at December 31, 2013, and the results of its operations, the changes in equity and the cash flows during the year then ended.

1. CORPORATE AND OTHER INFORMATION

Corporate information

CaixaBank, SA ("CaixaBank") is the listed bank through which Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") carries on its business indirectly as a credit institution in accordance with its Bylaws. "la Caixa" is CaixaBank's majority shareholder, with a stake of 64.37% at December 31, 2013.

As a credit institution, subject to the rules and regulations issued by the Spanish and European Union economic and monetary authorities, "la Caixa" conducts universal banking activities, and provides substantial retail banking services indirectly through CaixaBank.

In accordance with Transitional Provision One of Law 26/2013 of December 27, as a savings bank that carries on its business indirectly as a credit institution through a banking entity, and given its characteristics, "la Caixa" must become a banking foundation by December 30, 2014. Until that time, it shall be governed by Law 31/85 of August 2, regulating the basic rules on governing bodies of savings banks, and implementing regulations, and, where applicable, by the provisions of Royal-Decree Law 11/2010, of July 9, on the governing bodies and other matters relating to the legal framework for savings banks, including their taxation, and article 8.3.d) of Law 13/1985, of May 25, on investment ratios, capital and disclosure obligations for financial intermediaries.

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

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

CaixaBank is also a public limited company (*sociedad anónima*) whose shares are admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the continuous market, and have been included on the IBEX 35 since February 4, 2008. Therefore, CaixaBank is subject to the oversight of the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores or CNMV*). CaixaBank is also included in other international stock market indices, such as the Euro Stoxx Bank Price EUR, the MSCI Europe, the MSCI Pan-Euro, the FTSE4Good, a prestigious FTSE index that rates the investments of companies as sustainable on the basis of their corporate social responsibility practices, the FTSE Eurofirst 300, consisting of the 300 leading European companies by market capitalization, and the Dow Jones Sustainability Index, which reflects, *inter alia*, the company's commitment to sustainability and corporate reputation in its business activities and investments. It is also a constituent of the Advanced Sustainable Performance Index (ASPI), composed of the top 120 DD Euro Stoxx companies in terms of sustainable development performance.

Basis of presentation

The accompanying financial statements have been prepared in accordance with the models and accounting criteria established in Bank of Spain Circular 4/2004 (the "Circular"). The aim of the Circular is to adapt the accounting regime for Spanish credit institutions to the International Financial Reporting Standards adopted by the European Union in accordance with Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of International Accounting Standards.

The accounting principles and policies and the measurement bases defined in Circular 4/2004 are described in Note 2. No criteria differing from such standards which may have a material effect have been applied.

The annual accounts were prepared from the accounting records of CaixaBank.

The separate financial statements of CaixaBank do not reflect any variations in equity which might result from using the full, proportionate or equity consolidation methods as appropriate for the equity investments in subsidiaries, jointly controlled entities and associates pursuant to prevailing regulations governing the consolidation of credit institutions. In addition, the consolidated financial statements of the CaixaBank Group reflect these changes in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of December 31, 2013.

The table below shows CaixaBank's equity and total assets at December 31, 2013 and 2012.

	Thousands of euros	
	31/12/2013	31/12/2012
Equity	24,333,772	22,711,172
Shareholders' equity	*23,645,685*	*22,792,646*
Valuation adjustments	*704,013*	*(116,503)*
Non-controlling interests	*(15,926)*	*35,029*
Total assets	340,190,477	348,174,074

Responsibility for the information and for the estimates made

The financial statements of CaixaBank for 2013 were authorized for issue by the Board of Directors at a meeting held on February 27, 2014. 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 for 2012 were approved by the Annual General Meeting held on April 25, 2013, and are presented solely for the purpose of comparison with the figures for 2013.

The preparation of the financial statements required Senior Management of CaixaBank to make certain judgments, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates relate primarily to:

- Impairment losses on certain financial assets and the related guarantees (Notes 12, 13 and 14).
- The measurement of goodwill and other intangible assets (Note 19).
- The useful life of and impairment losses on other intangible assets and tangible assets (Notes 18 and 19).
- Impairment losses on non-current assets held for sale (Note 39).
- The measurement of investments in group entities, jointly controlled entities and associates (Note 17).
- The fair value of certain financial assets and liabilities (Note 2.1).
- The measurement of the provisions required to cover labor, legal and tax contingencies (Note 22).
- The measurement of pension funds and similar obligations, and insurance contracts linked to pensions (Note 22).
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 8).
- The capitalization and recoverability of tax assets (Note 23).

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

Comparison of information

The 2012 figures presented in the accompanying 2013 financial statements are given for comparison purposes only.

However, the information at December 31, 2012 has been restated to reflect the final accounting for the business combination with Banca Cívica (detailed in Note 8), which differs from that included in the 2012 financial statements authorized for issue by the Board of Directors on February 21, 2013.

The business combination with Banco de Valencia is recognized in the 2013 financial statements. Note 8 details the account balances and fair values integrated in the business combination with Banco de Valencia at January 1, 2013, the date of the business combination for accounting purposes.

In comparing the income statement for the year ended December 31, 2013 with that of the previous year, it should be noted that the figures at December 31, 2013 included the impacts of the business combinations with Banca Cívica for 12 months, while those at December 31, 2012 included the contribution to profit and loss from the date of the transaction for accounting purposes, which was July 1, 2013. It should also be noted that the business combination with Banco de Valencia was recognized with effect for accounting purposes on January 1, 2013.

In 2013 and 2012, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information.

Investments in credit institutions

In accordance with the provisions of Royal Decree 1245/1995 on the disclosure of shareholdings, "la Caixa" held an ownership interest in CaixaBank of 64.37% at December 31, 2013.

In addition, at December 31, 2013, CaixaBank held no ownership interest equal to or greater than 5% of the capital or voting rights of any credit institution other than the investments in subsidiaries and associates listed in Appendix 1. Except "la Caixa," no Spanish or foreign credit institution or group including a credit institution held an ownership interest equal to or greater than 5% of the capital or voting rights of any of the credit institutions that are subsidiaries of the CaixaBank Group.

Minimum reserve ratio

Throughout 2013, CaixaBank complied with the minimum reserve ratio required by applicable regulations.

Deposit guarantee fund

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

In addition, at its meeting of July 30, 2012, the Management Committee of the Deposit Guarantee Fund agreed to recognize a shortfall among the members, estimated based on the contributions as at December 31, 2011, which may be settled through equal annual instalments over the next 10 years. In this respect, at December 31, 2013, CaixaBank recognized a financial liability equal to the present value of the payment commitments assumed and to be settled in the coming years for an amount of €288,431 thousand and an asset account for the same amount to recognize accrual of the payment in the income statement over the entire settlement period (see Note 20).

The contributions made in 2013 amounted to €286,241 thousand and included the shortfall indicated in the preceding paragraph, recognized under "Other operating expenses" in the accompanying income statement (see Note 33).

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

An amount of €16,534 thousand was recognized in the 2013 income statement corresponding to the first payment, equivalent to two-fifths of the total amount payable after deductions (see Note 33). At the date of authorization for issue of the financial statements, the Management Committee of the Deposit Guarantee Fund had not notified the entities affected of the settlement schedule for the rest of the payments of the shortfall.

Integration of Banco de Valencia

On February 28, 2013, having complied with the terms and conditions of the share purchase-sale agreement, CaixaBank completed the acquisition of shares representing 98.9% of Banco de Valencia's share capital held by the FROB.

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

Note 8 provides a detailed description of this business combination.

Events after the reporting period

On January 16, 2014, CaixaBank, through an accelerated bookbuild among institutional and/or qualified investors, sold a package of 4,189,139 shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA ("BME"), representing approximately 5.01% of that company's share capital and CaixaBank's entire holding in BME. All shares were placed with institutional and/or qualified investors.

The share placement amounted to €124 million, at a sale price of €29.60 per share. The consolidated gross capital gains earned on this operation amounted to €47 million.

2. ACCOUNTING POLICIES AND MEASUREMENT BASES

The 2013 financial statements were prepared using the accounting principles and measurement bases defined in Bank of Spain Circular 4/2004 of December 22 on Credit Institutions, public and confidential financial reporting rules and formats.

The main accounting principles and policies, and measurement bases applied specifically by CaixaBank, with the quantitative and qualitative explanations considered appropriate, are:

2.1. Investment in subsidiaries, jointly controlled entities and associates

CaixaBank 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 control to direct the activities without holding a majority of the voting rights, such as when the remaining voting rights are widely dispersed, when it holds more than any other holder, or when there is a contractual arrangement with other vote holders to grant their votes.

In circumstances when it is difficult to determine whether an investor's rights are sufficient to give it power over an investee, 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.

Jointly controlled entities include entities which are not subsidiaries and which are controlled jointly with other shareholders under a contractual arrangement. In these cases, decisions on relevant activities require the unanimous consent of the venturers that share control.

Associates are companies over which CaixaBank exercises significant direct or indirect influence, but which are not subsidiaries or jointly controlled entities. In the majority of cases, significant influence is understood to exist either when it holds 20% of more of the voting power of the investee. 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, not considered associates are companies 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, CaixaBank lacks the power to govern the entity's financial and operation policies. Based on these criteria, at December 31, 2013 and 2012, a number of equity investments ranging from 20% to 49.9% were classified under "Available-for-sale financial assets" in the balance sheet. The most significant were the investments in the Isolux Group and Inversiones Financieras Agval, SL.

CaixaBank classifies certain investees in which its holds less than 20% as associates. In all of them, the investment strategy and commitment are long term, there is representation on the companies' governing bodies and important business ties through commercial agreements and joint ventures, among others, which evidence significant influence. Specifically, there is significant influence over:

- 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 company, whereby BEA is the springboard for expansion of the CaixaBank Group's banking business in Asia-Pacific. In this respect, a joint venture with BEA, Brilliance Automotive, a Chinese car maker, and Finconsum, a CaixaBank subsidiary, is in the process of being set up to create an auto financing company for the Chinese market. In addition, CaixaBank's Chairman is a member of BEA's Board of Directors and Nomination Committee, and BEA's Chairman is a member of CaixaBank's Board of Directors. There are also collaboration agreements between the foundations of the BEA and "la Caixa." CaixaBank's stake at December 31, 2013 was 16.51%.

- 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." CaixaBank's CEO is a member of Erste Bank's Board of Directors and Strategy Committee. CaixaBank's stake at December 31, 2013 was 9.12%.

- GFI 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 that time. 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. GFI Inbursa's Board of Directors has two members related to CaixaBank, including its CEO, who is also a member of GFI Inbursa's Audit Committee. In addition, a CaixaBank manager appointed in GFI Inbursa to facilitate information and technical knowledge sharing between the two entities is a member of its Management Committee. CaixaBank's stake at December 31, 2013 was 9.01%.

- Repsol: With a stake of 12.02% at December 31, 2013, 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 and CEO are Repsol directors. Its Chairman is also the First Vice Chairman and Member of Repsol's Delegate Committee, while its CEO is also the Chairman of Repsol's Strategy, Investment and Corporate Responsibility Committee and Member of its Nomination and Compensation Committee. Meanwhile, Repsol and "la Caixa" have a shareholder agreement governing joint control of Gas Natural SDG, SA.

Equity investments in subsidiaries, jointly controlled entities and associates are initially measured at cost; i.e. the fair value of the consideration paid plus directly attributable transaction costs. The value of any preferential subscription rights acquired is also included in the initial measurement.

These investments are subsequently measured at cost less any accumulated impairment losses.

These investments are assessed for impairment at least at the end of each reporting period and whenever there is objective evidence that a carrying amount may not be recoverable. The impairment is calculated as the difference between the carrying amount and recoverable amount, which is the higher of its current fair value less costs to sell and the present value of the estimated cash flows from the investment.

Impairment losses and any reversals are recognized as an expense or income, respectively, on the income statement.

Where an impairment loss reverses, the carrying amount of the investment is increased, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

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.

Meanwhile, financial liabilities are classified into the categories of "Financial liabilities held for trading," "Other financial liabilities at fair value through profit or loss" and "Financial liabilities at amortized 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 CaixaBank 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 CaixaBank, 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: debt securities traded in an organized 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 amortized 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 recognized 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

When initially recognized on the balance sheet, all financial instruments are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price.

Subsequently, at a specified date, the fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties 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 organized, 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.

Derivatives are recognized 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 recognized 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, if the price differs from the fair value when the derivative is entered into, the difference is recognized immediately in the income statement.

Subsequent changes in fair value of derivatives are recognized in the income statement under "Gains/(losses) on financial assets and liabilities (net)" except with cash flow hedges, in which case they are recognized under "Valuation adjustments – Cash flow hedges" in equity. In 2013, CaixaBank made improvements to the valuation techniques for measuring derivatives to allow for the inclusion of the impact of default risk, including own credit risk in estimating the fair value of these instruments. The impact of the re-estimation was the recognition of €100 million under "Gains/(losses) on financial assets and liabilities" in the accompanying income statement for 2013.

"Loans and receivables" and "Held-to-maturity investments" are measured at amortized cost. Amortized cost is acquisition cost, minus principal repayments and plus or minus the cumulative amortization (as reflected in the income statement by the effective interest rate method) of any difference between the 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 canceled. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate plus any commission or transaction costs included in it yield. For floating-rate financial instruments, the effective interest rate is calculated as a fixed rate until the next reference rate reset.

In general, financial liabilities are measured at amortized cost. However, financial instruments included in "Financial liabilities held for trading," "Other financial liabilities at fair value through profit or loss" and financial instruments designed as hedged items in fair value hedges or hedging instruments are measured at fair value.

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 organized markets.

Level 2: using valuation techniques in which the assumptions correspond to directly or indirectly observable market data or to quoted prices on organized markets for similar instruments.

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

The fair value breakdown by methods used to calculate the fair value of the financial instruments held by CaixaBank at December 31, 2013 and 2012 is as follows:

Assets

	Thousands of euros					
	31/12/2013			31/12/2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held for trading (Note 11)	**3,257,215**	**8,936,041**	**–**	**1,201,184**	**16,090,305**	**7,188**
Debt securities	3,153,336	466,501		1,090,531	392,004	7,188
Equity instruments	95,756			85,840		
Trading derivatives	8,123	8,469,540		24,813	15,698,301	
Available-for-sale financial assets (Note 12)	**20,883,409**	**2,025,145**	**563,355**	**19,371,220**	**1,770,602**	**840,652**
Debt securities	17,814,915	2,025,145	82,014	16,625,518	1,770,602	434,751
Equity instruments	3,068,494		481,341	2,745,702		405,901
Loans and receivables (Note 13)	**1,045,463**	**625,288**	**250,337,088**	**880,387**	**–**	**249,117,136**
Loans and advances to credit institutions			7,937,189			10,041,548
Loans and advances to customers			240,401,854			236,014,706
Debt securities	1,045,463	625,288	1,998,045	880,387		3,060,882
Held-to-maturity investments (Note 14)	**7,227,049**	**10,867,055**		**5,839,313**	**2,965,135**	
Hedging derivatives (Note 15)		**4,591,384**			**6,312,333**	
Total	**32,413,136**	**27,044,913**	**250,900,443**	**27,292,104**	**27,138,375**	**249,964,976**

Liabilities

	Thousands of euros					
	31/12/2013			31/12/2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities held for trading (Note 11)	**1,614,651**	**8,440,369**	**–**	**1,516,848**	**15,776,324**	**8,129**
Short positions	1,597,670	23,748		1,470,773	77,611	
Trading derivatives	16,981	8,416,621		46,075	15,698,713	8,129
Financial liabilities at amortized cost (Note 21)	**–**	**–**	**281,168,254**	**–**	**–**	**283,496,277**
Deposits from central banks			20,049,618			32,976,828
Deposits from credit institutions			20,963,662			18,166,619
Customer deposits			192,529,485			175,663,477
Marketable debt securities			40,325,847			47,903,824
Subordinated liabilities			4,726,329			5,770,411
Other financial liabilities			2,573,313			3,015,118
Hedging derivatives (Note 15)		**1,487,432**			**1,807,295**	
Total	**1,614,651**	**9,927,801**	**281,168,254**	**1,516,848**	**17,583,619**	**283,504,406**

Thanks to improved liquidity in fixed-income markets, the measurement procedures of certain debt securities assigned to Level 3 in the fair value hierarchy in 2012 were reviewed. In 2013, all the significant inputs for measuring most of these assets, which relate mainly to Spanish public debt issuers, were observable data, allowing for their reclassification to Level 2 in the fair value hierarchy.

There were no significant transfers or reclassifications among levels in 2013 other than those mentioned in the preceding paragraph.

Movements in Level 3 balances in 2013 and 2012 were as follows:

Level 3 movements – 2013

	Thousands of euros			
	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Trading securities	Trading derivatives	Debt securities	Equity instruments
Balance at 31/12/2012	**7,188**	**(8,129)**	**434,751**	**405,901**
Addition due to integration of Banco de Valencia				7,208
Total gains or losses				
To profit and loss	(31)	8,129	13,297	(49,714)
To equity valuation adjustments			27,135	3,135
Acquisitions	220		8,097	36,350
Reclassification to/from other levels			(270,046)	
Settlements and others	(7,377)		(131,220)	78,461
Balance at 31/12/2013	**–**	**–**	**82,014**	**481,341**
Total gains/(losses) in the year for instruments held at the end of the year	**31**	**(8,129)**	**(40,432)**	**46,579**

Level 3 movements – 2012

	Thousands of euros			
	Financial instruments at fair value through profit or loss		Available-for-sale financial assets	
	Trading securities	Trading derivatives	Debt securities	Equity instruments
Balance at 31/12/2011	**1,570**	**(5,437)**	**1,157,270**	**99,659**
Addition due to integration of Banca Cívica			164,286	272,796
Total gains or losses				
To profit and loss	(3,711)	(2,692)		(1,016)
To equity valuation adjustments			(969)	1,032
Acquisitions	78,049		288,738	127,700
Reclassification to/from other levels	7,179		(941,179)	
Settlements	(75,899)		(233,395)	(94,270)
Balance at 31/12/2012	**7,188**	**(8,129)**	**434,751**	**405,901**
Total gains/(losses) in the year for instruments held at the end of the year	**3,711**	**2,692**	**969**	**(16)**

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, an analysis was performed showing that the values obtained would not change significantly.

For CaixaBank, most of the financial instruments recognized as available-for-sale financial assets and a significant amount of held-to-maturity investments have, as the objective reference for determining their fair value, quoted prices in organized markets (Level 1) and, therefore, the fair value is determined on the basis of the price that would be paid for it on an organized, transparent and deep market ("quoted price" or "market price"). In general, this level includes quoted debt instruments with a liquid market, quoted equity securities, derivatives traded on organized 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 derivatives and financial instruments (mainly debt securities) traded in scantly deep or transparent organized 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.

Loans and receivables, and financial liabilities at amortized cost are mostly classified in Level 3. Their fair value is estimated based on discounted cash flows, bearing in mind the estimate of interest rate, credit and liquidity risks in the discount rate. These estimates use, *inter alia*, historical early repayment rates and estimated credit loss rates based on internal models.

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.

2.3. Derivatives and hedges

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

When CaixaBank 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 taking into account the risk intended to be hedged.

CaixaBank 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.

Hedging transactions performed by CaixaBank are classified as:

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

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

CaixaBank also hedges a certain amount of 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 recognized in the income statement. In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognized directly in the income statement, but the balancing entry is recognized 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 recognized.

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

As indicated in Note 15, virtually all CaixaBank's hedges at December 31, 2013 and 2012 were fair value macro-hedges.

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

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

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

2.4. Foreign currency transactions

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

Foreign currency assets and liabilities, including unmatured foreign currency purchase and sale contracts considered as hedges, are translated to euros using the average exchange rate prevailing on the spot currency market at the end of each reporting period, except for non-monetary items measured at historical cost, which are translated to euros at the exchange rate ruling at the date of acquisition, and non-monetary items measured at fair value, which are translated to euros using the exchange rates ruling at the date on which the fair value was determined.

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

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

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

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

- Translate the financial statements of the foreign branches to CaixaBank'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.

- Recognize any differences under "Equity – Valuation adjustments – Exchange differences" on the balance sheet until the related item is derecognized, with a charge or credit to profit or loss.

2.5. Recognition of income and expenses

The main policies applied by CaixaBank to recognize revenue and expenses are as follows:

Interest income, interest expenses, dividends and similar items
Interest income, interest expenses and similar items are recognized on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises. Interest accrued on doubtful loans, including loans exposed to country risk, is credited to profit or loss upon collection, which is an exception to the general rule. Dividends received from other companies are recognized 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 recognizing 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 recognized under the same heading as finance income or costs; 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 recognized under "Other operating income" as the loan is taken out. Individually, these fees and commissions do not exceed 0.4% of the principal of the financial instrument, subject to a maximum limit of €400; any excess is recognized on the income statement over the life of the transaction. If the total sum of financial fees and commissions does not exceed €90, it is recognized immediately in profit or loss. In any event, directly related costs identified individually can be recognized directly on the income statement upon inception of the transaction, provided they do not exceed the fee or commission collected (see Notes 30 and 32).

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

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

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

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

2.6. Transfers of financial assets

As provided for in Bank of Spain Circular 4/2004, which includes the criteria set out in IAS 39, loans and credits transferred for which the risks and rewards associated with ownership of the asset are retained substantially are not derecognized and a financial liability associated with the financial asset transferred is recognized. This is the case of the loans and receivables securitized by CaixaBank under the terms of the transfer agreements.

However, in accordance with Transitional Provision One of the Circular, the above accounting treatment is only applicable to transactions carried out on or after January 1, 2004, but not to transactions taking place previously. Therefore, the accompanying balance sheets of CaixaBank do not include assets securitized before January 1, 2004.

Financial instruments associated with contributions to securitization special purposes entities created after January 1, 2004, such as securitized bonds acquired by CaixaBank or loans granted, are recognized as a liability in the balance sheet, offsetting "Financial liabilities at amortized cost – Customer deposits."

Note 26.2 provides details of the asset securitizations carried out until 2013 year-end, irrespective of whether they led to the derecognition of the related assets from the balance sheet.

2.7. 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 recognized impairment losses is recognized 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 amortized cost

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

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

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

- *Substandard:* debt instruments which, without qualifying individually for classification as doubtful or write-off, show weaknesses that may entail losses for CaixaBank. 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).

- *Doubtful:*

  i) *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 three months, 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 standard risk category unless there is reasonable certainty that the customer can make payment on schedule, or unless new effective guarantees or collateral are provided and, in both cases, unless at least the current interest receivable, disregarding interest for late payment, is paid.

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 CaixaBank, these being persons or entities whose solvency is sufficiently demonstrated as to ensure the full repayment of the transaction under the agreed terms.

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

- *Write-off:* includes debt instruments, whether due or not, for which CaixaBank, after analyzing them individually, considers the possibility of recovery to be remote and proceeds to derecognize them, without prejudice to any actions that CaixaBank 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 doubtful due to arrears that are more than four years old.

These assets are assessed for impairment as follows:

- Individually: assets classified as doubtful 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 doubtful due to reasons other than customer arrears are also assessed individually to estimate impairment losses.

- Collectively: impairment losses on other transactions classified as doubtful due to customer arrears are calculated collectively and the amount determined based on the age of the unpaid amounts and the guarantees or collateral provided for the transactions. Impairment losses on assets classified as substandard risk are also determined using collective criteria, for those belonging to a sectors with special difficulties.

For the purposes of recognizing the allowance for impairment of instruments classified as doubtful 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 6 months	25.00%
Over 6 months and up to 9	50.00%
Over 9 months and up to 12	75.00%
Over 12 months	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 financial assets classified as doubtful, provided these are first call and duly constituted in favor of CaixaBank.

The value of rights received as collateral is the lower of the cost in the public deed or accredited cost of the asset, and the appraisal value in its current condition. If the deed is manifestly old, the cost 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 weighting is applied to the collateral determined in this manner in accordance with the type of asset.

Weightings

Completed homes, primary residence	80.00%
Rural buildings in use, and completed multi-purpose facilities, premises and offices	70.00%
Completed homes (other)	60.00%
Land, lots and other real estate assets	50.00%

Coverage of credit risk is estimated on the outstanding risk above the weighted value of the guarantee in accordance 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 this value.

The coverage of the impairment of credit risk will be at least the amount arising from the calculation of the coverage for inherent losses on the debt, even if the amount of the guarantee after applying the appropriate weighting is greater than the outstanding risk.

For the purposes of assessing impairment losses on financial assets measured at amortized cost (loss incurred), CaixaBank has developed a methodology to produce the best possible estimate of the present value of future cash flows of assets – excluding losses not incurred – according to the provisions of IAS 39. Using the information base furnished by internal credit risk management models used, CaixaBank has devised a methodology to calculate losses incurred on the basis of the PD (probability of default) and LGD (loss given default) risk parameters.

This methodology uses internal management data that are also used to calculate regulatory capital per Basel II requirements and, accordingly, have been subject to a process of validation, regular auditing and oversight by the Bank of Spain. The model has been integrated in CaixaBank's risk management since it shares certain methodological aspects (e.g. the use of risk parameters), and especially as it uses the Entity's same historical database.

For the purposes of compliance with the criteria for estimating impairment losses specified by IAS 39, CaixaBank estimates the model's risk parameters as follows:

- Probability of default (PD): to determine the loss incurred, CaixaBank estimates the probability of default on the basis of historical internal data in such a way as to reflect only the present situation (loss incurred) of both the status of payments by borrowers in each segment and also of any local or national economic conditions that may correlate to defaults on assets in the segment. To this end, it estimates "Point-in-Time" probabilities of default at the end of each reporting period, with a projection at that date of the observed historical probabilities of default through linear regressions with macroeconomic variables providing an explanation thereof.

  This estimate of the probability of default is similar to that defined in the Basel regulations (Capital Framework Agreement) as "Point-in-Time PD," which adapts to the present situation of the economic cycle since it utilizes the default frequencies observed over the most recent periods.

  On the other hand, the parameter used to estimate regulatory capital requirements for credit risk using the IRB approach, "Through-the-Cycle PD," is an average estimate of the economic cycle and is therefore not dependent on the current status of the cycle.

- Loss given default (LGD): For the purposes of estimating impairment losses, the LGD parameter is also estimated in such a way that it reflects only the present situation (loss incurred) of the capacity to recover future flows of assets.

  In order to determine loss given default in accordance with the definition of incurred losses, reflecting the present situation, CaixaBank has determined the methodology for estimating LGD with a projection of the observed historical LDGs through linear regressions with macroeconomic variables providing an explanation thereof.

When calculating the impairment loss incurred at December 31, in accordance with the aforementioned accounting standard, CaixaBank assesses the evidence of impairment collectively for homogeneous groups of assets with similar characteristics.

This process for estimating impairment considers all credit exposures, not only those of low credit quality. In this regard, the methodology employed by CaixaBank considers all the obligor grades of each of the loan portfolio categories, and not only those that obtain a poorer classification based on the internal models.

The risk parameters used in the aforementioned internal models for calculating the loss incurred are estimated on the basis of internal historical data, and the portfolio is segmented in accordance with the characteristics of the assets of which it is composed. These characteristics include the type of asset, the nature of the obligor, the guarantees associated with the asset, the number of months in default and the number of months that have elapsed since the last adjustment. The relevant historical loss experience is allocated to each of the segments defined.

The historical loss experience used by CaixaBank in its internal models is adjusted on the basis of observable data to reflect the effects of current conditions that do not affect the period on which the historical experience is based and to remove the effects of conditions in the historical period that do not exist currently. Thus, CaixaBank estimates impairment losses through the link between historical internal data for default and loss given default and other observable data, such as macroeconomic variables and the status of payments by borrowers included in each segment, reflecting only the current situation. The method also excludes any macroeconomic events or adverse changes to the status of payments by borrowers that are expected subsequent to the date of analysis.

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 recognized in the income statement. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

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

Equity instruments classified as available for sale

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

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

Equity instruments measured at cost

The impairment loss on equity instruments measured at cost is the difference between the carrying amount and the present value of the expected future cash flows discounted at the market rate of return for similar securities. In estimating the impairment, account 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 unrealized gains at the measurement date.

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

2.8. Refinancing or restructuring operations

According to regulations, these operations are classified into the following categories:

- *Refinancing operation:* one which, such as in the case of second drawdowns on revolving credits, is granted or used for economic or legal reasons relating to the holders' actual or foreseeable financial difficulties to cancel one or several operations granted by the same institution or other entities in its group, to the holder or other companies in its economic group because they are unable, or it is envisaged that they will become unable, to comply with their terms in due time and form.

- *Refinanced operation:* one that is brought wholly or partly up to date on payment by means of a refinancing operation.

- *Restructured operation:* one in which, for economic reasons relating to the holders' actual or foreseeable financial difficulties the financial terms are modified in order to facilitate payment of the debt as the holder is unable, or likely to become unable, to comply with the terms in due form and time.

  Operations are considered restructured when there is a haircut or new assets are received to reduce the debt, or in which there is a modification of the terms to extend the maturity period or vary the amortization table to reduce instalments.

- *Renegotiated operation:* one in which the financial conditions are modified when the borrower is not experiencing financial difficulties and it is not envisaged that it will experience financial difficulties in the future.

- *Rollover operation:* one executed to replace another one previously granted without the borrower having or foreseeing any future financial difficulties.

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

- Operations with public bodies.

- Operations with contractually agreed grace periods.

- Operations that are up to date on payment at the date of refinancing and meeting a specific debt ratio, in loans to natural persons, or a specific financial debt/EBITDA ratio, for legal persons.

- For the Crédito Abierto (open credit) product, the number of drawdowns and purpose are analyzed 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, in accordance with Annex IX of Bank of Spain Circular 4/2004. However, based on the specific characteristics of the operation, they may be classified into other risk categories:

- Doubtful: 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.

- Standard: i) operations with a principal repayment grace period of less than six months, ii) operations granted to natural persons 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 standard risk category.

Refinanced operations may be reclassified as standard risk subsequently when 10% of the refinanced debt has been collected or the customer meets the agreement obligations. The last condition 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 doubtful, it is reclassified as substandard, rather than standard.

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 favorable situation after applying the refinancing criteria or the criteria applicable in Bank of Spain Circular 4/2004.

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

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

2.10. Personnel expenses and post-employment obligations

As part of the reorganization of the "la Caixa" Group, practically all "la Caixa" employees were transferred to CaixaBank as of July 1, 2011 (with accounting effects as of January 1, 2011). The obligations assumed by "la Caixa" vis-à-vis these employees were also transferred to CaixaBank at that time. Among others, these commitments included the pension and similar obligations of "la Caixa" at June 30 that year, primarily governed by the labor agreements on the pension schemes of "la Caixa" dated July 31, 2000 and July 29, 2002, and by the labor agreement on early retirement, dated December 23, 2003.

Under the labor agreement signed on July 31, 2000, retirement commitments with currently serving personnel were rolled over to an external defined contribution plan. The agreement established coverage for disability and care for widows and orphans.

In 2002, in compliance with the labor agreement signed on July 29, 2002, the present value at that date of obligations to employees retired prior to July 31, 2000 was included under the Group's pension plan, and a specific policy was established with VidaCaixa, SA de Seguros y Reaseguros.

The transfer of commitments from "la Caixa" to CaixaBank resulted from the agreement reached with workers' representatives on April 1, 2011 in order to safeguard employees' labor conditions. One of the key points of this agreement is that "la Caixa" bank employees transferred to CaixaBank will be subject to the labor conditions set out in all collective labor agreements and other agreements in force in "la Caixa" at the time of transfer, without prejudice to any subsequent modifications agreed by all the parties. As a result, CaixaBank must maintain the same conditions and commitments for all employees transferred from "la Caixa", including post-employment obligations.

On June 10, 2011 and with the involvement of the committee set up to monitor compliance with the labor agreement of April 1, 2011, "la Caixa" and the workers' representatives agreed on the basis for implementing the sixth covenant, applicable in CaixaBank as of July 1, 2011. The agreements affect all employees adhered to the pension plan ("la Caixa" and CaixaBank employees) and all pension plan beneficiaries. The key points agreed are as follows:

1) approval of the creation of a Joint "la Caixa"/CaixaBank Pension Plan.

2) approval of the amendments to transform the specifications of the "la Caixa" employee Pension Plan to the Joint "la Caixa"/CaixaBank Pension Plan, and incorporation of two appendices of specifications (employees of "la Caixa" were included under the "la Caixa" plan, while employees of CaixaBank, all beneficiaries of the former "la Caixa" Pension Plan, and non-contributing members were included under the CaixaBank plan).

3) appointment of members of the Joint Pension Plan Monitoring Committee.

4) formal creation of the Joint "la Caixa"/CaixaBank Pension Plan Monitoring Committee.

On July 12, 2011 (effective July 1, 2011), "la Caixa" and CaixaBank signed a collective labor agreement with representatives of the main trade unions, in order to incorporate the above points in "la Caixa" and CaixaBank's pension and welfare scheme.

On May 22, 2012, the labor agreement on the integration of Banca Cívica in CaixaBank (*acuerdo laboral de integración de Banca Cívica*) was signed. This agreement included, *inter alia*, the gradual adaptation of the remuneration structure of Banca Cívica employees to that of CaixaBank and the assumption by CaixaBank of Banca Cívica's pension rights and obligations at that time, adapting them to the terms and conditions of CaixaBank's pension systems and including them in its external plans. The labor agreement on the integration of Banco de Valencia in CaixaBank (*acuerdo laboral de integración de Banco de Valencia*) was signed on April 18, 2013. In line with previous integration processes, this agreement ensured the gradual adaptation of the remuneration structure and other labor conditions of Banco de Valencia employees to those of CaixaBank employees.

Post-employment obligations

Post-employment benefit obligations are all those undertaken by CaixaBank with its employees, to be paid upon termination of their employment with CaixaBank.

Defined contribution plans
All pension plan contributions made during the year are recognized under "Personnel expenses" in the income statement (see Note 34).

Defined benefit plans
The present value of defined benefit post-employment obligations, net of the fair value of plan assets, is recorded under "Provisions – Provisions for pension and similar obligations."

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

- Are not owned by CaixaBank, 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 CaixaBank's own creditors, even in bankruptcy. Assets cannot be returned to CaixaBank, unless the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or CaixaBank, or are used to reimburse it for post-employment benefits CaixaBank has already paid to employees.

Virtually all of CaixaBank's defined benefit commitments 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" on CaixaBank's separate balance sheet.

CaixaBank's remaining defined benefit commitments, 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 recognized 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 recognized under "Other assets – Other."

IAS 19 (revised) became effective on January 1, 2013. This standard has been transposed to Bank of Spain Circular 4/2004 through Bank of Spain Circular 5/2013, which introduces certain modifications affecting the accounting treatment of defined benefit plans. The most important changes affect the recognition of actuarial gains and losses and interest costs.

Regarding actuarial gains and losses, understood as the difference between previous actuarial assumptions and what has actually occurred, and changes in actuarial assumptions, the option of using the corridor approach and the alternative of recognizing the gains and losses in the income statement have been removed. Now, all actuarial gains and losses must be recognized under "Valuation adjustments" in equity in the year in which they are incurred. The standard provides the option of reclassifying them subsequently to voluntary reserves or keeping them in valuation adjustments. In this respect, CaixaBank has elected to reclassify them to voluntary reserves. This did not have any impact on CaixaBank's equity as before the standard became effective, actuarial gains and losses were recognized in income and expenses for the year.

As for past service cost, arising from changes in existing post-employment benefits or the addition of new benefits, the deferral of defined-benefit obligations has been eliminated.

In addition, interest costs and the expected return on plan assets have been replaced in the new standard with an amount net of interest, calculated by applying the discount rate to the benefit liability (or asset) at the beginning of the year.

Finally, in the event of modifications, curtailments and/or settlements of defined-benefit obligations, the obligations at the transaction date must be measured and any actuarial gains or losses recognized in "Valuation adjustments" in equity. The difference with the price paid for cancellation is recognized in the income statement.

The following are recognized in the income statement with respect to post-employment benefits:

- Past service cost arising from changes to existing post-employment benefits or the addition of new benefits.
- Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period.
- Net interest of the net liability (or asset).
- The gain or loss incurred on any plan curtailments or settlements.

Other long-term employee benefits

Other long-term employee benefits include commitments with employees who have taken early retirement, both with respect to salary and social benefit contributions up to the date the employee is formally retired, as well as long-service bonuses paid (see Note 22).

All actuarial gains and losses are recognized in profit and loss for the year.

Early retirement schemes
CaixaBank assumed the obligations under the two early retirement programs in force at the time the "la Caixa" Group was reorganized. These programs were launched in 2003 and, after being rolled over several times, lapsed on December 31, 2011. The first was a partial retirement scheme for employees over 60, and the second was an early retirement scheme for employees aged between 57 and 62 who had at least two and up to five years before reaching the agreed retirement age. To qualify for these two schemes, employees were required to meet a minimum length of service at CaixaBank and have paid in a minimum amount of social security contributions. On June 18, 2012, CaixaBank and workers' representatives signed an agreement to establish an extraordinary pre-retirement program valid until December 31, 2012 for CaixaBank and "la Caixa" staff. According to this agreement, staff at each company complying with a series of requirements could choose to adhere to the early retirement program. This scheme was rolled over on June 27, 2012, and December 24, 2012.

Employees taking part in the partial retirement scheme hold a part-time employment contract with CaixaBank, work an equivalent of 15% of a full-time position and receive 15% of their regular salary, their Social Security pension and an additional supplementary benefit insured through a policy taken out with VidaCaixa, SA de Seguros y Reaseguros. Employees on the early retirement scheme terminate their employment contract with CaixaBank and in return the Entity pays them a consideration, depending on the duration of the early retirement, equivalent to a percentage of their gross annual salary over the last twelve months, as well as a gross payment of the amount set out in the special Social Security contributions agreement. This amount is increased on a yearly basis in accordance with the year-on-year change in the Consumer Price Index (CPI) for December. Employees on the early retirement scheme and the partial retirement scheme retain, for all purposes, their status as participants in the Pension Plan for CaixaBank employees.

CaixaBank has also assumed the commitments of the early retirement schemes in force at the time of the integrations of Banca Cívica and Banco de Valencia, as well as the other measures derived from the labor agreements on the integration of May 22, 2012 and April 18, 2013, respectively.

CaixaBank covers the entire cost of the obligations for additional payments, social security contributions, defined contributions to the pension plan, and other obligations up to the retirement age agreed with the employees by a specific provision included under "Provisions – Provisions for pensions and similar obligations" in the balance sheet. The provision at December 31, 2013 covers the entire cost of employees retired early as a result of the plans described above, and that of the rest of the measures derived from the labor agreements on the integration of Banca Cívica and Banco de Valencia.

3,852 employees took early or partial retirement between the start of the early retirement schemes in 2003 to December 31, 2013.

Long-service bonuses
CaixaBank has made a provision for long-service bonuses accrued by currently serving personnel and by employees on mandatory leave of absence. CaixaBank and "la Caixa" have assumed the obligation of paying a bonus to employees upon reaching 25 or 35 years of service. The amounts in this connection are recognized in the balance sheet under "Provisions – Provisions for pensions and similar obligations."

Termination benefits

Provisions for termination benefits are recognized under "Pension and similar obligations" and "Personnel expenses" when there is a demonstrable commitment to terminating the employment of personnel before the normal retirement date, or paying termination benefits as the result of an offer made to encourage voluntary redundancy.

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

The labor agreement is part of the restructuring carried out to improve the efficiency of CaixaBank's resources through its rationalization following the mergers with Banca Cívica and Banco de Valencia. This extraordinary restructuring cost was recognized in 2013 and amounted to €839 million, recognized under "Personnel expenses" and "Other general administrative expenses" in the accompanying income statement.

Credit facilities made available to employees

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

2.11. Income tax

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

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

All tax assets are recognized 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 recognized 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 recognized when CaixaBank 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 recognized when it is probable that sufficient future taxable profit will be obtained, against which the deferred tax asset can be utilized.

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

2.12. 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 properties."

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

"Investment properties" reflects the carrying amounts of land, buildings and other structures 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.

Upon implementation of Bank of Spain Circular 4/2004, entities could choose to recognize unrestricted items of tangible assets at their fair value at January 1, 2004. "la Caixa" restated the acquisition value of property for own use on the basis of appraisals performed by valuers approved by the Bank of Spain, pursuant to Ministerial Order ECO/805/2003.

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

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

Depreciation of tangible assets

	Years of estimated useful life
Buildings	
Construction	25-75
Facilities	8-25
Furniture and fixtures	4-50
Electronic equipment	4-8
Other	7-14

At the end of each reporting period, tangible assets are assessed 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.

To determine the fair value of tangible assets classified as investment property, ECO appraisals were requested for properties for which the latest appraisal available was prior to January 1, 2012, while statistical appraisals were carried out for the other properties. At December 31, 2013, the fair value of tangible assets classified as investment property did not differ from their carrying amounts. In accordance with application regulations, the fair value hierarchy is Level 2 (see Note 2.2).

Any impairment loss determined is recognized 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 recognized 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 if no impairment losses had been recognized in prior years.

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

Upkeep and maintenance expenses are recognized under "Administrative expenses – Other general administrative expenses" in the income statement.

2.13. Intangible assets

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

Goodwill

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

i) 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

ii) the net fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recognized under "Intangible assets – Goodwill" provided it is not attributable to specific assets or identifiable intangible assets of the acquiree.

Goodwill acquired as of January 1, 2004 is measured at acquisition cost, whereas that acquired prior to this date is recognized at the net carrying amount at December 31, 2003. At the end of each reporting period goodwill is reviewed for impairment, i.e. a reduction in its recoverable amount to below its carrying amount. The assumptions used to measure goodwill are detailed in Note 19. If there are indications of impairment, the goodwill is written down with a balancing entry under "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the income statement. Impairment losses recognized for goodwill are not reversed in a subsequent period.

Other intangible assets

"Other intangible assets" includes deferred charges relating to the development of electronic banking and IT systems. These assets have a finite useful life and are amortized over a maximum period of five years.

It also includes the value assigned in business combinations to certain non-monetary assets, such as the policy portfolios of insurance companies or the service concession arrangements of utilities.

Assets with a finite useful life are amortized and the amortization charge is recognized in profit and loss on a straight-line basis.

2.14. Inventories

This item on 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 realizable value. Net realizable 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 2.15.

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

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

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

2.15. Non-current assets held for sale

“Non-current assets held for sale” includes the following:

- Assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use, provided that the sale is considered highly probable.

- Foreclosed assets in respect of loans, except for those assigned for own use or classified as investment property since they are held to earn rentals, or land and property under construction.

CaixaBank has centralized the ownership of all real estate assets acquired or foreclosed in payment of debts in its holding company BuildingCenter, SAU, and VIP Gestión de Inmuebles, in a bid to optimize management.

Assets received in payment of debts are recognized at the lower of the carrying amount of the financial assets foreclosed, understood as amortized cost net of estimated impairment, which will be at least 10%, and the market appraisal value of the asset received in its current condition less estimated costs to sell, which in no circumstances will be less than 10% of the appraisal value.

The receipt of assets in payment of debts in no circumstances gives rise to the recognition of gains or the release of hedges on the foreclosed financial assets.

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

Following the inclusion of properties from Banca Cívica in 2012 and Banco de Valencia in 2013, appraisals were carried out in line with the criteria established in Ministerial Order ECO/805/2003 to recognize them at fair value. The remaining properties were remeasured at the end of 2013 using ECO or similar appraisals. An exception to this procedure were properties acquired in 2013, which were not updated as they were already recognized at fair value, and homes with a gross carrying amount below €500,000 and a net carrying amount supported by an ECO appraisal within the previous two years, updated using statistical appraisals. The fair value of property classified as non-current assets held for sale is measured based on Level 2 in the fair value hierarchy (see Note 2.2).

2.16. Provisions and contingencies

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

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Entity.

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

Contingent liabilities are recognized under memorandum items on the balance sheet.

At year-end 2013, certain lawsuits and proceedings were ongoing involving CaixaBank arising from the ordinary course of its operations. CaixaBank's legal advisers and directors consider that the outcome of such lawsuits and proceedings will not have a material effect on equity in the years in which they are settled.

2.17. 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 a low risk of changes in value.

- Operating activities: the typical activities of credit institutions and other activities that cannot be classified as investing or financing activities.

- Investing activities: the acquisition, sale or other disposal of long-term assets 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 issues launched by CaixaBank and placed on the institutional market are classified as financing activities, whereas the issues placed on the Spanish retail market are classified as operating activities.

2.18. 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 CaixaBank acts as the lessor of the asset are recognized 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 CaixaBank acts as lessee, the cost of the leased asset is recognized in the related item in the balance sheet based on the nature of the leased asset, and, simultaneously, a liability is recognized 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, plant and equipment for own use.

Finance income, when CaixaBank acts as lessor, and finance expenses, when it acts are lessee, are recognized in the income statement under "Interest and similar income" are "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 CaixaBank 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 recognized under "Other operating income" in the income statement.

When CaixaBank acts as lessee, the lease payments are recognized 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 recognized immediately in the income statement. If the sale was made at a price below fair value, the profit or loss is also recognized 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 recognized 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 recognized in the income statement over the period for which the asset is expected to be used.

In 2012, CaixaBank carried out a sale and leaseback transaction involving 439 offices (see Note 18).

2.19. Statements of changes in equity. Part A) Statement of recognized income and expense

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

The items used to present the statement of recognized income and expense are as follows:

(i) The profit or loss for the year.
(ii) The net income or expense recognized temporarily in equity as valuation adjustments.
(iii) The net income or expense recognized definitively in equity.
(iv) The tax accrued on the previous items.
(v) The total recognized income and expense calculated as the sum of the above items.

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

This statement presents all changes in CaixaBank's 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 accounting policy changes and error adjustments: 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 recognized income and expense: represents the aggregate of all items recognized in the statement of changes in equity income part A) Recognized income and expense, outlined above.
(iii) Other changes in equity: includes the remaining items recognized 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

Global risk management is essential for the business of any credit institution. CaixaBank adopts a global, proactive and cautious approach to managing business risks. It has internal control and oversight systems adapted to the leading international standards and optimizes the risk/return ratio, all in support of its aim to offer the best customer service quality.

Global risk management aims to ensure the Company's robust risk profile, preserve capital adequacy and optimize the return/risk ratio by identifying, measuring and assessing risks and ensuring that they are always taken into account in CaixaBank's business decision-making process. This way, it sets a risk profile that is aligned with strategic objectives. The system of authorization levels is based on fundamental risk variables and transaction amounts, enabling risks to be quantified using scenarios based on capital use and expected loss.

Priority and emerging risks

Priority and emerging risks are risks that could have a material effect on the entity's results and the long-term sustainability of its business model.

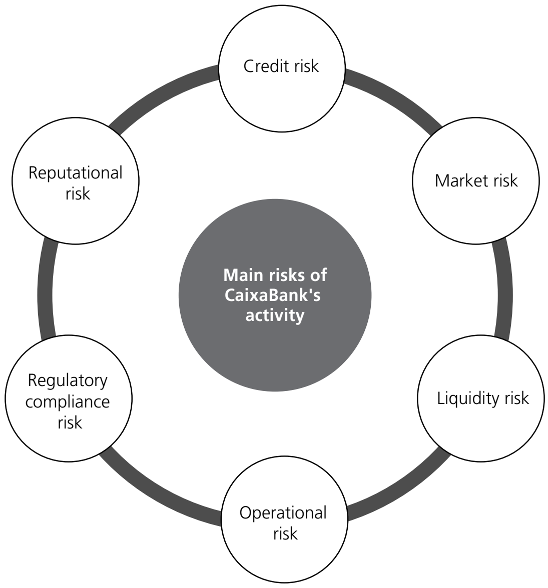
- Macroeconomic risks. In Spain, the imbalances present before the start of the economic crisis are still being corrected and must be watched closely until there is a firm recovery in domestic demand.

- Regulatory risks. The transition to a safer, global financial system entails stricter regulatory requirements for entities. CaixaBank will face the challenge with solid levels of solvency and liquidity. The European Banking Union process will entail a change in responsibilities and the oversight model, which must be underpinned by robust resolution mechanisms. Following the independent reviews of Spain's banking system, carried out under the terms of the Memorandum of Understanding, and the assessments conducted by the IMF through the Financial Sector Assessment Program for Spain, provisioning levels in the sector must satisfy the global with a view to its assuming supervision responsibilities.

- Reputational risks. As a result of the economic crisis, excessive leveraging of households and businesses, and the decline in the value of investments in hybrid products, among other reasons, confidence in banks has eroded considerably in Spain. In order to restore the confidence of its customers in the financial system, CaixaBank is focusing on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, regulatory compliance and money laundering prevention structures.

Classification of risks

The risks incurred as a result of activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, and regulatory compliance risk.



General risk management principles

The Board-approved General Risk Management Principles can be summarized as follows:

- Risk is inherent to CaixaBank's business.
- Risk is the ultimate responsibility of the Board and requires involvement of Senior Management.
- Medium-low risk profile.
- Involvement throughout the organization.
- Management throughout the full cycle of transactions: from preliminary analysis until approval, monitoring of solvency and profitability, to repayment or recovery of impaired assets.
- Joint decision-making, with an authorization system always requiring approval by two employees.
- Independence of business and operating units.
- Approval based on the borrower's repayment ability and an appropriate return.
- The use of standard criteria and tools.
- Decentralized decision-making.
- Use of advanced techniques.
- Allocation of appropriate reserves.

Organizational structure

The CaixaBank Board of Directors is the Entity's highest risk-policy setting body. Senior Management acts within the framework of the duties assigned by the Board of Directors and set up the following risk management committees:

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

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

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

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

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

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

Management tools

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

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.

3.1. Credit risk

Credit risk is the most significant risk item on the CaixaBank balance sheet and arises from the banking and insurance business, treasury operations and the investee portfolio. The maximum credit risk exposure at December 31, 2013 of financial instruments recognized under “Held-for-trading portfolio,” “Available-for-sale financial assets,” “Loans and receivables,” “Held-to-maturity investments” and “Hedging derivatives” in the accompanying balance sheet, and “Contingent liabilities” and “Contingent commitments” as memorandum items in the accompanying balance sheet, does not differ significantly from the carrying amount.

3.1.1. Customer credit risk

Overview

2013 featured the completion of the integration of Banca Cívica and the merger with Banco de Valencia. At industry level, the Spanish banking sector continued to perform poorly as a whole, due to the declining quality of loans and receivables and foreclosed assets under the stress tests and the provision requirements under RDL 2/2012 and RDL 18/2012.

CaixaBank gears its lending activity towards meeting the finance needs of households and businesses. Credit risk management is characterized by a prudent approvals policy and appropriate coverage. Since most loans are to private borrowers and consist primarily of mortgages to first-time homebuyers, the loan structure has a significantly low level of risk. Credit issued to property developers to finance home construction is generally taken up by individual customers once the homes have been completed and sold.

The appraised value of collateral is 2.4 times the value of the outstanding principals in the mortgage portfolio.

The lending portfolio is highly diversified and fragmented, and credit risk is therefore reduced. In terms of geographic distribution, lending activity by CaixaBank is mainly concentrated in Spain.

Doubtful loans, including guarantees, amounted to €24,934 million and €19,871 million at December 31, 2013 and 2012, respectively. The increase was caused by the general economic downturn and the application of prudent loan scoring criteria, as well as the integration of Banco de Valencia’s portfolio, resulting in a non-performing loans ratio (doubtful loans and contingent liabilities as a percentage of total risk) of 11.18% at December 31, 2013 (8.34% at December 31, 2012). This ratio is still lower than the ratio for the Spanish financial system as a whole (which, according to the figures for December 2013, stood at 13.61%).

Credit loss provisions, including guarantees, were €14,967 million, representing a doubtful assets coverage ratio of 60.03%, or 139.68% taking into account mortgage collateral. Credit loss provisions at December 31, 2012, were €12,232 million, representing a doubtful assets coverage ratio of 62%, or 145% taking into account mortgage collateral.

Credit approval processes and organization

The top priority in 2013 was the technological integration with the two Banca Cívica entities that had yet to be integrated (Caja Canarias and Caja Burgos) and with Banco de Valencia. Specific task forces were created at the three savings banks to oversee the key features of the integration. Their many responsibilities included the following:

- Definition of authorization systems during the transitional periods (e.g. branch offices, regions, central services committees).
- Convergence with the risk policies and criteria applied in CaixaBank (e.g. catalogue of loan products, prices, collaterals, maturities, accumulation of risks).
- Identification of gaps in products in the technological integration.
- Treatment of measurement tools.
- Planning of risk training.

Organizationally, CaixaBank's and Banca Cívica's risk teams were combined under a single division (Risk Acceptance and Monitoring Division of each Region) and have worked jointly under the same risk criteria to provide service to the branch network. However, Banco de Valencia maintained its existing risk structure and decision-making bodies, with CaixaBank loan officers moving in to standardize the risk criteria applied in approvals. Specific circuits were also put in place for customers included in the asset protection scheme and for assets transferred to Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB).

The result was the integration of these institutions in record time.

Elsewhere, the Entity has a loan approval and award system in place, which is a highly effective tool for delegating risk management responsibilities. The system is based on the treatment of maximum amounts 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.

Risk parameters and other policies based on the credit rating of borrowers are all taken into consideration when establishing approval powers. In 2013, the process for updating risk parameters continued and new management models were rolled out to improve the predictive capabilities of these tools.

In this respect, 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.

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

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 more easily and analyze customers and portfolios in accordance with their risk-adjusted returns. With this objective, a specific commercial action was undertaken, together with the commercial network, to boost returns and optimize this ratio. Meanwhile, the results of the pilot RAR for the SMEs segment in the universal network have been satisfactory. The RAR is consolidated in the business and corporate banking network.

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

Highlights for the year include:

- In April, a campaign was carried out to drive consumer lending, promoting consumer finance among households, entrepreneurs and younger customers through revolving loans and cards, with support given to ensure the right risk profile of the customers involved. Commercial action in the second half focused on attracting businesses.

- In June, Law 1/2013 was published, setting out a series of loan and mortgage loan modification measures. The Entity applied these measures to strengthen protection of mortgagors, debt restructuring and subsidized rents. The new law is designed to better protect borrowers that have mortgaged their primary residence.

- In November, Law 14/2013 became effective, abolishing the IRPH savings bank index and other reference indexes for mortgage loans. For loans indexed to them, the terms of the loan will apply, or in their absence, the contracts will be referenced to the IRPH banks index.

Going forward, plans are to embark on an initiative to simplify and streamline current policies (approval level, policy optimization, workloads, etc.).

Arrears management

One of the main risk management priorities is 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.

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 continues to apply 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 honor the commitments made, aim to adapt the conditions of the operation to the borrower's current situation. Grace periods, waiting clauses, unification of debts and a payment moratorium, for example, are some of the measures that are analyzed when deciding with customers on the process that best suits their particular situation.

According to Sustainable Economy Law 2/2011 of May 4, the Entity follows responsible practices in granting loans and credits to consumers. These policies, which are approved by the Board and fleshed out in internal regulations, include, *inter alia*, the following:

- An appropriate relationship between income and 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.

Refinancing policies

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

CaixaBank had already met the requirements of this Circular before it was issued by establishing a debt renegotiation policy, approved by the Board of Directors on March 10, 2011, setting out the main rules established in this regulation:

- to not use renegotiation to distort the risk of default;
- to analyze operations at a different level than in the original transaction; and
- to have an internal identification and monitoring system.

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

In the first half of 2013, the initial individual review led to the reclassification of €3,287 million of assets classified as standard to doubtful, and €768 million to substandard. This review led to the recognition of higher provisions for refinanced operations, of €540 million, of which €375 million were charged to profit and loss for the year.

In general, the facilities granted to customer to comply with commitments do not entail any substantial change to the original contracts in respect of accounting recognition. Therefore, the restructuring or renegotiation measures applied do not generally lead to the derecognition of the original asset and the recognition of a new transaction.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions at all times. In this regard, during the monitoring process provisions for impairment are assigned to those transactions for which the terms may need to be changed due to evidence of impairment of the borrower's solvency. Therefore, as these transactions are correctly classified and valued, no additional provisions emerge in relation to the impairment of refinanced loans.

The table below shows the outstanding balance of refinanced operations at December 31, 2013 and 2012, by classification of customer insolvency risk:

31/12/2013
Standard

	Thousands of euros					
	Full mortgage collateral		Other collateral		Uncollateralized	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	27	48,605	21	49,668	71	579,303
Other legal persons and individual entrepreneurs	12,746	3,312,548	453	125,695	4,668	892,694
Of which: finance for construction and development	*3,155*	*1,451,962*	*34*	*61,922*	*550*	*58,778*
Other natural persons	85,655	5,609,344	434	13,617	21,711	145,554
Total	**98,428**	**8,970,497**	**908**	**188,980**	**26,450**	**1,617,551**

31/12/2012
Standard

	Thousands of euros					
	Full mortgage collateral		Other collateral		Uncollateralized	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	7	3,944			57	154,016
Other legal persons and individual entrepreneurs	12,861	3,462,407	927	222,792	8,085	531,217
Of which: finance for construction and development	*2,780*	*1,385,107*	*57*	*78,886*	*362*	*17,951*
Other natural persons	74,091	6,048,897	2,826	75,048	27,674	168,578
Total	**86,959**	**9,515,248**	**3,753**	**297,840**	**35,816**	**853,811**

31/12/2013
Substandard

	Thousands of euros						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector			2	48,144			
Other legal persons and individual entrepreneurs	2,019	1,445,658	19	62,317	785	537,816	443,541
Of which: finance for construction and development	*1,108*	*633,586*	*1*	*50,000*	*102*	*47,951*	*217,891*
Other natural persons	12,284	1,252,651	19	1,287	2,912	22,300	147,826
Total	**14,303**	**2,698,309**	**40**	**111,748**	**3,697**	**560,116**	**591,367**

31/12/2012
Substandard

	Thousands of euros						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector							
Other legal persons and individual entrepreneurs	3,299	1,955,677	73	82,621	768	264,710	742,740
Of which: finance for construction and development	*2,306*	*1,679,205*	*35*	*59,568*	*84*	*115,955*	*646,898*
Other natural persons	12,406	1,039,262	821	91,665	2,589	26,493	159,131
Total	**15,705**	**2,994,939**	**894**	**174,286**	**3,357**	**291,203**	**901,871**

31/12/2013
Doubtful

	Thousands of euros						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	38	32,106	6	3,162	17	12,63	
Other legal persons and individual entrepreneurs	13,439	5,681,598	144	201,981	2,826	1,576,994	4,327,699
Of which: finance for construction and development	*7,464*	*4,060,402*	*48*	*118,733*	*627*	*875,775*	*3,065,782*
Other natural persons	37,407	3,445,503	155	7,526	9,057	71,618	779,025
Total	**50,884**	**9,159,207**	**305**	**212,669**	**11,900**	**1,661,275**	**5,106,724**

31/12/2012
Doubtful

	Thousands of euros						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector			1	3,035	15	9,645	505
Other legal persons and individual entrepreneurs	7,996	3,882,946	583	494,318	2,280	404,160	1,639,677
Of which: finance for construction and development	*4,416*	*2,616,717*	*174*	*305,638*	*361*	*164,588*	*1,078,327*
Other natural persons	11,074	1,182,443	1,725	188,919	4,083	61,130	377,999
Total	**19,070**	**5,065,389**	**2,309**	**686,272**	**6,378**	**474,935**	**2,018,181**

31/12/2013
Total

	Thousands of euros		
	No. of transactions	Gross amount	Specific allowance
Public sector	182	773,651	–
Other legal persons and individual entrepreneurs	37,099	13,837,301	4,771,240
Of which: finance for construction and development	*13,089*	*7,359,109*	*3,283,673*
Other natural persons	169,634	10,569,400	926,851
Total	**206,915**	**25,180,352**	**5,698,091**

31/12/2012
Total

	Thousands of euros		
	No. of transactions	Gross amount	Specific allowance
Public sector	80	170,640	505
Other legal persons and individual entrepreneurs	36,872	11,300,849	2,382,417
Of which: finance for construction and development	*10,575*	*6,423,614*	*1,725,225*
Other natural persons	137,289	8,882,434	537,130
Total	**174,241**	**20,353,923**	**2,920,052**

Policies and strategies at CaixaBank in relation to problematic assets in the construction and property development sector

The underlying criterion guiding CaixaBank'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 finalized and finished units can be sold.

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

With regard to refinancing operations, the aim is to add new guarantees to reinforce 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 analyzed 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, and VIP Gestión de Inmuebles, SLU, property holding companies of the CaixaBank Group and the Criteria CaixaHolding Group, in which "la Caixa" 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.

VIP Gestión de Inmuebles is the CaixaBank subsidiary in charge of ownership of the real estate assets deriving from the lending activity of Banco de Valencia before its merger with CaixaBank.

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.

To carry out these activities, BuildingCenter, SAU raises virtually all of its finance from CaixaBank under market conditions. Finance granted at December 31, 2013 included a credit facility with a limit of €9,504 million, of which €7,987 million had been drawn down, and a loan for €26 million. Finance granted at December 31, 2012, amounted to €7,010 million, of which €6,644 million had been drawn down. In addition, CaixaBank contributed, through capital increases or partner contributions, a total of €2,500 in 2013 (€500 million in 2012).

VIP Gestión de Inmuebles raises finance from CaixaBank under market terms. Finance granted at December 31, 2013 included a credit facility with a limit of €450 million, of which €85 million had been drawn down, and a loan for €3.5 million.

The following table shows the assets by the amounts at which they were carried in the financial statements of BuildingCenter, SAU, and VIP Gestión de Inmuebles at December 31, 2013 by source and type of property. Not included are assets added as property and equipment for own use and those classified as investment properties. The table also details the assets by the amount appearing in BuildingCenter, SAU's financial statements at December 31, 2012.

Net carrying amount

	Thousands of euros	
	31/12/2013	31/12/2012
Property acquired from loans to real estate constructors and developers	**4,317,490**	**4,213,100**
Completed buildings	2,488,010	2,597,878
Homes	*1,958,240*	*2,142,439*
Other	*529,770*	*455,439*
Buildings under construction	255,109	225,844
Homes	*198,091*	*192,061*
Other	*57,018*	*33,783*
Land	1,574,371	1,389,378
Built land	*826,430*	*609,479*
Other	*747,941*	*779,899*
Property acquired from mortgage loans to homebuyers	**1,233,006**	**1,111,274**
Other property foreclosures	**469,048**	**244,485**
Total	**6,019,544**	**5,568,859**

In 2013 and 2012, BuildingCenter, SAU acquired €4,838 million and €3,860 million of real estate assets, respectively.

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 specialized 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 mobilizing certain land by assigning it to a developer in exchange for part of the finished product in the property development. This strategy is followed in very limited circumstances and following very strict criteria for selecting the property developer with regard to solvency and the ability to complete the project. This strategy enables land that has been initially acquired to be converted into a finished product, which makes it easier to trade on the market.

- In-house property development: Restricted to very specific transactions where the asset's quality and characteristics mean that developing the asset is the clearest and most secure means to recover the investment and generate a positive margin.

- Rental: A means of benefiting from rising demand and generating recurring income without forcing a sale in a market with increasingly fewer buyers facing difficulties accessing credit. This strategy also involves a social dimension when former owners are offered the opportunity to rent the property they have handed over in lieu of their debt to allow them to continue living in it.

- Sale: Servihabitat Servicios Inmobiliarios, the company that manages the real estate assets of BuildingCenter, implements an intense sales campaign through a multichannel system – Internet, CaixaBank branches, its own offices, and estate agents, etc. – drawing on Servihabitat's experience and capability, which continuously positions it as a benchmark in terms of sales volume and brand recognition and innovation.

Breakdown of credit by activity

As required by Circular 6/2012, of September 28, the breakdown of loans and advances to customers by activity is as follows:

31/12/2013

Thousands of euros	Total	*Of which: Mortgage collateral*	*Of which: Other collateral*
Public sector	**10,186,101**	***315,035***	***933***
Other financial institutions	**15,245,392**		***9,540,245***
Non-financial institutions and individual entrepreneurs	**80,878,384**	***31,982,049***	***1,341,897***
Construction and real estate development	13,023,465	*12,853,209*	*170,210*
Civil engineering	5,014,731	*822,335*	*20,491*
Other	62,840,188	*18,306,505*	*1,151,196*
Large corporations	37,098,882	*3,772,288*	*594,513*
SMEs and individual entrepreneurs	25,741,306	*14,534,217*	*556,683*
Other households and non-profit institutions serving households	**108,810,694**	***101,454,383***	***791,269***
Home purchase	88,942,352	*85,536,107*	*142,966*
Consumer	3,533,515	*2,056,951*	*254,105*
Other	16,334,827	*13,861,325*	*394,198*
Subtotal	**215,120,571**	***133,751,467***	***11,674,344***
Less: Impairment losses on assets not assigned to specific transactions			
Total	**215,120,571**		
Memorandum items Refinancing, refinanced and restructured operations	19,482,261	16,983,128	296,738

31/12/2012

Thousands of euros	Total	*Of which: Mortgage collateral*	*Of which: Other collateral*
Public sector	**13,188,441**	***193,919***	***41,817***
Other financial institutions	**11,888,755**	***28,867***	***239***
Non-financial institutions and individual entrepreneurs	**96,613,557**	***41,405,240***	***496,989***
Construction and real estate development	21,226,897	*20,726,262*	*39,172*
Civil engineering	7,557,825	*2,272,207*	*11,951*
Other	67,828,835	*18,406,771*	*445,866*
Large corporations	30,372,349	*1,196,811*	*74,761*
SMEs and individual entrepreneurs	37,456,486	*17,209,960*	*371,105*
Other households and non-profit institutions serving households	**108,482,568**	***103,280,241***	***581,702***
Home purchase	91,989,797	*91,847,711*	*137,534*
Consumer	4,482,345	*2,305,675*	*154,721*
Other	12,010,426	*9,126,855*	*289,447*
Subtotal	**230,173,321**	***144,908,267***	***1,120,747***
Less: Impairment losses on assets not assigned to specific transactions	**2,247,952**		
Total	**227,925,369**		
Memorandum items Refinancing, refinanced and restructured operations	17,433,871	14,384,391	503,212

Collateralized loans (loan to value)				
≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤ 100%	> 100%
40,212	**33,699**	**146,882**	**64,240**	**30,935**
				9,540,245
10,169,876	**12,125,816**	**8,428,197**	**1,129,823**	**1,470,233**
2,811,199	5,119,067	4,343,532	422,780	326,842
244,812	344,285	201,906	35,169	16,653
7,113,865	6,662,464	3,882,759	671,874	1,126,738
1,329,045	1,149,874	968,001	140,354	779,527
5,784,820	5,512,590	2,914,758	531,520	347,211
22,129,792	**33,588,609**	**37,336,364**	**8,126,305**	**1,064,582**
15,590,370	27,737,289	33,968,903	7,539,200	843,311
945,757	855,159	414,983	64,678	30,480
5,593,665	4,996,161	2,952,478	522,427	190,791
32,339,880	**45,748,124**	**45,911,443**	**9,320,368**	**12,105,995**
3,672,412	5,185,723	6,447,125	1,451,169	523,437

Collateralized loans (loan to value)				
≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤ 100%	> 100%
39,708	**32,449**	**125,807**	**14,215**	**23,556**
3,969	**21,210**	**965**	**2,960**	
11,433,333	**14,286,673**	**11,294,052**	**3,520,866**	**1,367,306**
4,591,061	6,804,314	6,831,670	1,803,219	735,170
863,702	713,460	410,626	86,649	209,722
5,978,570	6,768,899	4,051,756	1,630,998	422,414
241,836	497,756	255,932	237,900	38,147
5,736,734	6,271,143	3,795,824	1,393,098	384,267
21,220,159	**30,902,328**	**38,737,535**	**11,540,815**	**1,461,105**
16,844,790	26,597,915	36,215,937	11,032,494	1,294,108
952,263	869,658	512,933	94,044	31,498
3,423,106	3,434,755	2,008,665	414,277	135,499
32,697,169	**45,242,660**	**50,158,359**	**15,078,856**	**2,851,967**
2,993,950	4,293,779	5,463,791	1,593,037	543,046

Concentration of risk by activity and geographic area

As required by Circular 6/2012, of September 28, the breakdown of risk concentration by activity and geographic area in 2013 and 2012 is as follows:

31/12/2013

	Total
Credit institutions	**23,026,698**
Public sector	**43,576,512**
Central government	24,389,465
Other	19,187,047
Other financial institutions	**30,925,029**
Non-financial institutions and individual entrepreneurs	**102,937,838**
Construction and real estate development	14,121,836
Civil engineering	7,012,149
Other	81,803,853
Large corporations	53,738,841
SMEs and individual entrepreneurs	28,065,012
Other households and non-profit institutions serving households	**109,586,130**
Home purchase	88,968,842
Consumer	3,533,515
Other	17,083,773
Subtotal	**310,052,207**
Less: Impairment losses on assets not assigned to specific transactions	
Total	**310,052,207**

31/12/2012

	Total
Credit institutions	**29,585,459**
Public sector	**37,162,024**
Central government	22,574,116
Other	14,587,908
Other financial institutions	**27,880,470**
Non-financial institutions and individual entrepreneurs	**119,459,761**
Construction and real estate development	22,121,158
Civil engineering	10,285,355
Other	87,053,248
Large corporations	46,698,073
SMEs and individual entrepreneurs	40,355,175
Other households and non-profit institutions serving households	**109,647,623**
Home purchase	92,458,495
Consumer	4,482,345
Other	12,706,783
Subtotal	**323,735,337**
Less: Impairment losses on assets not assigned to specific transactions	**2,247,952**
Total	**321,487,385**

Thousands of euros			
Spain	Rest of the European Union	America	Rest of the world
9,722,061	**11,842,429**	**159,495**	**1,302,713**
42,764,870	**768,494**	**–**	**43,148**
23,596,516	768,329		24,620
19,168,354	165		18,528
26,408,025	**3,779,290**	**735,568**	**2,146**
99,087,162	**2,178,465**	**1,102,907**	**569,304**
13,994,142	104,338	20,784	2,572
6,486,596	271,074	254,380	99
78,606,424	1,803,053	827,743	566,633
51,293,297	1,611,713	621,287	212,544
27,313,127	191,340	206,456	354,089
108,158,123	**987,405**	**115,372**	**325,230**
87,675,668	908,754	101,292	283,128
3,522,138	6,048	2,154	3,175
16,960,317	72,603	11,926	38,927
286,140,241	**19,556,083**	**2,113,342**	**2,242,541**

Thousands of euros			
Spain	Rest of the European Union	America	Rest of the world
16,274,428	**11,865,018**	**134,836**	**1,311,177**
36,488,615	**634,370**	**–**	**39,039**
21,918,004	634,370		21,742
14,570,611			17,297
25,402,401	**848,034**	**1,619,816**	**10,219**
114,987,694	**2,329,966**	**1,311,524**	**830,577**
21,849,074	25,174	19,953	226,957
9,739,488	260,990	284,482	395
83,399,132	2,043,802	1,007,089	603,225
44,542,879	1,566,300	421,850	167,044
38,856,253	477,502	585,239	436,181
108,419,411	**843,702**	**112,213**	**272,297**
91,323,435	803,562	98,356	233,142
4,468,911	6,868	3,052	3,514
12,627,065	33,272	10,805	35,641
301,572,549	**16,521,090**	**3,178,389**	**2,463,309**

The detail of risk in Spain by Autonomous Community in 2013 and 2012 is as follows:

31/12/2013

Thousands of euros	Total	Andalusia	Balearic	Canary Islands
Credit institutions	**9,722,063**	**97,171**	**383,914**	**1,418**
Public sector	**42,764,870**	**1,591,560**	**656,834**	**537,024**
Central government	23,596,516			
Other	19,168,354	1,591,560	656,834	537,024
Other financial institutions	**26,408,025**	**286,184**	**203**	**42**
Non-financial institutions and individual entrepreneurs	**99,087,159**	**9,107,954**	**1,883,782**	**3,830,700**
Construction and real estate development	13,994,142	2,916,901	378,201	1,356,828
Civil engineering	6,486,596	589,308	77,424	102,573
Other	78,606,421	5,601,745	1,428,157	2,371,299
Large corporations	51,293,294	1,621,904	423,976	745,368
SMEs and individual entrepreneurs	27,313,127	3,979,841	1,004,181	1,625,931
Other households and non-profit institutions serving households	**108,158,124**	**18,363,519**	**3,698,579**	**6,256,365**
Home purchase	87,675,668	13,387,774	2,790,334	5,707,502
Consumer	3,522,138	676,760	93,158	155,133
Other	16,960,318	4,298,985	815,087	393,730
Total	**286,140,241**	**29,446,388**	**6,623,312**	**10,625,549**

(*) Includes autonomous communities that combined represent no more than 10% of the total.

31-12-2012

Thousands of euros	Total	Andalusia	Balearic Islands	Canary Islands
Credit institutions	**16,274,428**	**183,971**	**129,862**	**3,729**
Public sector	**36,488,615**	**1,760,780**	**747,019**	**681,522**
Central government	21,918,004			
Other	14,570,611	1,760,780	747,019	681,522
Other financial institutions	**25,402,401**	**504,605**	**414**	**31,098**
Non-financial institutions and individual entrepreneurs	**114,987,693**	**12,164,817**	**2,148,314**	**4,808,697**
Construction and real estate development	21,849,074	5,004,725	498,181	1,518,194
Civil engineering	9,739,488	1,332,863	105,371	132,832
Other	83,399,131	5,827,229	1,544,762	3,157,671
Large corporations	44,542,880	1,111,806	263,457	459,497
SMEs and individual entrepreneurs	38,856,251	4,715,423	1,281,305	2,698,174
Other households and non-profit institutions serving households	**108,419,412**	**20,117,770**	**3,872,193**	**6,313,120**
Home purchase	91,323,435	15,588,620	3,311,950	5,690,190
Consumer	4,468,911	826,476	114,153	328,091
Other	12,627,066	3,702,674	446,090	294,839
Total	**301,572,549**	**34,731,943**	**6,897,802**	**11,838,166**

(*) Includes autonomous communities that combined represent no more than 10% of the total.

Castilla-La Mancha	Castilla y León	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others **(*)**
20,108	**104,254**	**4,135,753**	**3,380,765**	**894**	**524,949**	**623,056**	**449,781**
256,412	**409,516**	**5,287,247**	**6,897,401**	**551,770**	**1,002,137**	**857,089**	**1,121,364**
256,412	409,516	5,287,247	6,897,401	551,770	1,002,137	857,089	1,121,364
352	**91,479**	**21,941,168**	**2,101,913**	**635,543**	**217,572**	**1,093,170**	**40,399**
1,416,971	**2,394,248**	**36,441,083**	**25,232,166**	**2,631,009**	**5,832,150**	**4,112,273**	**6,204,823**
498,771	523,734	1,212,759	3,914,531	561,625	1,036,372	437,921	1,156,499
59,606	74,426	2,102,635	2,123,221	76,075	407,831	529,784	343,713
858,594	1,796,088	33,125,689	19,194,414	1,993,309	4,387,947	3,144,568	4,704,611
211,381	769,585	25,467,572	14,779,450	1,137,032	1,853,656	2,210,496	2,072,874
647,213	1,026,503	7,658,117	4,414,964	856,277	2,534,291	934,072	2,631,737
3,193,951	**3,947,787**	**32,609,344**	**14,712,395**	**3,981,816**	**8,356,550**	**3,058,486**	**9,979,332**
2,724,087	3,411,408	26,583,893	12,249,338	3,360,451	6,732,013	2,597,731	8,131,137
87,071	72,148	1,115,259	401,057	255,335	232,743	105,578	327,896
382,793	464,231	4,910,192	2,062,000	366,030	1,391,794	355,177	1,520,299
4,887,794	**6,947,284**	**100,414,595**	**52,324,640**	**7,801,032**	**15,933,358**	**9,744,074**	**17,795,699**

Castilla-La Mancha	Castilla y León	Catalonia	Madrid	Navarre	Valencia	Basque Country	Others **(*)**
16,539	**576,303**	**4,404,113**	**7,248,089**	**1,572**	**133,351**	**748,193**	**2,828,706**
192,795	**507,671**	**5,875,210**	**23,415,090**	**581,015**	**823,091**	**778,844**	**1,125,578**
			21,918,004				
192,795	507,671	5,875,210	1,497,086	581,015	823,091	778,844	1,125,578
685	**28,209**	**20,646,732**	**3,517,838**	**581,899**	**73,414**	**15,669**	**1,838**
1,905,159	**3,297,097**	**38,446,709**	**32,123,413**	**3,489,201**	**4,152,272**	**4,922,488**	**7,529,526**
754,976	983,748	2,845,719	5,945,150	798,921	1,017,500	597,564	1,884,396
131,805	105,937	3,577,526	2,606,365	158,721	320,415	792,710	474,943
1,018,378	2,207,412	32,023,464	23,571,898	2,531,559	2,814,357	3,532,214	5,170,187
184,915	535,177	20,219,206	16,117,980	1,248,639	721,211	1,994,431	1,686,561
833,463	1,672,235	11,804,258	7,453,918	1,282,920	2,093,146	1,537,783	3,483,626
3,429,165	**4,265,644**	**31,975,611**	**15,361,352**	**4,324,541**	**5,812,663**	**3,225,248**	**9,722,105**
2,946,972	3,686,783	27,287,253	13,027,833	3,687,447	4,983,273	2,814,049	8,299,065
107,439	230,977	1,315,102	482,756	328,473	222,002	126,643	386,799
374,754	347,884	3,373,256	1,850,763	308,621	607,388	284,556	1,036,241
5,544,343	**8,674,924**	**101,348,375**	**81,665,782**	**8,978,228**	**10,994,791**	**9,690,442**	**21,207,753**

Financing for property development and home purchasing

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

The Entity's policy regarding problematic assets in this sector and the status of liquidity and borrowing requirements on the markets are described in the sections on "Credit risk" and "Liquidity risk," respectively, in this Note.

	Thousands of euros	
	Carrying amount	
	31/12/2013	31/12/2012
Total loans and advances to customers excluding public sector (businesses in Spain)	199,103,376	212,690,917
Total assets	324,756,539	335,555,311

Financing for real estate development

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

31/12/2013
Real estate developers and development

	Thousands of euros		
	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**19,780,538**	**4,955,622**	**6,757,118**
Of which: Doubtful	11,688,731	4,315,068	6,412,355
Mortgage	*10,301,950*	*4,315,068*	*5,102,412*
Personal	*1,386,781*		*1,309,943*
Of which: Substandard	1,055,719	237,061	344,764
Mortgage	*988,099*	*237,061*	*313,053*
Personal	*67,620*		*31,711*
Memorandum items			
Asset write-offs	2,314,383		

31/12/2012
Real estate developers and development

	Thousands of euros		
	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized	**26,992,217**	**5,265,330**	**5,765,320**
Of which: Doubtful	11,934,984	3,864,728	4,667,777
Mortgage	*10,485,155*	*3,864,728*	*3,983,904*
Personal	*1,449,829*		*683,874*
Of which: Substandard	3,144,178	448,105	1,097,543
Mortgage	*2,850,293*	*448,105*	*1,027,812*
Personal	*293,885*		*69,731*
Memorandum items			
Asset write-offs	1,358,897		

The amounts shown in the preceding tables do not include the loans extended by CaixaBank to its subsidiary, BuildingCenter, SAU, which at December 31, 2013 and 2012 amounted to €7,987 million and €6,644 million, respectively, to its subsidiary, VIP Gestión de Inmuebles, which at December 31, 2013 and 2012 amounted to €89 million and €142 million, respectively, or to the rest of the "la Caixa" Group real estate companies, which at December 31, 2013 and 2012 amounted to €2,008 million and €3,026 million, respectively. These amounts include the bond issued by Servihabitat XXI, SAU (which merged with Criteria CaixaHolding, SAU in 2013) for €1,350 million.

The level of coverage for real estate developers and developments considered problematic assets at December 31, 2013 stood at 53% (December 31, 2012: 38.2%). At December 31, 2013, allowances for the portfolio of assets in this sector not assigned to specific operations, which at December 31, 2012 amounted to €2,130 million, had been reassigned to specific operations pursuant to RD 18/2012 and the criteria set out by the Bank of Spain.

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	
	31/12/2013	31/12/2012
Without mortgage collateral	**1,898,163**	**2,582,235**
With mortgage collateral	**17,882,375**	**24,409,982**
Completed buildings	11,801,595	15,817,050
Homes	*8,619,101*	*11,336,678*
Other	*3,182,494*	*4,480,372*
Buildings under construction	2,099,159	2,970,829
Homes	*1,813,707*	*2,516,654*
Other	*285,452*	*454,175*
Land	3,981,621	5,622,103
Built land	*1,406,468*	*2,723,217*
Other	*2,575,153*	*2,898,886*
Total	**19,780,538**	**26,992,217**

Financing for home purchases

The breakdown of home purchase loans at December 31, 2013 and 2012 is as follows:

By type of collateral

	Thousands of euros	
	Gross amount	
	31/12/2013	31/12/2012
Without mortgage collateral	888,022	958,547
Of which: doubtful	*8,340*	*18,351*
With mortgage collateral	86,619,523	86,761,835
Of which: doubtful	*3,852,444*	*2,440,798*
Total home loans	**87,507,545**	**87,720,382**

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

31/12/2013

	Thousands of euros					
	LTV ranges					
	LTV ≤ 50%	50% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	Total
Gross amount	15,587,754	27,846,932	34,715,546	7,666,127	803,164	86,619,523
Of which: doubtful	*234,454*	*780,292*	*1,935,403*	*729,258*	*173,037*	*3,852,444*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for doubtful transactions in accordance with prevailing regulations.

31/12/2012

	Thousands of euros					
	LTV ranges					
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	Total
Gross amount	14,471,665	25,644,920	36,742,981	8,899,765	1,002,504	86,761,835
Of which: doubtful	*124,504*	*347,557*	*1,116,766*	*644,325*	*207,646*	*2,440,798*

Note: LTV calculated based on appraisals available at the grant date. The ranges are updated for doubtful transactions in accordance with prevailing regulations.

Credit risk monitoring

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

The monitoring scoring plays a key role in assisting both the approval system, as discussed above, and the monitoring process. Therefore, borrowers who are more likely to default in the short term are analyzed more thoroughly and more frequently.

Another feature of the alert system is that it is fully integrated with the customer information systems. The alerts are allocated to each borrower and a rating is established on a monthly basis. Additionally, information on a customer's alerts is integrated with the rest of the data on the customer, and included for consideration whenever the customer applies for a new loan. The outcome of the monitoring process is the establishment of "Action Plans" for each of the borrowers analyzed. The "Action Plans" aim to complement the alert-based scoring system, while acting as a guide to the approvals policy for future loans.

The Department of Risk Monitoring and Recoveries also has a priority focus on monitoring the property developers and builders segment. With respect to individuals, a risk prevention project enables early detection of any signs of deterioration in their ability to pay separate analysis of each case in order to adopt the best solution.

Limits on major risks

The maximum risk limit with large companies, which includes the credit risk on the portfolio of loans and equity interests, is allocated on a case-by-case basis according to the internal rating and maximum acceptable loss for each borrower in line with the CaixaBank Group's capital. Considerations for determining the risk limit include the borrower's size and net debtor position, among others.

Credit risk measurement and rating

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure

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

The estimate is based on the 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 modeled for each transaction.

Probability of default

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

The tools are either product-oriented or customer-oriented. Product-oriented tools take account of the debtor's specific characteristics in relation to the product concerned, and are used basically in connection with the approval of new retail banking transactions. Customer-oriented tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. Customer-oriented tools include behavioral "scoring" models for individuals and ratings for companies, and are implemented throughout the branch network as part of the ordinary credit approval tools.

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

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

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

The results of all the tools are linked to a risk master scale that provides a standard classification for the lending portfolio, i.e. it allows risk to be grouped according to a common expected NPL ratio. Details of exposure according to the estimated probability of default by the various customer segments at December 31, 2013 are provided below:

Details of exposure according to the estimated probability of default by the various customer segments at December 31, 2013 are provided below:

Exposure by probability of default (on-balance sheet and off-balance sheet balances)

	Segment						
Master	Companies		SMEs		Retail		
Master Scale Equivalent	Non-Developer	Developer	Non-Developer	Developer	Mortgage	Consumer	Total
MS 0-1	0.6%	0.0%	0.0%	0.0%	43.7%	33.8%	29.8%
MS 2-3	50.7%	0.4%	25.3%	1.1%	26.7%	31.1%	29.7%
MS 4-5	21.5%	21.0%	49.5%	35.6%	14.7%	19.7%	20.4%
MS 6-7	20.7%	38.2%	18.4%	30.9%	9.3%	10.0%	13.1%
MS 8-9	6.5%	40.4%	6.8%	32.4%	5.6%	5.4%	7.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The table below shows, by segment, the percentages that go into default in each of the years analyzed and constitute the probability of default observed in each period.

Trend in NPL frequency

	2009	2010	2011	2012	2013
Retail	1.54%	0.84%	0.82%	0.99%	1.28%
Companies and SMEs	5.04%	3.23%	3.86%	5.45%	5.17%

NPL frequency in the retail segment was calculated taking the contracts as the universe of the basis of calculation.
NPL frequency in the companies and SME segment was calculated taking the customers as the universe of the basis of calculation.

Loss given default

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

Historical LGD rates are calculated using internal information 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 modeled 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 and economic capital

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

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

Traditionally, two concepts have been distinguished:

- Economic capital is that which CaixaBank ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity's own estimate, adjusted according to the tolerance to risk, volume and type of activity. In this respect, it is the responsibility of CaixaBank's Board of Directors and Senior Management to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.95%. This responsibility was emphasized in Pillar 2 of the Basel Capital Accord.

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

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

The economic capital model forms the basis of the internal estimate of capital requirements which acts as a supplement to the regulatory view of capital adequacy. These measures form part of the Scorecard and of the Internal Capital Adequacy Assessment Report presented to the supervisor (see Note 5).

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 importance of the capital determination process requires proper control environments to ensure that reliable estimates are obtained from both quantitative and qualitative perspectives. The control environment must also be sufficiently specialized and operate on a continuous basis to act as a complement to traditional control systems (internal audit and supervision).

The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity.

CaixaBank's validation function is controlled by the Risk Models Validation Unit as part of the Executive Directorate of Technical Secretariat and Validation, which reports directly to CaixaBank's Directorate-General of Risks, and operates independently of the teams developing models and defining policies and procedures.

The main goals of the Risk Models Validation Unit are to issue an opinion as to whether the internal models are suitable for management and regulatory purposes, identifying all their relevant uses, and to assess whether the risk management and control procedures are in line with the Entity's risk profile and strategy. The unit must also support Senior Management (especially the Global Risk Management Committee) in their responsibilities regarding approval of the use of the internal models, and coordinate the supervisory validation process with the Bank of Spain.

The Risk Models Validation Unit's work methodology is based on the preparation of annual plans specifying the objectives and work to be performed in the year. The Risk Models Validation Unit's planning is designed to complement the recurring tasks with specific reviews and to ensure that the opinions issued each year remain valid.

Regulatory compliance activities comprise:

- Validation cycles: A set of periodic reviews for the purposes of analyzing, on an annual basis for each internal model, the performance and integration of each internal model within risk management processes. This guarantees an updated opinion on the status of the internal models and their uses.

- Exhaustive reviews of relevant modifications, which require a prior opinion by the Risk Models Validation Unit, such as the approval and implementation of internal models or the validation of parameter estimation processes.

- Regulatory reporting:

  – The update, at least annually, of the IRB Monitoring Dossier, a document required by the supervisor for each internal model.
  – Presentation of the Risk Models Validation Report.

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned. There are also internal projects designed to optimize tasks or automate recurring tasks.

The scope of work undertaken by the Risk Models Validation Unit has been extended since it was set up as an independent unit in 2006. In 2010, along with reviews in the area of credit risk, assessment of the internal market risk model was added.

In 2013, the Risk Models Validation Unit was added to the global project to achieve an advanced measurement approach (AMA) for operational risk.

3.1.2. Counterparty risk generated by treasury operations

Quantification and management of credit risk from treasury operations show certain peculiarities, basically as a result of the type of financial instruments used and of the expediency and flexibility required for treasury transactions.

The maximum authorized exposure to counterparty credit risk for credit approval purposes is determined using a complex calculation approved by Management, primarily based on ratings for the entities and on analysis of their financial statements.

Monitoring is also carried out of 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 Directorate of Global Risk Management 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 treasury activity lies with the Executive Directorate of Risk Analysis and Approval, 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 Executive Directorate of Risk Analysis and Approval and the Executive Directorate of Legal Advisory 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 standardized ISDA and/or CMOF contracts, which provide for the possibility of offsetting the outstanding collection and payment flows between the parties.

CaixaBank has signed collateral agreements with interbank counterparties, which provide a guarantee of the market value of derivative transactions. CaixaBank's policy is to collateralize all its derivatives transactions with financial institutions.

3.1.3. Risk associated with the investee portfolio

The risk relating to CaixaBank's investee portfolio is the risk associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions composing the investment portfolio at medium to long term.

The Corporate Directorate of Risk Models and Policies measures the risk involved with these positions, both from the standpoint of the risk inherent in market price volatility, using VaR models (a statistical estimate of the maximum potential losses by reference to historical data on changing prices) of the return spread in relation to risk-free interest rates, and from the point of view of the likelihood of default, applying models based on the PD/LGD approach.

These indicators are monitored on an ongoing basis to ensure that the most appropriate decisions are always taken on the basis of the market performance observed and predicted and of the CaixaBank Group's strategy.

These measures and their implementation are necessary to monitor management of the investee portfolio and enable strategic decisions to be made on its composition by Senior Management at the CaixaBank Group.

The Department of Risk in Market Operations, moreover, studies derivatives and the exchange rate risk associated with the investee portfolio, and monitors risk in relation to finance markets associated with investees on an ongoing basis.

3.2. Market risk

The financial activity of credit institutions involves assuming market risk, which includes exposures from various sources: balance-sheet risk arising from interest rate and exchange rate fluctuations, the risk caused by taking up treasury positions, and the risk associated with equity investments which form part of CaixaBank's diversification business. In all instances, risk refers to the potential loss of profitability or portfolio value as a result of adverse fluctuations in market rates or prices.

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

See section 3.2.3 in this Note for information on treasury trading activities in 2013.

3.2.1. Fair value micro-hedges

The Group enters into fair value micro-hedges to cover the risks assumed by certain items. Micro-hedges are transactions in which the hedged item in either asset or liability transactions fully offsets the hedging instrument, normally a derivative.

CaixaBank enters into these hedges on individual items, offsetting all the market risk factors of the item to be hedged.

There follows a brief description of the nature of the risks hedged and of the instruments used, by classifying them according to the various management objectives:

- Micro-hedges of public debt:

  The aim of these micro-hedges is to hedge against the fluctuations caused by market interest rate changes in the value of certain debt positions.

- Micro-hedges of interbank deposits:

  The aim of these micro-hedges is to hedge against the fluctuations caused by market interest rate changes in the value of the deposits used to manage liquidity on the balance sheet, usually fixed-interest deposits maturing in less than one year. The hedging instruments generally used are interest rate swaps (IRSs) and call money swaps. There were no micro-hedges of this type at December 31, 2013.

- Micro-hedges of institutional loans:

  The aim of these micro-hedges is to hedge against the fluctuations caused by market interest rate changes in the value of certain institutional loans bearing fixed interest, whose risk it has been decided to manage. The hedging instruments generally used are futures and IRSs. There were no micro-hedges of this type at December 31, 2013.

3.2.2. Structural balance sheet interest rate risk

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

CaixaBank manages this type of risk with a two-fold objective: to reduce the sensitivity of net interest income to interest rate fluctuations and to preserve the economic value of the balance sheet. To attain these objectives, risk is actively managed by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers.

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

At December 31, 2013, CaixaBank used fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk.

In 2013, CaixaBank arranged a macro-hedge against cash flow interest rate risk. By entering into financial derivatives in the market, this macro-hedge hedges the risk of fixing interest rates on CaixaBank loans indexed to the 12-month Euribor rate.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at December 31, 2013 of sensitive items on the CaixaBank balance sheet. The sensitivity to interest rates and the expected terms to maturity have been analyzed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behavior, including the possibility that the customer may withdraw the funds invested in this type of products. For other products, in order to define the assumptions for early termination, internal models are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

Matrix of maturities and revaluations of the sensitive balance sheet at December 31, 2013

	Thousands of euros					
	1 year	2 years	3 years	4 years	5 years	> 5 years
ASSETS						
Mortgage collateral	94,767,730	12,383,386	1,594,523	1,421,192	1,263,165	8,847,610
Other guarantees	59,873,830	2,434,622	1,385,534	767,116	534,694	1,659,545
Debt securities	19,771,496	10,099,560	2,366,653	2,605,656	2,281,109	4,023,833
Total assets	**174,413,056**	**24,917,568**	**5,346,710**	**4,793,964**	**4,078,968**	**14,530,988**
LIABILITIES						
Customer funds	108,756,175	21,515,072	13,203,359	2,251,658	2,480,201	11,240,090
Issues	15,007,697	9,223,568	6,815,825	4,522,149	4,901,688	13,479,284
Money market, net	13,287,141	260,105	521,211	4,156		611,875
Total liabilities	**137,051,013**	**30,998,745**	**20,540,395**	**6,777,963**	**7,381,889**	**25,331,249**
Assets less liabilities	**37,362,043**	**(6,081,177)**	**(15,193,685)**	**(1,983,999)**	**(3,302,921)**	**(10,800,261)**
Hedges	**(67,917,198)**	**41,565,959**	**5,476,253**	**4,532,013**	**5,386,672**	**10,956,301**
Total difference	**(30,555,155)**	**35,484,782**	**(9,717,432)**	**2,548,014**	**2,083,751**	**156,040**

Structural balance sheet interest rate risk 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 to changes in interest rates, VaR (Value at risk) measures and stochastic measures, such as EaR (Earnings at risk).

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately -6.96% on the rising scenario and +4.43% on the falling scenario. Given the current level of interest rates, it should be pointed out that the scenario of a 100bp fall does not imply the application of negative interest rates.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on economic value.

Impact of a 1bp increase in the curve

	Thousands of euros	
	31/12/2013	31/12/2012
Value of future cash flows	**(8,619)**	**1,458**

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 CaixaBank's balance with a 99% confidence level

	Thousands of euros			
	End of period	Average	Maximum	Minimum
2013	**88,928**	**163,015**	**215,975**	**88,928**
2012	**197,968**	**126,307**	**199,885**	**67,571**

Finally, earnings at risk (EaR) measurements are also taken in order to establish with a certain level of confidence (99%) the maximum loss of net interest income over the next two years, considering a certain amount of balance sheet growth. This analysis also identifies the potential worst and best scenarios of all the simulated scenarios, thereby showing maximum levels of risk.

In accordance with current regulations, CaixaBank does use its own funds for the structural interest rate risk assumed, in view of the low risk profile of its balance sheet. Even when balance sheet interest rate risk assumed by CaixaBank is below levels considered significant (outliers), in keeping with the proposals of the NBCA and Bank of Spain regulations, CaixaBank continues to take a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

3.2.3. Market risk of treasury positions

The Corporate Directorate of Global Risk Management 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 department monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with the thresholds, and analyses the ratio of actual returns to the assumed risk.

In addition to tasks performed by Corporate Directorate of Global Risk Management, the Executive Directorate of Technical Secretariat and Validation performs internal validation of the models and methodologies used to quantify and monitor market risk.

The Bank of Spain approved the internal model for estimating capital for market risk of trading activities in 2006. The scope of the model covers virtually all strict treasury positions and the trading derivatives over investees. In 2013, the average 1-day VaR for trading activities was €7 million. The highest market risk levels, up to €13.1 million, were reached in March, mainly as VaR anticipates a potentially different movement in the daily market value of equity positions (mainly transactions with equity derivatives).

Two methodologies are used to obtain this measurement:

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

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

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behavior of risk factors. The parametric VaR technique assumes fluctuations that can be modeled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, 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, the Corporate Directorate of Global Risk Management completes the quantification of market risk with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income positions (Spread VaR), which constitutes an estimate of the specific risk attributable to issuers of securities.

At December 31, 2013, structured credit exposure at CaixaBank including the trading portfolio was residual and is measured at market prices.

Market VaR (arising from fluctuations in interest rates, exchange rates and the volatility of both) and Spread VaR are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors.

Decomposition of relevant risk factors

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, reverse 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 issues.

Volatility risk: risk that changes in the volatility of the underlyings will affect the value of the instruments in portfolio, including options.

The table below shows an estimate of the average VaR amounts attributable to the various risk factors. As can be observed, the consumption levels are of moderate significance and are mainly concentrated on the interest rate curve and share price risks. The risk amounts in relation to exchange rates and volatility, correlation of share prices, prices of commodities and inflation are of extremely marginal significance. Exposure to interest rate risk decreased in 2013 compared to the year before, due mainly to the decline in market volatility, while exposure to share price and volatility risks increased in line with the larger position in equity derivatives.

Parametric VaR by risk factors

	Thousands of euros									
	Average VaR	Interest rate	Exchange rate	Share price	Inflation	Commodity price	Credit spread	Interest rate volatility	Exchange rate volatility	Share price volatility
Average VaR 2012	**5,117**	**3,494**	**834**	**692**	**78**	**3**	**1,559**	**177**	**59**	**260**
Average VaR 2013	**6,979**	**2,213**	**502**	**3,185**	**98**	**–**	**1,194**	**267**	**39**	**896**

Additional measures to VaR

Since January 2012, VaR measures are complemented by two risk metrics related to the new regulatory requirements: Stressed VaR and Incremental Default and Migration Risk. Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon. Incremental Default and Migration Risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9% and a one-year time horizon. The average values of these risk measures in 2013 were €11.1 million and €25.9 million, respectively.

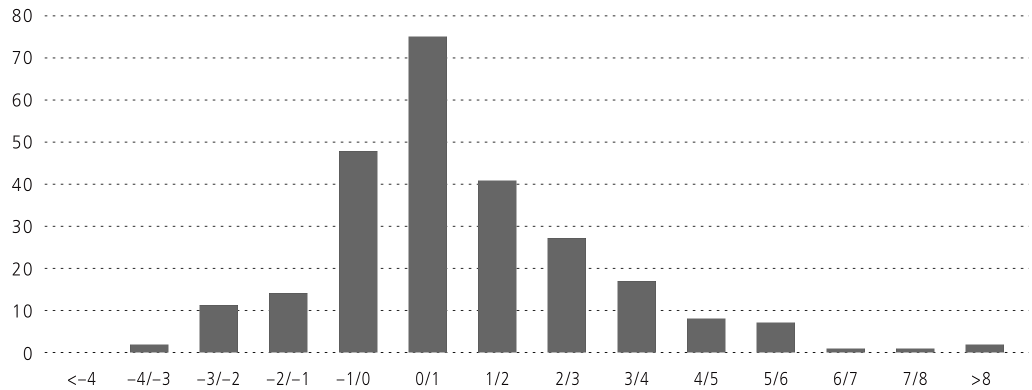
VaR and daily gains and losses

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:

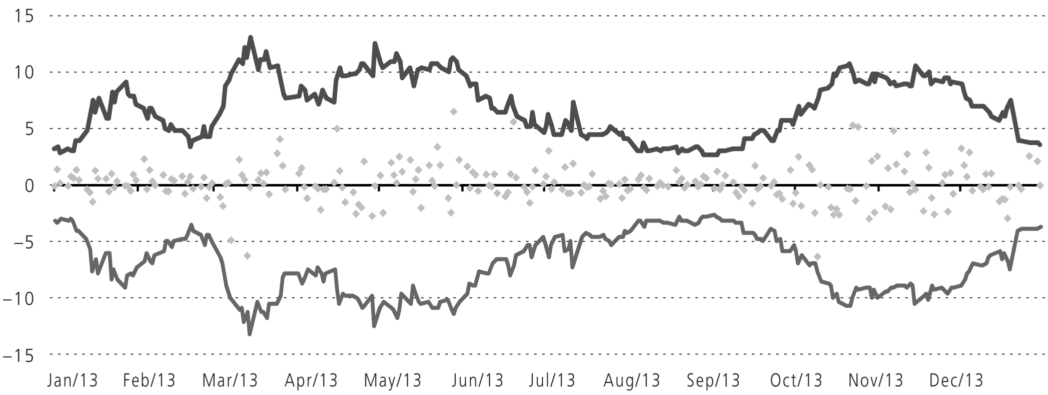
a) Net backtesting, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most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

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

Distribution of results of the trading activities in 2013
Frequency, days. Millions of euros



Distribution of daily results vs. Daily VaR
Millions of euros



Stress testing

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

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

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

To complete these analyses of risk in extreme situations, a "worst-case scenario" is determined for the 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.

Integration in management

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR limits, complemented by the definition of VaR sublimits, maximum losses and sensitivities for the various management units that could assume market risk in the trading activities of the Treasury Desk. The risk factors are managed by the Executive Directorate of Treasury and Capital Markets within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations. The Corporate Directorate of Global Risk Management is in charge of monitoring compliance with these thresholds and the risks undertaken, and produces a daily report on position, risk quantification and the utilization of risk thresholds, which is distributed to Management, Treasury Desk officers and the Internal Audit division.

Therefore, management of market risk in relation to trading positions at CaixaBank complies with the methodology and monitoring directives proposed by Basel Committee.

3.2.4. Currency risk

The equivalent euro value of foreign currency assets and liabilities held by CaixaBank at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Total foreign currency assets	**6,435,741**	**6,772,510**
Financial assets held for trading	509,344	709,196
Loans and receivables	3,897,851	3,192,917
Loans and advances to credit institutions	*1,244,482*	*274,189*
Loans and advances to customers	*2,653,369*	*2,918,728*
Investments **(1)**	1,962,334	2,807,697
Other assets	66,212	62,700
Total foreign currency liabilities	**8,113,103**	**7,121,532**
Financial liabilities at amortized cost	7,582,605	6,379,582
Deposits from central banks	*3,962,331*	*4,362,523*
Deposits from credit institutions	*191,224*	*159,002*
Customer deposits	*2,755,986*	*1,207,557*
Marketable debt securities	*544,605*	*607,594*
Other	*128,459*	*42,906*
Other liabilities	530,498	741,950

(1) At December 31, 2013, the CaixaBank Group had an exposure of €1,161 million in Hong Kong dollars on its ownership interest in The Bank of East Asia, Ltd, and of €1,228 million in Mexican pesos on its ownership interest in GF Inbursa, at market value. At December 31, 2012, these exposures were €1,058 million and €3,042 million, respectively.

The Executive Directorate of Treasury and Capital Markets 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 minimizing the assumed currency risks, which explains why the exposure of CaixaBank to this risk is low or virtually nil.

The remaining minor foreign currency positions are chiefly held with credit institutions in major currencies (e.g. dollars, sterling and Swiss francs). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The percentage breakdown, by currency, of loans and receivables and financial liabilities at amortized cost is as follows:

	Percentage	
	31/12/2013	31/12/2012
Loans and receivables	**100**	**100**
US dollar	71	71
Pound sterling	10	12
Mexican peso	3	
Swiss franc	3	1
Japanese yen	7	3
Canadian dollar	2	3
Other	4	10
Investments	**100**	**100**
Mexican peso	37	57
Hong Kong dollar	63	43
Financial liabilities at amortized cost	**100**	**100**
US dollar	85	82
Pound sterling	13	16
Other	2	2

3.2.5. Information on sovereign risk exposure

CaixaBank's position in sovereign debt 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 CaixaBank's fixed-income issues (e.g. bonds, private fixed-income, public debt, preference shares) and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.

Regarding the Treasury Desk's public debt position, a set of limits on maturity and amount per country is approved on positions in sovereign debt issues for managing residual liquidity on the balance sheet, market making and arbitrage.

These positions are also subject to the framework for market risk control and limits established for the treasury positions (see section on market risk).

To monitor market and credit risk, daily reports are prepared on country risk based on an analysis of trends in credit default swaps and the comparison of implied rates derived from these instruments with official ratings assigned by the rating agencies.

Finally, in addition to these controls, a report is drawn up monthly showing all the positions of the Consolidated Group, and of guaranteed mutual and pension funds. The report looks at portfolio performance by product type, category, country risk and issuer/counterparty risk.

In line with CaixaBank's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at December 31, 2013 and 2012 are shown below.

31/12/2013 (CaixaBank)

		Thousands of euros				
Country	Residual maturity	Held for trading - Debt securities **(Note 11)**	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	15,147	(437,155)	824,228	1,259,525	1,000,155
	Between 3 months and 1 year	43,537	(237,586)	1,099,398	1,798,166	4,117,722
	Between 1 and 2 years	406,597	(137,514)	6,462,828	508,938	4,296,813
	Between 2 and 3 years	151,477	(35,709)	1,437,393	728,241	1,131,805
	Between 3 and 5 years	2,035,099	(260,267)	1,662,554	1,893,389	514,460
	Between 5 and 10 years	253,943	(201,322)	4,011,827	2,166,700	137,073
	Over 10 years	305,269	(233,659)	368,256	1,792,179	
	Total	**3,211,069**	**(1,543,212)**	**15,866,484**	**10,147,138**	**11,198,028**
Belgium	Between 3 months and 1 year	9,995				
	Between 5 and 10 years	1				
	Over 10 years	497				
	Total	**10,493**	**–**	**–**	**–**	**–**
Greece	**Total**	**–**	**–**	**–**	**–**	**–**
Ireland	**Total**	**–**	**–**	**–**	**–**	**–**
Italy	Less than 3 months	3,351				
	Between 3 months and 1 year	35,521	(16,612)			
	Between 1 and 2 years	12,605	(38,282)			
	Between 2 and 3 years	26,735				
	Between 3 and 5 years	11,192	(23,312)			
	Between 5 and 10 years	10,246				
	Over 10 years	557				
	Total	**100,207**	**(78,206)**	**–**	**–**	**–**
Portugal	**Total**	**–**	**–**	**–**	**–**	**–**
Other	Less than 3 months				31,339	
	Between 3 months and 1 year	200,217		923		
	Between 2 and 3 years	1		421,456		
	Between 3 and 5 years	2,504			7,623	
	Between 5 and 10 years	1,431				
	Over 10 years	63				
	Total	**204,216**	**–**	**422,379**	**38,962**	**–**
Total countries		**3,525,985**	**(1,621,418)**	**16,288,863**	**10,186,100**	**11,198,028**

31/12/2012 (CaixaBank)

		Thousands of euros				
Country	Residual maturity	Held for trading - Debt securities **(Note 11)**	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	36,240	(27,365)	1,009,912	1,788,309	
	Between 3 months and 1 year	217,288	(404,285)	2,060,973	910,836	1,689,262
	Between 1 and 2 years	215,119	(117,715)	1,469,710	679,230	3,490,209
	Between 2 and 3 years	95,901	(120,133)	5,302,575	674,986	2,198,017
	Between 3 and 5 years	119,086	(105,284)	2,446,238	4,348,453	
	Between 5 and 10 years	114,465	(131,356)	2,079,385	2,705,002	
	Over 10 years	461,893	(443,398)	293,253	2,043,060	
	Total	**1,259,991**	**(1,349,536)**	**14,662,046**	**13,149,877**	**7,377,488**
Belgium	Between 3 months and 1 year	1,100				
	Between 5 and 10 years	1				
	Over 10 years	530				
	Total	**1,631**	–	–	–	–
Greece	**Total**	–	–	–	–	–
Ireland	**Total**	–	–	–	–	–
Italy	Less than 3 months	7,289	(35,807)			
	Between 3 months and 1 year	5,282				
	Between 1 and 2 years	37,926	(16,921)			
	Between 2 and 3 years	11,849	(38,089)			
	Between 3 and 5 years	29,756	(23,003)			
	Between 5 and 10 years	15,053	(37,615)			
	Over 10 years	15,322	(5,264)			
	Total	**122,477**	**(156,699)**	–	–	–
Portugal	**Total**	–	–	–	–	–
Other	Less than 3 months				21,339	
	Between 3 months and 1 year	281				
	Between 1 and 2 years	76		689		
	Between 3 and 5 years	1,793		471,422	8,678	
	Between 5 and 10 years	36,113	(35,647)			
	Over 10 years	577			8,547	
	Total	**38,840**	**(35,647)**	**472,111**	**38,564**	–
Total countries		**1,422,939**	**(1,541,883)**	**15,134,156**	**13,188,441**	**7,377,488**

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

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

3.3. Liquidity risk

CaixaBank manages liquidity in such a way as to ensure that it is always able to meet its obligations on a timely basis, and that it never allows its investment activities to be diminished due to a lack of lendable funds. This objective is achieved by active management of liquid assets, through continuous monitoring of the structure of the balance sheet, on the basis of maturity dates, with early detection of potentially undesirable structures of short- and medium-term liquid assets, and by adopting a strategy that gives stability to financing sources.

The Directorate-General of Asset and Liability Management (ALM) and Liquidity, which reports to the Directorate-General of Risks, is responsible for analyzing liquidity risk at CaixaBank. The analysis is performed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. Five crisis scenario categories are considered: three systemic crisis scenarios (macro-economic crises, malfunctions on capital markets and alterations in payment systems), a specific crisis scenario (reputation crisis), and a combined crisis scenario deemed to be the "worst-case scenario." The scenarios address various time horizons and LGD levels based on the nature of the crisis analyzed. For each crisis scenario, "survival" periods (defined as the ability to continue to meet its obligations) are calculated, with sufficient liquidity levels to cope successfully with the crisis situations considered.

On the basis of the analyses, a Contingency Plan has been drawn up and approved by the Board of Directors, defining an action plan for each of the crisis scenarios (systemic, specific and combined), with the measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using a number of stand-by reserves or extraordinary sources of finance.

The ALCO Committee monitors medium-term liquidity on a monthly basis through the analysis of time lags forecast in the balance sheet structure, and verifies compliance with the thresholds and operating lines of action approved by the Board of Directors. ALCO makes proposals to the Board of Directors on the optimum issues or finance/investment programs to suit market conditions and the instruments and terms needed to assist business growth. The Committee periodically monitors a series of indicators and warnings to detect signs of liquidity stress in order to adopt the corrective measures laid down in the Liquidity Risk Contingency Plan. A monthly analysis is also performed of the potential liquidity levels under each of the hypothetical crisis scenarios.

Short-term liquidity is managed by the Executive Directorate of Treasury and Capital Markets, which ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to the banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times. This daily monitoring task is performed on the basis of the contractual maturity dates of the transactions.

The detail, by contractual term to maturity of the balances of certain items on the CaixaBank balance sheets at December 31, 2013 and 2012, excluding in some cases valuation adjustments, in a scenario of normal market conditions, is as follows:

31/12/2013

	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	6,967						6,967
Held for trading – Debt securities		10	25	289	2,689	607	3,620
Trading derivatives		572	92	290	2,408	5,116	8,478
Available-for-sale debt securities		158	1,570	2,194	11,418	4,582	19,922
Loans and receivables:	532	26,843	7,711	29,916	58,842	116,777	240,621
Loans and advances to credit institutions	95	2,686	803	2,956	992	398	7,930
Loans and advances to customers	437	24,157	6,489	26,960	55,082	116,269	229,394
Debt securities			419		2,768	110	3,297
Held-to-maturity investments			1,000	7,685	9,009	137	17,831
Hedging derivatives		24	19	276	1,624	2,648	4,591
Total Assets	**7,499**	**27,607**	**10,417**	**40,650**	**85,990**	**129,867**	**302,030**
Liabilities							
Trading derivatives		504	84	234	1,523	6,089	8,434
Financial liabilities at amortized cost:	87,302	36,209	11,313	51,632	77,476	15,853	279,785
Deposits from central banks		3,490	145	725	15,480		19,840
Deposits from credit institutions	8,793	6,374	3,075	913	1,040	705	20,900
Customer deposits	77,675	25,028	7,321	43,376	36,389	2,450	192,239
Marketable debt securities		797	78	6,132	24,356	8,115	39,478
Subordinated liabilities					211	4,583	4,794
Other financial liabilities	834	520	694	486			2,534
Hedging derivatives		1	5	44	182	1,255	1,487
Total liabilities	**87,302**	**36,714**	**11,402**	**51,910**	**79,181**	**23,197**	**289,706**
Assets less liabilities	**(79,803)**	**(9,107)**	**(985)**	**(11,260)**	**6,809**	**106,670**	**12,324**

31/12/2012

	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	7,855						7,855
Held for trading – Debt securities		14	30	234	516	696	1,490
Trading derivatives		213	136	243	2,711	12,420	15,723
Available-for-sale debt securities		77	1,021	2,634	12,278	2,821	18,831
Loans and receivables:	1,460	25,688	8,837	30,804	62,770	124,254	253,813
Loans and advances to credit institutions	555	6,200	541	2,447	122	176	10,041
Loans and advances to customers	905	19,488	8,026	27,458	59,834	124,021	239,732
Debt securities			270	899	2,814	57	4,040
Held-to-maturity investments				1,690	7,250		8,940
Hedging derivatives		15	7	147	2,120	4,023	6,312
Total Assets	**9,315**	**26,007**	**10,031**	**35,752**	**87,645**	**144,214**	**312,964**
Liabilities							
Trading derivatives		261	96	241	2,020	13,135	15,753
Financial liabilities at amortized cost:	77,854	31,948	15,541	49,751	88,195	20,955	284,244
Deposits from central banks					32,735		32,735
Deposits from credit institutions	9,608	3,727	1,782	484	1,696	814	18,111
Customer deposits	67,277	26,416	10,117	39,519	29,397	4,130	176,856
Marketable debt securities		731	2,924	9,240	23,529	11,209	47,633
Subordinated liabilities		180		60	838	4,802	5,880
Other financial liabilities	969	894	718	448			3,029
Hedging derivatives		11	5	33	301	1,457	1,807
Total liabilities	**77,854**	**32,220**	**15,642**	**50,025**	**90,516**	**35,547**	**301,804**
Assets less liabilities	**(68,539)**	**(6,213)**	**(5,611)**	**(14,273)**	**(2,871)**	**108,667**	**11,160**

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 securitization and the issuance of mortgage- and/or public sector-covered bonds. In addition, the Company has access to liquid assets allowing it to immediately obtain liquidity. Also worth noting is the fact that the calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market.

CaixaBank has €77,934 million in liquid assets as defined by the Bank of Spain in its liquidity statements, of which €6,968 million related to cash and central banks, €27,984 million to the ECB collateralized policy, €33,376 million to discountable assets in the ECB not included in the facility, and €9,607 million of other marketable asset not eligible for the ECB, including A– or higher rated fixed-income securities, quoted equity instruments and investments in money market funds. CaixaBank's liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the facility, and the balance that can be drawn on the credit facility with the ECB, amounted to €60,762 million and €53,092 million at December 31, 2013 and 2012, respectively.

Liquid assets (1)

	Thousands of euros	
	31/12/2013	31/12/2012
Cash and central banks **(2)**	6,967,794	7,854,418
Balance drawable on the facility **(3)**	27,983,572	35,630,223
Eligible assets not included in the facility	33,375,619	16,162,975
Other marketable assets not eligible by the central bank **(4)**	9,607,335	9,922,920
Total liquid assets	**77,934,319**	**69,570,536**

(1) Bank of Spain liquidity criteria.
(2) Includes amounts deposited in the marginal deposit facility (1-day deposit with the ECB).
(3) Does not include €3,636 million of assets to be contributed to the ECB. These assets were contributed in January 2014.
(4) Fixed-income with an A or higher rating, equities and investments in mutual funds.

CaixaBank's liquidity management policy includes maintaining a liquidity level above 10% of the Entity's assets. This threshold was comfortably met throughout the year, and was 18.7% at December 31, 2013 (15.8% at December 31, 2012). The liquidity level is mainly based on retail financing. Customer deposits account for 71% of financing sources.

As part of this approach to managing liquidity risk and to allow it to anticipate potential needs for lendable funds, CaixaBank's wide variety of financing programs cover a number of maturity periods. This allows it to maintain adequate levels of liquidity at all times.

The Promissory Notes Program, with a principal amount of €10,000 million, provides access to short-term funds (see Note 21).

In addition, the securities note for the basic prospectus for non-equity securities (formerly the Fixed-Income Securities Program), which ensures the availability of long-term funding, was renewed and extended. The note amounts to €25,000 million, of which €23,946 million was available at December 31, 2013.

In addition, in 2013 a "Euro Medium Term Note" program for €10,000 million for the issue of fixed-income securities was registered.

As another prudent measure to prepare for potential stress on liquid assets or market crises, i.e. to deal with the contingent liquidity risk, CaixaBank placed a series of guarantee deposits with the European Central Bank (ECB) which it can use to obtain high levels of liquid assets at short notice. The amount drawable on the facility at December 31, 2013 was €27,984 million (€35,630 million at December 31, 2012).

Financing obtained from the European Central Bank through various monetary policy instruments was €15,480 million at December 31, 2013, compared to €28,284 million at December 31, 2012. This change was due to the repayment by CaixaBank of €12,500 million raised from the extraordinary long-term liquidity auctions (LTRO) and €304 million of ordinary financing. In addition to this change, Banco de Valencia repaid a total of €5,800 million of ordinary financing from the European Central Bank in the first half of 2013.

The financing capacity at December 31, 2013 and December 31, 2012, by type of instruments, is as follows:

Issuance capacity

	Thousands of euros	
	31/12/2013	31/12/2012
Mortgage covered bond issuance capacity	885,280	3,767,291
Public-sector covered bond issuance capacity	1,217,600	1,229,146

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

Wholesale financing maturities (net of treasury shares)

	Thousands of euros					
	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Deposits from central banks	3,490,187	145,022	725,111	15,480,000		19,840,320
Deposits from credit institutions	15,166,835	3,075,000	913,000	1,040,000	705,000	20,899,835
Promissory notes	7	44,250	319,130			363,387
Mortgage covered bonds		520,000	6,886,541	19,723,290	10,660,197	37,790,028
Public-sector covered bonds				350,000		350,000
Senior debt		69,000	1,099,350	4,583,800	410,000	6,162,150
Subordinated debt and preference shares				205,469	937,756	1,143,225
Convertible bonds				594,300		594,300
Total wholesale issue maturities	**18,657,029**	**3,853,272**	**9,943,132**	**41,976,859**	**12,712,953**	**87,143,245**

CaixaBank tapped the market with several issues of different products in 2013, including three issues of €1,000 million in senior bonds (3Y, 3.5Y and 5Y), one 5Y mortgage covered bonds issue for €1,000 million, one Tier 2 subordinated debt issue for €750 million (10Y issue, with optional repurchase at five years), and one issue of 3Y bonds convertible into Repsol, SA shares, for €594.3 million (see Note 21.3).

These issues, targeting the capital markets and all investor types, further bolstered CaixaBank's liquidity and capital positions.

Note 25 presents the contractual maturities of contingent liabilities and commitments.

Financial instruments that include accelerated repayment terms

At December 31, 2013, 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 at December 31, 2013 stood at €608 million, of which €261 million related to transactions in which the term had already expired and was not demanded by the counterparty and €321 million to other 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
	31-12-2013
Registered mortgage covered bonds **(1)**	261,000
Loans received **(2)**	321,292

(1) The bonds are recognized under "Customer deposits – Time deposits" (see Note 21.2).
(2) The loans are included in "Loans and advances to credit institutions" (see Note 21.1).

In addition, master agreements with financial counterparties for trading in derivatives (*CSA agreements*) had a balance of €25 million at December 31, 2013 subject to accelerated repayment terms.

Instruments that could require the posting of collateral
At December 31, 2013, CaixaBank has instruments that require the posting of collateral or receipt of margins in addition to initial margins in its derivatives and debt repo transactions, as is customary practice in the market.

In derivatives, it received €4,053 million of cash margins and €24 million in public debt, and posted collateral in cash of €1,629 million.

In the case of public repos, €423 million of margins was received for trading in active markets and €88 million from OTC transactions, while cash collateral of €352 million was posted for trading in active markets and €44 million in OTC transactions.

Instruments subject to master netting agreements
At December 31, 2013, CaixaBank had master netting agreements for its derivatives operations (see Note 13 – Trading derivatives).

3.4. Operational risk

The Global Risk Committee defines the strategic lines of action and monitors operational risk profiles, the main loss events, and the steps to be taken to mitigate them.

CaixaBank is also developing a strategic project, encouraged by Management and in keeping with Bank of Spain proposals and regulations, for the implementation of a single comprehensive operational risk measurement and control model across the entire Group. Group level management covers companies within the scope of application of Bank of Spain Capital Adequacy Circular 03/2008 and conforms with the "Operational Risk Management Framework," which defines the objectives, organizational structure, policies, management model and measurement methodologies relating to operational risk.

The overall objective at CaixaBank is to improve the quality of business management based on information concerning operational risks, aiding decision-making to ensure the organization's long-term continuity and improving processes and the quality of customer service, while complying with the established regulatory framework and optimizing the use of capital.

The responsibilities for implementing the organizational model are distributed as follows:

- Operational Risk Committee: set up in 2013, it oversees the Group's operational risk and its implications in solvency and capital management. The Operational Risk Committee reports to the Global Risk Committee.

- Business and support areas: identifying, assessing, managing, controlling and communicating operational risks within their activities. The operational risk coordinators at each center play a crucial role.

- Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk. It assists the various areas and consolidates reporting information for Management. It operates as part of the Corporate Directorate of Risk Models and Policies within Global Risk Management.

- Assessment of Risk Models and Internal Audit: monitoring trends in current legislation, calculating capital requirements and implementing the established operational risk assessment, control and management procedures.

The operational risk management model and policies establish an ongoing process based on the following:

- Identification and detection of all current and potential operational risks, based on qualitative techniques the opinion of process experts, risk indicators, extreme scenarios of operational losses– and procedures for the management of operational risks, in order to define the operational risk profile for CaixaBank. An objective is in place to conduct an annual assessment and qualitative measurement of operational risks targeting the main ones. The measurements are based on expected loss and VaR.

- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database. CaixaBank has become a member of the ORX international consortium for the exchange of operational risk loss data with other financial institutions with a view to gaining greater insight into the risk profile of the financial sector and managing the losses already sustained by competitors sooner.

- Active management of the Company's risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making in order to mitigate risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring the main qualitative risks (e.g. real losses) through remedial steps and action plans is the key to achieving this management goal. The operational risk information systems supporting infrastructure are being upgraded to improve their management.

In 2013, Banco de Valencia was included in the scope of corporate operational risk management (capital calculation, risk assessment, loss management). Meanwhile, a project is being drawn up to move from the current standard approach to operational risk management to more advanced approaches with a dual objective of implementing best practices in operational risk management and, at the same time, calculating regulatory capital requirements with risk-sensitive approaches.

3.5. Audit, Internal Control and Regulatory Compliance

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

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

The Sub-Directorate-General of Audit, Internal Control and Regulatory Compliance is in charge of ensuring the correct performance of and supervising the Group's internal control model. It reports systematically and regularly to CaixaBank's Executive Vice President-CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group's internal control framework.

This Sub-Directorate-General comprises three organizational units (Internal Control, Regulatory Compliance and Internal Audit), which operate independently from other CaixaBank Group areas and companies, in accordance with the guidelines set out by the EBA (European Banking Authority) in the *EBA Guidelines on Internal Governance* 27/09/2011 (adopted by the Bank of Spain on 27/06/2012).

In 2012 and 2013, significant progress was made to strengthen the Group's internal control model: the organizational structure was bolstered with the creation of the Internal Audit Area, mainly to develop the Corporate Risk Map, the transversal project included in the review of the 2011-2014 Strategic Plan. In addition, an analysis was carried out of the function and objectives of the three areas of the Sub-Directorate General of Control, resulting in its reorganization and reinforcing its resource structure.

3.5.1. Internal Control

The Internal Control Area was created in 2012, making significant progress towards strengthening the CaixaBank Group's internal control model.

The control environment is organized into three "lines of defense."

- The first involves the Entity's own areas, constituting the first control level.

- The Internal Control Area is the second line of defense, together with Global Risk Management, Internal Control over Financial Reporting (ICFR) and Regulatory Compliance, among others, which oversee the proper operation of risk management and control carried out by the business areas.

- The Internal Audit Area is the third, as an element of supervision.

The mission of the Internal Control Area is to ensure management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the CaixaBank Group's risks, thereby generating confidence for stakeholders.

To fulfill this mission, a Corporate Risk Map Project is being carried out in 2013 and 2014. The Corporate Risk map will be the internal control model's basic management tool.

The Corporate Risk Map will provide a comprehensive and synthetic vision of the Group's control environment and will integrate the current risk maps.

The Internal Control Area operates under the principle of independence from the other areas of the organization and Group companies. It is also transversal, as it assesses the risk control mechanisms that affect the entire set of activities and businesses carried out by the Group.

Its main duties include:

- Coordinating the Risk Map and Corporate Controls.
- Advising Senior Management on the control protocols and action plans needed to resolve any control deficiencies.
- Systematically and regularly reporting on the control environment to Senior Management and the Audit and Control Committee.

3.5.2. Regulatory Compliance

The objective of Regulatory Compliance is to oversee regulatory compliance risk, defined as the risk to CaixaBank and CaixaBank Group companies of legal or regulatory penalties, or financial, material or reputational loss, as a result of failure to comply with the laws, regulations, rules, self-regulation standards or codes of conduct applicable to its businesses.

Oversight of regulatory compliance risk is carried out through the establishment of second-tier controls, which allows for the detection of potential deficiencies in the procedures implemented in the Entity to ensure compliance with regulations in all its areas of activity. When deficiencies are detected, it develops, together with the areas affected, proposals for improvement initiatives, which are monitored regularly until they are effectively implemented. The Regulatory Compliance Area also ensures that best practices in integrity and rules of conduct are followed at the Entity, such as the Code of Business Conduct and Ethics, the Telematic Code of Conduct, and the Internal Rules of Conduct on matters relating to the Stock Market. Its functions include enforcing compliance with these rules and analyzing, where are appropriate, any potential deficiencies in their application. It also manages the Confidential Consulting and Whistle-blowing Channel available exclusively to employees. This channel handles questions and reports related to compliance with the Code of Business Conduct and Ethics and the Telematic Code of Conduct, and to any financial and accounting irregularities that may arise.

The Regulatory Compliance Area liaises with the main supervisory bodies (principally the CNMV and the Bank of Spain) and, as appropriate, handles any requirements issued by them. The areas involved and Legal Advisory prepare the responses.

The Regulatory Compliance Area reports regularly on its control activities to Senior Management and the Audit and Control Committee. It has sufficient functional and professional independence to perform its oversight and reporting duties and in no case is involved in the management decisions or operations of the activities it supervises.

Within the Regulatory Compliance Area, there as an independent unit, the Prevention of Money Laundering and Terrorist Financing Operating Unit (MLPOU), whose sole mission is to enforce compliance with anti-money laundering and terrorist financing laws, helping the commercial areas raise customer awareness, and control and report suspicious transactions. The MLPOU is managed and supervised by the Prevention of Money Laundering and Terrorist Financing Committee, and reports on its activities to Senior Management and the Audit and Control Committee.

3.5.3. Internal Audit

Internal Audit is the third line of defense in CaixaBank's internal control framework, as an element of supervision.

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

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

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

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

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

- Monitor the annual planning focused on the main risks and approved by the Audit and Control Committee.
- Handle requests by the Board of Directors, Senior Management and supervisory authorities.
- Ensure the efficient use of resources by enhancing ongoing auditing, engaging qualified auditors and appropriate outsourcing arrangements.
- Proposing and monitoring recommendations to mitigate the control weaknesses identified.

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

3.6. Internal control over financial reporting

CaixaBank's Internal Control over Financial Reporting Model includes a combination of processes designed by the Directorate-General of Finance 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 recommended by the Spanish Securities Market Regulator (CNMV) in the draft Guidelines on Internal Control over Financial Reporting in Listed Companies, published in June 2010.

The mechanisms comprising the risk management and control systems regarding the process of publishing the Entity's financial information are explained in more detail in the 2013 Annual Corporate Governance Report.

4. STATEMENT OF CASH FLOWS

To interpret the statement of cash flows correctly, it should be noted that the items included in the business combinations in 2013 and 2012, mainly with Banco de Valencia and Banca Cívica, respectively, did not result in any change in cash flows as the inclusion of their respective balance sheet items did not entail any cash outflows or inflows.

In 2013, the CaixaBank's cash decreased by a net €887 million, generating €1,625 million of cash from operating activities and €201 million from investing activities, and using €2,713 million in investing activities.

Operating activities

Adjusted for non-monetary items, €2,834 million of cash was generated. The decrease in lending, caused by widespread deleveraging in the system and the continued reduction in exposure to the real estate development sector, drove a reduction in customer loans, generating cash flows of €17,452 million. The funds obtained, coupled with the increase in customer deposits, were used to reduce retail debt through early redemptions and maturities and ECB finance, both of which are included in financial liabilities at amortized cost, thereby reducing operating liabilities by €18,084 million. Overall, cash generated from operating activities amounted to €1,625 million.

Investing activities

Cash flows from investing activities, mainly disposals of investments and maturities of held-to-maturity investments, for a combined €5,339 million, were used mainly to fund investments in investees for €3,817 million, mostly Group companies. Cash flows from investing activities amounted to €201 million.

Financing activities

The decrease in cash caused by financing activities, of €2,713 million, was mainly the result of maturities of issues placed on the institutional market, of €8,963 million. There were also issues made in institutional markets amounting to €6,232 million.

5. CAPITAL ADEQUACY MANAGEMENT

Regulatory framework

Until December 2013, the capital adequacy of financial institutions was regulated by Bank of Spain Circular 3/2008, which adapts the Spanish legal framework to European directives 2006/48/EC and 2006/49/EC which, in turn, transposed EU legislation in accordance with the international Basel II accord.

The reform to solvency regulations, which began after the international financial crisis uncovered the need to amend the regulations of the banking system in order to make it stronger, is now complete. In this respect, in December 2010, the Basel Committee on Banking Supervision (BCBS) agreed on a new regulatory framework, known collectively as Basel III. At the end of June 2013, the key points of the agreement become a harmonized set of regulations for the European Union through Regulation 575/2013 and Directive 2013/36/EU of the European Parliament and of the Council, both of which were passed on June 26, 2013. The Regulation, which is directly applicable, became effective on January 1, 2014. The Directive was to be transposed into Spanish law. In this context, on November 29, 2013, Royal Decree-Law 14/2013 was passed to carry out the most urgent adaptations. Among other measures, this RDL repealed the Principal Capital requirement introduced by RDL 2/2011, establishing only, as a transitional measure for 2014, the limit on the amount of Tier 1 capital recognized in the buffer of Principal Capital above the minimum requirement at December 31, 2013.

CaixaBank's Principal Capital ratio at December 31, 2013 stood at 12.9%, implying a buffer of €5,069 above the minimum capital requirement. Accordingly, in no case would the limits of RDL 14/2013 be applicable.

Meanwhile, on the international front, in July 2013 the European Banking Authority (EBA) reissued its recommendation of December 2011, which set a minimum Core Tier 1 capital requirement of 9% for June 2012 to ensure that, during the transition to the application of Basel III, the absolute Core Tier 1 EBA did fall below the minimum requirements of June 2012.

At December 2013, CaixaBank had a Core Tier 1 EBA level of €16,689 million, which was €4,540 million above the June 2012 minimum requirement.

Capital adequacy of CaixaBank

At December 31, 2013, CaixaBank's Core Capital and Tier 1 ratios stood at 12.9% and total eligible capital at 14.5% of risk-weighted assets, implying a buffer of €8,425 million above the minimum capital requirements of Circular 3/2008.

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

Risk-weighted assets (RWA) amounted to €129,110 million at December 31, 2013, a €32,090 million, or 19.9%, decrease on the December 2012 figure. This decrease in RWAs was driven by the reduction in lending activity, coupled with the Group's success in optimizing capital, including the application of internal models to Banca Cívica portfolios, as well as the application of the weighting assigned to credit risk exposure in SMEs, in accordance with Law 14/2013 of September 2013 to support entrepreneurial initiatives. These effects were offset partially by the addition of assets from Banco de Valencia.

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

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

	Thousands of euros			
	31/12/2013 **(*)**		31/12/2012	
	Amount	in %	Amount	in %
Shareholders' equity	**23,645,685**		**22,792,646**	
Capital or endowment fund	*5,005,417*		*4,295,725*	
Share premium and reserves	*16,232,325*		*16,078,942*	
Other equity instruments	*1,938,222*		*2,188,279*	
Profit attributable to the Group after dividend payments	*469,721*		*229,700*	
– Expected dividends	(47,130)		(48,399)	
+ Non-controlling interests and valuation adjustments	(201,489)		(29,085)	
+ Other eligible instruments (FROB and convertible bonds)			1,577,918	
– Core capital deductions	(4,663,140)		(4,305,208)	
Of which: Goodwill and intangible assets	*(4,586,919)*		*(4,241,529)*	
– Tier 1 provisions and others	(2,044,987)		(2,335,044)	
Of which:				
Deduction for financial institutions and insurance companies (50%)	*(1,921,394)*		*(2,338,315)*	
Core capital	**16,688,939**	**12.9%**	**17,652,828**	**11.0%**
+ Preference shares			89,698	
– Deductions of basic capital			(89,698)	
Basic capital (Tier 1)	**16,688,939**	**12.9%**	**17,652,828**	**11.0%**
+ Subordinated financing	4,246,926		3,569,385	
+ Eligible general provisions	156,781		450,832	
– Deductions of Tier 2 capital	(2,339,042)		(3,031,791)	
Tier 2 capital	**2,064,665**	**1.6%**	**988,426**	**0.6%**
Total capital (Total Tier)	**18,753,604**	**14.5%**	**18,641,254**	**11.6%**
Minimum capital requirements (Pillar 1)	**10,328,768**	**8.0%**	**12,895,968**	**8.0%**
Capital surplus	**8,424,836**	**6.5%**	**5,745,286**	**3.6%**
Memorandum items: risk-weighted assets	**129,109,599**		**161,199,597**	
Credit risk	*97,866,948*		*133,532,282*	
Shareholder risk	*15,812,063*		*13,731,702*	
Operational risk	*11,422,000*		*12,143,875*	
Market risk and other	*4,008,588*		*1,791,738*	

(*) Estimated data.

According to the new Basel III standards, CaixaBank's Common Equity Tier 1 (CET1, Core Capital) at December 31, 2013 on a fully-loaded basis (i.e. without applying the transitional period) was 11.7%. The minimum requirement for this ratio at the end of the transitional period in 2019 is 7%.

Including the transition period, CaixaBank's CET1 at December 31, 2013 under BIS III criteria applicable in 2014, according to the definitions set out in the new Bank of Spain Circular 2/2014 of January 31 would be 11.2%. In the transition period, convertible bonds are not included in CET1. If they were included, the ratio would be 12.3%.

As for Pillars 2 and 3, the information related to CaixaBank is included in Note 5 "Capital adequacy management" of the "la Caixa" Group's consolidated financial statements for the year ended December 31, 2013.

6. APPROPRIATION OF PROFIT

The proposed appropriation of profit of CaixaBank in 2013, 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
	2013
Basis of appropriation	
Profit for the year	805,901
Appropriation:	
A (1)	**68,391**
Acquisition of bonus subscription rights from shareholders in September 2013 under the Optional Scrip Dividend program **(2)**	*16,327*
Acquisition of bonus subscription rights from shareholders in December 2013 under the Optional Scrip Dividend program **(3)**	*16,655*
Acquisition of bonus subscription rights from shareholders in March 2014 under the Optional Scrip Dividend program **(4)**	*17,597*
Acquisition of bonus subscription rights from shareholders in June 2014 under the Optional Scrip Dividend program **(5)**	*17,812*
To reserves (Note 24)	**737,510**
Legal reserve **(6)**	*221,851*
Restricted reserve for goodwill **(7)**	*120,487*
Voluntary reserves **(8)**	*395,172*
Net profit for the year	**805,901**

(1) Estimated amount to be appropriated in this connection, see Notes 2, 3, 4, 5 and 8 below.
(2) In September 2013, shareholders representing 93.23% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held April 25, 2013, under item 7.2 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €16,327 thousand to the remaining shareholders (representing 6.77% of the share capital) who elected to sell their bonus subscription rights to the Company.
(3) In December 2013, shareholders representing 93.19% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held April 25, 2013, under item 7.3 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €16,655 thousand to the remaining shareholders (representing 6.81% of the share capital) who elected to sell their bonus subscription rights to the Company.
(4) Amount estimated to be paid in March 2014 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue approved at the Annual General Meeting of April 25, 2013 under item 7.4 of the agenda (Optional Scrip Dividend) that the Board of Directors intends to carry out in February 2014. This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company.
(5) Amounted estimated to be paid in June 2014 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue if approved at the Annual General Meeting to be held in 2014 (Optional Scrip Dividend). This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company. The Board of Directors intends to submit a proposal to the Annual General Meeting in 2014 for approval of the scrip issues offering shareholders the possibility of acquiring shares, selling their rights on the market or selling them to the Company (Optional Scrip Dividend).
(6) Amount to reach the 20% of share capital threshold set out in Article 274 of the Capital Enterprises Act and above the minimum amount required of 10% of income.
(7) In accordance with Article 273.4 of the Corporate Enterprises Act.
(8) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment of the price of the bonus subscription rights increases or decreases (see Notes 4 and 5 above).

The table below shows the mandatory provisional liquidity statements indicating there is sufficient profit to pay dividends related to the Optional Scrip Dividend agreed by the Board of Directors on September 26, 2013 and November 21, 2013, within the scope of the Optional Scrip Dividend program, equivalent to the first and second interim dividends for 2013:

2013

	Thousands of euros	
Date of resolution to pay interim dividend	26/09/2013	21/11/2013
Applicable balance sheet date	31/08/2013	30/10/2013
Profit from January 1, 2013	**489,806**	**503,957**
Equivalent to first interim dividend paid		(16,327)
Maximum dividend (*)	**489,806**	**487,630**
Maximum interim dividend payout	(241,055)	(244,512)
Remainder	**248,751**	**243,118**

(*) Except for the mandatory provision to legal reserves and for goodwill.

It also shows the availability of liquidity and committed reserves to distribute these dividends approved by the respective Board of Directors meetings.

The appropriation of 2012 profit was as follows:

Appropriation of CaixaBank's profit

	Thousands of euros
	2012
Basis of appropriation	
Profit for the year	272,597
Appropriation	
To	**51,978**
Acquisition of bonus subscription rights from shareholders in September 2012 under the Optional Scrip Dividend program	*15,211*
Acquisition of bonus subscription rights from shareholders in March 2013 under the Optional Scrip Dividend program **(1)**	*20,255*
Acquisition of bonus subscription rights from shareholders in July 2013 under the Optional Scrip Dividend program **(2)**	*16,512*
To reserves:	**220,619**
Legal reserve	*27,260*
Restricted reserve for goodwill	*85,487*
Voluntary reserves **(1) (2)**	*107,872*
Net profit for the year	**272,597**

(1) The amount approved at the Annual General Meeting of April 25, 2013 was €18,857 thousand (estimated amount). The final result of the sale of bonus subscription rights under the Optional Scrip Dividend was €20,255 thousand. The difference was appropriated to voluntary reserves.
(2) The amount approved at the Annual General Meeting of April 25, 2013 was €16,393 thousand (estimated amount). The final result of the sale of bonus subscription rights under the Optional Scrip Dividend was €16,512 thousand. The difference was appropriated to voluntary reserves.

Payment of the dividend related to the Optional Scrip Dividend equivalent to the first interim dividend for 2012, agreed by the Board of Directors on September 6, 2012, was based on the following:

– net profit through August 31, 2012, which amounted to €78,681 thousand, and the maximum amount distributable, and

– the availability of sufficient liquidity and committed reserves to make the payment.

7. 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 Optional Scrip Dividend remuneration scheme was approved at the Annual General Meeting of May 12, 2011. Under this program, in certain quarters shareholders can choose between the following three options:

a) Receive shares via a scrip issue;

b) Receive cash from the market sale of the rights allocated in the issue; or

c) Receive cash from the sale to CaixaBank, at a price fixed by the Entity, of the rights allocated during the capital increase.

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

This policy entailed the following distribution of dividends related to 2013 and 2012:

Shareholder remuneration – Distribution of dividends

	Thousands of euros			
	Euro per share	Amount	Date of announcement	Payment date
Dividends related to 2013				
Optional Scrip Dividend program **(*)**	0.05	241,055	26/09/2013	22/10/2013
Optional Scrip Dividend program **(*)**	0.05	244,512	21/11/2013	16/12/2013
Total distributed	**0.10**	**485,567**		
Dividends related to 2012				
Optional Scrip Dividend program **(*)**	0.06	245,270	06/09/2012	28/09/2012
Optional Scrip Dividend program **(*)**	0.06	250,063	29/11/2012	27/12/2012
Optional Scrip Dividend program **(*)**	0.06	269,385	07/03/2013	04/04/2013
Optional Scrip Dividend program **(*)**	0.05	236,818	25/07/2013	21/08/2013
Total distributed	**0.23**	**1,001,536**		
Dividends related to 2011				
Optional Scrip Dividend program **(*)**	0.06	226,293	22/09/2011	18/10/2011
First interim dividend – 2011	0.06	226,826	17/11/2011	27/12/2011
Second interim dividend – 2011	0.06	225,610	15/12/2011	27/03/2012
Optional Scrip Dividend program **(*)**	0.05	192,005	24/05/2012	20/06/2012
Total distributed	**0.23**	**870,734**		

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

CaixaBank paid its majority shareholder €691,939 thousand in dividends in 2013 (€536,078 thousand in 2012). This amount includes the cash dividend and the market value of the shares received by "la Caixa" under the Optional Scrip Dividend program.

Under this policy, shareholder remuneration in 2013 was as follows:

Distribution of dividends paid in 2013

	Thousands of euros			
	Euro per share	Amount	Date of announcement	Payment date
Optional Scrip Dividend, equivalent to the third interim dividend against 2012 results **(*)**	0.06	269,385	07/03/2013	04/04/2013
Optional Scrip Dividend, equivalent to the final dividend against 2012 results **(*)**	0.05	236,818	25/07/2013	21/08/2013
Optional Scrip Dividend, equivalent to the first interim dividend against 2013 results **(*)**	0.05	241,055	26/09/2013	22/10/2013
Optional Scrip Dividend, equivalent to the second interim dividend against 2013 results **(*)**	0.05	244,512	21/11/2013	16/12/2013
Total distributed	**0.21**	**991,770**		

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

At the Extraordinary Annual General Meeting of June 26, 2012, to implement the aforementioned shareholder remuneration scheme, approval was given for two capital increases of up to €295,000 thousand each, and to delegate powers to the Board of Directors to establish the terms and conditions of the capital increase with authorization to delegate these powers in the Company's Executive Committee.

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

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

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

Under the scope of the resolution adopted at the General Shareholders' Meeting of April 25, 2013, on April 25, 2013, the Board of Directors of CaixaBank approved the interim dividend for the second quarter of 2013 under the Optional Scrip Dividend program, which allowed for the inclusion in such payment of the new CaixaBank shareholders arising from the merger with Banco de Valencia. The amount of the dividend to be paid was €0.05 per share. The cash payment to shareholders opting to sell their rights to CaixaBank amounted to €16,512 thousand. The amount of the scrip issue carried out to deliver shares to shareholders opting to receive shares was €84,733 thousand.

The resolution regarding the distribution of 2012 profit approved by the Ordinary Annual General Meeting of April 25, 2013, estimated a cash payment of €16,393 thousand and stated that if the final payment in cash post-distribution of profit differed from this estimate, the difference would automatically be applied to increase or decrease the amount earmarked to increase voluntary reserves. The cash payment was recognized against 2012 profit.

In addition, on September 26, the Board of Directors agreed the interim dividend for the third quarter of 2013 under the Optional Scrip Dividend program. The amount of the dividend to be paid was €0.05 per share. The cash payment to shareholders opting to sell their rights to CaixaBank amounted to €16,327 thousand. The amount of the scrip issue carried out to deliver shares to shareholders opting to receive shares was €69,147 thousand. The cash payment of this dividend was recognized against 2013 profit.

On November 21, the Board of Directors agreed the dividend for the fourth quarter of 2013 under the Optional Scrip Dividend program. The amount of the dividend to be paid was €0.05 per share. The cash payment to shareholders opting to sell their rights to CaixaBank amounted to €16,655 thousand. The amount of the scrip issue carried out to deliver shares to shareholders opting to receive shares was €66,046 thousand. The cash payment of this dividend was recognized against 2013 profit.

Shareholder remuneration in 2012 was as follows:

Distribution of dividends paid in 2012

	Thousands of euros			
	Euro per share	Amount	Date of announcement	Payment date
Second interim dividend – 2011	0.06	225,610	15/12/2011	27/03/2012
Optional Scrip Dividend, equivalent to the final dividend against 2011 results **(*) (**)**	0.05	192,005	24/05/2012	20/06/2012
Optional Scrip Dividend, equivalent to the first interim dividend against 2012 results **(*)**	0.06	245,270	06/09/2012	28/09/2012
Optional Scrip Dividend, equivalent to the second interim dividend against 2012 results **(*) (**)**	0.06	250,063	29/11/2012	27/12/2012
Total distributed	**0.23**	**912,948**		

(*) Includes cash paid to shareholders and the fair value of the shares delivered.
(**) Dividends paid from reserves or share premium.

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

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

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

On September 6, 2012, the Executive Committee of CaixaBank initiated another dividend distribution which ended with the payment, in September 2012, of an amount in cash to shareholders opting to sell rights to CaixaBank at a fixed price of €0.06 per right, for a total of €15,211 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on October 4, 2012, with the issuance of 79,881,438 shares of €1 par value each with a charge to restricted reserves made on April 19, 2012.

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

Under this approval, on November 29, 2012, the Board of Directors initiated a new dividend distribution under the Optional Scrip Dividend program which culminated with the payment in December 2012, of €17,470 thousand in cash. For shareholders opting to receive shares, a capital increase was carried out on December 28, 2012 with the issuance of 86,145,607 shares of €1 par value each with a charge to restricted reserves made on June 26, 2012.

Earnings per share

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

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the parent and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares (share options). At December 31, 2013, there were no transactions involving potential ordinary shares. Therefore, there is no difference between basic and diluted earnings per share.

Basic and diluted earnings per share in 2013 and 2012, as per the consolidated profit of the CaixaBank Group attributable to the parent, are as follows:

Calculation of basic earnings per share

Thousands of euros	2013	2012
Numerator		
Profit attributable to the Parent	**502,703**	**229,700**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	*4,465,675*	*3,769,587*
Adjustment for scrip issue at August 3, 2012	–	*116,500*
Adjustment for scrip issue at December 10, 2012	–	*8,170*
Adjustment for scrip issues (under the Optional Scrip Dividend program)	*302,969*	*180,756*
Adjustment for capital increases for the early conversion of convertible bonds	*99,634*	–
Adjustment for issue of mandatory convertible instruments	*547,732*	*636,281*
Adjusted number of shares (Basic earnings per share denominator)	**5,416,010**	**4,711,294**
Basic earnings per share (euro) (**)	**0.09**	**0.05**

(*) Number of shares outstanding at the beginning of the period, excluding the average number of treasury shares held during the period.
(**) Including CaixaBank's 2013 individual profit, basic earnings per share would be €0.15.

Calculation of diluted earnings per share

Thousands of euros	2013	2012
Numerator		
Profit attributable to the Parent	**502,703**	**229,700**
Denominator (thousands of shares)		
Average number of shares outstanding **(*)**	*4,465,675*	*3,769,587*
Adjustment for scrip issue at August 3, 2012	–	*116,500*
Adjustment for scrip issue at December 10, 2012	–	*8,170*
Adjustment for scrip issues (under the Optional Scrip Dividend program)	302,969	*180,756*
Adjustment for capital increases for the early conversion of convertible bonds	*99,634*	–
Adjustment for issue of mandatory convertible instruments	*547,732*	*636,281*
Adjustment for dilutive effect of share options	–	14,661
Adjusted number of shares (Diluted earnings per share denominator)	**5,416,010**	**4,725,955**
Diluted earnings per share (euro) (**)	**0.09**	**0.05**

(*) Number of shares outstanding at the beginning of the period, excluding the average number of treasury shares held during the period.
(**) Including CaixaBank's 2013 individual profit, diluted earnings per share would be €0.15.

8. BUSINESS COMBINATIONS AND MERGERS

The Company carried out the following takeover and subsequent merger operations in 2013 and 2012:

Business combinations – 2013

Integration of Banco de Valencia

On November 27, 2012, the Governing Committee of the Fund for Orderly Bank Restructuring (hereinafter, "the FROB") selected CaixaBank's binding bid to acquire all of the shares it held in Banco de Valencia. Following acceptance of this bid, the following agreements were entered into:

- A share purchase agreement through which CaixaBank would acquire all of the Banco de Valencia shares held by the FROB at a price of €1 per share, subsequent to payment by the FROB of €4,500 million in a capital increase. Previously, existing shareholders had to bear the losses incurred, inter alia, for the write-downs of real estate risks required by legislation and the contribution of regulated assets to the SAREB under current legislation.

- A protocol of financial support measures implemented through an asset protection scheme, which will see the FROB assuming, over a period of 10 years, 72.5% of any losses from the SME/self-employed professionals portfolio.

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

On February 28, 2013, having complied with the terms and conditions of the share purchase-sale agreement, CaixaBank completed the acquisition of shares representing 98.9% of Banco de Valencia's share capital held by the FROB, triggering the start of the aforementioned asset protection scheme retrospectively from October 1, 2012.

On March 14, 2013, Banco de Valencia held an Ordinary Annual General Meeting, at which a new Board of Directors was appointed comprising six proprietary directors and independent directors.

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

Accounting of the business combination

The date control was effectively obtained was February 28, 2013, when the shares owned by the FROB were acquired for €1. The acquisition date for accounting purposes was January 1, 2013. The impact on equity of the difference between the acquisition date and the date control was effectively obtained is not material.

CaixaBank engaged an independent expert (PricewaterhouseCoopers Asesores de Negocio, SL) to determine the fair values of Banco de Valencia's assets and liabilities at January 1, 2013 ("Purchase Price Allocation" or PPA). The fair values at January 1, 2013, the date of retrospective application, of the assets and liabilities of Banco de Valencia acquired and included in CaixaBank's separate balance sheet are as follows:

	Thousands of euros		
	Carrying amount	Adjustments	Fair value
Assets:			
Cash and deposits at central banks	98,218		98,218
Financial assets held for trading	92,918	65	92,983
Available-for-sale financial assets **(Note 12)**	1,220,258	(4,985)	1,215,273
Debt securities	*1,199,613*	*(429)*	*1,199,184*
Equity instruments	*20,645*	*(4,556)*	*16,089*
Loans and receivables **(Note 13)**	13,459,778	(1,032,396)	12,427,382
Loans and advances to credit institutions	*420,196*		*420,196*
Loans and advances to customers	*11,758,238*	*(957,158)*	*10,801,080*
Debt securities	*1,281,344*	*(75,238)*	*1,206,106*
Held-to-maturity investments **(Note 14)**	6,460,534	1,266	6,461,800
Hedging derivatives **(Note 15)**	10,858		10,858
Non-current assets held for sale **(Note 16)**	112,359	(30,117)	82,242
Investments **(Note 17)**	141,578	15,207	156,785
Associates	*77,415*	*(7,252)*	*70,163*
Jointly controlled entities			
Group entities	*64,163*	*22,459*	*86,622*
Tangible assets **(Note 18)**	162,172	(37,123)	125,049
Intangible assets **(Note 19)**	3,441	37,379	40,820
Tax assets **(Note 23)**	9,642	1,683,336	1,692,978
Other assets	33,533		33,533
Liabilities			
Financial liabilities held for trading	99,793		99,793
Financial liabilities at amortized cost **(Note 21)**	19,106,201	(481,713)	18,624,488
Deposits from central banks and credit institutions	*7,706,530*		*7,706,530*
Customer deposits	*10,456,589*	*(65,813)*	*10,390,776*
Marketable debt securities			
Subordinated liabilities	*415,843*	*(415,900)*	*(57)*
Other financial liabilities	*527,239*		*527,239*
Hedging derivatives **(Note 15)**	78,935		78,935
Provisions **(Note 22)**	246,955	794,029	1,040,984
Tax liabilities **(Note 23)**	17,804	235,493	253,297
Other liabilities	26,846		26,846
Equity	**2,228,755**	**84,823**	**2,313,578**
Consideration transferred (9,748,666 shares) (*) (Note 24)			**25,502**
Negative goodwill in the business combination			**2,288,076**

(*) Calculated at the market value of June 19, 2013 (€2.616 per share).

CaixaBank applied the acquisition method, identifying itself as the acquirer, and measured the identifiable assets acquired and liabilities assumed at their acquisition-date fair values, in accordance with IFRS 3. The merger generated negative goodwill of €2,288 million. Total fair-value adjustments to Banco de Valencia's individual net equity at the date of the integration were €85 million.

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

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

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

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

- The wholesale debt issues, including treasury shares, were estimated at their fair values.

- Liabilities and contingent liabilities were measured at the best estimate of the outflow of resources expected to be required.

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

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

The expenses incurred in the transaction and recognized in the income statement amounted to €2.7 million.

The negative goodwill arising from the merger was recognized in profit and loss for 2013. The tax treatment of the negative goodwill respects double taxation avoidance principles. The negative goodwill amounts to €2,288 million, gross and net of tax.

Consolidated ordinary income, considered as consolidated gross income, contributed by the acquiree from the acquisition date (January 1) was €199 million. This amount was based on the best available estimate, as the merger and technological integration for accounting purposes were carried out in July 2013, after which Banco de Valencia's individual income statement was not available.

Appendix 5 shows the balance sheet prepared by the directors of Banco de Valencia, which coincides with the merger balance sheet included in the Merger Agreement on file at the Companies Register.

Appendix 6 presents a detail of the depreciable assets included in CaixaBank's balance sheet according to the year acquired by Banco de Valencia.

Acquisition of CASER's stakes in Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones

As part of the plan to reorganize Banca Cívica's insurance portfolio, in March 2013, CaixaBank entered into a sale and purchase agreement with CASER to acquire the latter's 50% holdings in Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones.

This move gave CaixaBank control over these three companies, as it previously held 50% stakes in each. The total amount paid in the transaction was €215,500 thousand. This amount included the costs for breaking the shareholder agreements, which included exclusivity clauses. In the allocation of the purchase price paid for Banca Cívica, CaixaBank had recognized a provision in this connection, which was used in the transaction (see Notes 17.3 and 22), for an amount of €63 million.

Subsequently, in order to manage all the insurance businesses appropriately, on March 26, 2013, the Company sold its entire stakes in Cajasol Vida y Pensiones and Caja Canarias de Vida y Pensiones to VidaCaixa, SA de Seguros y Reaseguros (a wholly owned CaixaBank subsidiary) for €113,500 thousand and €93,900 thousand, respectively. The gain was not significant for the Company.

Final accounting of the business combination with Banca Cívica in 2012

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

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

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

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

The geographic fit of CaixaBank and Banca Cívica significantly enhanced the CaixaBank Group's presence in major areas. In addition, the merger has bolstered its competitive position, increases its profitability and allows for greater exploitation of economies of scale.

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

On July 26, 2012, all the conditions precedent of the Merger were fulfilled. Therefore, as stipulated in the Merger Plan, CaixaBank took control of Banca Cívica's assets and liabilities. On August 3, 2012, the public merger deed was officially placed on record in the Companies Register. With it, Banca Cívica was merged and absorbed by CaixaBank and extinguished.

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

The share capital of Banca Cívica at the date of approval of the merger consisted of 497,142,800 shares, and pursuant to the merger agreement, CaixaBank had to carry out the exchange of shares with treasury shares and newly issued shares. The exchange did not take into account the shares of Banca Cívica held by CaixaBank or Banca Cívica's treasury shares, which were to be canceled. Accordingly, the value of the consideration given in the business combination was as follows:

Consideration transferred

Number of Banca Cívica shares included in the exchange **(1)**	486,556,800
Number of CaixaBank shares to be delivered	304,098,000
Share price at the date control was assumed (euros/share) **(2)**	2,549
Market value of shares delivered (thousands of euros)	**775,146**
Write-off of Banca Cívica shares held by CaixaBank (thousands of euros)	2,947
Value of consideration (thousands of euros)	**778,093**

(1) Number of shares following cancellation of Banca Cívica shares held by CaixaBank (1,850,043 shares) and Banca Cívica treasury shares (8,735,957 shares).
(2) Share price at July 26, 2012.

CaixaBank carried out the exchange with a combination of 71,098,000 CaixaBank treasury shares and 233,000,000 newly issued shares pursuant to the capital increase agreed at the CaixaBank Extraordinary General Meeting of June 26, 2012 and placed on record at the Companies Register on August 3, 2012. The CaixaBank shares delivered in the exchange granted holders the same rights as the rest of the holders of CaixaBank shares.

The fair values at July 1, 2012, the date of retrospective application, of the assets and liabilities of Banca Cívica acquired and included in CaixaBank's separate balance sheet and disclosed in Note 7 in CaixaBank's 2012 financial statements, were as follows:

	Thousands of euros
	Amount
Assets:	
Cash and deposits at central banks	830,524
Financial assets held for trading	208,181
Available-for-sale financial assets	11,105,110
Debt securities	*10,472,181*
Equity instruments	*632,929*
Loans and receivables	52,028,299
Loans and advances to credit institutions	*2,600,181*
Loans and advances to customers	*46,741,840*
Debt securities	*2,686,278*
Held-to-maturity investments	–
Hedging derivatives	707,318
Non-current assets held for sale	240,695
Investments	998,251
Associates	*164,760*
Jointly controlled entities	*165,295*
Group entities	*668,196*
Tangible assets	889,099
Intangible assets	201,591
Tax assets	3,585,416
Other assets	182,682
Liabilities	
Financial liabilities held for trading	135,915
Financial liabilities at amortized cost	68,965,650
Deposits from central banks and credit institutions	*18,396,231*
Customer deposits	*43,856,124*
Marketable debt securities	*3,559,654*
Subordinated liabilities	*2,758,174*
Other financial liabilities	*395,467*
Adjustments to financial liabilities – macro-hedges	(595,955)
Hedging derivatives	190,723
Provisions	1,618,581
Tax liabilities	1,072,325
Other liabilities	152,195
Consideration transferred	**778,093**
Goodwill	**1,340,361**

CaixaBank applied the acquisition method, identifying itself as the acquirer, and measured the identifiable assets acquired and liabilities assumed at their fair values, in accordance with IFRS 3. According to the provisional measurement, the transaction generated €1,340,361 thousand of goodwill, which included, *inter alia*, future results, expected synergies and the intangible assets that did not qualify for separate recognition. This goodwill was assigned to the Banking Business in Spain CGU and was not tax deductible. The accounting standard allows the acquirer to report provisional amounts for the assets acquired and liabilities assumed for no more than one year. The amounts were based on the best available estimate at the date of preparation of the 2012 financial statements and were provisional. Total net fair-value adjustments to Banca Cívica's individual equity at the date of the integration were, provisionally, a negative €2,718,655 thousand.

Under IFRS 3, the measurement period shall not exceed one year from the acquisition date. During this period, the acquirer may retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

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

	Thousands of euros
	Amount of adjustment
Goodwill **(Note 19)**	700,000
Loans and receivables	(1,000,000)
Deferred tax assets (net)	300,000

The above adjustments had no impact on the Company's net equity and complete the provisional accounting made on July 1, 2012 and included in the 2012 financial statements. The definitive goodwill arising from the business combination amounted to €2,040,361 thousand.

Business combinations – 2012

Banca Cívica Vida y Pensiones, SA, Cajaburgos Vida, SA and Can Seguros de Salud, SA business combination
In line with the plan to reorganize Banca Cívica's insurance portfolio, in October 2012, CaixaBank entered into a sale purchase agreement with AEGON to acquire 50% of the shares the latter held in Banca Cívica Vida y Pensiones, Cajaburgos Vida and Can Seguros de Salud. This move gave CaixaBank control over these companies, as it previously held, directly or indirectly, the remaining 50% stakes. The total amount paid in the transaction was €190 million. This amount included the costs for breaking the shareholder agreements, which included exclusivity clauses. In the purchase price allocation, CaixaBank recognized a provision in this connection, which was used in the transaction (see Note 22). After the transaction, the investments in the three companies were carried at their fair values (see Note 17) and Banca Cívica Vida and Pensiones y Cajaburgos Vida merged.

9. REMUNERATION OF "KEY MANAGEMENT PERSONNEL AND EXECUTIVES"

Under the provisions of Bank of Spain Circular 4/2004, "key management personnel and executives" at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any member of the Board of Directors and Senior Management. By virtue of their positions, this group of persons is considered to be a "related party," and as such subject to the disclosure requirements described in this Note.

Persons who have certain kinship or personal relationships with "key management personnel and executives" are also considered related parties, along with companies in which control, significant influence or significant voting power is exercised by key employees or any of the aforementioned persons in their family environment. The transactions carried out by the CaixaBank Group with the abovementioned parties and other related parties are disclosed in Note 40.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body in 2013 and 2012 are shown below. Since December 12, 2013, the Board of Directors has been composed of 18 members. At December 31, 2012, it was composed of 19 members.

Board of Directors

			Thousands of euros			
			Remuneration			
			2013		2012	
Name	Position	Type of director	From the Entity	From Group companies	From the Entity	From Group companies
Isidre Fainé Casas	Chairman	Proprietary	1,108		1,115	
Juan María Nin Génova **(1)**	Deputy Chairman	Executive	2,653	90	2,592	90
Eva Aurín Pardo **(2)**	Director	Proprietary	81		41	
María Teresa Bartolomé Gil **(7) (3)**	Director	Proprietary			45	
María Teresa Bassons Boncompte **(2)**	Director	Proprietary	81		41	
Fundación Caja Navarra, represented by Juan Franco Pueyo **(4)**	Director	Proprietary	81		20	
Fundación de Carácter Especial Monte San Fernando, represented by Guillermo Sierra Molina **(4)**	Director	Proprietary	81		20	
Isabel Estapé Tous **(8)**	Director	Independent	135		144	
Salvador Gabarró Serra	Director	Proprietary	108		115	
Susana Gallardo Torrededía	Director	Independent	135		126	
Javier Godó Muntañola	Director	Proprietary	108	90	115	90
Enrique Goñi Beltrán **(5)**	Director	Proprietary			10	
Javier Ibarz Alegría **(2)**	Director	Proprietary	108		55	
Inmaculada Juan French **(3)**	Director	Proprietary			45	90
David Li Kwok-po	Director	Other external	81		86	
María Dolors Llobet María	Director	Proprietary	108	100	115	100
Juan José López Burniol **(6)**	Director	Proprietary	108		115	
Jordi Mercader Miró **(3)**	Director	Proprietary			60	530
Alain Minc	Director	Independent	108		115	
Miquel Noguer Planas **(3)**	Director	Proprietary			45	190
Antonio Pulido Gutiérrez **(5)**	Director	Proprietary			10	
John S. Reed	Director	Independent	81		86	
Leopoldo Rodés Castañé	Director	Proprietary	81		86	
Juan Rosell Lastortras	Director	Other external	81		104	
Francesc Xavier Vives Torrents	Director	Independent	108		115	
Total			**5,435**	**280**	**5,421**	**1,090**

(1) On June 30, 2011 Mr. Nin became Deputy Chairman - CEO of CaixaBank and was re-elected on April 19, 2012. Includes non-cash and variable remuneration and other long-term benefits payable.
(2) Additions due to appointments at the Extraordinary General Shareholders' meeting held on June 26, 2012.
(3) Resigned from the Board of Directors on May 22, 2012, with effect from June 26, 2012.
(4) Savings banks appointed to the Board of Directors on September 20, 2012 On January 23, 2013, the resignation tendered by Mr. Asiáin was accepted and Mr. Juan Franco Pueyo was appointed representative of Caja Navarra. Currently called Fundación Caja Navarra and Fundación de Carácter Especial Monte San Fernando.
(5) Appointed at the Extraordinary General Meeting held on June 26, 2012, subject to registration of the merger with Banca Cívica. Departures due to resignation on September 20, 2012.
(6) Addition due to appointment at the Ordinary Annual General Meeting of May 12, 2011.
(7) Addition on January 26, 2012.
(8) Departure on December 12, 2013.
Note: This amount includes fixed remuneration, non-cash payments and total variable remuneration assigned to the directors. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the director in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

The Board of Directors approved a 10% cut in their remuneration as directors starting August 1, 2012.

CaixaBank has a group third-party liability insurance policy to cover its Board members and Senior Management. The premiums paid in this connection in 2013 and 2012 were €779 thousand and €780 thousand, respectively.

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

Remuneration received in 2013 and 2012 by the Board members of CaixaBank in connection with their duties as representatives of the Entity on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies (excluding group companies) amounted to €1,049 thousand and €1,119 thousand, respectively, recognized in the companies' respective income statements.

Remuneration of Senior Management

CaixaBank's Senior Management at December 31, 2013, comprised 12 persons, holding the following positions at the Entity: CEOs (5), Senior Executive Vice Presidents (4), Executive Directors (2) and General Secretary (1). At December 31, 2012, the Senior Management of CaixaBank comprised 11 executives. One member departed around mid 2013 and two new members joined in the last quarter of 2013, and are therefore included in the total remuneration paid in the year.

The total remuneration paid in 2013 and 2012 to Senior Management of CaixaBank is set out in the table below. This remuneration is recognized in "Personnel expenses" in CaixaBank's income statement.

	Thousands of euros	
	2013	2012
Short-term remuneration	10,289	9,286
Post-employment benefits	1,674	2,554
Other long-term benefits	232	178
Total	**12,195**	**12,018**

Note: This amount includes fixed remuneration, non-cash payments and total variable remuneration assigned to Senior Management. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already 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.

The remuneration paid in 2013 and 2012 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 stood at €586 thousand and €592 thousand, respectively, recognized in the income statements of these companies.

Other disclosures concerning the Board of Directors

Article 229 of the revised Spanish Corporate Enterprises Act approved by Royal Decree-Law 1/2010 of July 2 (LSC) requires directors to inform the company of the direct or indirect stakes they and their affiliates (pursuant to Article 231 of the LSC) hold in any company with the same, analogous or similar corporate purpose to that of the company in which they are directors, and the positions or duties they perform therein.

In this connection, the Company's directors have informed of the following at December 31, 2013:

Holder	Company	Shares	% stake	Business activity	Position	Company represented
Isidre Fainé Casas	"la Caixa"			Banking	Chairman	–
Isidre Fainé Casas	Banco BPI, SA			Banking	Director	–
Isidre Fainé Casas	The Bank of East Asia, Limited			Banking	Director	–
Isidre Fainé Casas	Banco Santander	75,301	0.00%	Banking	–	–
Isidre Fainé Casas	The Royal Bank of Scotland	42,305	0.00%	Banking	–	–
Isidre Fainé Casas	CitiGroup	11,074	0.00%	Banking	–	–
Eva Aurín Pardo	"la Caixa"			Banking	Director	–
Eva Aurín Pardo	Banco Santander	7,661	0.00%	Banking	–	(ownership of related person)
Eva Aurín Pardo	Banco Santander	835	0.00%	Banking	–	(ownership of related person)
Eva Aurín Pardo	Bankia	5,200	0.00%	Banking	–	(ownership of related person)
Maria Teresa Bassons Boncompte	"la Caixa"			Banking	Director	–
Maria Teresa Bassons Boncompte	BBVA	2,193	0.00%	Banking	–	–
Maria Teresa Bassons Boncompte	BBVA	498	0.00%	Banking	–	(ownership of related person)
Maria Teresa Bassons Boncompte	Banco Santander	1,745	0.00%	Banking	–	–
Maria Teresa Bassons Boncompte	Deutsche Bank	554	0.00%	Banking	–	–
Salvador Gabarró Serra	"la Caixa"			Banking	First Vice-Chairman	–
Juan José López Burniol	"la Caixa"			Banking	Director	–
Susana Gallardo Torrededía	Percibil, SA	15,000	100.00%	Finance	–	–
Susana Gallardo Torrededía	Susanvest, SL	3,010	100.00%	Finance	–	Through Percibil, SL
Susana Gallardo Torrededía	Inversiones Agrippa, SICAV, SA	2,207,120	1.23%	Investment	–	Through Susanvest, SL
Susana Gallardo Torrededía	Inversiones Agrippa, SICAV, SA	271,414	0.16%	Investment	–	–
Susana Gallardo Torrededía	Balema de Inversiones, SICAV, SA	672,649	98.67%	Investment	Director	–
Susana Gallardo Torrededía	Red Rock Invest	8,947,278	99.99%	Investment	Chairwoman	indirect ownership
Susana Gallardo Torrededía	Gesprisa Inversiones, SICAV, SA	48,679	0.32%	Investment	Vice Chairwoman	–
Susana Gallardo Torrededía	Gesprisa Inversiones, SICAV, SA	218,864	1.45%	Investment	Vice Chairwoman	indirect ownership
Susana Gallardo Torrededía	Landon Invest, SCR, SA		0.82%	Venture capital	Director	indirect ownership
Susana Gallardo Torrededía	Herprisa Inversiones, SICAV, SA			Investment	Chairwoman	–
Susana Gallardo Torrededía	Pronovias, SL			Finance	Director	–
Susana Gallardo Torrededía	Pronovias International Group			Finance	Director	–
Javier Godó Muntañola	"la Caixa"			Banking	Second Vice-Chairman	–
Javier Godó Muntañola	VidaCaixa, SA			Insurance	Director	–
Javier Ibarz Alegria	"la Caixa"			Banking	Director	–
David Li Kwok-po	The Bank of East Asia, Limited	59,979,318	2.62%	Banking	Executive Chairman	–
David Li Kwok-po	The Bank of East Asia, Limited	164,935	0.01%	Banking	–	indirect ownership
Penny Li (wife)	The Bank of East Asia, Limited	1,811,380	0.08%	Banking	–	–
Adrian Li (son)	The Bank of East Asia, Limited	822,893	0.04%	Banking	Deputy Chief Executive	–
Adrian Li (son)	The Bank of East Asia, Limited	1,101,548	0.05%	Banking	Deputy Chief Executive	indirect ownership
Brian Li (son)	The Bank of East Asia, Limited	2,000,000	0.09%	Banking	Deputy Chief Executive	–
Adrienne Li (granddaughter)	The Bank of East Asia, Limited	6,347	0.00%	Banking	–	–
Arthur Li (brother)	The Bank of East Asia, Limited	10,646,183	0.46%	Banking	Deputy Chairman	–
Arthur Li (brother)	The Bank of East Asia, Limited	14,936,203	0.65%	Banking	Deputy Chairman	indirect ownership
Maria Dolors Llobet Maria	"la Caixa"			Banking	Director	–
Maria Dolors Llobet Maria	Nuevo Micro Bank, SAU			Finance	Director	–
Juan María Nin Génova	"la Caixa"			Banking	General Manager	–
Juan María Nin Génova	VidaCaixa, SA			Insurance	Director	–
Juan María Nin Génova	Banco BPI, SA			Banking	Director	–
Juan María Nin Génova	Erste Group Bank AG			Banking	Director	–
Juan María Nin Génova	Grupo Financiero Inbursa			Banking	Director	–
Juan María Nin Génova	BNP	2,000	0.00%	Banking	–	indirect ownership
Juan María Nin Génova	Deutsche Bank	1,500	0.00%	Banking	–	indirect ownership
Juan María Nin Génova	Banco Santander	23,199	0.00%	Banking	–	indirect ownership
Juan María Nin Génova	BBVA	11,185	0.00%	Banking	–	indirect ownership
Juan María Nin Génova	BBVA	5,925	0.00%	Banking	–	–
Leopoldo Rodés Castañé	"la Caixa"			Banking	–	(until 27/6/2013)
Leopoldo Rodés Castañé	Grupo Financiero Inbursa			Banking	Director	–

Additionally, Article 229 of the LSC stipulates that directors must report any direct or indirect conflicts of interest they may have with the company in which they are directors.

To this effect, the Board was notified of any conflicts of interest and, where applicable, affected Board members abstained from participating in any agreements or decisions relating to the transaction giving rise to the conflict of interest. Details of all conflicts of interest arising during the year are disclosed in the Annual Corporate Governance Report that forms part of the management report of these annual financial statements.

According to Article 230 of the LSC, directors may not, for their own account or the account of others, engage in a business that is the same as or analogous or supplementary to the business constituting CaixaBank's corporate purpose, without explicit authorization from the general meeting.

At the Annual General Meeting held in May 2011, the shareholders authorized, in accordance with Article 230 of the LSC, the Company's Board of Directors to own stakes in and hold positions and functions at companies whose core or ancillary business involves owning securities and does not represent effective competition with the Company's business.

In accordance with the new corporate purpose previously submitted for approval at this General Meeting, which reflects the corporate purpose inherent to a financial institution, the shareholders resolved to authorize Board member David K.P. Li to directly and indirectly hold interests and positions and to perform duties in The Bank of East Asia group companies. This authorization also extended to holding positions and performing duties directly or indirectly in subsidiaries on behalf of The Bank of East Asia deriving from holding the interest or position and performing duties in this parent company.

Lastly, the shareholders authorized the Company's proprietary and executive directors to hold positions and perform duties on behalf of or in the best interest of the Company or "la Caixa" in the "la Caixa" Group's investee companies that are engaged in the same, similar or complementary businesses to that of the current corporate purpose of the Company.

CaixaBank shares held by Board members

At December 31, 2013, the (direct and indirect) stakes held by members of the Board of Directors in the share capital of the Company are as follows:

	No. of shares	Percentage **(1)**
Isidre Fainé Casas	675,745	0.014%
Juan María Nin Génova	376,997	0.008%
Eva Aurín Pardo	1,290	0.000%
María Teresa Bassons Boncompte	3,775	0.000%
Fundación Caja Navarra	52,200,000	1.053%
Fundación de Carácter especial Monte San Fernando	50,015,625	1.009%
Salvador Gabarró Serra	8,235	0.000%
Susana Gallardo Torrededía	61,592	0.001%
Javier Godó Muntañola	1,447,205	0.029%
Javier Ibarz Alegría	1,068	0.000%
David Li Kwok-po		0.000%
Juan José López Burniol	21,560	0.000%
María Dolors Llobet María	814	0.000%
Alain Minc	11,762	0.000%
John S. Reed	11,427	0.000%
Leopoldo Rodés Castañé	11,407	0.000%
Juan Rosell Lastortras	38,525	0.001%
Francesc Xavier Vives Torrents	3,046	0.000%
Total	**104,890,073**	**2.116%**

(1) % calculated on issued capital at December 31, 2013.

10. CASH AND DEPOSITS AT CENTRAL BANKS

The breakdown of this item in the balance sheet is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Cash	1,508,803	1,329,592
Deposits at central banks	5,458,444	6,525,482
Total	**6,967,247**	**7,855,074**

The balance of "Deposits at central banks" at December 31, 2013 and 2012 included €3,000 million and €4,000 million, respectively, invested in the European Central Bank (deposit facility) and balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities. The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

The average effective interest on deposits at central banks was 0.24% and 3.38% in 2013 and 2012, respectively.

11. HELD-FOR-TRADING PORTFOLIO (ASSETS AND LIABILITIES)

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

The detail of the balance of this heading in the balance sheet is as follows:

	Thousands of euros			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Debt securities	3,619,837		1,489,723	
Equity instruments	95,756		85,840	
Trading derivatives	8,477,663	8,433,602	15,723,114	15,752,917
Short positions		1,621,418		1,548,384
Total	**12,193,256**	**10,055,020**	**17,298,677**	**17,301,301**

Debt securities

The detail, by counterparty, of the balance of this item is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Spanish government debt securities	3,211,069	1,259,991
Treasury bills	13,217	112,034
Government bonds and debentures	2,709,264	742,408
Other issues	488,588	405,549
Foreign government debt securities	314,916	162,948
Issued by credit institutions	53,143	62,770
Other Spanish issuers	40,709	3,197
Other foreign issuers		817
Total	**3,619,837**	**1,489,723**

The detail, by rating, of the balance of this item is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
AAA	1,558	37,388
AA+	149,954	240
AA	52,705	
AA–	10,492	531
A+		
A		
A–	13,217	182,389
BBB+	49,681	
BBB	219,606	237,274
BBB–	3,086,652	1,016,755
Investment grade	**3,583,865**	**1,474,577**
	99.0%	**99.0%**
BB+		876
BB	494	1,682
BB–	11,210	650
B+	1,994	182
B	4,650	255
B–	6,410	4,086
CCC–		
No rating	11,214	7,415
Non-investment grade	**35,972**	**15,146**
	1.0%	**1.0%**
Total	**3,619,837**	**1,489,723**

The average effective interest rate on the trading portfolio in 2013 and 2012 was 3.89% and 4.69%, respectively.

Spain's sovereign credit rating at December 31, 2013 and 2012 was BBB–.

Equity instruments

The detail, by counterparty, of this item is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Shares in Spanish companies	93,251	84,705
Shares in foreign companies	2,505	1,135
Total	**95,756**	**85,840**

Trading derivatives

The detail, by type of product, of the fair value of the Entity's trading derivatives at December 31, 2013 and 2012 is as follows:

Fair value by product

	Thousands of euros			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**462,124**	**436,395**	**168,814**	**228,879**
Purchases of foreign currencies against euros	11,281	323,823	164,996	
Purchases of foreign currencies against foreign currencies	114,332	102,415	3,818	3,818
Sales of foreign currencies against euros	336,511	10,157		225,061
Acquisitions and sales of financial assets	**4,093**	**23,581**	**181**	**10,554**
Acquisitions	313		9	92
Sales	3,780	23,581	172	10,462
Share options	**85,640**	**60,635**	**94,109**	**87,891**
Bought	85,640		94,109	
Issued		60,635		87,891
Interest rate options	**216,392**	**195,837**	**219,858**	**201,828**
Bought	216,392		219,858	
Issued		195,837		201,828
Foreign currency options	**8,035**	**10,648**	**4,984**	**9,513**
Bought	8,035		4,984	
Issued		10,648		9,513
Other share and interest rate transactions	**6,779,007**	**6,734,888**	**14,165,196**	**14,089,453**
Share swaps	124,911	102,646	229,132	211,444
Future rate agreements (FRAs)	2,820	2,707	8,503	6,808
Interest rate swaps	6,651,276	6,629,535	13,927,561	13,871,201
Credit derivatives	**–**	**–**	**5,531**	**8,129**
Bought			5,531	
Sold				8,129
Commodity derivatives and other risks	**922,372**	**971,618**	**1,064,441**	**1,116,669**
Swaps	919,634	970,246	1,063,465	1,115,549
Bought	2,738		976	
Sold		1,372		1,121
Total	**8,477,663**	**8,433,602**	**15,723,114**	**15,752,917**

The breakdown by market and counterparty of the fair value of trading derivatives is as follows:

Fair value by counterparty

	Thousands of euros			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Organized markets	**3,288**	**7,898**	**4,819**	**20,887**
OTC markets	**8,474,375**	**8,425,704**	**15,718,295**	**15,732,030**
Credit institutions	3,797,648	5,921,801	3,781,135	6,617,272
Other financial entities	3,752	7,461	132	375
Other sectors	4,672,975	2,496,442	11,937,028	9,114,383
Total	**8,477,663**	**8,433,602**	**15,723,114**	**15,752,917**

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

Short positions

The detail, by product type, of short positions is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
On securities lending agreements	**–**	**6,501**
Equity instruments		6,501
On overdrafts on repurchase agreements	**1,621,418**	**1,541,883**
Debt securities	1,621,418	1,541,883
Total	**1,621,418**	**1,548,384**

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

Available-for-sale financial assets are initially measured at fair value, with any changes, less the related tax effect, recognized with a balancing entry under “Equity – Valuation adjustments – Available-for-sale financial assets” and “Equity – Valuation adjustments – Exchange differences” in the balance sheet. The accrued returns on these securities, in the form of interest or dividends, are recognized under “Interest and similar income” and “Return on equity instruments,” respectively, in the accompanying income statement.

The breakdown, by type of transaction, of the balance of this item in the balance sheet is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Debt securities	**19,922,074**	**18,830,871**
Spanish government debt securities	15,866,484	14,662,045
Treasury bills	*198,712*	*1,681,423*
Government bonds and debentures	*14,538,761*	*10,302,060*
Other issues	*1,129,011*	*2,678,562*
Foreign government debt securities	422,379	472,111
Issued by credit institutions	2,255,955	2,296,966
Other Spanish issuers	1,000,983	1,197,626
Other foreign issuers	376,273	202,123
Equity instruments	**3,549,835**	**3,151,603**
Shares in quoted companies	3,068,494	2,745,702
Shares in unquoted companies	481,341	405,901
Subtotal	**23,471,909**	**21,982,474**
Total	**23,471,909**	**21,982,474**

The assets of Banco de Valencia were included at their fair value at the date of the business combination of €1,199,184 thousand (see Note 8).

The detail of the balance of debt securities, by rating, is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
AAA	75,370	81,223
AA+	352,133	416,354
AA	31,957	
AA–	44,626	86,535
A+	36,383	23,324
A	21,301	33,064
A–	618,822	1,114,737
BBB+	398,875	350,131
BBB	838,311	489,160
BBB–	17,334,392	14,300,235
Investment grade	**19,752,170**	**16,894,763**
	99.1%	**89.7%**
BB+	4,186	40,026
BB	73,523	1,626,557
BB–	11,485	24,192
B+		1,468
B	2,994	8,205
B–		6,591
CCC	1,311	16,079
CCC–		
CC	1,414	21,254
C	684	37,747
D	309	413
No rating	73,998	153,576
Non-investment grade	**169,904**	**1,936,108**
	0.9%	**10.3%**
Total	**19,922,074**	**18,830,871**

Standard&Poor's long-term sovereign credit rating on the Kingdom of Spain at December 31, 2013 was BBB– (unchanged from December 31, 2012).

The average effective interest rate on the portfolio of available-for-sale debt instruments was 4.14% and 3.06% in 2013 and 2012, respectively.

In December 2013, a nominal amount of €1,878 million of bonds issued by the Autonomous Governments was reclassified to "Held-to-maturity investments" (see Note 14).

The table below shows the main variations in "Equity instruments" in the accompanying balance sheet:

2013
Available-for-sale financial assets – Equity instruments

	Thousands of euros		
	Quoted	Unquoted	Total
Balance at 31/12/2012	**2,745,702**	**405,901**	**3,151,603**
Addition due to integration of Banco de Valencia **(1)**	8,881	7,208	16,089
Acquisitions	66,408	4,070	70,478
Share capital increases	3,000	32,280	35,280
Sales	(224,171)	(17,654)	(241,825)
Amounts transferred to income statement	(8,509)	(2,891)	(11,400)
Valuation adjustments **(2)**	460,941	2,901	463,842
Impairment losses **(Note 36)**	(368)	(46,823)	(47,191)
Other **(3)**	16,610	96,349	112,959
Balance at 31/12/2013	**3,068,494**	**481,341**	**3,549,835**

(1) Addition of the portfolio from Banco de Valencia at fair value (see Note 8).
(2) This figure relates mainly to the valuation adjustment of Telefónica, SA.
(3) "Unquoted" includes Inversiones Financieras Agval, which was reclassified from associate (see Note 17.1), with no significant impact on equity or results.

2012
Available-for-sale financial assets – Equity instruments

	Thousands of euros		
	Quoted	Unquoted	Total
Balance at 31/12/2011	**3,472,524**	**99,659**	**3,572,183**
Addition due to integration of Banca Cívica **(1)**	360,132	272,797	632,929
Acquisitions	357,338	3,205	360,543
Share capital increases	73,987	124,495	198,482
Sales	(710,277)	(96,184)	(806,461)
Amounts transferred to income statement	47,249	(1,016)	46,233
Valuation adjustments **(2)**	(805,863)	1,032	(804,831)
Impairment losses **(Note 36)**	(22,056)		(22,056)
Other	(27,332)	1,913	(25,419)
Balance at 31/12/2012	**2,745,702**	**405,901**	**3,151,603**

(1) Addition of the portfolio from Banca Cívica at fair value (see Note 8).
(2) This figure relates mainly to the valuation adjustment of Telefónica, SA.

In 2013, a number of investments in equity instruments classified as available-for-sale financial assets were sold, mostly from Banca Cívica's portfolio. None of the transactions individually was significant. The disposal of non-strategic equity instruments classified in the available-for-sale portfolio generated a profit before tax of €3,657 thousand recognized in "Gains/(losses) on financial assets and liabilities" (see Note 31).

The most significant changes in 2013 and 2012 in available-for-sale equity instruments were as follows:

Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb)
In December 2012, CaixaBank signed a joint agreement with the FROB, Banco Santander, Banco Sabadell, Banco Popular and KutxaBank to invest in the SAREB.

In December 2012, the Company subscribed and paid for a capital increase by SAREB of €118 million, including the share premium. Subsequently, on February 13, 2013, the Company subscribed and paid for a new capital increase by SAREB of €31 million, including the share premium, leaving its investment at December 31, 2013 at €149 million.

At December 31, 2013, CaixaBank's stake in SAREB was 12.44%.

Meanwhile, at December 31, 2013 and 2012, VidaCaixa, SA de Seguros y Reaseguros held an investment in SAREB subordinated debt for a nominal amount of €432 million.

As of December 31, 2013, CaixaBank and its subsidiaries complied with all their investment commitments in the SAREB.

Telefónica, SA

In 2013, CaixaBank increased its stake in Telefónica, SA by directly investing €66 million, representing a 0.13% stake. It also sold shares representing a 0.31% stake, generating a pre-tax gain of €8 million.

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

In November 2012, in relation to the offer to purchase preference shares of Telefónica Finance USA LLC and, simultaneously, the binding offer to sell ordinary shares of Telefónica (held as treasury shares), and the subscription of newly issued plain vanilla bonds of Telefónica, CaixaBank accepted the offer and received 466,578 Telefónica shares at a price of €10.1642 per share, representing a 0.010% stake. It also sold shares representing a 0.13% stake, generating pre-tax gains of €2.7 million.

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

CaixaBank's ownership interest in Telefónica, SA at December 31, 2013 stood at 5.37%. The market value of the stake in Telefónica at December 31, 2013 was €2,895 million.

As the holding in Telefónica is considered to be strategic, the capital gains on sales are recognized under "Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (see Note 39).

Key data on the main investments classified as available-for-sale financial assets are as follows:

	Thousands of euros				
Corporate name	Registered office	% interest	% voting rights	Equity	Profit/(loss) for 2012
Telefónica, SA **(1)**	Gran Vía, 28 28013 Madrid	5.37%	5.37%	27,661,355	3,928,050
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (Sareb)	Paseo de la Castellana, 89 28046 Madrid	12.44%	12.44%	950,322	(5,488)
Caser, Compañía de Seguros y Reaseguros, SA	Avenida de Burgos, 109 28050 Madrid	5.48%	5.48%	680,438	(159,715)
Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros, SA **(1) (2)**	Plaza Lealtad, 1 28014 Madrid	5.01%	5.01%	412,631	135,473
Deoleo, SA	Paseo de la Castellana, 51 Madrid	5.28%	5.28%	560,650	(245,565)

(1) Listed company.
(2) Sold in 2014 (see Note 1 – Events after the reporting period).

Impairment of debt securities classified as available-for-sale financial assets
For debt securities, the Company considers as indicators of potential impairment, inter alia, data evidencing a decrease in the estimated future cash flows, a decline in the price of the securities, a downgrade of the issuer's credit rating, information on the country's market and sovereign risk. Where such indications exist, an assessment is performed to determine whether there is objective evidence that the asset is impaired and that its carrying amount cannot be recovered. In these cases, the impairment is recognized under "Impairment losses on financial assets" (see Note 36).

Impairment of equity instruments classified as available-for-sale financial assets
CaixaBank tested all the equity instruments classified as available-for-sale financial assets for impairment to recognize any corrections to their carrying amounts, as applicable. In this respect, equity instruments are considered impaired in the event of a continued decline in price over a period of one-and-a-half years or more than 40%.

These tests uncovered the need to recognize impairment losses in 2013 of €47million, recognized under "Impairment losses on financial assets" (see Note 36).

13. LOANS AND RECEIVABLES

The breakdown of the balance of this item in the balance sheet, based on the nature of the related financial instruments, is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Loans and advances to credit institutions	7,937,189	10,041,548
Loans and advances to customers	215,120,571	227,925,369
Debt securities	3,333,571	4,039,536
Total	**226,391,331**	**243,006,453**

The detail of the main valuation adjustments included in each of the asset categories classified under "Loans and receivables" is as follows:

31/12/2013

	Thousands of euros					
		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	7,930,303	(2,968)	9,916	(62)		7,937,189
Loans and advances to customers	229,394,126	(14,472,118)	592,051	(378,572)	(14,916)	215,120,571
Debt securities	3,296,878		36,693			3,333,571
Total	**240,621,307**	**(14,475,086)**	**638,660**	**(378,634)**	**(14,916)**	**226,391,331**

31/12/2012

	Thousands of euros					
		Valuation adjustments				
	Gross balance	Impairment allowances	Accrued interest	Fees and commissions	Other	Balance
Loans and advances to credit institutions	10,040,113	(2,499)	4,210	(276)		10,041,548
Loans and advances to customers	239,731,930	(12,203,287)	751,064	(432,826)	78,488	227,925,369
Debt securities	4,030,098	(29,309)	38,747			4,039,536
Total	**253,802,141**	**(12,235,095)**	**794,021**	**(433,102)**	**78,488**	**242,006,453**

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	
	31/12/2013	31/12/2012
Demand	**4,198,858**	**4,170,309**
Reciprocal accounts	20,798	614,872
Other accounts	4,178,060	3,555,437
Time	**3,731,445**	**5,869,804**
Time deposits	2,823,651	2,937,074
Reverse repurchase agreement (repos)	902,822	2,927,415
Doubtful assets	4,972	5,315
Total	**7,930,303**	**10,040,113**

The average effective interest rate on financial assets under "Loans and advances to credit institutions" was 1.05% and 0.94% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

The addition of Banco de Valencia led to an increase in the balance of this heading of €420,196 thousand (see Note 8).

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:

Loan type and status

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	9,959,980	13,030,748
Commercial loans	5,203,847	6,240,856
Secured loans	123,714,434	132,810,039
Of which: with mortgage collateral	*122,127,752*	*130,764,573*
Reverse repurchase agreement (repos)	15,055,888	11,995,934
Other term loans	44,191,477	50,476,295
Finance leases	1,786,998	1,807,302
Receivables on demand and others	4,940,035	3,661,106
Doubtful assets	24,541,467	19,709,650
Total	**229,394,126**	**239,731,930**

The integration of Banco de Valencia added €10,801,080 thousand to the balance of this heading (see Note 8).

By counterparty

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	**10,147,507**	**13,127,977**
Spanish public sector	10,108,838	13,089,662
Other countries	38,669	38,315
Private sector	**219,246,619**	**226,603,953**
Resident	214,076,257	220,836,755
Non-resident	5,170,362	5,767,198
Total	**229,394,126**	**239,731,930**

By borrower sector **(CNAE business classification)**

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	10,147,507	13,127,977
Agriculture and fisheries	2,213,570	2,951,967
Industry	13,582,811	13,689,040
Construction	10,869,761	15,350,564
Real estate	32,176,956	33,500,722
Commerce and finance	39,822,402	37,455,302
Private entities	101,569,589	108,043,838
Other	19,011,530	15,612,520
Total	**229,394,126**	**239,731,930**

By interest rate type

	Thousands of euros	
	31/12/2013	31/12/2012
Fixed	38,577,292	37,460,621
Floating	190,816,834	202,271,309
Total	**229,394,126**	**239,731,930**

Loans to public administrations at December 31, 2012, included the financing contributed by CaixaBank of €3,072 million to the syndicated loan arranged by various credit entities with the *Fondo para la Financiación de Pago a Proveedores* (*Fund to Finance Payments to Suppliers*). This fund was set up by the Spanish government to channel the syndicated loan funds to pay outstanding debt owed by local and regional corporations. In addition, in May 2013, this loan was repaid early with proceeds from a bond issue, which resulted in cancellation of the loan and the subscription of six bonds for €512 million each, with the following maturities: November 30, 2014, May 31, 2015, November 30, 2015, May 31, 2016, November 30, 2016 and May 31, 2017 (see Note 14).

The balance of "Receivables on demand and others" included the asset recognized under the scope of the business combination with Banco de Valencia. As indicated in Note 8, within the award to CaixaBank of Banco de Valencia, a protocol of financial support measures implemented through an Asset Protection Scheme was signed, which will see the FROB assuming, over a period of 10 years, 72.5% of any losses from Banco de Valencia's SME/self-employed professionals portfolio and contingent liabilities, once any existing provisions covering these assets have been used. In the purchase price allocation process, an asset was recognized to reflect 72.5% of the expected loss for the protected portfolio, which amounted to €1,203 million. The total expected loss, less provisions, at Banco de Valencia was recognized as an increase in impairment allowances for loans and receivables.

On December 28, 2012, CaixaBank contributed its credit and debit card business to its wholly owned subsidiary Caixa Card 1, EFC, SA, derecognizing €1,726 million from "Loans and advances to customers" (see Note 17.3). In addition, in December 2013, CaixaBank sold this business activity from Banco de Valencia to Caixa Card 1 EFC, SA for €40 million. The amounts drawn on the credit line granted by CaixaBank to Caixa Card 1, EFC, SA at December 31, 2013 and 2012 were €1,233 million and €1,502 million, respectively.

On August 1, 2012, "la Caixa" completed the transfer of Monte de Piedad's activity to CaixaBank. In the reorganization of the Group, "la Caixa" retained this activity. However, as "la Caixa" indirectly carried out its financial activity, it was decided that CaixaBank would channel all of Monte de Piedad's business. Therefore, "la Caixa" sold this business to CaixaBank at its market value via the transfer of its assets and liabilities at a price of €29,718 thousand, including a loan portfolio of €30,469 thousand.

The average effective interest rate on financial assets under "Loans and advances to customers" was 2.71% and 3.31% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include reverse repos or adjustments to income arising from hedging transactions.

"Loans and advances to customers" included €8,828,888 thousand and €9,428,796 thousand at December 31, 2013 and 2012, respectively, corresponding to the outstanding amounts of loans securitized as of January 1, 2004. The assets were not derecognized since substantially all the inherent risks and rewards were retained.

In all types of finance leases marketed by CaixaBank for capital goods or real estate, the risks and rewards are transferred to the lessee. The lease arrangements always contain a purchase option for a value below the fair value of the asset on the market. Where the value of the purchase option is similar to fair value, a repurchase agreement available to the supplier of the asset is added to the lease.

Assets leased under finance leases are recognized at the present value of the lease payments payable by the lessee, plus the guaranteed and non-guaranteed residual value, excluding interest expenses and value-added tax. The detail is as follows:

Finance leases

	Thousands of euros	
	31/12/2013	31/12/2012
Lease payments payable by the lessee	1,586,287	1,611,236
Third-party guarantees	10,613	10,170
Unguaranteed residual value	190,098	185,896
Total	**1,786,998**	**1,807,302**

The changes in the balance of "Doubtful assets" in 2013 and 2012 were as follows:

Doubtful assets

	Thousands of euros	
	2013	2012
Balance at January 1	**19,709,650**	**9,395,366**
Plus:		
Additions due to business combinations **(Note 8)**	1,572,638	6,649,005
Increase due to refinancings	3,287,000	
Additions	13,619,803	11,596,741
Less:		
Foreclosed assets	(4,729,163)	(3,242,850)
Standardized and other assets	(7,135,187)	(3,408,764)
Assets written-off	(1,783,274)	(1,279,848)
Balance at December 31	**24,541,467**	**19,709,650**

Past-due receivables on doubtful assets at December 31, 2013 and 2012 were €2,188,681 and €1,398,603 thousand, respectively, recognized under other memorandum accounts supplementing those in the balance sheet.

The detail of doubtful assets, by loan type and counterparty, is as follows:

Doubtful assets. By type and counterparty

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	**187,527**	**97,228**
Private sector	**24,353,940**	**19,612,422**
Mortgage loans	18,776,489	15,820,550
Other loans	2,775,236	2,238,842
Credit accounts	2,168,145	1,110,587
Of which: with mortgage collateral	*801,449*	*518,917*
Factoring	24,192	22,075
Commercial loans	134,965	83,204
Other credit	474,913	337,164
Total	**24,541,467**	**19,709,650**

Total doubtful assets at December 31, 2013 and 2012, including those that relate to contingent exposures (see Note 25), amounted to €24,933,728 thousand and €19,870,798 thousand, respectively, with NPL ratios of 11.18% and 8.34%, respectively.

The detail, by collateral provided for the asset, of the age of the balances of doubtful assets at December 31, 2013 and 2012, is as follows:

31/12/2013
Terms by guarantee

	Thousands of euros				
	< 6 months	6-9 months	9-12 months	> 12 months	Total
Completed homes, primary residence of the borrower	2,876,868	342,894	359,271	2,338,741	5,917,774
Other completed homes	850,643	268,688	320,689	3,584,943	5,024,963
Rural buildings in use, and completed multi-purpose facilities, premises and offices	663,594	233,940	229,992	1,819,300	2,946,826
Land, lots and other real estate assets	1,058,705	331,179	359,539	3,827,470	5,576,893
Transactions with mortgage collateral	**5,449,810**	**1,176,701**	**1,269,491**	**11,570,454**	**19,466,456**
Other guarantees	1,430,709	545,699	601,478	1,649,841	4,227,727
Negligible-risk transactions	237,205	51,216	55,255	503,608	847,284
Other guarantees	**1,667,914**	**596,915**	**656,733**	**2,153,449**	**5,075,011**
Total	**7,117,724**	**1,773,616**	**1,926,224**	**13,723,903**	**24,541,467**

31/12/2012
Terms by guarantee

	Thousands of euros				
	< 6 months	6-9 months	9-12 months	> 12 months	Total
Completed homes, primary residence of the borrower	896,021	535,343	418,679	1,325,615	3,175,658
Other completed homes	1,171,382	825,042	687,184	2,578,323	5,261,931
Rural buildings in use, and completed multi-purpose facilities, premises and offices	728,624	439,774	389,119	891,588	2,449,105
Land, lots and other real estate assets	1,514,184	740,671	740,420	2,436,607	5,431,882
Transactions with mortgage collateral	**4,310,211**	**2,540,830**	**2,235,402**	**7,232,133**	**16,318,576**
Other guarantees	925,910	279,750	255,932	1,640,432	3,102,024
Negligible-risk transactions	173,430	46,825	31,218	37,577	289,050
Other guarantees	**1,099,340**	**326,575**	**287,150**	**1,678,009**	**3,391,074**
Total	**5,409,551**	**2,867,405**	**2,522,552**	**8,910,142**	**19,709,650**

Total doubtful assets at December 31, 2013 and 2012, including assets classified as doubtful for reasons other than customer arrears, are as follows:

Doubtful assets for reasons other than customer arrears

	Thousands of euros			
	31/12/2013		31/12/2012	
Collateral	Amount	Provision	Amount	Provision
Personal	1,507,347	1,241,539	1,547,571	657,538
Mortgage	4,389,300	1,180,850	2,168,745	659,713
Other	129,479	114,610	175,876	52,390
Total	**6,026,126**	**2,536,999**	**3,892,192**	**1,369,641**

The increase in doubtful assets for reasons other than customer arrears is due mainly to the reclassifications made following the review of refinancing operations (see Note 3.1.1).

The breakdown of assets which, based on the analyses carried out, are considered assets with substandard risk at December 31, 2013 and 2012 is as follows:

Substandard assets

	Thousands of euros			
	31/12/2013		31/12/2012	
Collateral	Amount	Provision **(**)**	Amount	Provision
Substandard amount	5,515,453	1,224,057	7,730,847	1,633,085
Of which: Developers **(Note 3.1.1)**	*1,055,719*	*344,764*	*3,144,178*	*1,097,543*
Refinancings **(Note 3.1.1) (*)**	*2,638,636*	*373,476*	*1,605,700*	*254,973*
Total	**5,515,453**	**1,224,057**	**7,730,847**	**1,633,085**

(*) After deducting refinanced substandard developer loans, which are included in the previous line item.
(**) Provision includes €475 million determined by using collective criteria.

The detail of the past-due principal and interest not impaired at December 31, 2013 and 2012, by type of financial instrument, is as follows:

31/12/2013
Past-due and not impaired

	Thousands of euros			
	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**192,430**	**64,132**	**71,071**	**327,633**
Spanish public sector	36,022	688	3,896	40,606
Other resident sectors	134,351	59,859	57,743	251,953
Other non-resident sectors	22,057	3,585	9,432	35,074
Total	**192,430**	**64,132**	**71,071**	**327,633**

31/12/2012
Past-due and not impaired

	Thousands of euros			
	< 1 month	1-2 months	2-3 months	Total
Loans and advances to customers	**336,675**	**172,314**	**173,949**	**682,938**
Spanish public sector	94,916	20,674	8,285	123,875
Other resident sectors	234,222	149,491	165,478	549,191
Other non-resident sectors	7,537	2,149	186	9,872
Total	**336,675**	**172,314**	**173,949**	**682,938**

13.3. Debt securities

The breakdown of the balance of this item in the balance sheet excluding valuation adjustments is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Other Spanish issuers	3,296,878	4,030,098
Total	**3,296,878**	**4,030,098**

The amount included at December 31, 2013, of debt securities issued by other Spanish issuers of private fixed-income securities includes:

- Bonds for nominal amounts of €1,749 million and €2,649 million at December 31, 2013 and 2012 issued by multi-seller securitization funds to which Banca Cívica contributed covered bonds it issued over the course of several years. The bonds are recognized in "Customer deposits."
- €1,350 million of plain vanilla bonds issued by Servihabitat XXI, SAU (subsidiary of "la Caixa") in 2012 and acquired by CaixaBank. Servihabitat XXI, SAU used the proceeds from the issue to repay part of a loan taken out with CaixaBank. In 2013, Servihabitat XXI, SAU (absorbing company) and Criteria CaixaHolding, SAU (absorbed company) merged. The merged company changed its name to Criteria CaixaHolding, SAU.
- Bonds issued by own asset securitization funds related to loans assigned prior to January 1, 2004, for amounts of €19 million and €30 million at December 31, 2013 and 2012, respectively (see Note 26.2).
- At December 31, 2013 and 2012, €92 million and €57 million, respectively, of reserve fund bonds subscribed to cover the securitization reserve fund (see Note 26.2).

The average effective interest rate on financial assets under "Debt securities" was 5.74% and 4.10% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

13.4. Impairment allowances

The changes in the balance of the allowances for impairment losses on assets comprising "Loans and receivables" in 2013 and 2012 are as follows:

31/12/2013

	Thousands of euros					
	Balance at 31/12/2012	Addition due to integration of Banco de Valencia **(*)**	Net impairment allowances **(Note 36)**	Amounts used	Transfers and other	Balance at 31/12/2013
Specific allowance	**12,233,019**	**3,820,244**	**3,594,146**	**(3,781,414)**	**(1,392,187)**	**14,473,808**
Loans and advances to credit institutions	2,499		3,036		(2,567)	2,968
Loans and advances to customers	12,201,211	3,700,256	3,640,435	(3,781,414)	(1,289,648)	14,470,840
Public sector	*953*		*(512)*	*(389)*	*580*	*632*
Other sectors **(**)**	*12,200,258*	*3,700,256*	*3,640,947*	*(3,781,025)*	*(1,290,228)*	*14,470,208*
Debt securities	29,309	119,988	(49,325)		(99,972)	–
Country risk allowance	**2,076**		**(797)**		**(1)**	**1,278**
Total	**12,235,095**	**3,820,244**	**3,593,349**	**(3,781,414)**	**(1,392,188)**	**14,475,086**

(*) Includes fair-value adjustments to assets from Banco de Valencia.
(**) At December 31, 2013 and 2012, includes allowances for other financial assets, amounting to €6,558 thousand and €1,857 thousand, respectively.

31/12/2012

	Thousands of euros					
	Balance at 31/12/2011	Addition due to integration of Banca Cívica **(*)**	Net impairment allowances **(Note 36)**	Amounts used	Transfers and other	Balance at 31/12/2012
Specific allowance	**3,760,385**	**7,025,389**	**5,019,386**	**(2,150,603)**	**(1,421,538)**	**12,233,019**
Loans and advances to credit institutions	8	85,358	1,021		(83,888)	2,499
Loans and advances to customers	3,758,899	6,309,667	5,019,843	(2,150,603)	(1,336,595)	12,201,211
Public sector	*349*	*1,056*	*(654)*		*202*	*953*
Other sectors	*3,758,550*	*6,308,611*	*5,020,497*	*(2,150,603)*	*(1,336,797)*	*12,200,258*
Debt securities	1,478	30,364	(1,478)		(1,055)	29,309
General allowance	**1,736,810**	**–**	**(1,736,810)**	**–**	**–**	**–**
Loans and advances to customers	1,736,810		(1,736,810)			–
Country risk allowance	**2,379**		**(3)**	**–**	**(300)**	**2,076**
Total	**5,499,574**	**7,025,389**	**3,282,573**	**(2,150,603)**	**(1,421,838)**	**12,235,095**

(*) Includes the impact of RDL 2/2012 and RDL 18/2012 related to assets of Banca Cívica and other fair-value adjustments of loans integrated.

At December 31, 2013 and 2012, considering the provisions for contingent liabilities (see Note 22), the total provision for loans and advances to customers and contingent liabilities was €14,967 million and €12,232 million, respectively, while the coverage ratio was 60.03% and 61.56%, respectively, at those dates.

In 2013, regulatory provisions required for CaixaBank's portfolio of real estate assets at December 31, 2011 led to the recognition of €902 million. These provisions covered the entire provisioning requirement of Royal Decree-Law 2/2012 and Royal Decree-Law 18/2012. In December 2013, as set out in Royal Decree-Law 18/2012 and in accordance with the criteria established by the Bank of Spain, allowances not assigned to specific operations were reassigned specifically.

In 2012, in line with the provisions recognized to cover risks related to real estate assets at December 31, 2011, an amount of €1,811 million of the general provision for credit losses and contingent exposures at December 31, 2011 was used, while €3,636 million was allocated for loans related to real estate assets at December 31, 2011.

At December 31, 2013 and 2012, "Addition due to integration of Banco de Valencia" and "Addition due to integration of Banca Cívica," respectively, included provisions for impairment recognized by Banco de Valencia and Banca Cívica at the date of the business combination, plus the adjustments carried out to recognize the loans and receivables at their estimated fair value.

"Transfers and others" in 2013 relates mainly to the transfer of provisions recognized to hedge against the risk of insolvency in connection with loan transactions by CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter, SAU and VIP Gestión de Inmuebles, SLU to funds to hedge the valuation of the investment in these companies, for amounts of €994 million and €576 million at December 31, 2013 and 2012, respectively (see Note 22).

"Transfers and other" for 2012 included the transfer to other allowances of a number of credit loss allowances Banca Cívica had on loans with certain subsidiaries, classified as substandard risk (see Note 17.3). Of the amounts transferred in this connection, €479 million relating to Gedai, which merged with BuildingCenter, SAU, were reclassified to "Impairment allowances – investees" (see Note 17.3), and €85 million relating to Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo), were reclassified, mainly to "Other provisions" (see Note 22).

The detail of specific allowances, by loan type and counterparty, is as follows:

Specific allowances for loans and advances to customers. By type and counterparty

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	**632**	**953**
Private sector	**14,470,208**	**12,200,258**
Mortgage loans	9,908,828	10,325,935
Other loans	2,161,665	784,524
Credit accounts	1,614,110	756,968
Commercial loans	120,292	60,762
Factoring	20,008	14,449
Other credit	645,305	257,620
Total	**14,470,840**	**12,201,211**

14. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are initially measured at fair value and subsequently at amortized cost until maturity, given that the Entity has the positive intention and ability to hold these assets to maturity.

	Thousands of euros	
	31/12/2013	31/12/2012
Spanish government debt securities	11,198,028	7,377,488
Government bonds and debentures	5,008,839	5,213,611
Other issues	6,189,189	2,163,877
Issued by credit institutions	1,564,736	1,562,696
Other Spanish issuers	1,817,520	
Other foreign issuers	3,250,468	
Total	**17,830,752**	**8,940,184**

The amount provided for the integration of Banco de Valencia under this line item was €6,461,800 thousand (see Note 8) and includes the bonds (issued by the ESM) received as consideration for the capital increase subscribed by the FROB for €4,500 million and those received as consideration for the transfer of assets to SAREB for €1,962 million. The SAREB bonds are backed by an irrevocable guarantee of the Spanish government. The outstanding balances of ESM and SAREB bonds at December 31, 2013 were €3,250 million and €1,817 million, respectively.

In May 2013, pursuant to the Regulatory Framework Agreement signed on May 16, 2012 by the FFPP, the Spanish General Secretariat of the Treasury and Financial Policy and the lenders in the syndicated loan arranged on the same date, the loan granted by the FFPP was repaid early via a bond issue. This resulted in the cancellation of the €3,072 million classified under "Loans and receivables" (see Note 13.2) and the subscription of six bonds for €512 million each, with the following maturities: November 30, 2014, May 31, 2015, November 30, 2015, May 31, 2016, November 30, 2016 and May 31, 2017.

In December 2013, a nominal amount of €1,878 million of bonds issued by the Autonomous Governments was reclassified from "Available-for-sale financial assets" to "Held-to-maturity investments" (see Note 12).

The average effective interest rate on held-to-maturity investments in 2013 and 2012 was 2.46% and 4.05%, respectively.

The detail, by rating, of the balance of this item is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
AA+	3,250,468	
BBB+	426,707	427,479
BBB	555,146	555,429
BBB–	10,673,855	5,954,291
Investment grade	**14,906,176**	**6,937,199**
	83.6%	**77.6%**
BB	2,924,576	2,002,985
Non-investment grade	**2,924,576**	**2,002,985**
	16.4%	**22.4%**
Total	**17,830,752**	**8,940,184**

Investments classified as "Non-investment grade" held by the Company under "Held-to-maturity investments" correspond to Spanish regional public debt issues.

15. HEDGING DERIVATIVES (ASSETS AND LIABILITIES)

The detail, by type of product, of the fair value of derivatives designated as hedges at December 31, 2013 and 2012, is as follows:

Fair value by product

	Thousands of euros			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Share options	**103,349**	**–**	**383**	**384**
Bough **(1)**	103,349		383	
Issued				384
Interest rate options	**520,542**	**545,983**	**672,315**	**682,055**
Bought	520,542		672,315	
Issued		545,983		682,055
Foreign currency options	**–**	**–**	**–**	**–**
Bought				
Issued				
Other share and interest rate transactions	**3,956,340**	**841,538**	**5,626,395**	**1,109,945**
Share swaps				
Future rate agreements (FRAs)	47,211		11,285	11,285
Interest rate swaps	3,909,129	841,538	5,615,110	1,098,660
Other interest rate transactions				
Commodity derivatives and other risks	**11,153**	**99,911**	**13,240**	**14,911**
Swaps	11,153	99,911	13,240	14,911
Bought				
Sold				
Total	**4,591,384**	**1,487,432**	**6,312,333**	**1,807,295**

(1) At December 31, 2013, includes the embedded derivative in the November 2013 issue of bonds exchangeable for Repsol shares (see Note 21.3).

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			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Organized markets	**–**	**–**	**–**	**–**
OTC markets	**4,591,384**	**1,487,432**	**6,312,333**	**1,807,295**
Credit institutions	4,178,654	1,350,850	6,237,996	1,757,275
Other financial entities	130,908	97,381	31,716	11,934
Other sectors	281,822	39,201	42,621	38,086
Total	**4,591,384**	**1,487,432**	**6,312,333**	**1,807,295**

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			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Fair value hedges	**4,399,531**	**1,391,524**	**6,291,198**	**1,807,231**
Micro-hedges	88,840	354,897	124,874	399,309
Macro-hedges	4,310,691	1,036,627	6,166,324	1,407,922
Cash flow hedges	**191,853**	**95,908**	**21,135**	**64**
Micro-hedges	144,642	95,908	21,135	64
Macro-hedges	47,211			
Total	**4,591,384**	**1,487,432**	**6,312,333**	**1,807,295**

The fair value hedges shown in the above table as macro-hedges primarily cover the interest rate risk on a set of financial assets and liabilities recognized on the balance sheet.

The assets and liabilities added from Banco de Valencia at the integration date amounted to €10,858 thousand and €78,935 thousand, respectively (see Note 8).

In 2013 and 2012, the corresponding effectiveness tests on these hedges were performed. Any ineffective portions of fair value hedges were recognized under “Gains/(losses) on financial assets and liabilities” on the income statement.

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 2013 and 2012 were as follows:

31/12/2013

	Thousands of euros		
	Foreclosed assets	Other assets	Total
Gross balance at 31/12/2012	**501,746**	**2,775**	**504,521**
Additions due to integration of Banco de Valencia	128,544	30,186	158,730
Additions in the year	802,986	2,011	804,997
Reductions in the year	(707,039)	(34,928)	(741,967)
Gross balance at 31/12/2013	**726,237**	**44**	**726,281**
Impairment allowances			
Balance at 31/12/2012	**(13,462)**	**–**	**(13,462)**
Additions due to integration of Banco de Valencia	(62,516)	(13,972)	(76,488)
Allowances	(20,133)		(20,133)
Releases	13,001	13,972	26,973
Transfers and amounts used	58,031		58,031
Balance at 31/12/2013	**(25,079)**	**–**	**(25,079)**
Total	**701,158**	**44**	**701,202**

31/12/2012

	Thousands of euros		
	Foreclosed assets	Other assets	Total
Gross balance at 31/12/2011	**399,824**	**13,939**	**413,763**
Additions due to integration of Banca Cívica	202,944	45,571	248,515
Additions in the year	922,093	48,191	970,284
Reductions in the year	(1,023,115)	(104,926)	(1,128,041)
Gross balance at 31/12/2012	**501,746**	**2,775**	**504,521**
Impairment allowances			
Balance at 31/12/2011	**(2,257)**	**–**	**(2,257)**
Additions due to integration of Banca Cívica	(6,932)	(888)	(7,820)
Allowances	(15,283)		(15,283)
Releases	3,870	888	4,758
Transfers and amounts used	7,140		7,140
Balance at 31/12/2012	**(13,462)**	**–**	**(13,462)**
Total	**488,284**	**2,775**	**491,059**

"Foreclosed assets" relate mainly to unallocated foreclosure rights which will be transferred to BuildingCenter, SAU, the CaixaBank Group's holding company in charge of property management. The balances at December 31, 2013 and 2012 included €36 million and €42 million, respectively, related to rights acquired prior to February 27, 2011 which, as provided for in the Framework Agreement governing the terms of the Group's reorganization, are transferred to Criteria CaixaHolding, formerly Servihabitat XXI, SAU.

The detail, by age, of foreclosed assets at December 31, 2013 and 2012, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

Age of foreclosed assets

	31-12-2013		31-12-2012	
	No. of assets	Thousands of euros	No. of assets	Thousands of euros
Up to 1 year	8,057	451,082	5,402	374,515
Between 1 and 2 years	3,073	193,081	815	44,032
Between 2 and 5 years	1,349	79,064	237	83,183
Over 5 years	50	3,010	6	16
Total	**12,529**	**726,237**	**6,460**	**501,746**

The breakdown by sector of foreclosed assets at December 31, 2013 and 2012 is as follows:

Type of sector

	Percentage of value of assets	
	31/12/2013	31/12/2012
Residential	92.1%	96.5%
Industrial	6.7%	2.5%
Farming	1.2%	1.0%
Total	**100%**	**100%**

On June 13, 2013, the Company subscribed a capital increase at VIP Gestión de Inmuebles, SLU (a Banco de Valencia company) for €94,332 thousand. The non-monetary capital increase entailed the contribution of 1,678 properties from Banco de Valencia (see Note 17.3).

Assets derecognized in 2012 from loan foreclosures include the non-cash contribution of €327,579 thousand from Gedai (see Note 17.3).

In 2012, "Other assets" included the addition and subsequent retirement of €46,710 thousand related to the acquisition of a 9.436% stake in Banco BPI for which there was an agreement to sell the same percentage to Santoro Finance-Prestaçao de Serviços, SA (see Note 17.1).

17. INVESTMENTS

17.1. Investments in associates

The detail of "Investments – Associates" at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Quoted	7,668,905	8,514,268
Unquoted	100,736	210,588
Subtotal	**7,769,641**	**8,724,856**
Less:		
Impairment allowances	(767,398)	(766,000)
Total	**7,002,243**	**7,958,856**

The main changes during 2013 and 2012 in this item excluding impairment allowances are as follows:

2013
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banco de Valencia **(1)**	Capital increases/ reductions	Sales	Other	Total
Balance at 31/12/2012						**8,724,856**
Grupo Financiero Inbursa, SAB de CV				(883,613)		(883,613)
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA	60,000				(115,300)	(55,300)
Cajasol Seguros Generales	60,000				(97,780)	(37,780)
Caja Canarias Aseguradora de Vida y Pensiones	51,000				(80,930)	(29,930)
The Bank of East Asia, LTD			38,250			38,250
Servihabitat Servicios Inmobiliarios, SL **(Note 17.3)**	3		15,364			15,367
Grupo Med Wind Energy, SL		6,527				6,527
Inversiones Financieras Agval, SL **(2)**		62,905			(62,905)	–
Other		731		(9,464)	(3)	(8,736)
Changes in 2013	**171,003**	**70,163**	**53,614**	**(893,077)**	**(356,918)**	**(955,215)**
Balance at 31/12/2013						**7,769,641**

(1) Addition of the investments in associates from Banco de Valencia at fair value (see Note 8).
(2) Reclassification of "Available-for-sale financial assets."

2012
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banca Cívica **(1)**	Capital increases/ reductions	Sales	Other	Total
Balance at 31/12/2011						**8,361,231**
Banco BPI, SA	92,620		79,637			172,257
Banca Cívica Vida y Pensiones Sociedad de Seguros, SA	147,000				(147,000)	–
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA		55,300				55,300
Cajasol Seguros Generales		37,779				37,779
The Bank of East Asia, LTD			32,597			32,597
Cajacanarias Aseguradora de Vida y Pensiones		29,930				29,930
CAN Seguros Generales, SA		20,342				20,342
Erste Group Bank AG	14,715					14,715
IT Now, SA			(7,648)			(7,648)
Cajaburgos Vida, Compañía de Seguros de Vida, SA	4,500	2,808			(7,308)	–
Parque Científico Tecnológico de Córdoba, SL		7,059				7,059
CAN Seguros de Salud, SA	1,500	1,193			(2,693)	–
Deoleo, SA		2,513			(2,513)	–
Oquendo (sca) sicar		5,879	(1,518)	(4,361)		–
Others		1,957	(64)	(2,072)	1,473	1,294
Changes in 2012	**260,335**	**164,760**	**103,004**	**(6,433)**	**(158,041)**	**363,625**
Balance at 31/12/2012						**8,724,856**

(1) Addition of the investments in associates from Banca Cívica at fair value (see Note 8).

The market value of quoted companies at December 31, 2013 and 2012 is shown in the table below:

	Thousands of euros			
	31/12/2013		31/12/2012	
	% stake **(*)**	Market value	% stake **(*)**	Market value
Repsol, SA	12.02%	2,867,253	12.46%	2,400,072
Grupo Financiero Inbursa	9.01%	1,227,582	20.00%	3,042,441
The Bank of East Asia, LTD	16.51%	1,161,265	16.38%	1,057,572
Erste Group Bank, AG	9.12%	992,831	9.93%	941,680
Banco BPI, SA	46.22%	781,234	46.22%	605,842
Boursorama, SA	20.68%	148,396	20.70%	90,858
Market value		**7,178,561**		**8,138,465**

(*) Direct and indirect stakes.

Appendix 1 provides key data, percentage of ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in associates.

The main changes in 2013 and 2012 are as follows:

Grupo Financiero Inbursa

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

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

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

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

The foreign currency risk was hedged with derivatives.

The public offering was approved by the boards of CaixaBank and Grupo Financiero Inbursa and received approval by the Mexican National Banking and Securities Commission.

Meanwhile, after June 30, 2013, the placement agents executed the greenshoe option on 0.89% of Grupo Financiero Inbursa's share capital, reducing the stake to 9.01%.

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

The net gains generated on the sale of Grupo Financiero Inbursa shares in the year amounted to €228 million and were recognized in the income statement.

The Company's stake in Grupo Financiero Inbursa at December 31, 2013 was 9.01%.

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

As described in Note 8, the Company acquired control over these companies in March 2013, paying out €60,000 thousand, €51,000 and €60,000 thousand, respectively. Following these acquisitions, these companies were fully consolidated after being reclassified from associates to subsidiaries (see Note 17.3).

The Bank of East Asia, LTD

The Bank of East Asia paid two scrip dividends in 2013, one in April and one in September, in which CaixaBank elected to receive shares worth €22.6 million and €15.6 million, respectively.

During the course of 2012, this investee paid out two dividends in the form of scrip dividends. CaixaBank elected to collect its dividends in shares, for the amount of €17.4 million and €15.2 million in March and September, respectively. Furthermore, its stake was diluted by 0.87% as a result of the private placement made by BEA with Sumitomo Mitsui Banking Corporation.

CaixaBank's ownership interest in The Bank of East Asia at December 31, 2013 was 16.51%.

Banca Cívica Vida y Pensiones, Sociedad de Seguros, SA (formerly CAN Vida y Pensiones, SA de Seguros), Cajaburgos Vida, Compañía de Seguros de Vida, SA and Can Seguros de Salud, SA

As described in Note 8, CaixaBank acquired control over these companies in 2012, paying out €147,000, €4,500 and €1,500 thousand, respectively. Following these acquisitions, the companies were fully consolidated after being reclassified from associates to subsidiaries (see Note 17.3).

Erste Group Bank AG

On July 2, 2013, Erste Group Bank held a rights offering for shares in Erste Group Bank for approximately €660 million, which was subscribed in full and led to an increase in capital from 35,231,353 shares (approximately 9% of share capital) to 429,800,000 shares. CaixaBank did not participate in the offer. As a result, the Group's ownership interest decreased from 9.93% to 9.12%, where it remained at December 31, 2013.

In 2012, CaixaBank acquired shares in Erste Group Bank for the amount of €14,715 thousand, raising its ownership interest by 0.25% and offsetting the previous dilution of its stake following various rights issues without subscription rights for company shareholders carried out by the bank.

Banco BPI, SA

On April 20, 2012 the Group acquired an 18.873% stake in Banco BPI, SA, from Banco Itaú for a total price of €93,441 thousand (€0.5 per share), subject to the pertinent authorization from the Bank of Portugal, which was obtained in May in 2012. Following this transaction, the CaixaBank Group's stake increased to 48.972%. The equivalent to 9.436% of this stake, for an amount of €46,710 thousand, was recognized under "Non-current assets held for sale" (see Note 16) given that it was intended to be sold to a third party, as described in the paragraph below. Therefore, the remaining 9.44% was recognized under "Investments in associates," for an amount of €46,731 thousand.

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

On August 10, 2012 Banco BPI, SA, carried out a capital increase as part of its recapitalization process. The recapitalization plan will enable the requirements contained in the European Banking Authority's Recommendation of December 8, 2011, to be met – including the need to attain a Core Capital Tier 1 ratio of 9% by June 30, 2012.

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

CaixaBank subscribed 251,052,206 shares in this capital increase, for a total amount of €125,526 thousand, of which €45,889 thousand related to purchases of subscription rights, allowing the Group to increase its ownership interest by 6.68%.

At December 31, 2013, CaixaBank's stake in Banco BPI, SA stands at 46.22%.

Repsol, SA
In November 2013, CaixaBank issued bonds exchangeable for Repsol shares for a nominal amount of €594.3 million (see Note 21.3).

At December 31, 2013, the total holding was 12.02%. CaixaBank retains the voting rights from its stake after the issue, as well as significant influence, and continues to classify Repsol as an associate. Following exchange of the bonds, its stake will decrease by no more than 2.5%.

Impairment in the value of investments in associates

CaixaBank has a methodology in place for performing a quarterly assessment of potential indicators of impairment in the carrying amount of these investments. Specifically, it assesses unquoted investees' business performance and, where applicable, the companies' share prices throughout the period and the target prices published by renowned independent analysts. The Group uses the data to determine the fair value of the investment and, if this exceeds the carrying amount, it considers that there are no indications of impairment.

CaixaBank carried out impairment tests to assess the recoverable amount of its investments and verify the valuation adjustments recognized. It used generally accepted valuation methods such as discounted cash flows (DCF), regression curves, dividend discount models (DDM) and others. It did not consider potential control premiums in any of the valuations.

Balance sheet and income statement projections were made, as a base reference, for five years, as these investments are long-term. They are updated and adjusted on a half-yearly basis. In cases where investees operate in emerging markets or conduct business of a specific nature, more extensive projections were made, none of which exceed 10 years, for the following reasons.

- In a growth stage, entities require an average of 10 years to reach sufficient majority to obtain sustainable profits.

- The use of a broad time horizon is crucial to value growing entities through recapitalizations, maturity of organic growth and growth in emerging economies.

- A period of 10 years covers two economic cycles from a macroeconomic and financial modeling perspective.

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 quoted companies or internal strategic plans in the case of unquoted entities. The same methodology has been applied for associates and jointly controlled entities. It used individual discount rates for each activity and country, ranging from 9.5% to 14.4% for banking investments and from 9.1% to 10% for other significant holdings (between 9.5% and 14.5%, and 7.5% and 11.7%, respectively, in the stress tests carried out at December 31, 2012). The growth rates used to calculate residual value beyond the projected period were between 0.5% and 4.3% for banking investments and 0.5% for other significant holdings (between 1% and 5%, and 0.5% and 2%, respectively, in the stress tests carried out at December 31, 2012). 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 analyzed 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 analyses carried out at December 31, 2013 showed the need to recognize a provision of €4,095 thousand. At December 31, 2012, they did not show any need for additional provisioning.

Changes in impairment allowances in "Investments – Associates" in 2013 and 2012 are as follows:

	Thousands of euros	
	2013	2012
Balance at January 1	**766,000**	**766,000**
Plus:		
Amounts taken to profit **(Note 37)**	4,095	
Less:		
Funds available in prior years		
Amounts used	(2,697)	
Balance at December 31	**767,398**	**766,000**

17.2. Investments in jointly controlled entities

The detail of "Investments – Jointly controlled entities" at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Quoted		
Unquoted	234,052	262,923
Subtotal	**234,052**	**262,923**
Less:		
Impairment allowances	(4,100)	
Total	**229,952**	**262,923**

The table below shows the changes to this item in 2013 and 2012:

2013
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banco de Valencia	Capital increases/ reductions	Sales	Other	Total
Balance at January 1						**262,923**
Compañía Andaluza de Rentas e Inversiones, SA			(16,012)			(16,012)
Madrigal Participaciones, SA					(15,388)	(15,388)
Global Payments Brasil-Serviços de Pagamentos	2,715		2,080			4,795
Other				(2,266)		(2,266)
Total changes	**2,715**	**–**	**(13,932)**	**(2,266)**	(15,388)	**(28,871)**
Balance at 31/12/2013						**234,052**

2012
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banca Cívica **(1)**	Capital increases/ reductions	Sales	Other	Total
Balance at January 1						**104,403**
Anira Inversiones, SL		10,605				10,605
Banco Europeo de Finanzas, SA		32,057				32,057
Cartera Perseidas, SL		36,279				36,279
Compañía Andaluza de Rentas e Inversiones, SA		47,329	(2,164)			45,165
Liquidambar Inversiones Financieras, SL		16,760				16,760
Madrigal Participaciones, SA		15,388				15,388
Other		6,877		(4,611)		2,266
Total changes	**–**	**165,295**	**(2,164)**	**(4,611)**	**–**	**158,520**
Balance at 31/12/2012						**262,923**

(1) Addition of the investments in jointly controlled entities from Banca Cívica at fair value (see Note 8).

Appendix 1 provides key data, percentage of ownership, assets, liabilities, share capital, results, ordinary income and cost of the investments (net) in jointly controlled entities.

There were no significant changes in the portfolio of investments in jointly controlled entities in 2013. The most significant change in 2012 was the acquisition of Banca Cívica's portfolio for €165,295 thousand at fair value.

Impairment in the value of investments in jointly controlled entities

CaixaBank uses the same methodology described for associates to assess the possible impairment of investments in jointly controlled entities. The tests carried out uncovered the need to make impairment allowance for jointly controlled entities in 2013 of €4,100 thousand (see Note 37).

17.3. Investments in group entities

The detail of "Investments – Group entities" at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Quoted		
Unquoted	10,383,182	7,067,536
Subtotal	**10,383,182**	**7,067,536**
Less:		
Impairment allowances	(2,696,837)	(1,117,110)
Total	**7,686,345**	**5,950,426**

The main changes during 2013 and 2012 in this item excluding impairment allowances are as follows:

2013
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banco de Valencia **(1)**	Capital increases/ reductions	Sales	Other	Total
Balance at January 1						**7,067,536**
BuildingCenter, SAU			2,500,000			2,500,000
VidaCaixa, SA			481,600			481,600
Hiscan Patrimonio, SL **(2)**					335,487	335,487
Corporación Empresarial Cajasol, SAU **(2)**					(325,307)	(325,307)
Vip Gestión de Inmuebles, SLU			322,432		(68,918)	253,514
Banca Cívica Vida y Pensiones, SA				(154,308)		(154,308)
CaixaCard 1, EFC, SA (formerly FinanciaCaixa2)			100,000			100,000
Credifimo			84,544			84,544
Valenciana de Inversiones Participadas, SLU		71,264				71,264
Servihabitat Gestión Inmobiliaria, SLU	98,000				(55,281)	42,719
Finconsum, EFC, SA					(26,197)	(26,197)
Caixa Capital Fondos, SCR de Régimen Simplificado, SAU					(20,000)	(20,000)
Caixa Girona Gestió, SA **(2)**					(18,003)	(18,003)
Inversiones Valencia Capital Riesgo SCR, SAU		9,456				9,456
Hermempo Eólica, SL **(2)**			2,342		(8,013)	(5,671)
Caixa Girona Pensions, SA **(2)**					(4,764)	(4,764)
Cajasol Vida y Pensiones de Seguros y Reaseguros, SA				(109,300)	109,300	–
Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA			1,900	(109,279)	107,379	–
Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA				(90,930)	90,930	–
Other	50	5,902	5,800	(14,953)	(5,487)	(8,688)
Changes in 2013	**98,050**	**86,622**	**3,498,618**	**(478,770)**	**111,126**	**3,315,646**
Balance at 31/12/2013						**10,383,182**

(1) Addition of the investments in subsidiaries from Banco de Valencia at fair value (see Note 8).
(2) Merged in 2013.

2012
Gross changes

	Thousands of euros					
	Acquisitions	Addition due to integration of Banca Cívica **(1)**	Capital increases/ reductions	Sales	Other	Total
Balance at January 1						**4,124,871**
Arquitrabe activos, SL		33,216				33,216
Banca Cívica Gestión de Activos			3,500	(3,500)		–
Banca Cívica Vida y Pensiones, SA					154,308	154,308
BuildingCenter, SAU			500,000		193,554	693,554
Caixa Capital Biomed, SCR de Régimen Simplificado, SA			5,000			5,000
Caixa Emprenedor XXI, SA			26,919			26,919
CaixaCard 1, EFC, SA (formerly FinanciaCaixa2)	7		2,000,000		(1,840,000)	160,007
Caja San Fernando Finance		33,221				33,221
CajaSol Inversiones de Capital, SAU		50,066	110,000			160,066
Can Seguros de Salud, SA					2,693	2,693
Corporación Empresarial CajaSol, SAU		325,307				325,307
Corporación Hipotecaria Mutual, EFC, SA			77,156			77,156
Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU		(92,263)	110,000		(5,200)	12,537
Gestora Estratégica de Activos Inmobiliarios, SL	54,980	(154,715)	327,579		(227,844)	–
Hiscan Patrimonio, SL		372,156			11,744	383,900
Holret, SAU			(65,502)			(65,502)
Negocio de Finanzas e Inversiones II, SL			38,362			38,362
Puerto Triana, SA		41,008				41,008
Saldañuela Residencial, SL		44,545				44,545
VidaCaixa Grupo, SA			770,028			770,028
Other	551	15,655	18,930	(4,203)	15,407	46,340
Changes in 2012	**55,538**	**668,196**	**3,921,972**	**(7,703)**	**(1,695,338)**	**2,942,665**
Balance at 31/12/2012						**7,067,536**

(1) Addition of the investments in subsidiaries from Banca Cívica at fair value (see Note 8).

Appendix I provides the key data, percentage of ownership, share capital, reserves, results and the cost of the direct stake.

The main changes in 2013 and 2012 were:

Servihabitat Gestión Inmobiliaria, SLU and Servihabitat Servicios Inmobiliarios, SL

In view of the growing interest of foreign investors to invest in real estate management services platforms – so-called "servicers" – in the Spanish real estate market, the "la Caixa" Group decided to reorganize its real estate business and concentrate the management of acquisitions, development, asset management and sale in Servihabitat Gestión Inmobiliaria, SLU ("SGI"). In this respect, before selling the servicing business to an industrial investor, CaixaBank's Board of Directors approved the purchase of 100% of the shares of SGI from Criteria CaixaHolding, SAU (formerly Servihabitat XXI) for €98 million.

Although SGI had agreements for the exclusive management during a period of 10 years of the real estate portfolios owned by Criteria CaixaHolding (formerly ServiHabitat XXI, which held the foreclosed assets of "la Caixa" until February 2011) and CaixaBank through Building Center and other Group subsidiaries, its objective was to provide real estate services for third parties. In this context, CaixaBank sold the business to its industrial partner, TPG. The transaction entailed the sale of SGI's servicing business to a newly created company, Servihabitat Servicios Inmobiliarios, SL ("SSI"), which is 49%-owned by CaixaBank and 51% by the TPG investment fund.

The initial price of the sale was €310 million, of which approximately €150 million was financed. CaixaBank contributed a significant amount of the financing, under market terms. The agreement included a variable price that could increase or decrease by up to €60 million depending on the volume of assets managed by SSI between 2014 and 2017.

The sale resulted in the loss control of CaixaBank over the servicing business due to the composition of the company's governing bodies, agreements between partners, and the possibility and power of TPG to govern the strategic operating policies and appoint key personnel of the company. As a result, SSI was classified as an associate.

The transactions were carried out in the fourth quarter of 2013 after the regulatory authorizations were secured.

Cajasol Vida y Pensiones de Seguros y Reaseguros, SA, Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA and Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA
As described in Note 8, in March 2013, the Company acquired the 50% stakes it did not already own in Cajasol Vida y Pensiones de Seguros y Reaseguros, SA, Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA and Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA from Caser, for €60,000 thousand, €60,000 thousand and €51,000 thousand, respectively. This move gave CaixaBank control over these three companies, as it previously held 50% stakes in each. The amount paid included the costs for breaking the shareholder agreements, which included exclusivity clauses. In the allocation of the purchase price paid for Banca Cívica, CaixaBank had recognized a provision in this connection, which was used in the transaction (see Notes 8 and 22), for an amount of €63 million.

Subsequently, on March 26, 2013, the Company sold its entire stakes in Cajasol Vida y Pensiones de Seguros y Reaseguros, SA and Caja Canarias Aseguradora de Vida y Pensiones , de Seguros y Reaseguros, SA to VidaCaixa, SA, de Seguros y Reaseguros, for €113 million and €94 million, respectively. The gain was not significant for the Company.

In December 2013, CaixaBank sold SegurCaixa Adeslas, SA, the entire non-life insurance business from the integrations of Banca Cívica and Banco de Valencia (including Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros, SA and CAN Seguros de Salud, SA), for a combined amount of €193.3 million, obtaining a pre-tax gain of €81 million recognized under "Gains/(losses) on disposal of assets not classified as non-current held for sale" (see Note 38).

At December 31, 2013, the Company did not hold any stake in these companies.

Banca Cívica Vida y Pensiones, SA (formerly, CAN Vida y Pensiones), Cajaburgos Vida, SA and Can Seguros de Salud, SA
As described in Note 8, CaixaBank acquired control of these companies in 2012 and, accordingly, reclassified these investments, at their fair value, from associates to subsidiaries (see Note 17.1). On March 26, 2013, the Company sold its 56.69% stake in Banca Cívica Vida y Pensiones, SA de Seguros to VidaCaixa, SA, de Seguros y Reaseguros for €159 million. The gain was not significant for the Company.

At December 31, 2013, the Company did not hold any stake in Banca Cívica Vida y Pensiones, SA, de Seguros.

BuildingCenter, SAU
At its meeting of January 17, 2013, the CaixaBank Executive Committee resolved to subscribe to BuildingCenter, SAU's cash capital increase for a nominal €1,250 million plus a total issue premium of €500 million. The deed of the capital increase was executed on February 1. At December 31, 2013, this capital increase was fully paid up. In addition, on December 24, 2013, the sole partner made a non-refundable cash contribution of €750 million.

In 2012, CaixaBank fully subscribed a €500 million capital increase at BuildingCenter, SAU, of which €250 million corresponded to capital and the remaining amount was assigned to the share premium. The merger with Gedai took place in October 2012.

The capital increases were carried out so that the Company could take over the ownership of real estate assets acquired or foreclosed originating in operations to finance real estate developers and private parties granted by CaixaBank.

The Company's stake in BuildingCenter, SAU stands at 100%.

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

The merger was carried out on June 28, 2013, once the required authorization from the Directorate-General of Insurance and Pension Funds was obtained. For accounting purposes and in line with applicable regulations, the merger was carried out at the consolidated amounts. Accordingly, it did not have any accounting impact on the consolidated group.

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

In December 2012, CaixaBank fully subscribed and paid up the €770,028 thousand capital increase made by VidaCaixa Grupo, SAU of which €154,006 thousand corresponded to capital and the remaining amount was assigned to the share premium.

The Company's ownership interest in VidaCaixa, SA, de Seguros y Reaseguros (the company resulting from the aforementioned merger) at December 31, 2013 was 100%.

VidaCaixa, SA de Seguros y Reaseguros and life insurance companies from Banca Cívica
In the second half of the year, VidaCaixa, SA, de Seguros y Reaseguros took over and merged the companies from Banca Cívica, Banca Cívica Vida and Pensiones, SA (formerly, CAN Vida y Pensiones) –the deed was registered on November 20, 2013– and Cajasol Vida y Pensiones de Seguros y Reaseguros, SA and Caja Canarias Aseguradora de Vida y Pensiones, de Seguros y Reaseguros, SA, the latter two on December 20, 2013. All these companies operate in life insurance and pension plans, with similar products.

In compliance with regulations, for the acquirer the merger was carried out with accounting effect on January 1, 2013 or the date of inclusion in the group. The assets acquired and liabilities assumed were measured at the amounts in the Group's consolidated financial statements at that date.

The mergers were designed to streamline the Group's operational structure. As intra-group transactions, they did not have any effect on the Group's financial information.

Hiscan Patrimonio, SA
On December 13, 2013, the public deed was executed for the merger and absorption by Hiscan Patrimonio, SA of the following Group companies:

- Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, SA
- Hiscan Patrimonio II, SL
- Hermenpo Eólica, SL
- Corporación Empresarial Cajasol, SA
- CCAN 2005 Inversiones Societarias, SA
- CCAN Arte 2005, SL
- CCAN 2007 Inversiones Internacionales ETVE, SL
- Investigaciones 2001 Corpcan, SL
- Eurecan Alto Rendimiento, SL
- Caixa Girona Gestió, SA
- Caixa Girona Pensions, SA
- Canaliza 2007, SL
- Vialogos Consultoría Corporativa, SL
- Vialeste, SL
- Al Andalus Foreign Investments, SL
- Consulting In Civic Banking, SL

The merger was designed to streamline the group's structure.

In compliance with regulations, the merger was carried out with accounting effect on January 1, 2013. The assets acquired and liabilities assumed were measured at the amounts in the Group's consolidated financial statements at that date.

VIP Gestión de Inmuebles, SLU
On June 13, 2013, the Company subscribed a capital increase at VIP Gestión de Inmuebles for the amount of €94,332 thousand, of which €62,888 thousand corresponded to capital and the remainder to the share premium. The subscription was carried out via the non-monetary contribution of 1,678 properties from Banco de Valencia (see Note 16).

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

The Company's stake in VIP Gestión de Inmuebles stands at 100%.

CaixaCard 1, EFC, SA (formerly FinanciaCaixa 2)
On December 28, 2012, CaixaBank subscribed a capital increase at CaixaCard 1, EFC, SA for the amount of €2,100 million, of which €260 million corresponded to capital and the remainder was assigned to the share premium. The subscription was carried out via the non-monetary contribution of a business unit (credit, debit and prepaid card business). Subsequently, Caixa Card 1, EFC, SA distributed a share premium for the amount of €1,840 million, recognized as a reduction from the cost of the investment. With regard to the balance sheet, this subsidiarization led to a reduction of €1,726 and €62 million in "Loans and receivables" and "Other liabilities," respectively.

In the capital increase indicated in the previous paragraph, payment of €100 million was outstanding. This payment was made in the first half of 2013, through the non-monetary contribution of businesses (credit, debit and prepaid card) from the Banca Cívica, Caja Burgos and Caja Canarias franchises, worth €54 million, and the cash contribution of €46 million.

The Company's stake in Caixa Card 1, EFC, SA at December 31, 2013 was 100%.

Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo)
In March 2013, the Company subscribed and paid a cash contribution of €85 million to Credifimo to offset losses and restore the company's equity balance.

After this capital increase, the Company recognized a €73 million impairment loss on its stake in Credifimo. This amount, included in the business combination with Banca Cívica, was classified previously as an impairment allowance under "Provisions – Other provisions" in the balance sheet (see Note 22).

In July 2012, CaixaBank made a contribution of €110,000 thousand to Credifimo to offset losses and restore the company's equity balance. The shareholding at December 31, 2013 was 100%.

Finconsum EFC, SA
Finconsum EFC, SA (absorbing company) and Adquiera Servicios Financieros EFC, SA (absorbed company) merged on October 31, 2013. Adquiera Servicios Financieros EFC, SA was a wholly-owned subsidiary of Banco de Valencia which, following the merger with CaixaBank, became a wholly-owned subsidiary of CaixaBank. The merger was designed to integrate the companies' businesses and activities based on their identity.

In compliance with regulations, the merger was carried out with accounting effect on January 1, 2013. The assets acquired and liabilities assumed were measured at the amounts in the Group's consolidated financial statements at that date.

At December 31, 2013, the stake in Finconsum EFC, S.A. was 100%.

Gestora Estratégica de Activos Inmobiliarios, SLU
Prior to the business combination between CaixaBank and Banca Cívica in 2012, the latter reorganized its real-estate portfolio, through several corporate transactions including mergers, spin-offs and non-monetary contributions, with the objective of simplifying the structure of the Banca Cívica Group's real estate holdings. At the date on which CaixaBank assumed control, Gedai has already been merged with several real estate investees. The company was 100% owned by Cajasol Inversiones Inmobiliarias, SAU (100% subsidiary of Banca Cívica). In July 2012, a non-monetary capital increase was carried out for €327,579 thousand, in which Banca Cívica contributed to Gedai a large part of its real estate assets classified as "Non-current assets held for sale" and "Property and equipment for own use" (see Notes 16 and 8). As a result of this transaction, CaixaBank obtained a 93.28% stake in Gedai. In September 2012,

CaixaBank acquired the remaining 6.72% stake from Cajasol Inversiones Inmobiliarias for €54,980 thousand, taking its ownership interest to 100%. On September 27, CaixaBank approved the merger of BuildingCenter, SAU (absorbing company) with Gedai (absorbed company).

Cajasol Inversiones de Capital, SAU
In December 2012, CaixaBank subscribed a capital increase at this company for the amount of €110,000 million in cash, of which €32,900 million corresponded to capital and the remaining amount was assigned to the share premium.

At December 31, 2013, the total holding was 100%.

InverCaixa Gestión de Activos, SGIIC, SA and Banca Cívica Gestión de Activos, SGIIC, SA
On July 31, 2012, CaixaBank acquired a 35% stake of Banca Cívica Gestión de Activos, SGIIC, SA from Ahorro Corporación, SA. Through its subsidiary Corporación Urbanística de Bienes Inmuebles de Caja de Ahorros y Monte de Piedad de Navarra, SL, CaixaBank held a 65% ownership interest in this company, which has now increased to 100% at group level.

Banca Cívica Gestión de Activos, SGIIC, SA provided asset management services for collective investment institutions. On November 8, 2012, the stakes held by both entities were sold to InverCaixa Gestión, SGIIC, SA as part of the reorganization of the company's collective investment institution management activities, with no impact recorded by CaixaBank. Within the scope of this transaction, goodwill amounting to €16,420 thousand was derecognized (see Note 19). In March 2013, InverCaixa Gestión de Activos and Banca Cívica Gestión de Activos merged.

Holret, SAU
On May 3, 2012, the Board of Directors of Holret, SAU, approved a capital reduction by reducing the nominal value of each share to the amount of €66 million in order to repay cash contributions to its sole shareholder.

Impairment of investments in group entities

	Thousands of euros	
	31/12/2013	31/12/2012
Balance at January 1	**1,117,110**	**294,305**
Plus:		
Amounts taken to profit **(Note 37)**	1,281,391	325,741
Less:		
Funds available in prior years **(Note 37)**		(1,696)
Amounts used	(6,553)	(391)
Transfers and other	304,889	499,151
Balance at December 31	**2,696,837**	**1,117,110**

CaixaBank tested all its investments in subsidiaries for impairment to recognize any corrections to their carrying amounts, as applicable.

The Company measured the recoverable amount of its investments using generally accepted valuation methods, based chiefly on estimates of its share in the future cash flows that the investee company is expected to generate, whether from its ordinary activities or its disposal or derecognition.

The tests carried out in 2013 and 2012 underscored the need to recognize additional impairments to the investees. The most significant were the €1,101 million and €317 million of impairment allowances in 2013 and 2012, respectively, of BuidingCenter, SAU. A large portion of this allowance was the result of the recognition, in December 2013, by BuildingCenter of CaixaBank's entire credit loss provision for credit transactions with properties acquired by BuildingCenter, for a pre-tax amount of €1,009 million (see Note 22.4).

The impact on income of the impairment of stakes in subsidiaries is recognized under "Impairment losses on other assets (net)" in the accompanying income statement.

"Transfers and others" in 2013 included the reclassification, for the amount of €155 million, of the credit loss allowance made for Vip Gestión de Inmuebles and €27 million for a profit lock-in provision for Saldañuela Residencial. Also included is the transfer of a provision of €73 million from "Other provisions" to impairment allowances for the investment in Credifimo (see Note 22).

"Transfers and others" in 2012 included the reclassification, for the amount of €479 million, of the credit loss allowance made for Banca Cívica at June 30, 2012 in relation to its investee, Gedai. CaixaBank reclassified this amount to impairment allowances on investments in group entities.

18. TANGIBLE ASSETS

Changes in items of "Tangible assets" and of the related accumulated depreciation in 2013 and 2012 are as follows:

	Thousands of euros					
	31/12/2013			31/12/2012		
	Land and buildings	Furniture, facilities and other	Total	Land and buildings	Furniture, facilities and other	Total
Cost						
Balance at January 1	2,877,503	3,354,558	6,232,061	2,535,152	2,808,158	5,343,310
Additions due to business combinations	120,760	126,713	247,473	814,392	693,702	1,508,094
Additions	14,528	193,099	207,627	5,449	169,800	175,249
Disposals	(52,505)	(134,262)	(186,767)	(296,025)	(292,514)	(588,539)
Transfers	(206,698)	(106,174)	(312,872)	(181,465)	(24,588)	(206,053)
Balance at December 31	**2,753,588**	**3,433,934**	**6,187,522**	**2,877,503**	**3,354,558**	**6,232,061**
Accumulated depreciation						
Balance at January 1	(452,110)	(2,603,380)	(3,055,490)	(414,654)	(2,143,032)	(2,557,686)
Additions due to business combinations	(20,555)	(104,381)	(124,936)	(104,932)	(575,567)	(680,499)
Additions	(26,576)	(178,898)	(205,474)	(23,761)	(180,461)	(204,222)
Disposals	459	117,505	117,964	68,998	272,774	341,772
Transfers	37,837	85,825	123,662	22,239	22,906	45,145
Balance at December 31	**(460,945)**	**(2,683,329)**	**(3,144,274)**	**(452,110)**	**(2,603,380)**	**(3,055,490)**
Own use, net	**2,292,643**	**750,605**	**3,043,248**	**2,425,393**	**751,178**	**3,176,571**
Total net tangible assets	**2,292,643**	**750,605**	**3,043,248**	**2,425,393**	**751,178**	**3,176,571**
Cost						
Balance at January 1	295,153	70,714	365,867	164,323	33,630	197,953
Additions due to business combinations	7,694		7,694	58,580	9,656	68,236
Additions	17,981	67	18,048	6,669	4,152	10,821
Disposals	(109,204)	(53,508)	(162,712)	(2,425)	(1,312)	(3,737)
Transfers	209,842	104,935	314,777	68,006	24,588	92,594
Balance at December 31	**421,466**	**122,208**	**543,674**	**295,153**	**70,714**	**365,867**
Accumulated depreciation						
Balance at January 1	(42,001)	(48,929)	(90,930)	(18,152)	(23,101)	(41,253)
Additions due to business combinations	(5,182)		(5,182)	(4,696)	(2,036)	(6,732)
Additions	(4,312)	(5,165)	(9,477)	(1,756)	(1,923)	(3,679)
Disposals	8,847	8,205	17,052	701	1,037	1,738
Transfers	(18,300)	(76,319)	(94,619)	(18,098)	(22,906)	(41,004)
Balance at December 31	**(60,948)**	**(122,208)**	**(183,156)**	**(42,001)**	**(48,929)**	**(90,930)**
Investment properties	**360,518**	**–**	**360,518**	**253,152**	**21,785**	**274,937**
Total tangible assets	**2,653,161**	**750,605**	**3,403,766**	**2,678,545**	**772,963**	**3,451,508**

On December 18, 2012, CaixaBank sold 439 branch offices to Soinmob Inmobiliaria, SAU, subsidiary of the Mexican company Inmobiliaria Carso, SA de CV for €428.2 million, resulting in a gross gain of €204 million which is recognized under "Gains/(losses) on disposal of assets not classified as non-current assets held for sale" in the accompanying income statement (see Note 38). 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 the year-on-year change in the eurozone harmonized consumer price index times 1.4. The initial lease was set at €2.9 million a month, payable quarterly. The Company 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 recognized by CaixaBank in 2013 and 2012 in relation to these agreements totaled €1.3 million and €34.8 million, respectively. The value of minimum payments to be received by CaixaBank during the mandatory period, excluding future rental increases or extensions or the existing purchase option, totaled €833.9 million at December 31, 2013. Of this amount, €34.8 million correspond to a one year term, €139.2 million to terms of between one and five years and €659.9 million to terms of more than five years. Operating lease expenses are recognized under "Other operating expenses".

The movement in 2012 in "Property and equipment for own use" included transfers from contributions of assets in the non-monetary capital increase carried out by Gestora Estratégica de Activos Inmobiliarios, SLU (Gedai) in July 2012 (see Note 17.3).

Rental income accrued on the operation of investment properties is recognized under "Other operating income" in the income statement (see Note 32) and operating expenses under "Other operating expenses" (see Note 33).

Carrying amount is equal to acquisition cost, which was updated at January 1, 2004 with respect to properties for own use on the basis of appraisals performed in accordance with Transitional Provision One of Bank of Spain Circular 4/2004.

The properties classified as tangible assets contributed by Banca Cívica in 2012 and Banco de Valencia in 2013 were recognized at fair value at the business combination date, calculated by updating available appraisal values and in line with movements in the price of premises and offices according to their location and use.

In addition, property and equipment for own use are allocated to the Banking Business CGU. At December 31, 2013, impairment tests were performed on the net amount of the assets associated with the Banking Business CGU (see Note 19). The results of the tests carried out, including adverse scenarios in the sensitivity analyses, did not uncover any need to make allowances for the assets included under this heading in 2013.

In 2013 and 2012, tangible assets no longer in use were derecognized, leading to write-offs of €14,304 thousand and €8,999 thousand, respectively, recognized under "Impairment losses on other assets" (see Note 37).

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 write-downs to the value of investment property at December 31, 2013 of €70,000 thousand (see Note 37). At December 31, 2012, the carrying amounts did not differ significantly from the market values of the assets.

At December 31, 2013 and 2012, CaixaBank had no significant commitments to acquire any additional items of property and equipment.

19. INTANGIBLE ASSETS

The breakdown of "Intangible assets" at December 31, 2013 and 2012 is as follows:

Breakdown of intangible assets

	Thousands of euros	
	31/12/2013	31/12/2012
Goodwill	**2,409,739**	**2,409,739**
Acquisition of Banca Cívica	2,019,996	2,019,996
"la Caixa" Gestión de Patrimonios, SV, SA	350,337	350,337
Banking business of Banco pequeña y Mediana Empresa, SA	39,406	39,406
Other intangible assets	**349,193**	**391,981**
Intangible assets identified during the acquisition of Banco de Valencia	31,956	
Intangible assets identified during the acquisition of Banca Cívica	158,006	181,710
Acquisition of banking business of Banco Pequeña y Mediana Empresa, SA	11,162	12,562
Acquisition of "la Caixa" Gestión de Patrimonios, SV, SA	16,790	20,149
Integration of "la Caixa" Gestión de Patrimonios, SV, SA	5,448	6,538
Development of systems, software programs and other	125,831	171,022
Total intangible assets	**2,758,932**	**2,101,720**

The changes to this item on the balance sheet in 2013 and 2012 are as follows:

	Thousands of euros	
	2013	2012
Balance at January 1	**2,801,720**	**553,959**
Plus:		
Goodwill on acquisition of Banca Cívica **(Note 8)**		2,040,361
Intangible assets from acquisition of Banco de Valencia **(Note 8)**	40,820	
Intangible assets from acquisition of Banca Cívica		201,591
Other intangible assets for the development of software programs and systems	83,266	117,724
Less:		
Derecognition of intangible assets due to sale of merchant business		(5,764)
Derecognition of goodwill due to sale of businesses		(20,365)
Amortization taken to profit and loss	(126,500)	(77,675)
Write-downs charged to profit and loss **(Note 37)**	(40,374)	(8,111)
Balance at December 31	**2,758,932**	**2,801,720**

Goodwill and intangible assets other than computer software and systems arise from the acquisition of Banco de Valencia in 2013, Banca Cívica in 2012, the banking business of Banco de la Pequeña y Mediana Empresa, S.A. and Morgan Stanley's business in Spain in prior years. Each of these acquisitions has meant the inclusion of different activities that have increased the group's capacity in different areas of the banking business. The goodwill arising on these transactions was allocated to the Retail Banking in Spain CGU, whose cash flows are independent from other activities such as insurance or investees, and reflects the form in which the entity's management supervises its businesses.

The provisional goodwill arising from the business combination with Banca Cívica totaled €1,340,361 thousand. In the second half of 2012, various disposals were carried out, reducing goodwill by €20,365 thousand. In addition, as explained in Note 8, under IFRS 3, the measurement period shall not exceed one year from the acquisition date. During this period, the acquirer may retrospectively adjust the provisional amounts recognized at the acquisition date. During this measurement period, CaixaBank identified factors resulting in an adjustment to the provisional amounts recognized. This led to an increase in the goodwill arising on the business combination with Banca Cívica of €700,000 thousand. Therefore, the final goodwill at December 31, 2013 from the business combination with Banca Cívica amounted to €2,019,996 thousand.

Intangible assets recognized as a result of the business combination with Banco de Valencia (see Note 8) relate mainly to the value of Banco de Valencia's customer relations ("Core deposits"), which were quantified at €33 million and are amortized on a straight-line basis over 6.2 years.

Intangible assets recognized as a result of the business combination with Banca Cívica (see Note 8) relate mainly to the value of Banca Cívica's core deposits. These were quantified at €170.6 million and are amortized on a straight-line basis over a period of 9.5 years. Also included are the value of the rights to use the Cajasol, Caja Navarra, Caja de Burgos, Caja Canarias and Caja Guadalajara trade names for a period of four years established in the Integration Agreement related to the merger (for an amount of €23 million). In the allocation of the price paid, an intangible asset corresponding to the value of the customer relations for Banca Cívica's card payments processing business (for the amount of €5.7 million) was identified and recognized. This business was later sold and the intangible asset derecognized (see Note 38).

The Company tests, at least annually, goodwill for any impairment in its carrying amount relative to recoverable amount (see Note 2.12).

In this respect, the Banking Business CGU, the Group's largest and the CGU to which goodwill in the Company is allocated, encompasses more than half of net operating assets, including loans and receivables, fixed-income instruments associated with the banking business, intangible assets and property and equipment for own use, decreased by the amount of their associated financing.

The amount to be recovered from the Banking Business CGU Capital 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 Group estimates the 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 (seven annual financial periods), which on the whole should reflect the stabilization of the banking business in Spain (eight years in the 2012 impairment test). It 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 December 31, 2013 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 main assumptions used in the cash flow projections were based on estimates for the main macroeconomic variables affecting the Group's business activities, including net interest income of between 1.27% and 1.65% of average total assets (between 1.28% and 1.85% in the previous test), credit risk of between 1.42% and 0.6% of the gross lending portfolio (between 0.97% and 0.63% 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 10.5% (11% previously), calculated on the average rate of interest of the Spanish 10-year bond in the past few years, plus a risk premium associated with the banking business and the Entity.

The Group performs a sensitivity analysis on the most significant variables. Additionally, possible variations in the main assumptions used in the model have been calculated, discount rate: –1%, +1%, growth rate: –0.5%, +0.5%, net interest income: –0.1%, +0.1%, and credit risk: –0.1%, +0.1%, to confirm that the recoverable amount continues to exceed the amount to be recovered. The results of the sensitivity analysis, including adverse assumptions, did not uncover the need to recognize any impairment of the goodwill assigned to the Banking Business CGU in 2013. 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 at the end of 2013.

20. OTHER ASSETS AND LIABILITIES

The breakdown of these items in the balance sheet is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Other assets	**1,329,475**	**1,825,361**
Prepayments and accrued income	933,978	1,572,031
Ongoing transactions	221,280	40,328
Net pension plan assets (see Note 22)	12,298	
Other	161,919	213,002
Other liabilities	**1,667,530**	**1,884,297**
Accrued expenses and deferred income	647,142	850,341
Ongoing transactions	341,654	390,462
Other	678,734	643,494

"Prepayments and accrued income" under assets at December 31, 2012, included the dividend receivable from VidaCaixa Grupo, SA (see Note 29) of €743 million, which was collected in early 2013.

In 2013 and 2012, "Other assets – Prepayments and accrued income" and "Other liabilities – Accrued expenses and deferred income" included €288,431 thousand and €313,818 thousand, respectively, in relation to a shortfall in the Deposit Guarantee Fund to be settled over the next 9 years (see Note 1).

This item 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 recognized in "Provisions – Provisions for pensions and similar obligations" (see Note 22).

All amounts represent normal business operated by CaixaBank with financial markets and customers.

21. FINANCIAL LIABILITIES AT AMORTIZED COST

The breakdown, by nature of liability, of this item in the accompanying balance sheet is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Deposits from central banks	20,049,617	32,976,828
Deposits from credit institutions	20,963,662	18,166,619
Customer deposits	191,920,645	176,463,420
Marketable debt securities	40,200,815	48,119,272
Subordinated liabilities	4,711,145	5,797,007
Other financial liabilities	2,534,170	3,028,818
Total	**280,380,054**	**284,551,964**

At December 31, 2013 and 2012, "Deposits from central banks" mostly included €15,480 million and €27,980 million, respectively, relating to the financing obtained at the ECB's special 3-year liquidity auction (LTRO). Additionally, (un-collateralized) interbank deposits with various central banks and agencies (mostly currency deposits) totaled €4,570 million and €4,447 million, respectively.

The detail of the main valuation adjustments included in each of the liability categories classified under "Financial liabilities at amortized cost" is as follows:

31/12/2013

	Thousands of euros					
		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	19,840,321	209,296				20,049,617
Deposits from credit institutions	20,899,835	50,528	13,305		(6)	20,963,662
Customer deposits **(1)**	192,238,894	958,417			(1,276,666)	191,920,645
Marketable debt securities **(2)**	39,477,923	885,817	28,521	(73,913)	(117,533)	40,200,815
Subordinated liabilities	4,794,482	6,832		(3,847)	(86,322)	4,711,145
Other financial liabilities	2,534,170					2,534,170
Total	**279,785,625**	**2,110,890**	**41,826**	**(77,760)**	**(1,480,527)**	**280,380,054**

(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.
(2) "Transaction costs" relates mainly to the cost of the government guarantees of Banca Cívica's bond issues. Most were cancelled early between May and June, and the cost was recovered.

31/12/2012

	Thousands of euros					
		Valuation adjustments				
	Gross balance	Accrued interest	Micro-hedges	Transaction costs	Premiums and discounts	Balance
Deposits from central banks	32,735,528	241,300				32,976,828
Deposits from credit institutions	18,110,813	39,194	16,618		(5)	18,166,619
Customer deposits **(1)**	176,856,104	1,078,510			(1,471,194)	176,463,420
Marketable debt securities **(2)**	47,632,517	919,272	39,785	(368,623)	(103,679)	48,119,272
Subordinated liabilities	5,879,963	31,330		(1,505)	(112,781)	5,797,007
Other financial liabilities	3,028,818					3,028,818
Total	**284,243,743**	**2,309,606**	**56,403**	**(370,128)**	**(1,687,659)**	**284,551,964**

(1) "Premiums and discounts" includes the fair-value adjustments made to customer deposits contributed by Banca Cívica at the date of integration, mainly single covered bonds.
(2) "Transaction costs" relates mainly to the cost of the government guarantees of Banca Cívica's bond issues.

21.1. Deposits from credit institutions

The breakdown, by type of deposit, of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Demand	**3,715,026**	**5,736,935**
Reciprocal accounts	93	435,395
Other accounts	3,714,933	5,301,540
Time or at notice	**17,184,809**	**12,373,878**
Time deposits	8,029,806	6,107,715
Of which: registered mortgage covered bonds	*820,000*	*910,950*
Hybrid financial liabilities	2,255	378
Repurchase agreement	9,152,748	6,265,786
Total	**20,899,835**	**18,110,813**

The average effective interest rate on liabilities under "Loans and advances to credit institutions" was 1.18% and 1.53% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions. Banco de Valencia's contribution to this item at the date of integration was €1,906 million.

21.2. Customer deposits

The breakdown, by sector and type of deposit, of this item in the balance sheet excluding valuation adjustments is as follows:

By sector

	Thousands of euros	
	31/12/2013	31/12/2012
Public sector	4,698,281	6,127,460
Other resident sectors	183,846,995	167,312,080
Non resident **(*)**	3,693,618	3,416,564
Total	**192,238,894**	**176,856,104**

(*) Includes repurchase agreements in money market transactions through counterparty entities of €1,105 million and €1,314 million at December 31, 2013 and 2012, respectively.

By type

	Thousands of euros	
	31/12/2013	31/12/2012
Current accounts and other demand deposits	47,783,546	38,647,269
Savings accounts	35,273,438	32,850,928
Time deposits	100,587,710	95,111,838
Of which: registered mortgage covered bonds	*10,243,434*	*11,048,111*
Hybrid financial liabilities	4,815,258	5,128,337
Repurchase agreements **(*)**	3,778,942	5,117,732
Total	**192,238,894**	**176,856,104**

(*) Includes repurchase agreements in money market transactions through counterparty entities of €1,105 million and €1,314 million at December 31, 2013 and 2012, respectively.

The fair value contributed by Banco de Valencia at the date of integration was €10,391 million (see Note 8).

At December 31, 2013 and 2012, "Time deposits" included €8,828,888 thousand and €9,428,796 thousand, respectively, relating mainly to the balancing entry for customer loans securitized after January 1, 2004 whose risk has not been substantially transferred and therefore have not been derecognized from assets. This amount is shown net of bonds issued by securitization funds acquired by CaixaBank, which amounted to €7,063,550 thousand and €8,303,751 thousand, respectively (see Note 26.2).

The average effective interest rate on financial liabilities under "Customer deposits" was 1.60% and 1.65% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

21.3. Marketable debt securities

The breakdown, by issue, of this item in the accompanying balance sheet excluding valuation adjustments is as follows:

Marketable debt securities

	Thousands of euros	
	Outstanding amount at	
	31/12/2013	31/12/2012
Mortgage covered bonds	28,600,947	32,607,255
Public-sector covered bonds	350,000	1,294,117
Plain vanilla bonds	9,118,870	6,898,726
Hybrid instruments	939,750	280,851
Structured notes	*345,450*	*280,851*
Repsol exchangeable bond	*594,300*	
Promissory notes	468,356	6,551,568
Total	**39,477,923**	**47,632,517**

The breakdown, by term to maturity of the marketable securities issued by the CaixaBank Group at December 31, 2013 and 2012 excluding securitization bonds placed with third parties is as follows:

Residual maturities

	Thousands of euros	
	Outstanding amount at	
	31/12/2013	31/12/2012
Less than 1 year	7,007,507	12,571,489
Between 1 and 2 years	8,541,962	6,774,642
Between 2 and 5 years	15,813,801	8,623,560
Between 5 and 10 years	5,543,950	16,752,326
Over 10 years	2,570,703	2,910,500
Total	**39,477,923**	**47,632,517**

The average effective interest rate on financial liabilities under "Marketable debt securities" was 3.98% and 3.82% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

The interest accrued and the issue expenses for the total of the marketable debt securities appear under "Interest expense and similar charges" in the accompanying income statement (Note 28).

Mortgage covered bonds

Details of outstanding mortgage covered bond issues at December 31, 2013 and 2012 are as follows:

Mortgage covered bonds **1/2**

Thousands of euros

Date	Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
31/10/2003	1,250,000 €	4.250%	31/10/2013		1,250,000
31/10/2003	750,000 €	4.750%	31/10/2018	750,000	750,000
04/02/2004	750,000 €	4.250%	31/10/2013		750,000
04/02/2004	250,000 €	4.750%	31/10/2018	250,000	250,000
17/02/2005	2,500,000 €	3.875%	17/02/2025	2,500,000	2,500,000
30/09/2005	300,000 €	Lib 1Y+0.020%	30/09/2015	359,842	367,602
05/10/2005	2,500,000 €	3.250%	05/10/2015	2,500,000	2,500,000
09/01/2006	1,000,000 €	E3M+0.075%	09/01/2018	1,000,000	1,000,000
18/01/2006	2,500,000 €	3.375%	30/06/2014	2,500,000	2,500,000
18/01/2006	2,500,000 €	3.625%	18/01/2021	2,500,000	2,500,000
20/04/2006 **(1)**	1,000,000 €	E3M+0.100%	30/06/2016	10,646	10,646
16/06/2006	150,000 €	E3M+0.060%	16/06/2016	150,000	150,000
22/06/2006	100,000 €	E3M%	20/06/2013		100,000
28/06/2006	2,000,000 €	4.250%	26/01/2017	2,000,000	2,000,000
28/06/2006	1,000,000 €	4.500%	26/01/2022	1,000,000	1,000,000
30/06/2006	150,000 €	E3M+0.005%	20/08/2013		150,000
30/06/2006	100,000 €	Lib 3M-0.013%	20/06/2013		75,792
18/09/2006 **(1)**	1,000,000 €	E3M+0.100%	30/09/2016	7,982	7,982
18/10/2006	100,000 €	E3M+0.020%	18/10/2013		100,000
01/11/2006	255,000 €	Lib 3M%	02/02/2037	184,903	193,270
28/11/2006	250,000 €	E3M+0.060%	28/11/2016	250,000	250,000
22/01/2007 **(1)**	1,000,000 €	E3M%	30/03/2017	6,380	6,380
30/03/2007	227,500 €	E3M+0.045%	20/03/2017	227,500	227,500
30/03/2007	68,000 €	E3M+0.010%	20/06/2014	68,000	68,000
09/05/2007 **(1)**	1,500,000 €	E3M+0.100%	30/09/2017	13,462	13,462
04/06/2007	2,500,000 €	4.625%	04/06/2019	2,500,000	2,500,000
13/07/2007	25,000 €	E3M+0.045%	20/03/2017	25,000	25,000
13/06/2008	100,000 €	5.432%	13/06/2038	100,000	100,000
14/05/2009	175,000 €	E3M+1.000%	14/05/2021	175,000	175,000
26/05/2009	1,250,000 €	3.750%	26/05/2014	1,250,000	1,250,000
07/08/2009	750,000 €	3.750%	26/05/2014	750,000	750,000
18/12/2009	125,000 €	E3M+0.650%	18/12/2018	125,000	125,000
31/03/2010	1,000,000 €	3.500%	31/03/2016	1,000,000	1,000,000
07/05/2010	100,000 €	E3M+0.950%	07/05/2019	100,000	100,000

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Thousands of euros

Date	Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
02/07/2010	300,000 €	E3M+1.750%	02/07/2018	300,000	300,000
18/08/2010	42,000 €	3.500%	30/04/2015	42,000	42,000
16/09/2010	1,000,000 €	3.125%	16/09/2013		1,000,000
06/10/2010 **(2)**	250,000 €	E6M+MARGIN	06/10/2014 **(5)**		250,000
08/10/2010 **(2)**	250,000 €	E6M+MARGIN	08/10/2015 **(5)**		250,000
15/10/2010	25,000 €	3.737%	15/10/2015	25,000	25,000
11/11/2010	300,000 €	E3M+1.630%	11/11/2013		300,000
22/02/2011	2,200,000 €	5.000%	22/02/2016	2,200,000	2,200,000
18/03/2011	570,000 €	4.706%	31/01/2014	570,000	570,000
18/03/2011	74,000 €	4.977%	02/02/2015	74,000	74,000
18/03/2011	1,250,000 €	4.750%	18/03/2015	1,250,000	1,250,000
27/04/2011	1,250,000 €	5.125%	27/04/2016	1,250,000	1,250,000
13/05/2011	180,000 €	4.471%	30/07/2014	180,000	180,000
02/08/2011 **(3)**	150,000 €	E3M+3.850%	02/08/2027	150,000	
14/11/2011	250,000 €	4.250%	26/01/2017	250,000	250,000
12/12/2011	250,000 €	E3M+3.000%	12/12/2023 **(5)**		200,000
16/02/2012	1,000,000 €	4.000%	16/02/2017	1,000,000	1,000,000
24/05/2012	1,000,000 €	4.900%	24/05/2018 **(5)**		1,000,000
24/05/2012	1,000,000 €	5.200%	24/05/2019 **(5)**		1,000,000
24/05/2012	2,000,000 €	5.300%	25/05/2020 **(5)**		2,000,000
07/06/2012	500,000 €	E6M+3.850%	07/06/2021 **(5)**		500,000
07/06/2012	2,000,000 €	E6M+3.850%	07/06/2022	2,000,000	2,000,000
07/06/2012	4,000,000 €	E6M+3.800%	07/06/2023 **(6)**	1,000,000	4,000,000
07/06/2012	3,500,000 €	E6M+3.800%	07/06/2024 **(6)**	2,900,000	3,500,000
07/06/2012	1,000,000 €	E6M+3.750%	07/06/2025	1,000,000	1,000,000
19/06/2012	4,250,000 €	E6M+3.750%	19/06/2026 **(6)**	3,000,000	4,250,000
03/07/2012	1,000,000 €	E6M+4.000%	03/07/2027	1,000,000	1,000,000
17/07/2012	750,000 €	E6M+4.250%	17/07/2027	750,000	750,000
17/07/2012	3,000,000 €	E6M+4.250%	17/07/2028 **(6)**	2,800,000	3,000,000
26/07/2012	500,000 €	E6M+4.700%	26/07/2020	500,000	500,000
26/03/2008 **(4)**	25,00 €	E6M+0.260%	26/03/2013		25,000
22/09/2009 **(4)**	150,00 €	E3M+1.500%	22/09/2017	150,000	150,000
10/02/2010 **(4)**	50,00 €	2.875%	27/09/2013		50,000
09/07/2010 **(4)**	50,00 €	E3M+2.200%	09/07/2020	50,000	50,000
25/01/2012 **(4)**	1,000,00 €	6.50%	25/01/2017 **(5)**		1,000,000
25/01/2012 **(4)**	1,000,00 €	6.750%	25/01/2018	1,000,000	1,000,000
25/01/2012 **(4)**	1,500,00 €	7.000%	25/01/2019	1,500,000	1,500,000
27/01/2012 **(4)**	1,000,00 €	7.250%	27/01/2020	1,000,000	1,000,000
13/06/2012 **(4)**	1,200,00 €	E3M+5.000%	13/06/2025 **(5)**		1,200,000
22/03/2013	2,000,00 €	3.000%	22/03/2018	2,000,000	
Mortgage covered bonds				**50,244,715**	**64,361,634**
Covered bonds acquired				**(21,643,768)**	**(31,754,379)**
Total				**28,600,947**	**32,607,255**

(1) Issues placed on the retail market. The remainder was placed on the institutional market.
(2) Margin increasing and revised quarterly.
(3) From merger with Banco de Valencia.
(4) From merger with Banca Cívica.
(5) Early redemption on 11/12/2013.
(6) Partial early redemptions.

The main changes in 2013 were the following:

- An issue of five-year mortgage covered bonds for €2,000 million, of which €1,000 million were for institutional investors.
- Maturity of issues totaling €3,725 million.
- Early redemption of issues for a total of €7,400 million and partial early redemptions of €5,050 million.

The main changes in 2012 were the following:

- Total of €25,700 million in mortgage covered bonds issued, of which €24,500 million were repurchased to increase the liquid assets pledged to the ECB.

• Inclusion of €7,875 million from Banca Cívica, of which €1,900 million were redeemed early, in September 2012. Buy backs of covered bonds totaling €5,700 million.

• Maturity of issues totaling €2,217 million.

• Offer to buy back all four mortgage covered bond issues, which had an outstanding nominal balance at the offer date of €2,101 million. CaixaBank repurchased a nominal amount of €2,072 million, before proceeding with the early redemption of the entire amounts of these issues held.

The balance of mortgage- covered bonds issued by CaixaBank and purchased by VidaCaixa at December 31, 2013 and 2012 stood at €1,786 million and €1,589 million, respectively.

In accordance with current legislation, CaixaBank expressly assigns the mortgages registered in its name as collateral for the principal and interest of mortgage covered bond issues.

CaixaBank has registered mortgage covered bonds (*cédulas hipotecarias nominativas*) issued and outstanding which, depending on the counterparty, are recognized under "Deposits from credit institutions" or "Customer deposits" in the accompanying balance sheet (see Notes 21.1 and 21.2).

The degree of collateralization and overcollateralization of the mortgage covered bonds issued at December 31, 2013 and 2012 are shown in Note 41.3.

Public-sector covered bonds

Details of outstanding public-sector covered bond issues at December 31, 2013 and 2012 are as follows:

Public-sector covered bonds

Thousands of euros

Date	Initial nominal amount in currency	Nominal interest rate	Redemption date	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
28/02/2008	200,000 €	E6M+0.135%	28/02/2013		200,000
29/04/2010	1,000,000 €	2.500%	29/04/2013		1,000,000
20/10/2011	2,500,000 €	4.250%	19/06/2015	2,500,000	2,500,000
20/10/2011	1,500,000 €	3.875%	20/03/2014	1,500,000	1,500,000
24/05/2012	500,000 €	4.900%	24/05/2018	500,000	500,000
24/05/2012	500,000 €	5.200%	24/05/2019	500,000	500,000
12/02/2008 **(1)**	100,000 €	E3M+0.150%	12/02/2013		100,000
27/01/2012 **(1)**	250,000 €	6.000%	27/01/2016	250,000	250,000
01/02/2012 **(1)**	250,000 €	6.500%	01/02/2017	250,000	250,000
26/04/2012 **(1)**	200,000 €	4.750%	26/04/2015	200,000	200,000
07/06/2013	1,300,000 €	3.000%	07/06/2018	1,300,000	
Public-sector covered bonds				**7,000,000**	**7,000,000**
Public-sector covered bonds acquired				**(6,650,000)**	**(5,705,883)**
Total				**350,000**	**1,294,117**

(1) From merger with Banca Cívica.

The public-sector covered bonds are issued using as collateral loans and advances to the central government, regional communities, local bodies, autonomous community organizations and dependent public business entities and other such institutions in the European Economic Area.

In 2013, the most significant changes were:

• An issue of five-year public-sector covered bonds for €1,300 million with payment of a 3% coupon.

• Maturity of issues totaling €1,300 million.

In 2012, the most significant changes were:

• Issues for a total of €1,000 million.

• Inclusion of Banca Cívica issues for a total amount of €800 million.

• Total maturities of €200 million.

• Net variation of public-sector covered bonds held in treasury of €1,707 million.

At December 31, 2013 and 2012, VidaCaixa had public-sector covered bonds issued by CaixaBank of €300 million and €152 million, respectively.

Plain vanilla bonds

Details of plain vanilla bond issues at December 31, 2013 and 2012 are as follows:

Plain vanilla bonds

Thousands of euros

Date	Initial nominal amount in currency	Nominal interest rate	Redemption date	Early redemption	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
18/08/2004 **(1)**	30,000 €	6.200%	18/08/2019		30,000	30,000
20/11/2009	1,000,000 €	4.125%	20/11/2014		1,000,000	1,000,000
05/11/2010	1,000,000 €	3.750%	05/11/2013			1,000,000
09/03/2011 **(2)**	200,000 €	E3M+MARGIN	11/03/2013			200,000
21/06/2011 **(2)**	150,000 €	E3M+MARGIN	21/06/2013			150,000
20/01/2012	3,000,000 €	4.910%	20/01/2015		3,000,000	3,000,000
04/07/2007 **(3)**	25,000 €	1.630%	04/07/2014		25,000	25,000
15/06/2007 **(3)**	30,000 €	2.000%	17/06/2019		30,000	30,000
22/11/2007 **(3)**	100,000 €	E12M+0.25%	22/11/2027		100,000	100,000
31/03/2010 **(3)**	200,000 €	3.125%	31/03/2015		200,000	200,000
06/04/2010 **(3)**	135,000 €	2.750%	06/04/2014		135,000	135,000
08/02/2010 **(3)**	30,000 €	E6M+0.24%	08/04/2013			30,000
12/02/2010 **(3)**	264,000 €	3.000%	12/02/2015		264,000	264,000
25/02/2010 **(3)**	350,000 €	3.250%	25/02/2015		350,000	350,000
30/03/2010 **(3)**	50,000 €	2.625%	07/02/2014		50,000	50,000
24/03/2010 **(3)**	350,000 €	3.260%	24/03/2015		350,000	350,000
30/03/2010 **(3)**	25,000 €	E6M+0.70%	30/03/2015		25,000	25,000
16/06/2010 **(3)**	400,000 €	3.624%	30/04/2015		400,000	400,000
30/06/2010 **(3)**	190,000 €	3.600%	28/06/2013			190,000
31/03/2011 **(3)**	10,000 €	4.260%	31/03/2014		10,000	10,000
31/03/2011 **(3)**	10,000 €	5.362%	31/03/2016		10,000	10,000
11/05/2011 **(3)**	11,000 €	4.543%	31/03/2014		11,000	11,000
24/02/2012 **(3)**	1,000,000 €	4.000%	24/02/2015	03/05/2013		1,000,000
06/06/2012 **(3)**	4,800,000 €	6.900%	06/06/2017	03/05/2013		4,800,000
06/06/2012 **(3)**	200,000 €	6.300%	06/06/2015	18/04/2013		200,000
22/01/2013	1,000,000 €	3.250%	22/01/2016		1,000,000	
30/01/2013	300,000 €	3.964%	30/01/2018		300,000	
11/04/2013	250,000 €	4.358%	31/10/2019		250,000	
14/05/2013	1,000,000 €	3.125%	14/05/2018		1,000,000	
18/10/2013	1,000,000 €	2.500%	18/04/2017		1,000,000	
Plain vanilla bonds					**9,540,000**	**13,560,000**
Bonds acquired					**(421,130)**	**(6,661,274)**
Total					**9,118,870**	**6,898,726**

(1) To April 2011, issue by CaixaFinance, BV. From that date on CaixaBank changes its status as guarantor by issuer. Variable yields when E12M exceeds 6%.
(2) Margin increasing and revised quarterly.
(3) From merger with Banca Cívica.

The main changes in 2013 were the following:

• Issue for a total of €3,550 million, of which €3,550 million were for institutional investors.

• Early redemptions totaling €6,000 million.

• Maturities totaling €1,570 million.

The main changes in 2012 were the following:

• Issues totaling €3,000 million.

• Inclusion of Banca Cívica issues for a total nominal amount of €8,180 million.

• Total maturities of €525 million.

• The net variation in treasury stock of €6,073 million (mostly deriving from Banca Cívica).

At December 31, 2013 and 2012, VidaCaixa had outstanding balances of €1,667 million and €555 million, respectively, in CaixaBank plain vanilla bond issues.

Structured notes

Details of structured notes issues at December 31, 2013 and 2012 are as follows:

Structured notes

Thousands of euros

Issue date	Initial nominal amount in currency	Redemption date	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
11/02/2010	1,450 €	13/02/2013		1,450
15/02/2011	2,000 €	17/02/2014	2,000	2,000
21/07/2011	43,650 €	21/07/2014	43,650	43,650
16/11/2011	15,350 €	17/11/2014	15,350	15,350
01/12/2011	115,650 €	04/12/2014	115,650	115,650
17/02/2012	16,400 €	17/02/2015	16,400	16,400
28/02/2012	75,000 €	05/03/2014	75,000	75,000
19/04/2012	13,050 €	20/04/2015	13,050	13,050
11/05/2012	1,950 €	12/05/2014	1,950	1,950
20/06/2012	1,850 €	20/06/2014	1,850	1,850
24/07/2012	600 €	24/07/2014	600	600
31/01/2013	15,000 €	31/07/2015	15,000	
25/03/2013	7,600 €	24/03/2016	7,600	
23/04/2013	800 €	22/04/2016	800	
29/05/2013	4,600 €	27/05/2016	4,600	
22/10/2013	32,000 €	24/10/2016	32,000	
17/12/2013	21,600 €	18/12/2017	21,600	
Structured notes			**367,100**	**286,950**
Structured notes acquired			**(21,650)**	**(6,099)**
Total			**345,450**	**280,851**

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 €594.3 million. The bonds, which were issued at par, mature on November 22, 2016, except in the event of early cancelation or redemption. They bear a nominal annual fixed interest rate of 4.50%, payable at the end of each year.

The minimum exchange price was set at €18.25 and the maximum price at €22.8125. At maturity, the bondholders receive a number of shares 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. CaixaBank can elect to repay the nominal amount in cash.

The issue is treated as a hybrid financial instrument, with the financial liability and the combination of embedded derivatives treated separately. The embedded derivative was designated as a cash flow hedge (see Note 15).

Promissory notes

The detail, by remaining term to maturity, of the outstanding amount of promissory notes issued in euros at December 31, 2013 and 2012 is as follows:

Promissory notes

	Thousands of euros	
	31/12/2013	31/12/2012
Up to 3 months	126,334	3,095,718
Between 3 and 6 months	174,071	1,929,464
Between 6 months and 1 year	167,951	1,362,568
Between 1 and 2 years		163,818
More than 2 years		
Total	**468,356**	**6,551,568**

The Entity has a Promissory Notes Program for a nominal amount of €10,000 million. The majority of the promissory notes issues matured in 2013.

The main change in relation to promissory notes in 2012 was as follows: Promissory notes from Banca Cívica were included at the integration date for a total of €1,332 million.

At December 31, 2013 and 2012, VidaCaixa held €179.9 million and €204.3 million, respectively, of promissory notes issued by CaixaBank.

21.4. Subordinated liabilities

The detail of this heading in the balance sheet excluding valuation adjustments is as follows:

Breakdown of issues

	Thousands of euros	
	Outstanding amount at	
	31/12/2013	31/12/2012
Preference shares	92,247	1,117,391
Subordinated debt	4,702,235	4,762,572
Total	**4,794,482**	**5,879,963**

Details of preference share issues outstanding at December 31, 2013 are as follows:

Preference shares

Thousands of euros

Issue date	Maturity	Initial nominal amount	Nominal interest rate	Current interest rate	Outstanding amount at 31/12/2013	Outstanding amount at 31/12/2012
June 2007 **(1)**	Perpetual	20,000	E6M+1.750%	2.142%	20,000	20,000
December 2007 **(1)**	Perpetual	30,000	E6M+3.000%	3.388%	30,000	30,000
May 2009 **(2)**	Perpetual	1,897,586	E3M+3.500%	3.940%	38,298	38,298
August 2009 **(3)**	Perpetual	938	E3M+5.85%	6.076%	938	938
December 2009 **(3)**	Perpetual	2,876	Fixed	8.000%	2,876	2,876
February 2011 **(3)**	Perpetual	2,099	Fixed	8.650%	2,099	2,099
February 2011 **(3)**	February 2016	977,000	Fixed			977,000
Issued by CaixaBank					**94,211**	**1,071,211**
June 1999 **(2)**	Perpetual	1,000,000	E3M+0.060%	2.970%	11,605	11,605
May 2000 **(2)**	Perpetual	2,000,000	E3M+0.060%	2.970%	27,876	27,876
July 2001 **(3)**	Perpetual	4,368	E6M+0.250%	0.543%	4,368	4,368
August 2000 **(3)**	Perpetual	3,902	E12M+0.400%	0.600%	3,902	3,902
June 2006 **(3)**	Perpetual	723	E12M+0.550%	0.750%	723	723
October 2009 **(3)**	Perpetual	8,940	E3M+6,100% (min. 7%)	7.000%	8,940	8,940
December 2006 **(3)**	Perpetual	20,000	E3M+1.400%	1.693%	20,000	20,000
Issued by other companies (4)					**77,414**	**77,414**
Total issued					**171,625**	**1,148,625**
Preference shares acquired					**(79,378)**	**(31,234)**
Total					**92,247**	**1,117,391**

(1) Issues deriving from the merger with Caja de Ahorros de Girona.
(2) The issues were bought back and cancelled in February 2012; the outstanding balance relates to percentages of holders not accepting the repurchase offer. For the buyback, €3,373,865 thousand worth of subordinated bonds were issued, with the remaining €1,445,942 thousand covered by an issue of mandatory convertible and/or exchangeable subordinated bonds.
(3) Issues from merger with Banca Cívica.
(4) Subordinated liabilities taken by CaixaBank from Caixa Preference, SAU and Banca Cívica group companies as counterparty for issues of preference shares performed by these companies. In 2013, part of these issues was repurchased from non-controlling shareholders, recognized in assets under "Debt securities."

As part of the business combination with Banca Cívica, an amount of €977,000 thousand of convertible preference shares subscribed by the FROB were integrated in CaixaBank in 2012. On April 8, 2013, the Company redeemed them for a total of €989 million, of which €977 million related to principal and the remainder to accrued interest payable up to that date.

In May 2009, "la Caixa" issued its first series of I/2009 non-voting preference shares, for €1,500 million extendable to a maximum of €2,000 million issued, at par, of which €1,898 million were subscribed. The issue carried a fixed dividend of 5.87% (6% AER) per annum until June 29, 2011. From June 2011, it carried a variable quarterly dividend equal to the three-month Euribor plus 3.5% per annum.

In June 1999, Caixa Preference, SAU issued non-voting series A preference shares amounting to €1,000 million, with a variable quarterly dividend equal to the three-month Euribor plus 0.06% per annum, and a guaranteed minimum dividend of 3.94% per annum (4% AER) over the first three years following the issue. In July 2009, a guaranteed annual minimum interest rate of 2.97% (3% AER) and a ceiling of 7.77% (8% AER) were established to September 30, 2014.

In May 2000, Caixa Preference, SAU issued non-voting series B preference shares amounting to €2,000 million, with a variable quarterly dividend equal to the three-month Euribor rate plus 0.06% per annum, and a guaranteed minimum dividend of 4.43% per annum (4.5% AER), to an annual ceiling of 6.83% (7% AER) over the first ten years following the issue. In June 2010, a guaranteed annual minimum interest rate of 2.97% (3% APR) and a ceiling of 7.77% (8% AER) were established to September 30, 2015.

Caixa Preference, SAU is a wholly-owned subsidiary of CaixaBank and the aforementioned issues are backed by an irrevocable joint and several guarantee by CaixaBank, as indicated in the related prospectuses. The preference share issues also obtained the required classification by the Bank of Spain for them to be accounted for fully in the consolidated group's core Tier 1 capital. They are perpetual issues wholly purchased by unrelated third parties and can be redeemed in part or full at the company's discretion subject to authorization by the Bank of Spain once five years have elapsed from payment.

On December 15, 2011 CaixaBank's Board of Directors accepted the offer to buy back from the holders the series A and B preference shares issued by Caixa Preference Limited (currently Caixa Preference, SAU) and the series I/2009 shares issued by "la Caixa" (with CaixaBank assuming the position as issuer by virtue of the spin-off by "la Caixa" in favor of MicroBank of the assets and liabilities that made up the financial activity of "la Caixa" and the subsequent absorption of MicroBank, SA by CaixaBank). The acceptance period ended on January 31, 2012, with acceptances received for a total of 4,819,807 Preference Shares, representing 98.41% of the Preference Shares to which this offer was directed. To carry out the buyback, CaixaBank held two issues of subordinated bonds, for €2,072,363 thousand and €1,301,502 thousand, respectively, and the issue of mandatory convertible and/or exchangeable subordinated bonds into CaixaBank shares for €1,445,942 thousand (see Note 24.1).

At December 31, 2013 and 2012, no securities had been pledged.

Details of subordinated debt issues are as follows:

Subordinated debt

Thousands of euros					Outstanding amount at	
Issue date	Maturity	Initial nominal amount	Nominal interest rate	Current interest rate	31/12/2013	31/12/2012
21/09/2006 **(1)**	21/09/2016	100,000	E3M+0.480%	1.273%	100,000	100,000
08/11/2006 **(1)**	08/11/2016	60,000	E3M+0.457%	1.083%	60,000	60,000
09/02/2012 **(2)**	09/02/2022	2,072,363	Fixed	4.000%	2,072,363	2,072,363
09/02/2012 **(2)**	09/02/2022	1,301,502	Fixed	5.000%	1,301,502	1,301,502
01/12/1990 **(3)**	PERPETUAL	18,030	–		18,030	18,030
29/06/1994 **(3*)**	29/06/2093	15,025	–		15,025	322
15/12/2003 **(3**)**	15/12/2013	60,000	E6M%			60,000
04/06/2004 **(3)**	04/06/2019	30,000	E12M+0.200%	1.466%	30,000	30,000
04/11/2005 **(3)**	04/11/2015	53,700	E3M+0.340%	1.068%	53,700	53,700
28/11/2005 **(3)**	28/11/2015	3,500	E6M+0.300%	0.51%	3,500	3,500
01/12/2005 **(3)**	PERPETUAL	148,900	E3M+1.100%	1.333%	148,900	148,900
16/06/2006 **(3)**	16/06/2016	85,300	E3M+0.890%	1.167%	85,300	85,300
05/05/2009 **(3**)**	05/05/2019	95,000	E6M+4.500%			95,000
30/06/2009 **(3)**	30/06/2019	250,000	E3M+3.000% (min. 4%)	4.000%	250,000	250,000
30/12/2009 **(3)**	30/12/2019	8,500	E6M+5.000%	5.218%	8,500	8,500
29/06/2012 **(3***)**	17/12/2014	307,153	Fixed	7.800%		307,153
29/06/2012 **(3***)**	17/12/2014	295,025	Fixed	9.000%		295,025
14/11/2013	14/11/2023	750,000	Fixed	5.000%	750,000	
Subordinated debt					**4,896,820**	**4,889,295**
Subordinated debt acquired					**(194,585)**	**(126,723)**
Total					**4,702,235**	**4,762,572**

(1) Issues deriving from the merger with Caja de Ahorros de Girona.
(2) Issues made to cover the repurchase and cancellation of preference shares.
(3) Issues from merger with Banca Cívica.
(*) Recognized incorrectly 2012 at fair value.
(**) Early redemptions on May 8, and 17, 2013.
(***) Mandatory convertible bonds (early conversion on April 11 and June 30, 2013).

In November 2013, CaixaBank held an issue of Tier 2 subordinated debt for €750 million (10Y issue, with optional repurchase at five years).

On May 8 and 17, 2013, CaixaBank carried out the full early redemption of two Banca Cívica subordinated bond issues for amounts of €60 million and €95 million, respectively.

As stated in the merger plan between CaixaBank and Banca Cívica, the preference shares of Banca Cívica totaling €904 million were the object of a repurchase offer at 100% of their face value subject to the irrevocable subscription of mandatory convertible and/or exchangeable subordinated bonds into Banca Cívica shares. In a significant event notice filed on June 26, 2012, Banca Cívica said it had accepted for repurchase 97.36% of the preference shares targeted by the offer. The nominal amount of the issue of mandatory convertible and/or exchangeable subordinated bonds was €880,185 thousand, divided up between series A, B and C/2012. The issue expires on December 17, 2014, and the conversion or exchange price was set based on a conversion and/or exchange price with maximum and minimum limits.

On November 29, 2012, CaixaBank announced that in light of the bonus share issues agreed in the second half of 2012 in relation to the Optional Scrip Dividend program and as stated in the prospectuses for the issue of mandatory convertible and/or exchangeable subordinated bonds series A, B and C/2012 issued by Banca Cívica, the minimum and maximum conversion and/or exchange price limits were amended, from €1.92 and €32 per share, to €1.84 and €30.67 per share, respectively.

On December 30, 2012, CaixaBank converted the A/2012 series of mandatory convertible and/or exchangeable subordinated bonds issued by Banca Cívica, for a nominal amount of €278,007 thousand. The conversion was carried out at a conversion and/or exchange price of €2.654 per share, which was between the maximum and minimum limits established in the issue and amended subsequently pursuant to application of the anti-dilution clause. To carry out the conversion, the Company issued 86,944,944 new shares and delivered 17,611,078 treasury shares (see Note 24).

In March 2013, CaixaBank converted the B/2012 series of mandatory convertible and/or exchangeable subordinated bonds issued by Banca Cívica, for a nominal amount of €307,153 thousand. The conversion was carried out at a conversion and/or exchange price of €2.778 per share, which was between the maximum and minimum limits established in the issue and amended subsequently pursuant to application of the anti-dilution clause. To carry out the conversion, the Company issued 71,072,823 new shares and delivered 39,487,933 treasury shares (see Note 24).

Finally, on June 30, 2013, CaixaBank converted the C/2012 series of mandatory convertible and/or exchangeable subordinated bonds issued by Banca Cívica, for a nominal amount of €295,025 thousand. The conversion was carried out at a conversion and/or exchange price of €2.518 per share, which was between the maximum and minimum limits established in the issue and amended subsequently pursuant to application of the anti-dilution clause. To carry out the conversion, the Company issued 92,161,318 new shares and delivered 25,000,000 treasury shares.

The subordinated debt issues obtained the classification required by the Bank of Spain for these to be accounted for, subject to the limitations set forth in Bank of Spain Circular 3/2008, as Group Tier 2 capital (see Note 5).

The average effective interest rate on financial liabilities under "Subordinated liabilities" was 4.83% and 4.65% in 2013 and 2012, respectively. This rate is the result of interest earned in the year and does not include adjustments to income arising from hedging transactions.

21.5. Other financial liabilities

The breakdown of "Other financial liabilities" in the balance sheet is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Payment obligations	1,018,313	1,035,600
Dividends payable		
Guarantees received	111	70
Clearing houses	83,281	370,906
Tax collection accounts	436,798	539,939
Special accounts	828,942	807,593
Other	166,725	274,710
Total	**2,534,170**	**3,028,818**

22. PROVISIONS

The changes in 2013 and 2012 in this item and the nature of the provisions recognized in the balance sheet are as follows:

2013

	Balance at 31/12/2012	Additions due to integrations **(1)**
Provisions for pensions and similar obligations **(Note 22.1)**	**2,645,786**	**–**
Defined benefit post-employment plans	1,711,208	
Other long-term defined employee benefits	934,578	
Provisions for taxes and other legal contingencies (Note 22.2)	**118,745**	**279,471**
Provisions for taxes **(Note 23)**	74,646	7,469
Other legal contingencies	44,099	272,002
Contingent liabilities and commitments (Note 22.3)	**126,405**	**358,793**
Country risk allowance	415	
Allowance for identified losses	125,990	358,793
Contingent liabilities	*108,834*	*358,793*
Contingent commitments	*17,156*	
Allowance for inherent losses	–	
Other provisions (Note 22.4)	**1,040,139**	**402,720**
Losses from agreements not formalized and other risks	337,800	402,720
Provisions for property awarded by Group companies	571,580	
Ongoing legal proceedings	107,742	
Other	23,017	
Total provisions	**3,931,075**	**1,040,984**

(1) See Note 8.
(*) Returns on insurance contracts (Note 27) .
Interest cost of pension fund (Note 28).
Personnel expenses (Note 34).
Total
(**) Actuarial (gains)/losses (Note 24.2).

2012

	Balance at 31/12/2011	Additions due to integrations **(*)**
Provisions for pensions and similar obligations	**2,259,441**	**705,099**
Defined benefit post-employment plans	1,769,840	
Other long-term defined employee benefits	489,601	705,099
Provisions for taxes and other legal contingencies	**86,375**	**43,942**
Provisions for taxes **(Note 23)**	73,796	26,291
Other legal contingencies	12,579	17,651
Contingent liabilities and commitments	**119,799**	**54,031**
Country risk allowance	115	
Allowance for identified losses	45,065	45,089
Contingent liabilities	*33,363*	*45,089*
Contingent commitments	*11,702*	
Allowance for inherent losses	74,619	8,942
Other provisions	**311,576**	**815,509**
Losses from agreements not formalized and other risks	64,593	730,509
Provisions for property awarded by Group companies	171,091	
Ongoing legal proceedings	42,564	85,000
Other	33,328	
Total provisions	**2,777,191**	**1,618,581**

(*) See Note 8.
(**) Interest cost (Note 28).
Personnel expenses (Note 34).
Total other provisions.

	Thousands of euros					
	Provisions net of releases charged to income	Other provisions **(*)**	Actuarial (gains)/losses **(**)**	Amounts used	Transfers and other	Balance at 31/12/2013
	3,841	**821,050**	**(3,305)**	**(835,251)**	**154,361**	**2,786,482**
	122	50	(3,305)	(115,978)	28,263	1,620,360
	3,719	821,000		(719,273)	126,098	1,166,122
	53,743	**–**	**–**	**(20,395)**	**9**	**431,573**
	122,201			(10,044)	6,818	201,090
	(68,458)			(10,351)	(6,809)	230,483
	31,061	**–**	**–**	**–**	**12,620**	**528,879**
	941					1,356
	30,120				12,620	527,523
	20,380				*12,620*	*500,627*
	9,740					*26,896*
						–
	(1,403,919)	**–**	**–**	**(238,505)**	**619,514**	**419,949**
	11,791			(204,085)	(264,294)	283,932
	(1,454,111)				882,531	–
	3,768			(2,346)	73	109,237
	34,633			(32,074)	1,204	26,780
	(1,315,274)	**821,050**	**(3,305)**	**(1,094,151)**	**786,504**	**4,166,883**
		(45,598)				
		81,631				
		785,017				
		821,050				

	Thousands of euros				
	Provisions net of releases charged to income	Other provisions **(**)**	Amounts used	Transfers and other	Balance at 31/12/2012
	57,570	**22,338**	**(475,180)**	**76,518**	**2,645,786**
	(42,000)	4,014	(114,767)	94,121	1,711,208
	99,570	18,324	(360,413)	(17,603)	934,578
	18,667	**–**	**(27,077)**	**(3,162)**	**118,745**
	3,372		(25,266)	(3,547)	74,646
	15,295		(1,811)	385	44,099
	(30,264)	**–**	**–**	**(17,161)**	**126,405**
				300	415
	44,377			(8,541)	125,990
	38,923			*(8,541)*	*108,834*
	5,454				*17,156*
	(74,641)			(8,920)	–
	(241,133)	**–**	**(436,805)**	**590,992**	**1,040,139**
	(90,320)		(381,101)	14,119	337,800
	(175,944)			576,433	571,580
	(2,543)		(17,279)		107,742
	27,674		(38,425)	440	23,017
	(195,160)	**22,338**	**(939,062)**	**647,187**	**3,931,075**
		18,324			
		4,014			
		22,338			

22.1. Provisions for pensions and similar obligations

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

CaixaBank 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.

At December 31, 2013 and 2012, details of the present value of the undertakings assumed by CaixaBank 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	
	31/12/2013	31/12/2012
Present value of obligations	**1,835,757**	**1,927,235**
Vested obligations	1,825,840	1,823,904
Non-vested obligations	9,917	103,331
Less:		
Fair value of plan assets	227,695	216,027
Other assets	(12,298)	
Provisions – Pension funds	**1,620,360**	**1,711,208**
Of which: insurance contracts linked to pensions	*1,611,212*	*1,711,208*

Insurance contracts linked to pensions cover the supplementary guarantees of the partial retirement scheme for an amount of €27,595 thousand. The remainder relates to long-term obligations from special agreements associated with collective redundancy procedures.

The fair value of plan assets refers to the fair value of the insurance policies arranged with insurance companies that do not belong to the CaixaBank Group.

A reconciliation of opening and closing balances of the present value of long-term defined benefit obligations and insurance contracts linked to pensions is as follows:

2013

	Thousands of euros				
	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations	Fair value of insurance contracts
Balance at January 1	**1,927,235**	**216,027**		**1,711,208**	**(1,711,208)**
Included in profit and loss				–	
Service cost for the current year	74			74	
Past service cost				–	
Settlements				–	
Interest cost (income)	49,429	6,797		42,632	(42,600)
Components of cost of defined benefit recognized in profit and loss	**49,503**	**6,797**	**–**	**42,706**	**(42,600)**
Revaluations included in the statement of recognized income and expense					
Actuarial (gains)/losses arising from changes in demographic assumptions	(5,040)			(5,040)	
Actuarial (gains)/losses arising from changes in financial assumptions	51,779			51,779	
Return on plan assets (excluding net interest expense)		31,119		(31,119)	(18,925)
Other			(12,298)	12,298	
Components of cost of defined benefit recognized in equity	**46,739**	**31,119**	**(12,298)**	**27,918**	**(18,925)**
Other					
Plan contributions				–	(1,580)
Plan payments	(130,984)	(15,006)		(115,978)	115,978
Settlements	(102,098)	(3,996)		(98,102)	98,102
Addition for integration (Banco de Valencia and Banca Cívica)	56,993	46,845		10,148	(10,148)
Transactions	(11,631)	(54,091)		42,460	(40,831)
Total others	**(187,720)**	**(26,248)**	**–**	**(161,472)**	**161,521**
Balance at December 31	**1,835,757**	**227,695**	**(12,298)**	**1,620,360**	**(1,611,212)**

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 €12,298 thousand, recognized under "Other assets" in the balance sheet (see Note 20).

"Settlements" relates mainly to former defined-benefit obligations converted into defined-contribution obligations in 2013.

2012

	Thousands of euros				
	Defined benefit obligations	Fair value of plan assets	Other assets	Net (asset)/liability for defined benefit obligations	Fair value of insurance contracts
Balance at January 1	**1,769,840**			**1,769,840**	**(1,769,840)**
Included in profit and loss					
Service cost for the current year	4,014			4,014	
Past service cost					
Settlements					
Interest cost (income)	84,952			84,952	(84,952)
Components of cost of defined benefit recognized in profit and loss	**88,966**	**–**	**–**	**88,966**	**(84,952)**
Revaluations included in the statement of recognized income and expense					
Actuarial (gains)/losses arising from demographic assumptions					
Actuarial (gains)/losses arising from financial assumptions	(70,507)			(70,507)	
Return on plan assets (excluding net interest expense)		484		(484)	28,991
Other (asset limit)					
Components of cost of defined benefit recognized in equity	**(70,507)**	**484**	**–**	**(70,991)**	**28,991**
Other					
Plan contributions					(10,154)
Plan payments	(129,381)	(14,614)		(114,767)	114,767
Addition for integration (Banco de Valencia and Banca Cívica)	220,177	219,357		820	(819)
Transactions	48,140	10,800		37,340	10,799
Total others	**138,936**	**215,543**	**–**	**(76,607)**	**114,593**
Balance at December 31	**1,927,235**	**216,027**	**–**	**1,711,208**	**(1,711,208)**

100% of the Company's defined-benefit post-employment benefit obligations with serving and former employees is covered with insurance contracts covering the obligations. Therefore, the Company is not exposed to unusual market risks, nor does it need to apply asset-liability matching strategies or longevity swaps. The fair value of insurance contracts linked to pensions and the fair value of the plan assets at year-end relate to insurance policies of Group companies and other entities, respectively.

Part of the fair value of insurance contracts relates to insurance policies taken out by the Control Committee of the "Pensions Caixa 30" Pension Fund, the "la Caixa" employee pension plan. The Entity has a duty to oversee the plan, which it exercises through its membership of the plan's Control Committee. Insurance contracts not taken out by the pension plan are managed by each insurance company.

Some of the insurance contracts covering the obligations do not fulfill the requirements to be considered plan assets. The fair value of the insurance contracts that do not meet these requirements is shown under "Insurance contracts linked to pensions" on the balance sheet. The fair value of insurance contracts that meet the conditions for consideration of plan assets are shown net of the value of the obligations under "Net pension plan assets" in "Other assets" in the balance sheet (see Note 20). Negative amounts are recognized under liabilities as a post-employment obligation.

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

	2013	2012
Discount rate	3.47%	2.49%
Mortality tables	PERM-F/2000-P	PERM-F/2000-P
Annual pension review rate **(1)**	0%-2%	0%-2%
Annual cumulative CPI	1.5%	1.5%-2%
Annual salary increase rate	2%	2.5%-3%

(1) 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.

d) In 2012, the discount rate is the weighted rate of each commitment assumed in each policy. This rate does not differ significantly from the rate that would be obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed. This rate reported for 2013 corresponds to the rate obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

Potential reasonable changes at the year-end in one of the main assumptions, *ceteris paribus* the remaining assumptions, would have the following impact on the value of the obligations at the year-end:

2013

	Defined benefit obligations	
	Increase	Decrease
Discount rate (0.5%)	(94,051,094)	103,395,297
Annual pension review rate (0.5%)	6,232,090	(20,496,239)

The fair value of the insurance contracts linked to pensions and of the plan assets was 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, potential reasonable 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.

CaixaBank estimates that the contributions to defined-benefit post employment plans for 2014 will be similar to the amount in 2013.

The average weighted duration of defined-benefit obligations at the end of the year was 14 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					
	2014	2015	2016	2017	2018	2019-2023
Estimated payments of post-employment benefits	130,718	127,908	125,555	122,897	120,437	560,394

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

CaixaBank has pension funds covering the obligations assumed under its early retirement schemes (see Note 2.10). The funds cover the obligations with personnel who retire early – with regard to salaries and other welfare charges – from the date of early retirement to their actual retirement date. Funds are also in place covering obligations with personnel who are partially retired, and obligations assumed in relation to long-service premiums and other obligations with existing personnel.

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

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

This labor agreement is part of the restructuring carried out to improve the efficiency of the Company's resources by rationalizing the mergers with Banca Cívica and Banco de Valencia. The associated extraordinary restructuring cost amounted to €785 million and was recognized in 2013 under "Personnel expenses."

At December 31, 2013 and 2012, the present value of these obligations and the fair value of the insurance contracts linked to pensions are as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Present value of obligations	**1,166,122**	**934,578**
With pre-retired personnel	555,423	721,453
Termination benefits	394,033	
Supplementary guarantees for partial retirement program and special agreements	124,645	48,230
Length of service bonuses and other	54,130	57,210
Other commitments from Banca Cívica and Banco de Valencia	37,891	107,685
Provisions for pensions and similar obligations	**1,166,122**	**934,578**
Of which: insurance contracts linked to pensions	*125,085*	*48,231*

Insurance contracts linked to pensions contracted with VidaCaixa, SA de Seguros y Reaseguros cover the obligations deriving from the retirement, death or disability of former employees, obligations not deriving from defined benefit plans with certain existing employees, and obligations not deriving from defined benefit retirement plans.

A reconciliation of the opening and closing balances of the net liability (asset) for defined benefit post-employment obligations and insurance contracts related to pensions is as follows:

2013

	Thousands of euros			
	Net (asset)/liability for defined benefit obligations		Fair value of insurance contracts	
	2013	2012	2013	2012
Balance at January 1	**934,578**	**489,601**	**(48,230)**	**(66,865)**
Included in profit and loss				
Service cost for the current year	2,398	11,567		
Past service cost	785,000	88,003		
Settlements				
Interest cost (income)	38,998	21,534	(2,998)	(3,210)
Revaluations (gains)/losses	6,819	4,530	(5,498)	(4,530)
Components of cost of defined benefit recognized in profit and loss	**833,215**	**125,634**	**(8,496)**	**(7,740)**
Other				
Plan contributions			(53,259)	(166)
Plan payments	(719,273)	(360,414)	29,392	26,540
Addition for integration (Banco de Valencia and Banca Cívica)	13,186	705,099	(13,186)	
Transactions	104,416	(25,342)	(31,306)	
Total others	**(601,671)**	**319,343**	**(68,359)**	**26,374**
Balance at December 31	**1,166,122**	**934,578**	**(125,085)**	**(48,231)**

22.2. Provisions for taxes and other legal contingencies

The increase in this item at December 31, 2013 from December 31, 2012 was due mainly to the inclusion of €279,471 thousand of provisions for taxes and other legal contingencies of Banco de Valencia at the date of the business combination plus adjustments made to measure them at their fair value (see Note 23). It includes an estimate of the future outflow of economic resources required to settle all the litigation and other legal contingencies from Banco de Valencia, none of which individually entails a significant amount.

22.3. Contingent liabilities and commitments

The increase in this item at December 31, 2013 from December 31, 2012 was due mainly to the inclusion of €358,793 thousand of provisions for risks and contingent commitments of Banco de Valencia at the date of the business combination plus adjustments made to measure them at their fair value (see Note 8).

In 2012, the main change in this heading (for €75 million) corresponded to the drawdown of the general allowance for contingent exposures, used to provide coverage for financing property development, home purchasing and foreclosed assets.

22.4. Other provisions

Other provisions

The main provisions recognized under "Provisions – Other provisions" are as follows:

Losses from agreements not formalized and other risks

- The integration of Banco de Valencia resulted in the inclusion of provisions for a total of €402,720 thousand under "Losses from agreements not formalized and other risks," which at the date of the business combination included:

– €142,941 thousand for restructuring costs at Banco de Valencia resulting from the streamlining of the bank's structure and the rationalization of its branch network and workforce, as part of the action plan and as it received public aid. This amount includes the amounts pending payment in relation to the redundancy program of October 10, 2012, and the subsequent agreement between the bank and workers' representatives reached on November 12, which limited the downsizing measure to a total of 360 employees through early retirement and paid leave, aimed at specific groups of workers and which were to be carried out before December 31, 2012, extendible to April 30, 2013 for organizational reasons.

– €85,000 thousand for the commitment assumed by the Company with the former holders of the 3rd issue of subordinated bonds of Banco de Valencia to repay the loss in the nominal amount after the exchange of the 1st issue of mandatory convertible and/or exchangeable subordinated bonds into shares of Banco de Valencia (see Note 24). An amount of €44 million was drawn down in 2013.

– €82,310 thousand for the estimate of miscellaneous losses at Banco de Valencia investees.

• Provisions of €731 million were recognized due to the integration of Banca Cívica in 2012 and the purchase price allocation process (see Note 8). A significant amount of these provisions was used in 2012. These included €227 million for cancelling insurance contracts that Banca Cívica held with several insurance companies, as a breach of the exclusivity clause had been incurred. A total of €63 million and €167 million was used for this concept in 2013 and 2012, respectively, as part of the operation to gain control over the insurance companies (see Notes 8 and 17). Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits is uncertain.

• At December 31, 2011, these included provisions to cover losses deriving from agreements to cancel loans or settle guarantees not established at the close of the year and other ordinary risks of CaixaBank's business (€65 million, of which €41 million were used in 2012). It is estimated that the outflow of resources embodying economic benefits required to settle these obligations will mainly arise in the next five years.

• In 2013, after the Credifimo capital increase explained in Note 17.3, the Company transferred an amount of €73 million from losses from agreements not formalized and other to cover the impairment loss on the shareholding in this company. In addition, an amount of €82 million was transferred to reduce the cost of the investment in Finconsum due to its merger with Adquiera (see Note 17.3).

Provisions for property awarded by group companies

"Provisions for property awarded by group companies" included the provision related to foreclosed real estate assets acquired in the cancellation of loan obligations with CaixaBank. The assets were acquired at fair value by BuildingCenter, SAU, a subsidiary of CaixaBank. The provision was recognized at the same amount as the provision recognized by CaixaBank to hedge against the risk of insolvency of the loans cancelled, and which were drawable for the difference between the foreclosure value and the net carrying amount of the foreclosed assets, leading to the transfer from credit loss allowances to this provision. The amounts transferred to this provision in 2013 and 2012 were €994 million and €576 million, respectively. The provision was released as BuildingCenter, SAU, sold the foreclosed assets to third parties and the risks and rewards inherent in ownership of the assets were transferred. In 2013 and 2012, €445 and €176 million were released respectively. However, in December 2013, BuildingCenter recognized in its separate financial statements the full amount of the provision that CaixaBank had recognized. Therefore, CaixaBank released the provision, for €1,009 million, and recognized an impairment loss on subsidiaries for BuildingCenter equivalent to this amount, net of tax (see Note 17.3).

Ongoing legal proceedings

The provision covering obligations that may arise from various ongoing legal proceedings amount to €108 million, of which €85 million correspond to legal proceedings deriving from Banca Cívica and the remainder to other legal proceedings, whose individual amounts are not material. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits, should they arise, is unknown.

23. TAX POSITION

As described in Note 8, in 2013, the merger of CaixaBank (absorbing company) and Banco de Valencia (absorbed company) took place. The absorbed company was extinguished by dissolution without liquidation and block transfer of its total net assets to CaixaBank, which acquired all the rights and obligations of Banco de Valencia through universal succession. The absorption of Banca Cívica took place in 2012.

Tax consolidation

Following the entry into force of Law 26/2013 of December 27 governing savings banks and banking foundations, and given that in 2013 "la Caixa"'s stake in CaixaBank was reduced to below 70%, CaixaBank assumed the position of parent of the tax group and "la Caixa" became a subsidiary, with effect from January 1, 2013.

As a result of CaixaBank's takeover and merger with Banco de Valencia, the subsidiaries of the fiscal group previously headed by Banco de Valencia in which CaixaBank has acquired a direct or indirect stake of 75% have joined the tax group for income tax headed by CaixaBank.

Furthermore, CaixaBank belongs to the consolidated tax group for value added tax (VAT) whose parent company has been "la Caixa" since 2008.

Years open for review

CaixaBank, the entity resulting from the reorganization of the "la Caixa" Group in 2011, as described in the separate financial statements of CaixaBank for that year, has the last four years open for review for the main taxes applicable.

The main tax proceedings ongoing at the close of the year are as follows:

- In 2011, the tax authorities began an inspection of "la Caixa" for the main taxes applicable between 2007 and 2009. These inspections were 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 recognized provisions amounting to €10,725 thousand.

- 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. Although some of the tax assessments were signed under protest, the Entity recognized provisions for €33,839 thousand to cover the maximum contingencies that could arise from them, which are currently pending resolution by the Central Economic-Administrative Tribunal.

Furthermore, as the successor of Banca Cívica and the Savings Banks that formerly contributed their gains from financial activities to Banca Cívica, information is shown below on the reviews and inspections carried out for the main taxes and obligations, which generally cover the following tax years:

a) Caja Burgos to 2007; Cajasol to 2006; Caja Canarias to 2008 and Caja Navarra to 2009. Therefore, the assessments carried out in 2011 and 2012 as a result of the aforementioned inspections did not have a significant impact.

b) On July 18, 2012, the tax authorities notified Cajasol of the beginning of an inspection for the main taxes applicable to it for the years 2007 to 2010, inclusive. At year-end 2013 this inspection had not been completed.

c) Subsequently, on March 20, 2013, the tax authorities notified Caja Canarias of the beginning of an inspection for the main taxes applicable to it for the years 2009 and 2010. At year-end 2013 this inspection had not been completed.

d) In addition, on July 11, 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. At year-end 2013 this inspection had not been completed.

Finally, in 2013, the tax authorities completed the inspection of Banco de Valencia for the main taxes applicable to it from 2006 to 2009. The inspections were completed this year and the assessments issued and signed in agreement. The tax payable was paid.

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.

Transactions operating under a special tax scheme

In accordance with Article 93 of the consolidated text of the Corporation Tax Law, following is a list of transactions carried out in 2013 by CaixaBank and Banco de Valencia under the special tax scheme established in chapter VIII of title VII of Legislative Royal Decree 4/2004, of March 5, approving the consolidated text of the Corporation Tax Law:

- CaixaBank absorbed Banco de Valencia, which was dissolved without liquidation, with all its assets and liabilities being transferred en bloc through universal succession to CaixaBank. Note 8 and Appendices 5 and 6 of these financial statements show the information required under the provisions of Article 93 of the consolidated text of the Corporation Tax Law.

Information relating to transactions carried out under the special tax scheme in prior years is included in the tax sections of the previous years' financial statements of CaixaBank, Banco de Valencia, Banca Cívica and the Savings Banks.

Tax credit for reinvestment of extraordinary profits

In 2012, CaixaBank obtained profit on which a tax credit for reinvestment of extraordinary profits could be applied and recorded credits of €3,700 thousand. The total amount obtained from the transfers generating the extraordinary profits were reinvested in 2012.

The tax credit for reinvestment of the extraordinary profits obtained in 2013 will be disclosed in the annual financial statements for 2014, after filing the 2013 income tax return.

Appendix 2 sets out the main aggregates pursuant to Article 42 of Legislative Royal Decree 4/2004 of March 5 approving the consolidated text of the Corporation Tax Law (applicable as of January 1, 2002).

Accounting revaluations

In accordance with Transitional Provision One of Bank of Spain Circular 4/2004, whereby the cost of unrestricted tangible assets may be their fair value at January 1, 2004, "la Caixa" and the other credit entities absorbed by CaixaBank elected this option and restated the value of their property and equipment for own use on the basis of the appraisals performed by appraisers approved by the Bank of Spain.

Impairment at subsidiaries

In 2013, an amendment was made that repealed Article 12.3 of the consolidated tax of the Corporation Tax Law.

Nevertheless, following is information on the impairment losses finally deducted in the 2012 income tax statement, the differences in equity and the amounts remaining to be integrated deriving from entities classified as group entities, jointly controlled entities and associates.

1/2

	Thousands of euros			
	Amounts deducted from previous tax periods	Correction of difference in equity	Amounts deducted and included in 2012	Amounts pending inclusion **(8)**
Adquiera	1,704	(591)	(591)	1,113
Anira Inversiones SL **(1)**	521	(521)	(521)	
Arquitrabe Activos SL **(1) (6)**	13,687	10,749	10,749	24,436
Biodiessel Processing SL **(1)**	426			426
Buildingcenter, SA **(7)**	3,760	433,597	433,597	437,357
Caixa Capital Biomed, SA		2,157	2,157	2,157
Caixa Capital Micro, SA	59	(59)	(59)	
Caixa Capital Risc, SA	247	(247)	(247)	
Caixa Capital Tic, SA	153	584	584	737
Caixa Emprenedor XXI, SA **(7)**	1,638	251	251	1,889
Caixa Invierte Industria, SA	–	163	163	163
Caixa Preference, SA **(7)**	348	(14)	(14)	334
Caja de Burgos Habitarte Inmobiliaria SL **(2)**				
Cajasol Seguros Generales, Sociedad de Seguros y Reaseguros	17	(17)	(17)	
Caixa Capital Fondos **(3) (6)**	4,746	4,157	4,157	8,903
CAN Seguros de Salud, SA	43	470	470	513
Canaliza 2007 **(4)**	230	681	681	911
Céleris		5,038	5,038	5,038
Club Deportivo de Baloncesto Sevilla, SAD	15,841	4,769	4,769	20,610
Cobros y Gestiones, SA	4	18	18	22
Compañía Andaluza de Rentas e Inversiones, SA	3,126			3,126
Corporación Empresarial Cajasol **(4)**		68,146	68,146	68,146
Credifimo, EFC, SAU **(6)**	149,024	24,352	24,352	173,376
Efectivox SA **(2)**				
Finconsum, EFC, SA **(7)**	47,927	(19,083)	(19,083)	28,844
GAALSA, SA	2			2
Gestur - Caja Canarias Inv. y Desarrollo, SA	50	49	49	99
Global Única	4,348	(12)	(12)	4,336
Grupo Aluminios de Precisión SL **(1)**				
Hermenpo Eólica SL **(4)**	93	2	2	95
Hiscan Patrimonio **(4) (6)**	17,492	(17,492)	(17,492)	–
Inmobiliaria Burgoyal SA **(1)**	816	(816)	(816)	
Inmobiopress Holding SA **(2)**				
Inpsa, SGPS SA **(1)**	3,077	(3,077)	(3,077)	
Inversiones Alaris SL **(1)**	392			392
Inversiones Inmobiliarias Oasis, SA		532	532	532
Inversiones Valencia SCR **(7)**	5,390	13,390	13,390	18,780
Ircio Inversiones SL **(1)**	105	131	131	236
Liquidambar, SA **(1)**	8,592	2,600	2,600	11,192
Med Wind	1,730	313	313	2,043
Oesia Networks	2,720	756	756	3,476
Parque Isla Mágica, SA	10,485	3,574	3,574	14,059
Proesmadera SA **(1)**	3,197			3,197
Promociones al Desarrollo Bumari SL **(1)**	519	318	318	837
Puerto Triana **(7)**	798	31,944	31,944	32,742
Real Equity **(7) (5)**	9,596	10,989	10,989	20,585
Saldañuela Industrial SL **(2)**				
Saldañuela Residencial SL	8,593	21,455	21,455	30,048
Self Trade Bank	5,521	(55)	(55)	5,466
Sercapgu **(6)**	3,823	22	22	3,845
TUBESPA **(6)**	5,765	36	36	5,801
Uesmadera SA **(1)**	4,355			4,355

2/2

	Thousands of euros			
	Amounts deducted from previous tax periods	Correction of difference in equity	Amounts deducted and included in 2012	Amounts pending inclusion **(8)**
Valenciana de Inversiones Participadas **(7)**	21,807	161,463	161,463	183,270
Valoraciones y Tasaciones Hipotecarias, SA **(2)**				
VIP Activos **(7) (5)**	57,137	452,291	452,291	509,428
VIP Gestión de Inmuebles **(7) (5)**	11,003	76,315	76,315	87,318
VIP Promociones **(5) (7)**	3	11,000	11,000	11,003
VIP viviendas y locales **(5) (7)**	3,719	18,900	18,900	22,619
Total	**434,629**	**1,319,228**	**1,319,228**	**1,753,857**

(1) The balance of "Amounts deducted from previous tax periods" was restated following the favorable ruling on rectification of the 2010 income tax return.
(2) Transferred.
(3) Formerly, Cajasol Sociedad de Capital Riesgo.
(4) Merged with Hiscan Patrimonio in 2013.
(5) Merged with VIP Gestión de Inmuebles in 2013.
(6) Impairment partially eliminated on consolidation.
(7) Impairment eliminated on consolidation.
(8) Of the impairments disclosed in "Amounts pending inclusion," a total of €1,503,809 thousand was eliminated in the consolidated tax group.

Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognized in the income statement for 2013 and 2012 to the corresponding pre-tax profit for these years is as follows:

	Thousands of euros	
	2013	2012
Profit/(loss) before tax (1)	**229,975**	**(165,306)**
Increases/decreases due to permanent differences	**(1,595,832)**	**(131,817)**
Difference in accounting and tax cost of shares transferred	27,091	29,543
Dividends and capital gains exempt from taxation, lower costs, etc.	(384,594)	(113,646)
Recognized under AIEs	(77,148)	(91,927)
Monetary correction	(6,082)	(82,203)
Valuation adjustments for impairment of subsidiaries	1,270,999	323,152
Income from business combination **(Note 8)**	(2,288,075)	
Expense recognized against reserves	(154,043)	(192,475)
Other increases	20,807	15,961
Other reductions	(4,787)	(20,222)
Taxable profit/(loss)	**(1,365,857)**	**(297,123)**
Tax payable (base *30%)	**409,757**	**89,137**
Credits and other tax benefits:	**235,841**	**404,779**
Tax credit for double taxation (dividends and capital gains)	235,841	403,438
Other credits and tax benefits		1,341
Income tax for the year	**645,598**	**493,916**
Tax adjustments	**(20,315)**	**3,073**
Tax adjustments for expense recognized against reserves	**(46,213)**	**(57,743)**
Other tax	**(3,144)**	**(1,343)**
INCOME TAX EXPENSE (2)	**575,926**	**437,903**
Profit after tax (1) + (2)	**805,901**	**272,597**

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. In addition, the income from the business combination is also not included in taxable income/(tax loss) to respect double taxation avoidance principles.

Tax recognized in equity

In addition to the income tax recognized in the income statement, in 2013 and 2012 CaixaBank recognized certain valuation adjustments in its equity net of tax, recognized as a deferred tax asset or liability (see Note 24.2).

In 2013, as a result of the merger and absorption of Banco de Valencia, CaixaBank recognized Banco de Valencia's assets and liabilities at their fair value. The adjustments made to bring Banco de Valencia's carrying amounts in line with their fair value have been recognized bearing in mind the tax effect, which have been booked as deferred assets and liabilities (see Note 8).

Deferred tax assets/liabilities

Pursuant to current tax legislation, in 2013 and 2012 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 recognized in the balance sheet at December 31, 2013 and 2012 arose from the following:

Deferred tax assets

	Thousands of euros			
	31/12/2012	Additions due to integration of Banco de Valencia **(1)**	Increases/ (decreases) due to movements in the year	31/12/2013 **(2)**
Pension plan contributions **(Note 2.8)**	88,688	1,169	22,600	112,457
Credit loss provisions **(3)**	2,001,116	604,347	(1,387,446)	1,218,017
Early retirement obligations **(Note 22)**	282,080		(109,268)	172,812
Provision for foreclosed property	188,767		(133,409)	55,358
Origination fees for loans and receivables	17,580	736	(3,212)	15,104
Tax assets for adjustments to equity	11,148	5,351	(481)	16,018
Tax loss carryforwards	1,299,245	782,606	1,640,776	3,722,627
Unused tax credits	1,130,046	2,312	214,577	1,346,935
Integration of Banca Cívica **(4)**	759,816		(330,949)	428,867
Integration of Banco de Valencia **(5)**		234,265	(65,217)	169,048
Other **(6)**	748,398	52,710	227,573	1,028,681
Total	**6,526,884**	**1,683,496**	**75,544**	**8,285,924**

(1) 2013 includes deferred tax assets deriving from the merger with Banco de Valencia and those arising from fair valuation adjustments to assets and liabilities arising because of the merger.
(2) Tax assets relate to (i) credit loss provisions, (ii) provisions for early retirement obligations, (iii) provision for foreclosed property and (iv) tax loss carryforwards, which will be modified by application of the provisions introduced in the consolidated text of the Corporation Taxation Law by Royal Decree-Law 14/2013, of November 29. Nevertheless, the total balance of tax assets will be unchanged.
(3) Includes general and specific allowances, and the assets in this connection from Banco de Valencia.
(4) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banca Cívica, except those from adjustments to loans and receivables.
(5) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banco de Valencia, except those from adjustments to loans and receivables.
(6) Includes, *inter alia*, deferred tax assets deriving from impairment losses on investments, eliminations from intra-group operations and those corresponding to different provisions.

As a result of the business combination with Banco de Valencia (see Note 8), deferred tax assets totaling €1,683 million were included, of which:

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

- €1,010 million relate to the recognition of tax loss carryforwards from Banco de Valencia estimated to be recoverable by the tax group.

As a result of the business combination with Banca Cívica (see Note 8), deferred tax assets were included for a total amount of €3,585 million, of which €1,553 million related to the measurement at fair value of the assets and liabilities of Banca Cívica in the purchase price allocation process.

The tax assets from business combinations were classified, mostly, by nature.

The Company assesses the recoverable amount of its recognized tax assets every six months. To do this, it has developed a model based on the CaixaBank Group's projected results. This model, which was drawn up in collaboration with an independent expert, is based on reasonable assumptions on the reversal of deferred tax assets.

At December 31, 2013, this model indicated that the tax assets should be recovered before the legal recovery period lapses.

Deferred tax liabilities

	Thousands of euros			
	31/12/2012	Additions due to integration of Banco de Valencia **(1)**	Increases/ (decreases) due to movements in the year	31/12/2013
Revaluation of property on first time application of CBE 4/2004	255,251	17,256	(10,871)	261,636
Valuation adjustments on assets classified as "available-for-sale"	170,798	560	355,798	527,156
Integration of Banca Cívica **(2)**	469,457		(87,937)	381,520
Integration of Banco de Valencia **(3)**		235,493	(125,708)	109,785
Other	396,441		(81,392)	315,049
Total	**1,291,947**	**253,309**	**49,890**	**1,595,146**

(1) 2013 includes deferred tax liabilities deriving from the merger with Banco de Valencia and those arising from fair valuation adjustments to assets and liabilities arising because of the merger.
(2) Includes deferred tax assets from positive fair value adjustments to assets and liabilities of Banca Cívica.
(3) Includes deferred tax assets from positive fair value adjustments to assets and liabilities of Banco de Valencia.

As a result of the business combination with Banco de Valencia (see Note 8), deferred tax liabilities were included for a total amount of €253 million, of which €235 million relate to the measurement at fair value of the assets and liabilities of Banco de Valencia in the purchase price allocation process.

As a result of the business combination with Banca Cívica (see Note 6), deferred tax liabilities were included for a total amount of €1,072 million, of which €683 million related to the measurement at fair value of the assets and liabilities of Banca Cívica in the purchase price allocation process.

The tax liabilities from business combinations were classified, mostly, by nature.

Provisions for taxes

The detail of "Provisions – Provisions for taxes and other legal contingencies" in the balance sheet at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Income tax assessments for years 2004 to 2006	33,839	36,210
Income tax assessments for years 2007 to 2009	10,725	
Tax on deposits	85,400	2,100
Other **(1)**	71,126	36,336
Total	**201,090**	**74,646**

(1) Includes mainly provisions for taxes from the mergers with Banca Cívica and Banco de Valencia for potential tax contingencies.

The Company recognized a provision for €83,300 thousand in 2013 related to the estimate of the tax on customer deposits at credit institutions applicable in certain regions of Spain.

The changes to this item in 2013 and 2012 are set out in Note 22.

24. EQUITY

Changes in equity occurring in 2013 and 2012 are detailed in the statement of total changes in equity. The following sections amplify and comment on key information regarding certain items of equity and the main movements therein.

The impact on equity from the business combination with Banco de Valencia is as follows:

Conversion

	Thousands of euros
Number of Banco de Valencia shares	459,904,528,772
Number of Banco de Valencia treasury shares	*(12,425,708)*
Number of Banco de Valencia shares held by CaixaBank	*(455,222,492,050)*
Number of Banco de Valencia shares outstanding	4,669,611,014
Increase for exchange:	
Number of CaixaBank shares to be delivered	9,748,666
Share capital increase	
Delivery of treasury shares	*9,748,666*
CaixaBank share price at 19/07/2013 (euros)	2,616
Average cost of treasury shares at 19/07/2013 (euros)	2,593
Cost of Banco de Valencia shares held by CaixaBank	1,00
Impact of delivery of treasury shares on reserves	*224*
Impact of business combinations on capital	**–**
Impact of business combinations on reserves	**224**
Impact of business combinations on treasury shares	**25,278**

24.1. Shareholders' equity

Share capital

At December 31, 2013, share capital consisted of 5,027,610,282 shares, including the 71,325,892 shares issued via public deeds on January 3, 2014, to carry out the conversion of convertible bonds of December 30, 2013. These shares were admitted to trading on January 14, 2014.

All the shares are in book-entry form, with a par value of €1 each.

At December 31, 2013, the ownership interest of "la Caixa" in CaixaBank was 64.37%. At December 31, 2012, "la Caixa"'s ownership interest was 72.76%.

Changes in share capital in 2013 were the result of the following:

Share capital increases – 2013

Thousands of euros				
Date	Purpose	No. of shares	Date of first listing	Nominal amount
Balance at 31/12/2012		**4,489,748,634**		**4,489,749**
30/03/2013	Early redemption of series B Banca Cívica issue **(Note 21.4)**	71,072,823	16/04/2013	71,073
30/03/2013	Window for voluntary conversion of series I/2011 bonds	332,798	16/04/2013	333
07/03/2013	Optional Scrip Dividend	83,043,182	10/04/2013	83,043
30/06/2013	Early redemption of series C Banca Cívica issue **(Note 21.4)**	92,161,318	09/07/2013	92,161
25/08/2013	Optional Scrip Dividend	84,733,083	23/08/2013	84,733
26/09/2013	Optional Scrip Dividend	69,147,014	25/10/2013	69,147
21/11/2013	Optional Scrip Dividend	66,045,538	20/12/2013	66,046
30/12/2013	Window for voluntary conversion of series I/2011 bonds	943,035	15/01/2014	943
30/12/2013	Window for voluntary conversion of series I/2012 bonds	70,382,857	15/01/2014	70,383
Total		**5,027,610,282**		**5,027,610**

- In March 2013, the mandatory conversion and exchange of series B/2012 mandatory convertible and/or exchangeable subordinated bonds issued in May 2012 by Banca Cívica took place (see Note 21.4). 71,072,823 new shares were issued for this conversion. These shares were admitted to trading on April 16, 2013.

- Voluntary conversion of the series I/2011 mandatory convertible subordinated bonds, issued in May 2011, took place in March 2013. 332,798 new shares were issued for this conversion. Admission to trading of these shares began on April 16, 2013.

- Part of the program of capital increases corresponding to the Optional Scrip Dividend shareholder remuneration program (see Note 7):

  – In April 2013, 83,043,182 shares with a par value of €1 each corresponding to the shareholder remuneration announced on March 7, 2013. These shares were officially admitted for trading on April 9, 2013.

  – In August 2013, 84,733,083 shares with a par value of €1 each corresponding to the shareholder remuneration announced on July 25, 2013. These shares were officially admitted for trading on August 22, 2013.

  – In October 2013, 69,147,014 shares with a par value of €1 each corresponding to the shareholder remuneration announced on September 26, 2013. These shares were officially admitted for trading on October 24, 2013.

  – In December 2013, 66,045,538 shares with a par value of €1 each corresponding to the shareholder remuneration announced on November 21, 2013. These shares were officially admitted for trading on December 19, 2013.

- In June 2013, the mandatory conversion and exchange of series C/2012 mandatory convertible and/or exchangeable subordinated bonds issued in May 2012 by Banca Cívica took place (see Note 21.4). 92,161,318 new shares were issued for this conversion. These shares were admitted to trading on July 9, 2013.

- Voluntary conversion of the series I/2011 and series I/2012 mandatory convertible subordinated bonds took place in December 2013. 943,035 and 70,382,857 new shares, respectively, were issued for this conversion. These shares were admitted to trading on January 14, 2014.

Changes in share capital in 2012 were the result of the following:

Share capital increases – 2012

Thousands of euros

Date	Purpose	No. of shares	Date of first listing	Nominal amount
Balance at 31/12/2011		**3,840,103,475**		
24/05/2012	Optional Scrip Dividend	14,728,120	04/07/2012	14,728
03/08/2012	Capital increase for Banca Cívica merger	233,000,000	03/08/2012	233,000
06/09/2012	Optional Scrip Dividend	79,881,438	10/10/2012	79,881
29/11/2012	Optional Scrip Dividend	86,145,607	05/01/2013	86,146
10/12/2012	Partial Mandatory Conversion Series I/2011	148,945,050	12/12/2012	148,945
30/12/2012	Early redemption of series A Banca Cívica issue	86,944,944	09/01/2013	86,945
Total		**4,489,748,634**		**4,489,749**

- Part of the program of capital increases corresponding to the Optional Scrip Dividend shareholder remuneration program (see Note 7):

  – In June 2012, 14,728,120 shares with a par value of €1 each corresponding to the shareholder remuneration announced on May 24, 2012. These shares were officially admitted for trading on July 3, 2012.

  – In September 2012, 79,881,438 shares with a par value of €1 each corresponding to the shareholder remuneration announced on September 6, 2012. These shares were officially admitted for trading on October 9, 2012.

  – In December 2012, 86,145,607 shares with a par value of €1 each corresponding to the shareholder remuneration announced on November 29, 2012. These shares were officially admitted for trading on January 4, 2013.

- In August 2012, CaixaBank carried out a capital increase to deliver shares to Banca Cívica shareholders, as part of the business combination created. On the basis of the exchange ratio, shareholders were to receive 304,098,000 CaixaBank shares. To do this, CaixaBank issued 233,000,000 shares and delivered 71,098,000 shares from treasury stock (see Notes 1 and 8).

- December 2012 witnessed the partial mandatory conversion of 50% of the issue of series I/2011 mandatory convertible subordinated bonds, issued in May 2011. 148,945,050 shares were issued for this conversion.

- In December 2012, the mandatory conversion and exchange of series A/2012 mandatory convertible and/or exchangeable subordinated bonds issued in May 2012 by Banca Cívica took place (see Note 21.4). 86,944,944 new shares were issued for this conversion, which, at December 31, 2012, had yet to be entered in the Companies Register.

CaixaBank's shares are traded on the four official stock exchanges in Spain and on the electronic trading system, forming part of the Ibex-35. At December 31, 2013 the share price was €3.788 (€2.637 at December 31, 2012).

Share premium

The balance of the share premium was the result of the capital increase carried out on July 31, 2000, for €7,288 million.

The Spanish Corporate Enterprise Act expressly permits use of the share premium account to increase capital and does not establish any restriction as to its use. Therefore, in subsequent years, approval was given at the Annual General Meetings to pay dividends with a charge to the share premium following the total or partial disposal of the investments contributed during the incorporation of the Company.

Changes in the share premium in 2013 were as follows:

Share premium – 2013

		Thousands of euros
Balance at 31/12/2012		**10,125,140**
30/03/2013	Capital increase resulting from the mandatory conversion and exchange of series B/2012 mandatory convertible and/or exchangeable subordinated bonds	126,367
30/03/2013	Capital increase resulting from the voluntary conversion of series I/2011 mandatory convertible subordinated bonds	1,342
30/06/2013	Capital increase resulting from the mandatory conversion and exchange of series C/2012 mandatory convertible and/or exchangeable subordinated bonds	139,901
30/12/2013	Capital increase resulting from the voluntary conversion of series I/2011 mandatory convertible subordinated bonds	3,744
30/12/2013	Capital increase resulting from the voluntary conversion of series I/2012 mandatory convertible subordinated bonds	186,514
Balance at 31/12/2013		**10,583,008**

At March 2013, the share premium increased by €1,342 thousand as a result of the capital increase relating to the voluntary conversion of series I/2011 mandatory convertible subordinated bonds, for which 332,798 shares were issued. Subsequently, the share premium increased by €126,367 thousand as a result of the mandatory conversion and exchange of series B/2012 mandatory convertible and/or exchangeable subordinated bonds. In June 2013, the share premium increased by €139,901 thousand as a result of the mandatory conversion and exchange of series C/2012 mandatory convertible and/or exchangeable subordinated bonds.

In December 2013, the share premium increased by €3,744 thousand and €186,514 thousand as a result of the capital increases relating to the voluntary conversion of series I/2011 and I/2012 mandatory convertible subordinated bonds, respectively, for which 943,035 and 70,382,857 shares were issued, respectively.

Changes in the share premium in 2012 were as follows:

Share premium – 2012

		Thousands of euros
Balance at 31/12/2011		**9,381,085**
10/12/2012	Capital increase resulting from the partial mandatory conversion of series I/2011 mandatory convertible subordinated bonds	600,248
30/12/2012	Capital increase resulting from the mandatory conversion and exchange of series A/2012 mandatory convertible and/or exchangeable subordinated bonds	143,807
Balance at 31/12/2012		**10,125,140**

In December 2012, the share premium increased by €600,248 thousand as a result of the capital increase relating to the partial mandatory conversion of series I/2011 mandatory convertible subordinated bonds, for which 148,945,050 shares were issued. Subsequently, the share premium increased by €143,807 thousand as a result of the mandatory conversion and exchange of series A/2012 mandatory convertible and/or exchangeable subordinated bonds.

Reserves

The breakdown of "Reserves" at December 31, 2013 and 2012 is as follows:

Reserves

	Thousands of euros	
	31/12/2013	31/12/2012
Legal reserve	783,671	756,411
Restricted reserves related to the Optional Scrip Dividend program	100,747	129,722
Restricted reserves for financing the acquisition of treasury shares	38,787	63,679
Other restricted reserves	149,921	65,737
Unrestricted reserves	2,631,997	2,887,538
Total	**3,705,123**	**3,903,087**

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 2013, this reserve increased by €27,260 thousand following the appropriation of 2012 profit (see Note 6).

Restricted reserves

Restricted reserves at December 31, 2013 and 2012 included €100,747 thousand and €129,722 thousand, respectively, earmarked for voluntary reserves to cover the scrip issues carried out for the CaixaBank Optional Scrip Dividend allowing shareholders to choose whether to be compensated in shares or cash. Restricted reserves at December 31, 2013 also included €38,787 thousand related to finance provided to customers to acquire CaixaBank shares and convertible bonds, €149,921 thousand is for transactions with a tax effect, of which €147,275 thousand relate to goodwill generated in the acquisitions of Morgan Stanley, Bankpime and Banca Cívica, and €2,574 thousand from reserves for investment in the autonomous community of the Canary Islands. Under prevailing tax regulations, in 2013, €1,300 thousand of the restricted reserve were drawn down for investments in the Canary Islands five years after it was established.

Other equity instruments

This includes the amount of compound financial instruments having the nature of equity and other items not included in other equity items.

Mandatory Convertible Subordinated Bonds

	Thousands of euros					
					Outstanding amount at	
Date	Initial nominal amount of the issue	Nominal interest rate	Exchange price	Redemption date	31/12/2013	31/12/2012
10/06/2011	1,500,000 €	7.00%	4.970	30/06/2015	743,634	750,000
09/02/2012	1,445,942 €	7.00% **(*)**	3.650	30/12/2015	1,179,588	1,438,279
15/02/2013	15,000 €	2.50%	4.720	15/12/2014	15,000	
Total	**2,960,942**				**1,938,222**	**2,188,279**

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

"Other equity instruments" at December 31, 2013 includes:

- The issue of €1,500 million worth of mandatory convertible subordinated bonds into CaixaBank shares of June 2011 within the scope of the reorganization of the "la Caixa" Group. The issue has a term of 30 months. 50% of the issue must be converted after 18 months (December 10, 2012) and the remaining 50% at 30 months (December 10, 2013). The securities bear a 7% annual coupon, payment of which is fully discretionary. If no coupon is paid, the bondholder has the right to exchange the bond for CaixaBank shares early. The conversion price was set at €5.253, calculated as the higher of €5.10 and 105% of the weighted average share price during the subscription period of the issue. The first coupon payment was September 30, 2011, with the remaining coupons to be paid on the 30th of the last month of each calendar quarter.

  On November 29, 2012, in light of the bonus share issues agreed in the second half of 2012 in relation to the Optional Scrip Dividend program and as stated in the prospectuses for the issue, a supplementary anti-dilution mechanism was applied. As a result, a new exchange price was set at €5.03 per share. On December 10, 2012, 50% of the issue matured, by reducing by half the nominal value of the bonds. To carry out the exchange, CaixaBank issued 148,945,050 new shares with a par value of €1 and paid a total of €806 thousand in cash relating to the fractions resulting from the calculation of the shares corresponding to each holder of the converted bonds.

  On January 31, 2013, the CaixaBank Board of Directors resolved to modify certain terms and conditions of this issue of mandatory convertible and/or exchangeable subordinated bonds, as follows:

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

  – Modification of cases of voluntary conversion, introducing cases of voluntary conversion, at the discretion of the bondholders, on December 30, 2013, June 30, 2014, and December 30, 2014. Further, it is no longer necessary to open a voluntary conversion period when CaixaBank, at its sole discretion, decides not to effect the (full or partial) bond remuneration.

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

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

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

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

These modifications were approved at the Bondholders General Assembly held March 8, 2013. In addition, on March 7, 2013, the CaixaBank Board of Directors agreed to hold a voluntary conversion period for the bonds between March 18 and 28, which was also approved by that Bondholders General Assembly. During this voluntary partial conversion period, 639 conversion requests were received, corresponding to 33,512 bonds. In April 2013, on the basis of the conversion price (€5.03), a total of 332,798 ordinary shares were delivered.

On November 21, 2013, pursuant to Article 82 of the Spanish Securities Market Law and in light of the scrip issue carried out and disclosed on the same day through the CaixaBank Optional Scrip Dividend program for the fourth quarter of 2013, an agreement was reached to adjust the conversion price to €4.97, applying the supplementary anti-dilution mechanism envisaged in the respective bond issue prospectuses.

During this voluntary partial conversion period, which ended on December 30, 2013, a total of 1,728 conversion requests were received, corresponding to 93,816 bonds. In January 2014, on the basis of the conversion price (€4.97), a total of 943,035 new ordinary shares were delivered.

- Issue of €1,445,942 thousand of mandatory convertible and/or exchangeable subordinated bonds into shares of CaixaBank in February 2012 under the scope of the offer to repurchase 100% of the nominal value of series A and B preference shares issued by Caixa Preference Limited (currently CaixaPreference, SAU) and the series I/2009 shares issued by "la Caixa," currently subrogated to CaixaBank.

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

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

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

On November 29, as indicated above, CaixaBank modified the conversion and/or exchange price of this issue, applying the supplementary anti-dilution mechanism envisaged in the issue prospectus, to €3.70 per share.

During the voluntary partial conversion and/or exchange period which ended on December 30, 2012, 481 conversion and/or exchange requests were received, corresponding to 17,294 bonds. On January 2, 2013, on the basis of the conversion and/or exchange price (€3.70), a total of 467,223 CaixaBank shares were satisfied through the delivery of treasury shares.

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

On November 21, 2013, pursuant to Article 82 of the Spanish Securities Market Law and in light of the scrip issue carried out and disclosed on the same day through the CaixaBank Optional Scrip Dividend program for the fourth quarter of 2013, an agreement was reached to adjust the conversion and/or exchange price to €3.65, applying the supplementary anti-dilution mechanism envisaged in the respective bond issue prospectuses.

During the voluntary partial conversion and/or exchange period which ended on December 30, 2013, 1,326 conversion and/or exchange requests were received, corresponding to 2,568,999 bonds. In January 2014, on the basis of the conversion and/or exchange price (€3.65), a total of 70,382,857 new ordinary shares were delivered.

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

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

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

- Issue of mandatory convertible and/or exchangeable subordinated bonds for the amount of €15,000 thousand, to be subscribed by holders of the 3rd issue of subordinated bonds, prior to their buy-back by Banco de Valencia for 15% of their nominal amount.

- Mandatory buy-back of the 4th and 5th subordinated bond issues for the amount of €37,590 thousand, equivalent to 15% of their nominal value, for the subsequent capital increase for the same amount to be subscribed by holders of these bonds.

- Mandatory buy-back of preference shares for a global price of €6,530 thousand, equivalent to 10% of their nominal value, paid in cash for immediate use in the subscription and payment for a capital increase for the same amount.

All securities repurchased were redeemed early. The new issue of mandatory convertible and/or exchangeable subordinated bonds was classified under "Equity – other equity instruments."

On April 4, 2013, CaixaBank's Board of Directors made a purchase offer to holders of the new subordinated bonds to be subscribed by holders of the 3rd issue of subordinated bonds, containing the following conditions:

- The effective date of the Purchase Offer was May 13, 2013.

- The offer was targeted at holders of bonds on April 4, 2013.

- The price of the offer was 100% of the nominal amount of the bonds (€450 per bond). Additionally, CaixaBank will make the following contributions, calculated on the unit nominal amount (€3,000) of the bonds comprising the 3rd subordinated issue:

  – May 13, 2013: 35% of the nominal amount.
  – November 13, 2013: 10% of the nominal amount.
  – May 13, 2014: 10% of the nominal amount.
  – November 13, 2014: 10% of the nominal amount.
  – December 15, 2014: 20% of the nominal amount, contingent on maintaining during the period prior to this date an average balance of funds at CaixaBank.

  These contributions must be paid into a time deposit at CaixaBank, with a (non-extendible) duration of 19 months and 2 days from May 3, 2013, and are unavailable until the maturity date. The purchase offer was accepted by 97.7% of the bonds it targeted.

  At December 31, 2013, the outstanding amount of this mandatory convertible bond issue was €259 thousand. The amount repurchased, which totaled €14,741 thousand, is recognized under "Treasury shares."

  The conversion value was established as the nominal value of Banco de Valencia shares at the time of the issue, i.e. €0.01 per share (equivalent to a conversion value into CaixaBank shares of €4.79). On November 21, pursuant to Article 82 of the Spanish Securities Market Law and in light of the scrip issue carried out and disclosed on the same day through the CaixaBank Optional Scrip Dividend program for the fourth quarter of 2013, an agreement was reached to adjust the conversion and/or exchange price to €4.72, applying the supplementary anti-dilution mechanism envisaged in the respective bond issue prospectuses.

  During the purchase price allocation process for the business combination with Banco de Valencia (see Note 8), CaixaBank identified a contingent liability for this concept, considering that the real market value of the issue made by Banco de Valencia was its nominal value, and that this was the amount that should be repaid to retail investors. Therefore, a provision of €85 million was recognized to cover these repurchases and set up the deposits (see Note 22.4). At December 31, 2013, €44 million of this provision had been used.

The payments made on May 13 and November 13 of 35% and 10% of the nominal amount, respectively, totaled €34,194 thousand and €9,742 thousand, respectively.

The total expense recognized in 2013 and 2012 for coupons paid in relation to the aforementioned equity instruments totaled €107,203 thousand and €132,342 thousand, net, respectively, taken to unrestricted reserves.

Treasury shares

In the Annual General Meeting held on April 19, 2012 the shareholders authorized the company's Board of Directors to buy treasury shares by virtue of the provisions in Article 146 of the Corporate Enterprise Act. The unused portion of the authorization granted at the Annual General Meeting held on May 12, 2011, was thereby revoked. The authorization is valid for five years.

Changes in treasury shares during 2013 and 2012 are as follows:

	Thousands of euros			
	2012	Acquisitions and other	Disposals and other	2013
Number of treasury shares	39,005,918	99,515,840	(136,330,949)	2,190,809
% of share capital **(*)**	0.776%	1.979%	(2.712%)	0.044%
Cost / Sale	120,501	268,769	(381,818)	7,452

(*) Percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2013.

	Thousands of euros			
	2011	Acquisitions and other	Disposals and other	2012
Number of treasury shares	61,451,283	89,478,651	(111,924,016)	39,005,918
% of share capital **(*)**	1.369%	1.993%	(2.493%)	0.869%
Cost / Sale	269,272	239,011	(387,782)	120,501

(*) Percentage calculated on the basis of the total number of CaixaBank shares at December 31, 2012.

At December 31, 2013, CaixaBank held 2,190,809 treasury shares representing 0.044% of its share capital, acquired at a cost of €7,452 thousand. This heading also includes equity of €14,741 thousand of mandatory convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

In April and June 2013, a total of 39,487,933, 483,841 and 25,000,000 CaixaBank treasury shares were delivered to cover the exchange part of the series B/2012, I/2012 and C/2012 mandatory convertible and/or exchangeable subordinated bonds, respectively.

In addition, under the scope of the business combination with Banco de Valencia, CaixaBank delivered 9,748,666 treasury shares in the exchange carried out (see Note 8).

At December 31, 2012, CaixaBank held 39,005,918 treasury shares representing 0.87% of its share capital, acquired at a cost of €120,501 thousand. "Treasury shares" also included equity of €73,452 thousand corresponding to future payment obligations associated with financial derivatives on own equity instruments.

During the voluntary partial exchange periods ending on June 30 and December 30, 2012 respectively, of the subordinated bonds issued in February 2012, 1,536,034 and 467,223 treasury shares were delivered in relation to this item. In August 2012, a total of 71,098,000 treasury shares were delivered as part of the exchange in the merger by absorption of Banca Cívica by CaixaBank (see Note 8).

Additionally, in December 2012, 17,611,078 CaixaBank treasury shares were delivered to cover the exchange part of the series A/2012 mandatory convertible and/or exchangeable subordinated bonds (see Note 21.4).

Net results on transactions involving treasury shares in 2013 and 2012 amounted to gains of €1,044 thousand and losses of €93,363 thousand, respectively, which were taken to "Unrestricted reserves."

24.2. Valuation adjustments

The balance of "Valuation adjustments" at December 31, 2013 corresponding to available-for-sale financial assets for the sale of equity instruments mainly includes the positive valuation adjustment of Repsol YPF and Telefónica, of €358,661 thousand and €155,130 thousand, respectively. Gains from debt securities relate mainly to Spanish public debt securities.

The changes to this item in 2013 and 2012 were as follows:

31/12/2013

	Thousands of euros					
	Balance at 31/12/2012	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Deferred tax assets/ liabilities	Valuation gains and losses (before tax)	Balance at 31/12/2013
Available-for-sale financial assets	398,415	(122,365)	–	(398,752)	1,329,174	1,206,472
Debt securities	171,788	(147,419)		(346,310)	912,501	590,560
Equity instruments	226,627	25,054		(52,442)	416,673	615,912
Cash flow hedges	(25,813)	(23)		(9,647)	32,157	(3,326)
Exchange differences	1,185			27	(91)	1,121
Actuarial gains/(losses) arising from pension plans **(Note 22)**			(3,305)		3,305	
Total	**373,787**	**(122,388)**	**(3,305)**	**(408,372)**	**1,364,545**	**1,204,267**

31/12/2012

	Thousands of euros					
	Balance at 31/12/2011	Amounts transferred to income statement (after tax)	Amounts transferred to reserves	Deferred tax assets/ liabilities	Valuation gains and losses (before tax)	Balance at 31/12/2012
Available-for-sale financial assets	683,462	30,855	–	135,388	(451,290)	398,415
Debt securities	(83,619)	(68,409)		(138,776)	462,592	171,788
Equity instruments	767,081	99,264		274,164	(913,882)	226,627
Cash flow hedges	8,874	(446)		14,674	(48,915)	(25,813)
Exchange differences	236			(407)	1,356	1,185
Total	**692,572**	**30,409**	**–**	**149,655**	**(498,849)**	**373,787**

25. CONTINGENT LIABILITIES AND COMMITMENTS

The detail of "Contingent liabilities" included as memorandum items in the balance sheet at December 31, 2013 and 2012 is as follows:

Contingent liabilities

	Thousands of euros	
	31/12/2013	31/12/2012
Financial guarantees	3,570,099	3,754,116
Assets assigned to third-party obligations	10,034	28,005
Documentary credits	1,667,232	1,682,276
Other guarantees and collateral deposited	5,398,920	5,301,678
Other contingent liabilities	8,749	8,983
Total	**10,655,034**	**10,775,058**

The detail of "Contingent commitments" included as memorandum items in the balance sheet at December 31, 2013 and 2012 is as follows:

Contingent commitments

	Thousands of euros			
	31/12/2013		31/12/2012	
	Drawable	Limit	Drawable	Limit
Drawable by third parties	**45,563,295**	**111,560,657**	**43,956,268**	**118,411,553**
Credit institutions	422,541	1,763,344	437,251	2,029,727
Public sector	2,570,478	3,706,065	2,425,523	3,805,997
Other sectors	42,570,276	106,091,248	41,093,494	112,575,829
Of which: conditionally drawable	*3,009,398*		*4,661,419*	
Other contingent commitments	**4,697,897**		**3,259,880**	
Total	**50,261,192**	**111,560,657**	**47,216,148**	**118,411,553**

The doubtful balances of contingent liabilities were €392,261 thousand and €161,148 thousand at December 31, 2013 and 2012, respectively. The substandard balances of contingent liabilities were €103,409 and €206,782 thousand at December 31, 2013 and 2012, respectively.

The specific and general provisions relating to contingent liabilities and commitments are recognized under "Provisions" in the balance sheet (see Note 22).

The table below details, by contractual maturities, the balances of financial guarantee contracts extended and loan commitments outstanding at December 31, 2013 by their nominal amount:

	Thousands of euros					
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Contingent liabilities	662,176	889,144	970,531	1,542,948	6,590,235	10,655,034
Drawable by third parties	1,566,380	1,175,849	5,303,990	14,223,404	23,293,672	45,563,295

The Company 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. CaixaBank believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, CaixaBank 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.

26. OTHER SIGNIFICANT DISCLOSURES

26.1. Third-party funds managed by the Group

The detail of off-balance sheet funds managed by the Group is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Mutual funds	25,954,579	21,084,928
Pension funds	19,766,971	17,561,807
Insurance	30,051,897	28,224,083
Other adjusted funds **(*)**	4,482,204	7,581,295
Total	**80,255,651**	**74,452,113**

(*) Includes, *inter alia*, securities managed for customers across the branch network and managed customer portfolios.

26.2. Asset securitizations

CaixaBank converted a portion of its homogeneous loan and credits into fixed-income securities by transferring the assets to various securitization special purpose vehicles set up for this purpose, whose operators assume the risks inherent in the securitized assets. In accordance with Bank of Spain Circular 4/2004, securitized assets for which substantially all the risk is retained may not be derecognized. However, in accordance with Transitional Provision One of this Circular, it is not necessary to modify the recognition of securitized assets derecognized prior to January 1, 2004 under the provisions of the previous legislation.

In the case of assets securitized after January 1, 2004 for which significant risk has not been transferred and which have therefore not been derecognized, Bank of Spain Circular 4/2004 indicates that a liability for the same amount must be recognized, under "Financial liabilities at amortized cost – Customer deposits" in the accompanying balance sheet. The securitization bonds for these issues acquired by CaixaBank are recognized under this same item of the balance sheet liabilities, reducing the balances arising from the mobilization of loans (see Notes 13.3 and 21.2).

The detail, by type, of securitized assets outstanding at December 31, 2013 and 2012 is as follows:

	Thousands of euros	
	31-12-2013	31-12-2012
Mortgage collateral	5,697,236	5,345,083
Other guarantees	3,210,613	4,178,647
Total	**8,907,849**	**9,523,730**

Details of the securitized assets with the initial amounts of each and the amounts outstanding at December 31, 2013 and 2012 are provided below.

Asset securitizations

			Thousands of euros		
				Balance outstanding at	
Issue date		Acquired by:	Initial amount	31/12/2013	31/12/2012
January	2000	AyT 2, FTH (*)	119,795	7,082	8,678
June	2000	TDA 12, FTH (*)	192,324	9,801	12,744
December	2000	TDA 13 Mixto, FTA (*)	40,268	4,000	4,949
June	2001	TDA 14 Mixto, FTA (*)	122,005	11,481	13,678
June	2002	AyT 7 Promociones Inmobiliarias 1, FTA (*)	269,133	7,482	8,577
May	2003	TDA 16 Mixto, FTA (*)	100,000	15,873	18,350
June	2003	AyT Hipotecario III, FTH (*)	130,000	23,242	27,958
Transactions derecognized from the balance sheet (Note 13.2)			**973,525**	**78,961**	**94,934**
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	475,422	45,560	50,779
April	2004	Valencia Hipotecario 1, FTA (****)	472,015	110,500	
June	2004	Ayt Hipotecario Mixto II, FTA (*)	160,000	36,909	41,001
July	2004	AyT Préstamos Consumo III, FTA (*)	175,300	4,561	12,993
November	2004	TDA 22 Mixto, FTH (*)	120,000	48,495	52,225
December	2004	AyT FTPYME II, FTA (*)	132,000	20,648	26,441
February	2005	Caja San Fernando, CDO (*)	260,381		82,905
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)	429,759	44,972	53,234
June	2005	AyT Hipotecario Mixto IV, FTA (*)	200,000	70,728	80,410
November	2005	FonCaixa FTGENCAT 3, FTA	649,998	136,219	164,072
December	2005	Valencia Hipotecario 2, FTH (****)	940,243	345,825	
July	2006	FonCaixa FTGENCAT 4, FTA	599,999	171,626	197,775
July	2006	AyT Hipotecario Mixto V, FTA (*)	317,733	129,157	141,233
November	2006	Valencia Hipotecario 3, FTA (****)	900,711	426,889	
July	2007	PYME Valencia 1, FTA (****)	850,023	146,502	
November	2007	FonCaixa FTGENCAT 5, FTA	1,000,000	445,061	513,724
July	2008	FonCaixa FTGENCAT 6, FTA	750,015	323,963	378,107
December	2008	Valencia Hipotecario 5, FTA (****)	500,102	335,248	
March	2009	PYME Valencia 2, FTA (****)	500,000		
April	2009	Bancaja BVA-VPO 1, FTA (****)	55,000	36,953	
March	2009	AyT ICO-FTVPO I, FTA (*)	129,131	63,570	72,761
October	2009	AyT VPO II, FTA (*) (**)	61,503		49,032
March	2011	FonCaixa EMPRESAS 3, FTA	1,400,000		941,789
June	2011	FonCaixa Leasings 1, FTA	1,420,000		968,428
July	2011	FonCaixa Autónomos 1, FTA	1,130,000	759,425	897,957
December	2011	FonCaixa Consumo 1, FTA	3,080,000	2,001,174	2,438,009
October	2012	FonCaixa PYMES 3, FTA	2,400,000	1,481,860	2,265,921
March	2013	FonCaixa Leasings 2, FTA (***)	1,216,494	1,040,943	
November	2013	FonCaixa PYMES 4, FTA	645,000	602,100	
Transactions kept on the balance sheet (Notes 13.2 and 21.2)			**20,970,829**	**8,828,888**	**9,428,796**
Total			**21,944,354**	**8,907,849**	**9,523,730**

(*) Funds from merger with Banca Cívica.
(**) Funds from the merger with Caixa d'Estalvis de Girona.
(***) Fund based on finance lease transactions which include €2,461 thousand with mortgage collateral.
(****) Funds from merger with Banco de Valencia.

The amounts of credit enhancements at December 31, 2013 and 2012 for securitized assets were as follows:

Credit enhancements for securitization funds

			Thousands of euros			
			31/12/2013		31/12/2012	
Issue date		Holder	Loans and credits (**)	Reserve fund bonds	Loans and credits (**)	Reserve fund bonds
January	2000	AyT 2, FTH (*)	1,167		1,167	
June	2000	TDA 12, FTH (*)	1,923		1,923	
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	
May	2003	TDA 16 Mixto, FTA (*)	1,294		1,294	
June	2003	AyT Hipotecario III, FTH (*)	1,460		1,460	
April	2004	AyT Promociones Inmobiliarias II, FTA (*)	30,800		32,291	
April	2004	Valencia Hipotecario 1, FTA (****)	4,720			
June	2004	Ayt Hipotecario Mixto II, FTA (*)	1,911		1,911	
July	2004	AyT Préstamos Consumo III, FTA (*)	6,652		6,652	
November	2004	TDA 22 Mixto, FTA (*)	2,292		2,292	
December	2004	AyT FTPYME II, FTA (*)	3,719		3,719	
February	2005	Caja San Fernando, CDO (*)			21,577	
June	2005	AyT Promociones Inmobiliarias IV, FTA (*)	53,653		61,094	
June	2005	AyT Hipotecario Mixto IV, FTA (*)	2,808		2,808	
November	2005	FonCaixa FTGENCAT 3, FTA	2,700	6,500	3,209	6,500
December	2005	Valencia Hipotecario 2, FTH (****)		9,900		
July	2006	FonCaixa FTGENCAT 4, FTA	3,231	5,043	3,842	5,043
July	2006	AyT Hipotecario Mixto V, FTA (*)	1,937		1,937	
November	2006	Valencia Hipotecario 3, FTA (****)	504	10,400		
July	2007	PYME Valencia 1, FTA (****)	671	15,300		
November	2007	FonCaixa FTGENCAT 5, FTA		26,500		26,500
July	2008	FonCaixa FTGENCAT 6, FTA		18,800		18,800
December	2008	Valencia Hipotecario 5, FTA (****)	36,521			
March	2009	AyT ICO-FTVPO I, FTA (*)	4,695		4,695	
March	2009	PYME Valencia 2, FTA (****)				
October	2009	AyT VPO II, FTA (*) (***)			4,737	
April	2009	Bancaja BVA-VPO 1, FTA (****)	3,242			
March	2011	FonCaixa EMPRESAS 3, FTA			138,032	
June	2011	FonCaixa Leasings 1, FTA			211,821	
July	2011	Foncaixa Autónomos 1, FTA	161,957		161,957	
December	2011	Foncaixa Consumo 1, FTA	154,338		154,387	
October	2012	FonCaixa PYME 3, FTA	240,525		240,700	
March	2013	FonCaixa Leasings 2, FTA	184,461			
November	2013	FonCaixa PYMES 4, FTA	65,300			
Total (Note 13.3)			**978,058**	**92,443**	**1,069,082**	**56,843**

(*) Funds from merger with Banca Cívica.
(**) All loans and credits are subordinated.
(***) Funds from the merger with Caixa d'Estalvis de Girona.
(****) Funds from merger with Banco de Valencia.

Most bonds issued by the securitization special purpose vehicles as balancing entries for the loan assets transferred were acquired by CaixaBank. Bonds issued prior to January 1, 2004 are recognized under "Loans and receivables – Debt securities" in the accompanying balance sheet, and most of those issued after that date are recognized under "Financial liabilities at amortized cost – Customer deposits," reducing the liability balances arising from the mobilization of loans (see Notes 13.3 and 21.2).

Details of the securitization bonds initially acquired by CaixaBank and of the balances outstanding at December 31, 2013 and 2012 are as follows:

			Thousands of euros		
				Outstanding amount at	
Date		Issue	Amount	31/12/2013	31/12/2012
January	**2000**	**AyT 2 - FTH (*)**	**5,975**	**4,129**	**5,259**
		Preference bonds - A3	*5,975*	*4,129*	*5,259*
June	**2000**	**TDA 12 - FTH (*)**	**4,255**	**952**	**4,131**
		Preference bonds - A3	*1,555*	*952*	*1,431*
		Subordinated bonds - Baa1	*2,700*		*2,700*
June	**2001**	**TDA 14 Mixto - FTA (*)**	**5,199**	**1,826**	**5,092**
		Preference bonds - A3	*2,399*	*1,826*	*2,292*
		Subordinated bonds - Baa3	*2,800*		*2,800*
May	**2003**	**TDA 16 Mixto - FTA (*)**	**1,002**	**636**	**943**
		Preference bonds - A3 (*)	*802*	*636*	*743*
		Subordinated bonds - Baa3 (*)	*200*		*200*
December	**2002**	**AyT Hipotecario III - FTH (*)**	**15,749**	**11,594**	**14,543**
		Preference bonds - A3 (*)	*15,149*	*11,594*	*13,943*
		Subordinated bonds - Ba1 (*)	*600*		*600*
Issued prior to 01/01/2004 (Note 13.3)			**32,180**	**19,137**	**29,968**

			Thousands of euros		
				Outstanding amount at	
Date		Issue	Amount	31/12/2013	31/12/2012
April	**2004**	**AyT Promociones Inmobiliarias II, FTA (*)**	**18,728**	**15,039**	**18,147**
		Preference bonds - A3	*18,728*	*15,039*	*18,147*
June	**2004**	**AyT Hipotecario Mixto II, FTA (*)**	**10,248**	**5,914**	**9,683**
		Preference bonds - A3	*5,142*	*4,053*	*4,681*
		Preference bonds - Ba3	*1,600*		*1,600*
		Subordinated bonds - A3	*2,306*	*1,861*	*2,202*
		Subordinated bonds - Baa3	*1,200*		*1,200*
November	**2004**	**TDA 22 Mixto - FTA (*)**	**31,431**	**28,422**	**30,917**
		Preference bonds - A3	*147*		*114*
		Preference bonds - Baa2	*1,900*	*1,865*	*1,900*
		Preference bonds - A3	*5,084*	*2,457*	*4,603*
		Preference bonds - A3	*18,000*	*18,000*	*18,000*
		Subordinated bonds - B1	*400*	*400*	*400*
		Subordinated bonds - Caa2	*200*		*200*
		Subordinated bonds - B2	*3,000*	*3,000*	*3,000*
		Subordinated bonds - Caa1	*2,700*	*2,700*	*2,700*
December	**2004**	**AyT FTPYME II, FTA (*)**	**8,615**	**7,340**	**8,615**
		Preference bonds - A3	*3,615*	*2,340*	*3,615*
		Subordinated bonds - Ba3	*5,000*	*5,000*	*5,000*
February	**2005**	**Caja San Fernando CDO 1 (*)**	**46,096**	**–**	**45,697**
		Preference bonds - SR	*13,000*		*13,000*
		Preference bonds - SR	*18,135*		*17,849*
		Subordinated bonds - SR	*3,900*		*3,900*
		Subordinated bonds - SR	*3,900*		*3,900*
		Subordinated bonds - SR	*4,273*		*4,206*
		Subordinated bonds - SR	*2,888*		*2,842*
June	**2005**	**AyT Promociones Inmobiliarias IV, FTA (*)**	**24,540**	**19,031**	**24,540**
		Preference bonds - A3	*24,540*	*19,031*	*24,540*
June	**2005**	**AyT Hipotecario Mixto IV, FTA (*)**	**36,548**	**31,932**	**36,548**
		Preference bonds - A3	*26,458*	*23,475*	*26,458*
		Subordinated bonds - Ba1	*10,090*	*8,457*	*10,090*
November	**2005**	**FonCaixa FTGENCAT 3, FTA**	**35,337**	**32,331**	**34,282**
		Preference bonds - A3	*10,337*	*7,331*	*9,282*
		Subordinated bonds - Ba1	*10,700*	*10,700*	*10,700*
		Subordinated bonds - B1	*7,800*	*7,800*	*7,800*
		Subordinated bonds - Caa1	*6,500*	*6,500*	*6,500*

			Thousands of euros		
				Outstanding amount at	
Date		Issue	Amount	31/12/2013	31/12/2012
December	**2005**	**Valencia Hipotecario 2, FTH (*****)**	**939,700**	**36,257**	
		Preference bonds - Baa1	*909,500*	*22,157*	
		Subordinated bonds - Ba3	*20,800*	*9,000*	
		Subordinated bonds - Caa2	*9,400*	*5,100*	
July	**2006**	**FonCaixa FTGENCAT 4, FTA**	**26,813**	**21,530**	**22,112**
		Preference bonds - Baa1	*4,013*	*3,097*	*3,679*
		Subordinated bonds - Ba3	*9,600*	*7,565*	*7,565*
		Subordinated bonds - B2	*7,200*	*5,674*	*5,674*
		Subordinated bonds - Caa1	*6,000*	*5,194*	*5,194*
July	**2006**	**AyT Hipotecario Mixto V, FTA (*)**	**123,457**	**107,575**	**120,397**
		Preference bonds - Baa3	*122,357*	*106,475*	*119,297*
		Subordinated bonds - B3	*1,100*	*1,100*	*1,100*
November	**2006**	**Valencia Hipotecario 3, FTA (*****)**	**810,600**	**74,239**	
		Preference bonds - Baa2	*780,700*	*64,139*	
		Subordinated bonds - B3	*20,800*	*8,100*	
		Subordinated bonds - Caa2	*9,100*	*2,000*	
July	**2007**	**PYME Valencia 1, FTA (*****)**	**670,000**	**93,681**	
		Preference bonds - A3	*574,800*	*5,581*	
		Subordinated bonds - Baa3	*47,600*	*40,500*	
		Subordinated bonds - Caa3	*34,000*	*34,000*	
		Subordinated bonds - C	*13,600*	*13,600*	
November	**2007**	**FonCaixa FTGENCAT 5, FTA**	**550,600**	**37,500**	**70,002**
		Preference bonds - A3	*513,100*		*32,502*
		Subordinated bonds - B1	*21,000*	*21,000*	*21,000*
		Subordinated bonds - Caa1	*16,500*	*16,500*	*16,500*
July	**2008**	**FonCaixa FTGENCAT 6, FTA**	**458,800**	**28,334**	**81,523**
		Preference bonds - AA– (**)	*436,300*	*5,834*	*59,023*
		Subordinated bonds - CCC+ (**)	*15,000*	*15,000*	*15,000*
		Subordinated bonds - CCC (**)	*7,500*	*7,500*	*7,500*
December	**2008**	**Valencia Hipotecario 5, FTA (*****)**	**500,000**	**330,907**	
		Preference bonds - Baa2	*468,000*	*298,907*	
		Subordinated bonds - B1	*5,000*	*5,000*	
		Subordinated bonds - Caa2	*27,000*	*27,000*	
March	**2009**	**AyT ICO-FTVPO I, FTA (*)**	**82,294**	**73,247**	**82,294**
		Preference bonds - A3	*73,844*	*64,797*	*73,844*
		Subordinated bonds - Ba1	*4,050*	*4,050*	*4,050*
		Subordinated bonds - B2	*4,400*	*4,400*	*4,400*
March	**2009**	**PYME Valencia 2, FTA (*****)**	**500,000**	**–**	
		Preference bonds - A3	*407,500*		
		Subordinated bonds - A3	*17,500*		
		Subordinated bonds - A3	*75,000*		
April	**2009**	**Bancaja-BVA VPO 1, FTA (*****)**	**55,000**	**38,751**	
		Preference bonds - A3	*52,400*	*36,151*	
		Subordinated bonds - Baa3	*1,100*	*1,100*	
		Subordinated bonds - Ba1	*700*	*700*	
		Subordinated bonds - Ba3	*800*	*800*	
October	**2009**	**AyT VPO II, FTA**	**52,140**	**–**	**46,157**
		Preference bonds - AA– (*) (***)	*45,990*		*40,007*
		Subordinated bonds - A (*) (***)	*3,250*		*3,250*
		Subordinated bonds - BBB– (*) (***)	*2,900*		*2,900*
March	**2011**	**FonCaixa Empresas 3, FTA**	**1,100,000**	**–**	**978,214**
		Subordinated bonds - A3	*820,000*		*698,214*
		Subordinated bonds - B2	*280,000*		*280,000*
June	**2011**	**FonCaixa Leasings 1, FTA**	**950,000**	**–**	**882,150**
		Subordinated bonds - A3	*737,500*		*669,650*
		Subordinated bonds - B1	*106,200*		*106,200*
		Subordinated bonds - B3	*106,300*		*106,300*

			Thousands of euros		
				Outstanding amount at	
Date		Issue	Amount	31/12/2013	31/12/2012
July	**2011**	**FonCaixa Autónomos 1, FTA**	**1,130,000**	**785,030**	**931,696**
		Preference bonds - A3	*960,500*	*615,530*	*762,196*
		Subordinated bonds - Ba1	*169,500*	*169,500*	*169,500*
December	**2011**	**FonCaixa Consumo 1, FTA**	**3,080,000**	**2,026,264**	**2,480,777**
		Preference bonds - A3	*2,618,000*	*1,564,264*	*2,018,777*
		Subordinated bonds - Ba3	*462,000*	*462,000*	*462,000*
October	**2012**	**FonCaixa Pymes 3, FTA**	**2,400,000**	**1,679,944**	**2,400,000**
		Preference bonds - A–	*2,040,000*	*1,319,944*	*2,040,000*
		Subordinated bonds -NR	*360,000*	*360,000*	*360,000*
March	**2013**	**FonCaixa Leasings 2, FTA**	**1,150,000**	**945,283**	
		Preference bonds - A **(****)**	*977,500*	*772,783*	
		Subordinated bonds - BB (high) **(****)**	*172,500*	*172,500*	
March	**2013**	**FonCaixa PYMES 4, FTA**	**645,000**	**645,000**	
		Preference bonds (series A) - A3	*516,000*	*516,000*	
		Subordinated bonds (series B) - B1	*129,000*	*129,000*	
Issued after 01/01/2004 (Note 21.2)			**15,435,947**	**7,063,550**	**8,303,751**
Total			**15,468,127**	**7,082,687**	**8,333,719**

(*) Funds from merger with Banca Cívica.
(*) Credit risk rating by Standard&Poor's.
(***) Funds arising from merger with Caixa d'Estalvis de Girona and credit risk rating by FITCH.
(****) Credit risk rating by DBRS.
(*****) Funds from merger with Banco de Valencia.
Note: The bond credit risk ratings are by Moody's.

At December 31, 2013 and 2012, the securitization bonds pledged with the European Central Bank amounted to €4,231 million and €4,533 million, respectively.

26.3. 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	
	31/12/2013	31/12/2012
Book entries	**106,156,037**	**97,728,092**
Securities recorded in the market's central book-entry office	82,278,120	73,127,568
Equity instruments. Quoted	*46,179,252*	*36,335,255*
Equity instruments. Unquoted	*32,357*	*34,916*
Debt instruments. Quoted	*36,066,511*	*36,757,397*
Securities registered at the entity	–	38,142
Debt instruments. Quoted		*38,142*
Securities entrusted to other depositaries	23,877,917	24,562,382
Equity instruments. Quoted	*13,838,149*	*12,911,397*
Equity instruments. Unquoted	*2,660*	*4,470*
Debt instruments. Quoted	*8,935,583*	*11,444,479*
Debt instruments. Unquoted	*1,101,525*	*202,036*
Securities	**10,730**	**17,463**
Held by the institution	10,373	17,327
Equity instruments	*6,267*	*6,267*
Debt securities	*4,106*	*11,060*
Entrusted to other entities	357	136
Equity instruments	*357*	*136*
Other financial instruments	**1,047,948**	**79,297**
Total	**107,214,715**	**97,824,852**

26.4. Financial assets derecognized due to impairment

The changes in 2013 and 2012 to items derecognized from the balance sheet because recovery was deemed to be remote are summarized below. These financial assets are recognized under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

	Thousands of euros	
	2013	2012
Balance at January 1	**5,688,782**	**2,602,219**
Additions:	**6,762,054**	**3,790,148**
With a charge to impairment losses	3,781,414	1,487,916
With a direct charge to the income statement	579,148	466,641
Other reasons **(1)**	889,948	399,052
Business combinations **(2)**	683,594	1,436,539
Acquisition of written-off portfolio **(3)**	827,950	
Disposals:	**2,380,826**	**703,585**
Cash recovery of principal **(Note 36)**	299,087	158,469
Cash recovery of past-due receivables	63,165	31,894
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	2,018,574	58,737
Disposal of written-off assets		454,485
Balance at December 31	**10,070,010**	**5,688,782**

(1) Primarily includes interest on financial assets at the time of derecognition from the balance sheet.
(2) 2012 amounts relate to Banca Cívica and 2013 to Banco de Valencia.
(3) Includes the repurchase of a written-off portfolio due to cancelation of an agreement for the sale of written-off assets signed previously by Banca Cívica.

In 2012, CaixaBank sold derecognized financial assets for €454 million. This transaction did not generate significant results.

26.5. Geographic distribution of business volume

Since all CaixaBank branches offer their customers the full range of products and services, the breakdown of business volume below is by branches by Spanish Autonomous Community, foreign branches and representative offices at December 31, 2013 and 2012:

	31/12/2013		31/12/2012	
Autonomous communities and cities	No. of branches	%	No. of branches	%
Andalusia	971	16.95	1,276	20.12
Aragón	87	1.52	93	1.47
Asturias	75	1.31	75	1.18
Balearic Islands	220	3.84	242	3.82
Canary Islands	285	4.97	362	5.71
Cantabria	48	0.84	52	0.82
Castilla-La Mancha	177	3.09	214	3.37
Castilla y Leon	332	5.79	377	5.94
Catalonia	1,552	27.05	1,581	24.86
Ceuta	4	0.07	4	0.06
Valencia	459	8.01	454	7.16
Extremadura	86	1.50	99	1.56
Galicia	195	3.40	198	3.12
La Rioja	29	0.51	30	0.47
Madrid	692	12.08	752	11.86
Melilla	2	0.03	2	0.03
Murcia	132	2.30	131	2.07
Navarre	181	3.16	186	2.93
Basque Country	186	3.25	198	3.12
Total branches in Spain	**5,713**	**99.66**	**6,326**	**99.68**
Foreign branches				
Poland (Warsaw)	1	0.02	1	0.02
Romania (Bucharest)			1	0.02
Morocco (Casablanca)	1	0.02	1	0.02
Morocco (Tangiers)	1	0.02		
Total foreign branches	**3**	**0.06**	**3**	**0.06**
Representative offices:				
Germany (Stuttgart)	1	0.02	1	0.02
Germany (Frankfurt) **(*)**	1	0.02	1	0.02
China (Peking)	1	0.02	1	0.02
China (Shanghai)	1	0.02	1	0.02
UAE (Dubai)	1	0.02	1	0.02
France (Paris)	1	0.02	1	0.02
India (New Delhi)	1	0.02	1	0.02
Italy (Milan)	1	0.02	1	0.02
UK (London)	1	0.02	1	0.02
Singapore (Singapore)	1	0.02	1	0.02
Turkey (Istanbul)	1	0.02	1	0.02
Chile (Santiago de Chile)	1	0.02	1	0.02
Egypt (Cairo)	1	0.02	1	0.02
Colombia (Bogota)	1	0.02		
Total representative offices	**14**	**0.28**	**13**	**0.26**
Total branches	**5,730**	**100.00**	**6,342**	**100.00**

(*) Center reporting to the Stuttgart office.

27. 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 breakdowns of this item in the accompanying income statement for 2013 and 2012, by type of financial transaction, are as follows:

	Thousands of euros	
	2013	2012
Bank of Spain	8,310	16,145
Other central banks	213	274
Credit institutions	79,762	51,689
Money market transactions	4,789	6,605
Loans and advances to customers and other finance income	6,097,490	6,956,868
Debt securities	1,570,290	943,618
Insurance contracts linked to pensions **(Note 22)**	45,598	
Adjustments to income due to hedging transactions	(53,615)	(14,322)
Total	**7,752,837**	**7,960,877**

The returns earned on debt instruments are added to the value of assets under "Financial assets held for trading," "Available-for-sale financial assets," "Loans and receivables" and "Held-to-maturity investments" in the balance sheet.

The distribution of interest and similar income by geographical area is as follows:

	Thousands of euros	
	2013	2012
Domestic market	7,743,378	7,943,456
Export	9,459	17,421
European Union	6,584	15,246
OECD countries		
Other countries	2,875	2,175
Total	**7,752,837**	**7,960,877**

The detail of income by the method used to measure the related financial assets is as follows:

	Thousands of euros	
	2013	2012
Financial assets at amortized cost	6,880,025	7,468,364
Financial assets at fair value through equity	785,925	430,212
Financial assets at fair value through profit or loss	86,887	62,301
Total	**7,752,837**	**7,960,877**

28. 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 income statement for the years ended December 31, 2013 and 2012, by types of financial transaction, are as follows:

	Thousands of euros	
	2013	2012
Bank of Spain	(142,655)	(205,620)
Other central banks	(12,981)	(14,312)
Credit institutions	(249,973)	(193,700)
Short positions	(50,932)	(52,417)
Money market transactions	(2,102)	(3,448)
Customer deposits and other finance costs	(3,000,045)	(2,649,760)
Marketable debt securities	(1,756,597)	(1,965,625)
Subordinated liabilities	(226,245)	(240,544)
Adjustments to expenses as a consequence of hedging transactions	1,125,578	960,660
Interest cost attributable to pension fund **(Note 22.1)**	(81,631)	(18,324)
Total	**(4,397,583)**	**(4,383,090)**

The detail of expenses by the method used to measure the related financial liabilities is as follows:

	Thousands of euros	
	2013	2012
Financial liabilities at amortized cost	(4,315,952)	(4,364,766)
Life insurance and pension fund products	(81,631)	(18,324)
Total	**(4,397,583)**	**(4,383,090)**

29. RETURN ON EQUITY INSTRUMENTS

In 2013 and 2012, the balance of this item of the accompanying income statement reflects dividends received from investees, as shown below:

	Thousands of euros	
	2013	2012
Servihabitat Gestión Inmobiliaria, SLU	166,832	
Repsol, SA	150,562	159,327
CaixaCard 1, EFC, SA	96,787	
VidaCaixa, SA de Seguros y Reaseguros	93,000	
VidaCaixa Grupo, SA		953,000
Telefónica, SA	89,109	205,051
Grupo Financiero Inbursa, SAB de CV	79,699	24,746
The Bank of East Asia, LTD	38,250	32,597
Erste Group Bank AG	15,678	
InverCaixa Gestión, SGIIC, SAU	13,896	11,234
Comercia Global Payments, Entidad de Pago, SL	10,499	
Bolsas y Mercados Españoles SHMSF, SA	8,261	8,261
Finconsum, EFC, SA	7,212	
Trading portfolio	1,314	4,274
Other investments	13,094	15,317
Holret, SAU		52,726
Total	**784,193**	**1,466,533**

The following extraordinary dividends are included above:

- Servihabitat Gestión Inmobiliaria paid €166,832 thousand in extraordinary dividends in 2013 out of the proceeds from the sale of its business, as indicated in Note 17.3.

- In 2012, VidaCaixa Grupo paid an extraordinary dividend of €743 million, relating to the extraordinary dividend recognized by its subsidiary VidaCaixa. VidaCaixa obtained extraordinary capital gains deriving from a reinsurance agreement for its personal risk-life insurance portfolio (see Note 20).

30. FEES AND COMMISSIONS

The main fee and commission income and expenses recognized in the accompanying income statement for 2013 and 2012, by type of non-financial services, are as follows:

Fee and commission income

	Thousands of euros	
	2013	2012
Contingent liabilities	130,890	112,704
Credit facility drawdowns	81,227	80,211
Exchange of foreign currencies and banknotes	3,329	3,796
Collection and payment services	490,427	801,911
Of which, credit and debit cards	*18,214*	*367,260*
Securities services	88,615	154,772
Marketing of non-banking financial products	532,560	306,959
Other fees and commissions	287,498	302,282
Total	**1,614,546**	**1,762,635**

Fee and commission expense

	Thousands of euros	
	2013	2012
Assigned to other entities and correspondents	(26,761)	(53,688)
Of which, transactions with cards and ATMs	*(9,458)*	*(26,395)*
Securities transactions	(16,022)	(26,272)
Other fees and commissions	(65,674)	(60,391)
Total	**(108,457)**	**(140,351)**

31. GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The breakdown, by source, of this item in the accompanying income statement is as follows:

	Thousands of euros	
	2013	2012
Held for trading	**195,408**	**45,319**
Debt securities	(75,292)	24,076
Equity instruments	14,742	(17,932)
Financial derivatives	255,958	39,175
Of which: forward transactions and financial derivatives on currencies	*96,903*	*(60,169)*
Available-for-sale financial assets	**234,175**	**(31,711)**
Debt securities	230,518	17,270
Equity instruments **(Note 12)**	3,657	(48,981)
Loans and receivables	**784**	**769**
Hedging derivatives	**205,478**	**218,377**
Micro-hedges	(1,089)	3,877
Hedged items	*(30,547)*	*(78,804)*
Hedging derivatives	*29,458*	*82,681*
Macro-hedges	206,567	214,500
Hedged items	*1,558,951*	*(1,424,028)*
Hedging derivatives	*(1,352,384)*	*1,638,528*
Total	**635,845**	**232,754**

CaixaBank maintains cash flow hedges associated with risks deriving from certain commitments linked to inflation and in force with former Group personnel. In accordance with insurance accounting standards, and specifically, with treatment to correct accounting mismatches, CaixaBank recognizes changes in the fair value of hedging derivatives under equity, subsequently reclassifying them to “Provisions – Provisions for pensions and similar obligations.” CaixaBank reviews its estimates for hedged items on an annual basis. In 2013 and 2012, a surplus was noted associated with the revaluation of benefits linked to former personnel for amounts of €16 million and €56 million, respectively, recognized under “Macro-hedges.” The hedge was adjusted for these amounts, with the partial cancellation of the associated derivative and settlement through cash payment. CaixaBank prospectively discontinues the hedge accounting of flows that are not expected to occur and reclassifies any capital gains attributable to surplus hedges to profit/loss for the year.

Foreign currency exposure is managed in cash positions, forward transactions and derivative financial instruments. Gains and loss are recognized under “Exchange differences” and “Gains/(losses) on financial assets and liabilities – Held for trading – Financial derivatives” in the accompanying income statement. The gains generated in 2013 and 2012 were €99,984 thousand and €96,875 thousand, respectively.

As explained in Note 2.2, following the improvements made to the valuation techniques for measuring derivatives to allow for the inclusion of the impact of default risk, including own credit risk in estimating the fair value of these instruments, these amounts have been re-estimated, with an impact of €100 million.

Additionally, the repurchase of mortgage covered bonds and subsequent cancellation of the associated hedges led to net gains of €141 million and €117 million respectively in 2013 and 2012.

In 2012, due to the offer to purchase preference issues (see Note 21.4), the hedge was cancelled, with the result that €97 million were recognized in this item of the income statement.

32. OTHER OPERATING INCOME

The breakdown of this item on the accompanying income statement for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Financial fees and commissions offsetting direct costs **(Note 2.4)**	25,817	28,838
Income from investment properties	7,502	10,556
Recovery of returns on suspended assets and other	79,048	60,534
Total	**112,367**	**99,928**

33. OTHER OPERATING EXPENSES

The breakdown of this item on the accompanying income statement for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Contribution to deposit guarantee fund **(Note 1)**	(302,801)	(277,411)
Operating expenses on investment properties	(22,430)	(10,431)
Other	(76,848)	(83,374)
Total	**(402,079)**	**(371,216)**

34. PERSONNEL EXPENSES

The breakdown of this item on the accompanying income statement for 2013 and 2012 is as follows:

Breakdown by type of remuneration

	Thousands of euros	
	2013	2012
Wages and salaries	(1,791,228)	(1,616,591)
Social security contributions	(388,941)	(331,129)
Transfers to defined contribution plans	(139,215)	(130,599)
Transfers to defined benefit plans **(Note 22)**	(18)	(4,014)
Other personnel expenses	(947,497)	(201,314)
Total	**(3,266,899)**	**(2,283,647)**

The expense recognized in "Transfers to defined contribution plans" includes mainly mandatory contributions stipulated in the labor agreement on the pension scheme entered into on July 31, 2000 at "la Caixa" and upheld by CaixaBank after the "la Caixa" Group's reorganization. Contributions are made to the pension plan to cover retirement, disability and death obligations of serving employees. To cover retirement, CaixaBank makes a monthly contribution equal to a percentage of pensionable wage items ranging from 0% to 8.5% depending on the length of service at the Entity and other agreed terms and conditions. Specifically, a period of 60 months to standardize conditions has been established for Banco de Valencia and Banca Cívica personnel. The contribution for disability and death is annual and equals the cost of the premium required to ensure against these risks.

In 2013, "Other personnel expenses" included an expense of €785 million, related to the labor agreement signed by CaixaBank on March 27, 2013, as part of the restructuring carried out to improve the efficiency of CaixaBank's resources through its rationalization following the mergers with Banca Cívica and Banco de Valencia.

It also included €19,176 and €51,279 thousand in 2013 and 2012, 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 January 1 the following year.

The market rates were Euribor +0.30 points for loans to homebuyers and the Euribor +1.25 points for other loans.

The interest rate agreed for mortgage loans is Euribor –2.50 points, with a clause stipulating a minimum rate of 0.10%, whereas the interest rate agreed for personal loans is equal to the Euribor rate.

"Other personnel expenses" includes, among others, training expenses, education grants and indemnities.

The average number of employees, by professional category, in 2013 and 2012 is as follows:

Average number of employees

	Number of employees			
	2013		2012	
	Male	Female	Male	Female
Executives	96	16	93	10
Managers	9,311	5,712	8,670	5,101
Clerical staff	5,718	9,376	5,092	8,288
Assistants	4	4	4	4
Temporary employees	15	16	12	11
Total	**15,144**	**15,124**	**13,871**	**13,414**

At December 31, 2013 and 2012, the workforce was as follows:

Active workforce

	Number of employees			
	31/12/2013		31/12/2012	
	Male	Female	Male	Female
Executives	91	16	99	12
Managers	8,903	5,721	9,534	5,685
Clerical staff	5,668	9,344	5,721	9,350
Assistants	3	3	4	4
Temporary employees	12	19	18	15
Total	**14,677**	**15,103**	**15,376**	**15,066**

The increase in average headcount was caused by the integrations of Banca Cívica with effect from July 2012 and Banco de Valencia with effect from January 2013.

The integration of Banco de Valencia resulted in the addition of 887 employees. The integration of Banca Cívica in 2012 resulted in the addition of 6,184 employees.

35. OTHER GENERAL ADMINISTRATIVE EXPENSES

The breakdown of this item on the accompanying income statement is as follows:

	Thousands of euros	
	2013	2012
Property and fixtures **(1)**	(232,278)	(173,157)
IT and systems	(163,316)	(170,716)
Advertising and publicity **(2)**	(87,187)	(75,055)
Communications	(46,722)	(44,473)
Outsourced administrative services	(66,144)	(41,383)
Taxes other than income tax	(26,601)	(21,372)
Surveillance and security carriage services	(30,342)	(34,448)
Representation and travel expenses	(36,172)	(32,515)
Printing and office materials	(14,479)	(26,903)
Contribution and taxes on property	(16,976)	(16,323)
Technical reports	(20,259)	(13,975)
Other expenses	(37,481)	(55,989)
Total	**(777,957)**	**(706,309)**

(1) Includes income paid for the sale of offices described in Note 18.
(2) Includes advertising in media, sponsorships, promotions and other commercial expenses.

In 2013, “Technical reports” included €1,181 thousand as the fees and expenses of Deloitte, SL for audit work, and €1,357 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €456 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2013. None of these amounts includes the related VAT.

In 2012, “Technical reports” included €1,185 thousand as fees and expenses paid to Deloitte, SL for audit work, and €1,758 thousand for other services relating to the audit, including expenses in connection with other regulatory requirements. The item also included €903 thousand for consultancy services provided by the service lines of Deloitte, SL and related companies at December 31, 2012. None of these amounts includes the related VAT.

The fees of Deloitte, SL for audit services include fees for limited reviews of the condensed financial statements and audit of the separate balance sheet for the six months ended June 30, 2013 and 2012.

Information on payments to suppliers: Disclosure requirements of Law 15/2010 of July 5

The entry into force of Law 15/2010, of July 5, amending Law 3/2004, of December 29, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements. Pursuant to this disclosure obligation, on December 31, 2010, the corresponding resolution was issued by the Spanish Accounting and Audit Institute (ICAC) was published in the Official State Gazette (BOE).

In accordance with Transitional Provision Two of this ruling, following is a breakdown of the information required relating to payments made and pending at the balance sheet date:

Payments made and outstanding at the reporting date

	Thousands of euros	
	2013	
	Amount	Percentage
Payments made within statutory period	1,059,585	82.56%
Other	223,898	17.44%
Total payments in the year	**1,283,483**	**100%**
Weighted average days late	11.3	
Payment deferrals surpassing statutory period at the reporting date (thousands of euros)	117	

Payments made and outstanding at the reporting date

	Thousands of euros	
	2012	
	Amount	Percentage
Payments made within statutory period	847,389	93.28%
Other	61,078	6.72%
Total payments in the year	**908,467**	**100%**
Weighted average days late	3.3	
Payment deferrals surpassing statutory period at the reporting date (thousands of euros)	147	

In 2013, in accordance with Transitional Provision Two of Law 15/2010, the maximum statutory periods were reduced by 15 days compared to 2012.

36. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)

The breakdown of this item on the accompanying income statement for the years ended December 31, 2013 and 2012 is as follows:

Impairment losses on financial assets (net)

	Thousands of euros	
	2013	2012
Loans and receivables	**(3,827,721)**	**(3,801,940)**
Specific allowance	(3,827,721)	(5,538,750)
Net allowances **(Note 13.4)**	*(3,642,594)*	*(5,020,861)*
Write-downs	*(533,539)*	*(677,836)*
Recovery of loans written off **(Note 26.4)**	*299,087*	*158,469*
Debt securities	*49,325*	*1,478*
General allowance **(Note 13.4)**		1,736,810
Other financial instruments not measured at fair value through profit or loss	**(71,442)**	**(57,812)**
General allowance for debt securities		17,972
Write-downs	(71,365)	(75,784)
Equity instruments **(Note 12)**	*(47,191)*	*(22,056)*
Debt securities	*(24,174)*	*(53,728)*
General allowance **(Note 13.4)**	*(77)*	
Total	**(3,899,163)**	**(3,859,752)**

37. IMPAIRMENT LOSSES ON OTHER ASSETS (NET)

The breakdown of this item on the accompanying income statement for the years ended December 31, 2013 and 2012 is as follows:

Impairment losses on other assets (net)

	Thousands of euros	
	2013	2012
Goodwill and other intangible assets (Note 19)	**(40,374)**	**(8,111)**
Other assets	**(1,373,890)**	**(333,167)**
Investments **(Note 17)**	(1,289,586)	(324,045)
Write-downs of tangible assets **(Note 18)**	(84,304)	(8,999)
Other assets		*(123)*
Total	**(1,414,264)**	**(341,278)**

38. GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT HELD FOR SALE

The breakdown of this item on the accompanying income statement for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Gains on disposals of tangible assets	9,957	208,521
Losses on disposals of tangible assets	(10,095)	(3,921)
Gains/(losses) on disposals of other assets	314,089	113,356
Total	**313,951**	**317,956**

Gains on the disposal of tangible assets in 2012 related mainly to the sale of investment properties described in Note 18.

The following transactions took place in 2013 and 2012, the results of which were recorded under "Gains/(losses) on disposal of other assets":

- The partial sale of CaixaBank shares held by Grupo Financiero Inbursa in 2013 (see Note 17.1). This transaction generated a pre-tax gain of €228 million.

- The sale to SegurCaixa Adeslas, SA of the non-life business from the integrations of Banca Cívica and Banco de Valencia, for a combined amount of €193 million (see Note 17.3). Gains before tax amounted to €81 million.

- Subsequent to a tender involving national and international entities, in January 2012 CaixaBank entered into an agreement to sell its investment fund, securities investment companies (SICAVs) and individual system pension fund depository businesses to the Association of Spanish Savings Banks. An initial total price of €100 million was set in the transaction.

  In December 2012, Banca Cívica's depository business was transferred to the Association of Spanish Savings Banks under the scope of the agreement entered into in January 2012. The transaction amounted to €3.8 million, recognized as a decrease in the goodwill arising on the Banca Cívica acquisition.

  In 2013, under the scope of the same agreement, the business of Banco de Valencia was transferred. This did not have any impact on profit or loss.

- In December 2012, CaixaBank sold the card payments processing business of Banca Cívica to Comercia Global Payments, Entidad de Pago, SL., which is 49%-owned by CaixaBank, for €17,500 thousand. As a result of this transaction, an intangible asset relating to the business combination with Banca Cívica was derecognized for the amount of €5,764 thousand (see Note 19), and a capital gain before tax of €11,736 thousand was recognized in the accompanying income statement.

39. GAINS/(LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS

The breakdown of this item on the accompanying income statement for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Gains on disposal of non-current assets held for sale	21,498	20,837
Losses on disposal of non-current assets held for sale	(4,450)	(33)
Net write-downs of non-current assets held for sale	(7,132)	(10,525)
Other equity instruments	7,743	2,747
Total	**17,659**	**13,026**

The total gains and losses on the disposal of non-current assets relate to property to satisfy loans, none of which were for significant amounts individually.

40. RELATED-PARTY TRANSACTIONS

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

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

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and Senior 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 and executives” (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 December 31, 2013 and 2012 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, Control Committee of "la Caixa" and Senior Management, to the best of the Entity's knowledge), of both CaixaBank and "la Caixa" and Criteria CaixaHolding, and those with other related parties such as the employee pension plan, etc., are shown in the table below. Details are also provided of the amounts recognized in the income statement from transactions carried out. All transactions between related parties form part of the ordinary course of business and are carried out under normal market conditions.

31/12/2013

	Thousands of euros				
	With the majority shareholder, "la Caixa" and its Group **(1)**	Group entities	Associates and jointly controlled entities	Directors and Senior Management **(2)**	Other related parties **(3)**
ASSETS					
Loans and advances to credit institutions	130,982	2,477,144	43,284		
Loans and receivables	2,945,916	22,099,753	636,289	10,748	75,322
Reverse repurchase agreement (repos)		*11,497,281*			
Mortgage loans	*260,244*	*431*	*66,541*	*10,250*	*53,732*
Other **(4)**	*2,685,672*	*10,602,041*	*569,748*	*498*	*21,590*
Total	**3,076,898**	**24,576,897**	**679,573**	**10,748**	**75,322**
LIABILITIES					
Deposits from credit institutions	878,206	141,897	11,938		
Customer deposits **(5)**	2,555,684	18,733,339	1,044,240	165,155	211,524
Off-balance sheet liabilities **(6)**				30,321	48,444
Total	**3,433,890**	**18,875,236**	**1,056,178**	**195,476**	**259,968**
PROFIT AND LOSS					
Interest expense and similar charges **(7)**	(33,224)	(251,585)	(17,129)	(2,929)	(2,739)
Interest and similar income	75,258	432,385	16,346	171	9,959
Total	**42,034**	**180,800**	**(783)**	**(2,758)**	**7,220**
OTHER					
Contingent liabilities – Guarantees and other	354,427	375,954	116,467	487	32,316
Contingent commitments – Drawable by third parties and others **(8)**	1,963,515	2,543,354	359,634	6,439	74,863
Accrued defined benefit post-employment obligations				47,301	
Total	**2,317,942**	**2,919,308**	**476,101**	**54,227**	**107,179**

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

31/12/2012

	Thousands of euros				
	With the majority shareholder, "la Caixa" and its Group **(1)**	Group entities	Associates and jointly controlled entities	Directors and Senior Management **(2)**	Other related parties **(3)**
ASSETS					
Loans and advances to credit institutions		2,563,609	9,246		
Loans and receivables	4,550,922	20,026,389	1,046,725	9,979	85,987
Reverse repurchase agreement (repos)		*10,665,062*			
Mortgage loans	*490,653*	*1,507*	*77,291*	*8,975*	*61,999*
Other (4)	*4,060,269*	*9,359,820*	*969,434*	*1,004*	*23,988*
Total	**4,550,922**	**22,589,998**	**1,055,971**	**9,979**	**85,987**
LIABILITIES					
Deposits from credit institutions	283,087	232,811	55,872		
Customer deposits **(5)**	1,801,322	16,791,255	934,387	32,832	258,762
Off-balance sheet liabilities **(6)**				21,251	50,842
Total	**2,084,409**	**17,024,066**	**990,259**	**54,083**	**309,604**
PROFIT AND LOSS					
Interest expense and similar charges **(7)**	(25,969)	(305,773)	(28,679)	(828)	(3,770)
Interest and similar income	177,707	336,303	17,263	217	2,444
Total	**151,738**	**30,530**	**(11,416)**	**(611)**	**(1,326)**
OTHER					
Contingent liabilities – Guarantees and other	316,877	368,260	69,408	306	19,703
Contingent commitments – Drawable by third parties and others **(8)**	1,480,413	1,069,187	483,650	4,721	69,638
Accrued defined benefit post-employment obligations				48,486	
Total	**1,797,290**	**1,437,447**	**553,058**	**53,513**	**89,341**

(1) Includes transactions with "la Caixa," and its Group companies, jointly controlled entities and associates.
(2) Directors and Senior Management referred to are those of "la Caixa," CaixaBank and Criteria CaixaHolding.
(3) Family members and entities related to members of the Board of Directors of "la Caixa" and CaixaBank, the Control Committee of "la Caixa" and Senior Management 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 2013 are as follows:

- CaixaBank granted "la Caixa" a €70 million loan maturing in 2020. In addition to €61 million in collateral in relation to a securities loan granted by "la Caixa" to CaixaBank.

- Demand and time deposits held by "la Caixa" at CaixaBank, for an amount of €878,206 thousand (€284,087 thousand at December 31, 2012).

- Derivatives arranged by "la Caixa" with CaixaBank to hedge its bond and subordinated debt issues, with a net balance of €450 million at December 31, 2013 in favor of "la Caixa".

- VidaCaixa has time deposits at CaixaBank for €11,460 million (€10,619 million at December 31, 2012). Additionally, at December 31, 2013, repurchase agreements held with CaixaBank totaled €11,497 million (€10,665 million at December 31, 2012), and reverse repurchase agreements with CaixaBank totaled €386 million (€907 million at December 31, 2012). Cash held in the current account by VidaCaixa in CaixaBank at December 31, 2013, stood at €268 million (€93 million at December 31, 2012). Also included at December 31, 2013, were deposits from its subsidiary, amounting to €511 million, related to its unit-linked activity.

- Acquisition in 2012 by Banca Cívica Vida y Pensiones of hybrid financial liabilities issued by CaixaBank and classified as Time deposits, for the amount of €523 million.

- Loans granted by CaixaBank to CaixaCard 1, EFC, SA in 2012. The balances at December 31, 2013 and 2012 were €1,233 million and €1,502 million, respectively.

- Loans and credit accounts of Finconsum with CaixaBank. The amounts drawn down at December 31, 2013 and 2012 were €916 million and €632 million, respectively.

- A loan to Criteria CaixaHolding, SAU (formerly Servihabitat XXI, SAU) at December 31, 2012 for €650 million and an amount of €395 million drawn down on a credit account. Repayment was made in 2013. In December 2013, CaixaBank granted Criteria CaixaHolding, SAU a credit facility of €750 million, on which no amount had been drawn down at December 31, 2013. Additionally, in 2012, CaixaBank acquired plain vanilla bonds issued by Servihabitat XXI, SAU, now Criteria CaixaHolding, SAU, for €1,350 million for partial repayment of a loan (see Note 13.3).

- Loan taken out by BuildingCenter, SAU with CaixaBank for €26 million and credit account with a balance of €7,987 million at December 31, 2013 (€6,604 million at December 31, 2012).

- Gas Natural holds time deposits at CaixaBank for the amount of €1,000 million, and a current account balance of €533 million at December 31, 2013.

- Abertis Infraestructuras holds time deposits at CaixaBank for the amount of €680 million, and a current account balance of €2 million at December 31, 2013.

- Additionally, as described in the corresponding notes, in 2013 the non-life insurance business was sold to SegurCaixa Adeslas, SA for total of €193 million, and various life-insurance companies belonging to Banca Cívica were sold to VidaCaixa, SA, for a total of €366 million. Also, Hiscan Patrimonio sold its ownership interest in Banca Cívica Vida y Pensiones a VidaCaixa, SA for €121 million.

At December 31, 2013 and 2012, there was no evidence of impairment to the value of the financial assets or the guarantees or contingent commitments held with "key management personnel and executives."

The balances of loans at December 31, 2013 and 2012 arranged with serving Directors and Senior Management at these two dates have an average maturity of 25.24 and 24.20 years, respectively, and bear interest at an average rate of 1.83% and 2.16%, respectively.

Financing provided in 2013 to serving directors and Senior Management at December 31, 2013 and 2012 amounted to €2,545 thousand and €3,210 thousand, respectively, with an average maturity period of 0.96 and 3.84 years, earning interest at an average rate of 2.17% and 0.73%, respectively.

Description of the relationship between "la Caixa" and CaixaBank

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

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

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

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

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

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

41. OTHER DISCLOSURE REQUIREMENTS

41.1. Customer Ombudsman and Customer Care Service

The report on the customer care service for 2013 is summarized below. This report describes the outcome of the claims and complaints ("complaints") handled by the Customer Care Service of CaixaBank.

Pursuant to the customer ombudsmen regulations of CaixaBank, which were drawn up in compliance with Ministry of Economy and Finance Order ECO/734/2004 of March 11 on customer care departments and services and customer ombudsmen at financial institutions, the Customer Ombudsman for the Catalan Savings Banks has jurisdiction over complaints involving sums of up to €120,000. The Customer Care Service is responsible for handling complaints involving sums in excess of €120,000 and for coordinating the ancillary customer services voluntarily set up by CaixaBank to provide customers with the channels required for faster and more expedient resolution of their complaints and to handle matters which, due to their nature, addressee, content or circumstances, do not legally constitute complaints, but are merely suggestions, requests or other communications.

Complaints received by the CaixaBank Customer Care Service (01/01/2013 to 31/12/2013)

Type of resolution					
Resolved in the customer's favor	Resolved via withdrawal, agreement or order	Resolved in favor of CaixaBank	Not resolved and pending reply	Not admitted for consideration	Total
2		**12**		**4**	**18**

Of the CaixaBank companies operating the Customer Care Regulation Service, no complaints were received for an amount of over €120,000 in 2013.

Summary of complaints submitted to the Customer Ombudsman (amounts up to €120,000)

By complainant

Member entities	Number of complaints 2013
CaixaBank, SA	4,995
VidaCaixa Adeslas, SA de Seguros Generales y Reaseguros	199
VidaCaixa, S.A. Seguros y Reaseguros	86
Finconsum, EFC, SA	9
InverCaixa Gestión, SGIIC, SA	3
Nuevo Micro Bank, SAU	1
CAN Seguros de Salud, SA	2
CaixaBank Electronic Money, EDE, SL	2
Banca Cívica Gestión de Activos, SGIIC, SA	1
Banca Cívica Vida y Pensiones, SA	1
Unión de Créditos para la Financiación Mobiliaria e Inmobiliaria, EFC, SAU (Credifimo)	15
Total	**5,314**

By type of resolution

Type of resolution	Number of complaints 2013
Upheld (totally or partially)	1,072
Rejected	1,931
Irrelevant	2,003
Waived by customer	16
Pending resolution	292
Total	**5,314**

Other internal channels for submission of complaints

In addition to the Customer Care and Customer Ombudsman Service, CaixaBank provides customers and users with the following internal channels for handling their complaints:

Internal complaints received by CaixaBank (01/01/2013 – 31/12/2013)

	Number of complaints
Free customer care telephone service	11,456
Letters to the CEO	18,946
Internet portal	11,261
Total	**41,663**

Overall, the number of complaints handled through internal and official channels was 63% higher than in 2012. This increase was due mainly to complaints relating to the elimination of the mortgage floor clause on affected contracts.

Given this situation, the Bank has remained true to its basic principles and established mechanisms to ensure each claim is addressed individually.

In addition to complaints relating to the mortgage floor clause, complaints were also filed in relation to fees and after-sales service.

To reduce the number of customer complaints, in 2013, with the collaboration of all business units, various support tools were rolled out at branches.

41.2. Environmental information

With society increasingly aware of the need to protect the environment in which we live and do business and as part of our continuous improvement policy, CaixaBank has implemented an environmental management system in accordance with European regulation EMAS 1221/2009 and ISO standard 14001 to guide its environmental protection and preservation actions.

For CaixaBank, mainstreaming an EMS is the best way to ensure that it meets the environmental requirements of all stakeholders and complies with prevailing legislation, providing a better service to customers to guarantee the continuous improvement of our Organization.

CaixaBank's environmental policy, drafted and approved in February 2012 following the Entity's restructuring in 2011, is instrumented through its Environment Committee, which ensures that all business is conducted in due consideration of the environment, and actively encourages awareness and participation among the Entity's stakeholders. Noteworthy is CaixaBank's embracement of the Equator Principles and the United Nations Global Compact, its voluntary participation in the Carbon Disclosure Project and the commitment to promote environmentally-friendly technologies, the inclusion of environmental criteria in products and services and the support of initiatives to combat climate change.

Our commitment extends to employees and the companies that work with us, but it must also provide an extra benefit to our customer relations.

In 2013, for the third year running, an audit was made of the greenhouse gases emitted by CaixaBank activities to calculate its carbon footprint, and to establish actions to minimize this.

In this area, the results achieved in the CDP (Carbon Disclosure Project) this year stand out. The Entity obtained a score of 97B, the highest in the Spanish financial sector, and joined the CDLI (Carbon Disclosure Leadership Index), which recognizes the transparency and quality of the information disclosed on climate change.

CaixaBank has a new communications tools portal, extending the range of communications channels open to employees; i.e. Lynk (instant messenger, audio and videoconferences, virtual meetings and document sharing), Conecta (the Group's own social network) or using specially-adapted rooms for videoconferencing. The increased use of this these tools has reduced the number of business trips made and cut CO_2 emissions.

Further, to address concerns over paper consumption, the services offered through Línea Abierta have been increased throughout the branch network, such as the "Ready to Buy" service that allows contracts to be signed using this channel. A significant effort has also been made to reduce the number of documents sent to customers on paper.

Despite these efforts and aware that our business has an impact on the environment, in 2013 CaixaBank offset the CO_2 emissions generated at the central services headquarters in Barcelona, making this emblematic building a "zero-emission" building.

41.3. Disclosures required under the Mortgage Market Law

Disclosures required under the Mortgage Market Law

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

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

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

Mortgage covered bonds are securities in which the principal and interest are especially secured, with no need for registration, by mortgages on all the bonds registered in favor of the Entity, without prejudice to liability of the Entity's assets.

The securities include credit rights for holders vis-à-vis the Entity, guaranteed as stated in the preceding paragraphs, and entail execution to claim payment for the issuer after they mature. The holders of these securities are considered to be creditors with special preference, as stipulated in section 3 of Article 1,923 of the Civil Code, vis-à-vis any other creditor, in relation to the total mortgage credits and loans registered in favor of the issuer. All holders of bonds, irrespective of their date of issue, have the same seniority over the loans and credits which guarantee the bonds.

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

- Relationship between the sum of loans and credits and the appraisal value of the mortgaged asset.

- Relationship between the borrower's debt and the income of the borrower, and verification of the information provided by the borrower and its solvency.

- Prevention of mismatches between flows from the hedging portfolio and those arising from payments owned on the securities issued.

- Proper procedures for the selection of appraisers.

2. Information concerning mortgage market issues

The table below shows the nominal amount of mortgage covered bonds issued by CaixaBank and outstanding at December 31, 2013 and 2012:

Mortgage covered bonds issued

	Thousands of euros	
	31/12/2013	31/12/2012
Mortgage covered bonds issued in public offers (debt securities)	**38,470**	**38,470**
Residual maturity up to 1 year		
Residual maturity between 1 and 2 years		
Residual maturity between 2 and 3 years	18,628	
Residual maturity between 3 and 5 years	19,842	38,470
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**50,206,246**	**64,323,164**
Residual maturity up to 1 year	5,318,000	3,800,792
Residual maturity between 1 and 2 years	4,250,842	5,568,000
Residual maturity between 2 and 3 years	4,850,000	4,508,602
Residual maturity between 3 and 5 years	9,077,500	9,502,500
Residual maturity between 5 and 10 years	12,325,000	19,250,000
Residual maturity over 10 years	14,384,904	21,693,270
Deposits	**11,063,433**	**11,959,061**
Residual maturity up to 1 year	2,297,341	1,995,628
Residual maturity between 1 and 2 years	2,532,836	1,797,341
Residual maturity between 2 and 3 years	1,213,889	2,032,837
Residual maturity between 3 and 5 years	2,046,323	2,313,889
Residual maturity between 5 and 10 years	1,824,839	2,371,161
Residual maturity over 10 years	1,148,205	1,448,205
Total	**61,308,149**	**76,320,695**
Of which: repurchases (shown as a reduction of the liability) **(Note 21.3)**	**21,643,768**	**31,754,379**

Operations with mortgage covered bonds are explained in Note 21.3.

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

Mortgage participations issued

	Thousands of euros	
	31/12/2013	31/12/2012
Mortgage participations issued in public offers	–	–
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage participations not issued in public offers	**513,253**	**23,763**
Residual maturity up to 3 years	23,661	642
Residual maturity between 3 and 5 years	27,448	1,082
Residual maturity between 5 and 10 years	118,611	5,549
Residual maturity over 10 years	343,533	16,490
Total	**513,253**	**23,763**

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

Mortgage transfer certificates issued

	Thousands of euros	
	31/12/2013	31/12/2012
Mortgage transfer certificates issued in public offers	**–**	**–**
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage transfer certificates not issued in public offers	**4,996,095**	**5,111,623**
Residual maturity up to 3 years	113,797	117,819
Residual maturity between 3 and 5 years	194,553	850,195
Residual maturity between 5 and 10 years	827,685	194,371
Residual maturity over 10 years	3,860,060	3,949,238
Total	**4,996,095**	**5,111,623**

3. Information on mortgage loans and credits

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

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

	Thousands of euros	
	31/12/2013	31/12/2012
Total loans	**142,741,670**	**148,230,936**
Mortgage participations issued	**577,625**	**109,310**
Of which: On balance sheet loans	513,253	23,763
Mortgage transfer certificates issued	**5,011,470**	**5,121,010**
Of which: On balance sheet loans	4,996,095	5,111,623
Mortgage loans pledged in guarantee for financing received		
Loans backing mortgage bonds issues and covered bond issues	**137,152,575**	**143,000,616**
Non-eligible loans	59,103,049	42,538,216
Meet eligibility requirements, except for limits established in Article 5.1. 716/2009, of April 24	*35,744,379*	*12,225,526*
Other	*23,358,670*	*30,312,690*
Eligible loans	78,049,526	100,462,400
Non-eligible amounts	*307,741*	*352,417*
Eligible amounts	*77,741,785*	*100,109,983*
Loans backing mortgage bond issues		
Loans suitable for backing mortgage bond issues	77,741,785	100,109,983

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

Mortgage loans and credits

	Thousands of euros			
	31/12/2013		31/12/2012	
	Total portfolio of loans andof credits	Total portfolio eligible loans and credits	Total portfolio of loans and credits	Total portfolio of eligible loans and credits
By source	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Originated by the entity	136,881,497	77,842,746	141,656,551	99,460,022
Assumed from other entities	271,078	206,780	361,380	291,972
Other	–	–	982,685	710,406
By currency	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Euro	136,730,392	77,881,873	142,790,561	100,399,757
Other currencies	422,183	167,653	210,055	62,643
By payment situation	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Normal	116,063,038	75,020,163	123,861,316	97,990,970
Other	21,089,537	3,029,363	19,139,300	2,471,430
By average residual maturity	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Up to 10 years	24,243,183	12,563,693	24,561,818	13,306,521
From 10 to 20 years	42,940,980	28,405,364	40,598,593	30,351,400
From 20 to 30 years	57,086,681	31,892,770	63,595,210	47,489,885
Over 30 years	12,881,731	5,187,699	14,244,995	9,314,594
By type of interest rate	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Fixed	1,936,027	575,769	6,557,176	3,824,132
Variable	134,245,463	76,757,217	135,957,469	96,230,225
Mixed	971,085	716,540	485,971	408,043
By holder	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Natural persons and business entities	44,093,991	16,500,180	48,925,602	23,600,123
Of which: Real estate developers	*12,408,006*	*4,095,486*	*18,103,122*	*8,307,130*
Other individuals and not-for-profit institutions	93,058,584	61,549,346	94,075,014	76,862,277
By collateral	**137,152,575**	**78,049,526**	**143,000,616**	**100,462,400**
Finished assets / buildings	127,481,274	75,677,166	131,689,416	97,314,845
Homes	110,136,022	69,143,357	115,343,584	89,368,979
Of which: Subsidized housing	*4,988,796*	*3,293,095*	*5,266,239*	*4,702,056*
Commercial	5,930,171	2,518,224	5,536,912	3,223,716
Other	11,415,081	4,015,585	10,808,920	4,722,150
Assets / buildings under construction	4,078,193	1,394,234	4,716,256	2,125,954
Homes	3,333,655	1,276,465	4,062,411	1,921,607
Of which: Subsidized housing	*288,296*	*63,058*	*305,625*	*117,417*
Commercial	122,829	12,891	107,784	44,883
Other	621,709	104,878	546,061	159,464
Land	5,593,108	978,126	6,594,944	1,021,601
Built	2,080,384	224,996	3,540,912	883,798
Other	3,512,724	753,130	3,054,032	137,803

CaixaBank's portfolio of eligible loans and credits for the purposes calculating the limit for issues of mortgage covered bonds at December 31, 2013 and December 31, 2012 totaled €80,897 million and €100,110 million, respectively.

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

Available mortgage loans and credits

	Thousands of euros	
	31-12-2013	31-12-2012
Potentially eligible	14,869,458	15,637,916
Not eligible	4,488,613	3,958,975
Total	**19,358,071**	**19,596,891**

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

Non eligible mortgage loans and credits

	Thousands of euros	
	31-12-2013	31-12-2012
Not eligible: Meet eligibility requirements, except for limits established in Article 5.1. of Royal Decree 716/2009	35,744,379	12,225,526
Not eligible: Other	23,358,670	30,312,690
Total	**59,103,049**	**42,538,216**

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

Eligible mortgage loans and credits

	Thousands of euros	
	31-12-2013	31-12-2012
Mortgage on homes	**70,339,545**	**90,360,565**
Transactions with LTV below 40%	21,993,065	21,117,618
Transactions with LTV between 40% and 60%	28,528,597	31,938,494
Transactions with LTV between 60% and 80%	19,817,883	37,304,453
Other assets received as collateral	**7,709,981**	**10,101,835**
Transactions with LTV below 40%	5,116,824	4,517,847
Transactions with LTV between 40% and 60%	2,506,870	5,142,673
Transactions with LTV over 60%	86,287	441,315
Total	**78,049,526**	**100,462,400**

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

Changes in mortgage loans and credits, which back the issue of mortgage covered bonds, are shown below:

Mortgage loans and credits. Changes in nominal amount during the year

	Thousands of euros	
	31-12-2013	
	Eligible loans	Non-eligible loans
Balance at January 1	**100,462,400**	**42,538,216**
Reductions in the year	**29,042,532**	**7,918,295**
Cancellations on maturity	191,605	156,492
Early cancellation	544,713	1,116,781
Assumed by other entities	11,936	12,122
Other	28,294,278	6,632,900
Additions in the year	**6,629,658**	**24,483,128**
Banco de Valencia business combination	3,610,685	1,781,315
Originated by the entity	2,714,246	3,804,043
Subrogations	5,368	849
Other	299,359	18,896,921
Balance at December 31	**78,049,526**	**59,103,049**

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

		Thousands of euros	
		31-12-2013	31-12-2012
Non-registered mortgage covered bonds		50,244,715	64,361,634
Registered mortgage covered bonds placed as customer deposits		10,243,434	11,048,111
Registered mortgage covered bonds issued by credit institutions		820,000	910,950
Mortgage covered bonds issued	**(A)**	**61,308,149**	**76,320,695**
Total outstanding mortgage loans and credits (*)		142,741,670	148,230,936
Mortgage participations issued		(577,625)	(109,310)
Mortgage transfer certificates issued		(5,011,470)	(5,121,010)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**137,152,575**	**143,000,616**
Collateralization:	**(B)/(A)**	**224%**	**187%**
Overcollateralization:	**[(B)/(A)]–1**	**124%**	**87%**

(*) Includes on and off balance sheet portfolio.

The degree of collateralization of the mortgage covered bonds issued by CaixaBank at December 31, 2013 reflects the prudent measures adopted to strengthen its liquidity position in order to face potential pressures or market crises.

CaixaBank's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the ECB, increased from €53,092 million at December 31, 2012 to €60,762 million at December 31, 2013 (see Note 3.3).

APPENDIX 1

CaixaBank investments in subsidiaries of the CaixaBank Group

			Thousands of euros			
Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Aris Rosen, SAU Services	Av. Diagonal, 621-629 08029 Barcelona	100.00	15	1,301	3,330	5,021
Arquitrabe activos, SL Holder of property assets	Plaza Villasís, 2 41003 Seville	100.00	98,431	(57,825)	(9,092)	5,838
Banca Cívica servicios 2011, SL Investment holding and business consultancy	Plaza de la Libertad, s/n (Casa del Cordón) 09004 Burgos	100.00	2,369	5,927	(12)	6,369
BuildingCenter, SAU Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	2,000,060	1,588,997	(1,835,243)	1,657,655
Caixa Capital Biomed, S.C.R de Régimen Simplificado, S.A. Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	90.91	16,500	(3,090)	(2,285)	12,148
Caixa Capital Fondos, SCR de Régimen Simplificado, SAU Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	100.00	100,000	51,286	(12,187)	140,066
Caixa Capital Micro, SCR de Régimen Simplificado, SAU Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	100.00	8,000	(221)	(85)	7,693
Caixa Capital Semilla, SCR de Régimen Simplificado, SA Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	100.00	13,290	1,429	(1,692)	17,512
Caixa Capital TIC SCR de Régimen Simplificado, SA Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	80.65	20,001	(1,881)	(3,361)	16,434
Caixa Card 1 EFC, SA Finance	Gran Via Carles III, 94 entresòl - Edifici Trade Oest 08028 Barcelona	100.00	261,803	(94,633)	236,787	261,980
Caixa Corp, SA Holding company	Av. Diagonal, 621-629 08028 Barcelona	100.00	361	213	(5)	585
Caixa Emprendedor XXI, SA Development of business and entrepreneurial initiatives	Av. Diagonal, 613, 3º B 08028 Barcelona	99.26	20,149	13,187	(1,766)	34,500
Caixa Innvierte Industria SCR de Regimen Simplificado, SA Venture capital management	Av. Diagonal, 613, 3º A 08028 Barcelona	52.17	9,200	(313)	(555)	4,800
Caixa Preference, SAU Finance	Av. Diagonal 621-629 08028 Barcelona	100.00	60	2,110	(16)	3,047
CaixaBank Electronic Money, EDE, SL Payment entity	Gran Via Carles III, 84-98 Torre Est, pl. 1ª 08028 Barcelona	100.00	350	399	171	550
CaixaRenting, SAU Vehicle and machinery rentals	Gran Via de Carles III, 87 08028 Barcelona	100.00	10,518	29,514	2,375	31,680
Cajaburgos OBV, SA Anciliary activities for financial and insurance services	Plaza Santo Domingo de Guzmán, 1 09004 Burgos	100.00	60	1,196	11	2,799
Caja Guadalajara participaciones preferentes, SA Finance	Av. Eduardo Guitián, 11 19002 Guadalajara	100.00	61	253	(6)	352
Caja San Fernando Finance, SA Finance	Plaza San Francisco, 1 41004 Seville	100.00	60	965	(3,780)	33,221
Cajasol participaciones preferentes, SAU Finance	Plaza de Villasís, 2 41004 Seville	100.00	60	366	(5)	159

Company name and line of business	Registered office	% interest	Thousands of euros Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
CAN Mediación, Operador de banca-seguros vinculado, SLU Insurance consultancy	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	90	263	120	231
Club baloncesto Sevilla, SAD Promotion and development of sports activities	Palacio Municipal de Deportes Dr. Laffon Soto s/n 41007 Seville	99.99	2,589	3,427	(2,929)	4,694
Corporación Hipotecaria Mutual, EFC, SA Mortgage credit	Av. Diagonal, 611, 2º A 08028 Barcelona	100.00	3,005	79,139	81	81,987
Credifimo - Unió de crédito para la financiación mobiliaria e inmobiliaria, EFC, SA Mortgage credit	Riera de Sant Miquel, 3, 1º 08006 Barcelona	100.00	70,415	29,310	(19,783)	11,722
El monte capital, SA Finance	Plaza de Villasís, 2 41003 Seville	100.00	60	217	(6)	107
El monte participaciones preferentes, SA Finance	Plaza de Villasís, 2 41003 Seville	100.00	60	45	(8)	–
e-la Caixa, SA Electronic channel management	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	13,670	15,583	645	21,144
Estugest, SA Administrative activities and services	Av. Diagonal, 621-629 08028 Barcelona	100.00	661	1,545	79	2,212
Finconsum, EFC, SA Consumer finance	Gran Via Carles III, 87, bajos 1º B 08028 Barcelona	100.00	126,066	(26,144)	19,340	96,803
GDS-CUSA, SA Services	Provençals, 39, planta 2 08019 Barcelona	100.00	1,803	12,840	1,405	9,579
General de Inversiones Tormes, SA Real estate investment	Av. Diagonal, 611 08028 Barcelona	100.00	5,000	4,383	(42)	11,072
GestiCaixa, SGFT, SA Securitization fund management	Pere i Pons, 9-11, 9º 3ª Edifici Màsters 08034 Barcelona	91.00	1,502	300	1,276	2,630
Guadalcorchos, SA Wood and cork industry; except furniture, basketwork and plaited work	Plaza de Villasís, 2 41003 Seville	0.00	60	–	–	137
HipoteCaixa 2, SL Mortgage loan management company	Av. Diagonal, 611 08028 Barcelona	100.00	3	202,536	(2,956)	173,843
Hiscan Patrimonio, SAU Holding company	Av. Carlos III, 8 31002 Pamplona Navarre	100.00	46,867	171,396	(102,662)	614,970
Holret, SAU Real estate services	Av. Diagonal, 621-629 Torre II Pl. 8 08028 Barcelona	100.00	156,433	32,551	1,329	202,396
InverCaixa Gestión, SGIIC, SAU Management of collective investment institutions	Av. Diagonal, 621-629 Torre II Pl. 7 08028 Barcelona	100.00	81,910	24,180	24,316	89,350
Inversiones Inmobiliarias Oasis Resort, SL Services	Av. Del Mar, s/n (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	8,356	11,001	(1,365)	10,655
Inversiones Inmobiliarias Teguise Resort, SL Services	Av. Del Jablillo, 1 (Hotel Teguise Playa) (Urbanización Costa Teguise) 35009 Teguise-Lanzarote	60.00	7,898	10,663	514	11,218
Inversiones Valencia Capital, SA Holding company	Pintor Sorolla, 2-4 46002 Valencia	100.00	10,557	1,006	116	2,105

Company name and line of business	Registered office	% interest	Share capital (Thousands of euros)	Reserves (Thousands of euros)	Profit/(loss) (Thousands of euros)	Cost of direct ownership interest (net) (Thousands of euros)
Limpieza y Mantenimiento Hospitalarios, SLU Cleaning services for offices, businesses and hospitals	Av. Diagonal, 611, 2º A 08028 Barcelona	100.00	3	9	(5)	15
Lince servicios sanitarios, SAU Health care services	Av. Diagonal, 611 08028 Barcelona	100.00	660	1,984	(3)	2,868
MediCaixa, SA Financial services	Av. Diagonal, 621-629 08028 Barcelona	100.00	120	–	–	144
Negocio de Finanzas e Inversiones II, SL Finance	Av. Diagonal, 621-629 08028 Barcelona	100.00	6	38,437	725	38,367
Nuevo MicroBank, SAU Financing of micro-credits	Juan Gris, 10-18 08014 Barcelona	100.00	90,186	48,408	18,421	90,186
PromoCaixa, SA Product marketing	Av. Carles III, 105, 1ª pl. 08028 Barcelona	99.99	60	1,599	796	1,644
Puerto Triana, SA Real estate developer specialized in shopping centers	Plaza de Villasís, 2 41003 Seville	100.00	44,290	(35,628)	(9,191)	16,008
Saldañuela residencial, SL Real estate	Ctra. de Soria s/n, Palacio de Saldañuela 09620 Burgos	67.00	24,859	(23,343)	(201)	3,286
Sercapgu, SL Holding company	Av. Eduardo Guitián, 11 19002 Guadalajara	100.00	4,230	(3,497)	(3,633)	632
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	80.00	25	–	–	20
Servihabitat Gestión Inmobiliaria, SLU Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	12,929	(219,527)	249,340	42,719
Silc Immobles, SA Real estate management and administration	Av. Diagonal, 615 08028 Barcelona	0.00	40,070	106,085	184	–
Silk Aplicaciones, SL Provision of IT services	Av. Diagonal, 615 08028 Barcelona	100.00	15,003	99,715	1,804	176,211
Suministros Urbanos y Mantenimientos, SA Project management, maintenance, logistics and procurement	Provençals, 39 (Torre Pujades) 08019 Barcelona	100.00	1,803	1,871	1,841	2,053
Tenerife desarrollo exterior, SA Promotion of economic activities on the island	Plaza Patriotismo, s/n 38002 Santa Cruz de Tenerife Tenerife	100.00	60	(14)	(3)	94
Valenciana de Inversiones Participadas, SLU Holding company	Pintor Sorolla, 2-4 46002 Valencia	100.00	106,743	(70,098)	(633)	68,430
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	1,347,462	2,623,360	289,110	3,608,998
Vip Desarrollos, SLU Real estate development	Pintor Sorolla, 2-4 46002 Valencia	100.00	3	–	–	–
VIP Gestión de Inmuebles, SLU Real estate services	Pintor Sorolla, 2-4 46002 Valencia	100.00	291,088	(163,566)	(30)	44,599

Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements. Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS.

CaixaBank investments in associates of the CaixaBank Group

			Thousands of euros						
Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income from ordinary activities	Cost of direct ownership interest (net)
Banco BPI, SA **(C)** Banking	Rua Tenente Valadim, 284 4100 476 Oporto - Portugal	46.22	43,010,862	40,784,010	1,190,000	1,092,923	72,682	440,795	613,516
Boursorama, SA **(C)** Direct Banking	18, Quai du Point du Jour 92659 Boulogne-Billancourt France	1.33	5,229,891	4,438,251	35,178	599,885	17,565	148,910	11,092
CAN Seguros generales, SA Direct insurance, except life, and reinsurance	Av. Carlos III, 8 31002 Pamplona Navarre	50.00	–	–	9,015	3,688	2,398	–	20,342
Celeris, servicios financieros, SA Financial services	Juan Esplandiu, 13 Planta C-1 28007 Madrid	26.99	143,847	150,666	10,710	–	(17,529)	10,083	–
Cementiri de Girona, SA Funeral services	Plaça del Vi, 1 17004 Girona	30.00	1,785	735	1,202	467	(30)	100	217
Centro de transportes aduana de Burgos, SA Merchandise storage and handling. Operation of custom warehousing authorization from a free zone	Ctra. N-1, km 246 09007 Villafría Burgos	22.96	15,601	6,963	4,461	3,167	–	2,823	140
Cultivos y tecnología agraria de Tenerife, SA Farming	Carretera del Pris, 68 38350 Tacoronte Tenerife	49.00	1,762	106	301	1,335	21	1,175	897
Erste Group Bank AG **(C)** Banking	Graben, 21 01010 Viena Austria	9.12	207,852,000	196,052,000	859,600	11,144,171	430,275	7,485,000	980,601
GDS-Risk Solutions, Correduría de Seguros, SL Insurance brokerage	Via Augusta, 252-260, 6º 08017 Barcelona	20.00	–	–	30	337	2,146	–	3,756
Gestión de aguas de Alcolea, SA Engineering and concessions	Av. Martín Alonso Pinzón, 11 21003 Huelva	49.00	39	–	60	(20)	(1)	–	20
Girona, SA Integrated water distribution	Travesia del Carril, 2, 6º 2ª 17001 Gerona	34.22	5,826	269	1,200	3,941	416	1,052	1,642
Grupo Financiero Inbursa, SAB de CV **(C) (*) (1)** Banking	Paseo de las Palmas, 736 11000 Lomas de Chapultepec Mexico D.F. Mexico	9.01	390,566,821	306,270,666	2,758,222	74,060,107	8,361,271	21,814,145	724,560
Ircio inversiones, SL Development of industrial buildings	Vitoria, 2 Miranda de Ebro Burgos	35.00	6,662	6,870	675	(744)	(140)	–	–
IT Now, SA IT services	Numància, 164, 7º planta 08029 Barcelona	49.00	48,843	43,896	3,382	1,568	(3)	198,251	1,663
Med Wind Energy, SL Renewable energy holding company	Av. Peris y Valero, 149 1º 46005 València	43.00	43,773	35,509	22,500	(13,242)	(994)	1,136	5,129
Monty & Cogroup, SL Transfer reception	Cuesta de San Vicente, 4 7ª planta 28008 Madrid	20.47	1,972	307	27	1,638	–	–	252

			Thousands of euros						
Company name and line of business	Registered office	% interest	Assets	Liabilities	Share capital	Reserves	Profit/(loss)	Income from ordinary activities	Cost of direct ownership interest (net)
Oesia Networks, SL IT and defense electronics consulting	Santa Leonor, 65, Ed. 8 Parque empresarial 28037 Madrid	6.29	135,715	153,659	1,269	(38,369)	(2,838)	61	–
Parque científico tecnológico de Córdoba, SL Science park operation and management	Av. Gran Capitán, 46, 3ª Oficina 8 14001 Córdoba	15.49	48,395	23,671	20,558	4,575	(409)	141	7,059
Promociones al desarrollo Bumari, SL Holding company	General Vara de Rey, 41 bis 8ª 26002 Logroño La Rioja	48.00	3,563	1	6,386	(2,709)	(115)	–	–
Promociones eólicas del oeste valenciano, SL Holding	Av. Peris y Valero, 149, 1° 46005 Valencia	26.00	2,460	–	2,463	(1)	(2)	–	–
Repsol, SA **(C)** Oil and gas market operation	Méndez Álvaro, 44 28045 Madrid	12.02	67,277,000	38,013,000	1,302,472	26,501,000	1,287,000	44,019,000	3,337,391
Self Trade Bank, SA Banking	Gran Vía, 30, 3ª planta 28013 Madrid	49.00	163,911	85,987	86,658	(11,155)	2,421	–	38,175
Servihabitat Servicios Inmobiliarios, SL Real estate services	Provençals, 39 (Torre Pujades) 08019 Barcelona	49.00	372,723	336,575	499	30,858	4,791	32,414	15,367
Telefónica Factoring do Brasil, LTDA **(3)** Factoring	Rua Desembragador Eliseu Guilherme, 69, pt. E 04004-030 Paraíso São Paulo - Brazil	20.00	128,780	117,720	5,000	1,000	29,046	29,365	2,029
Telefónica Factoring España, SA Factoring	Zurbano, 76 pl. 8 28010 Madrid	20.00	129,633	114,479	5,109	1,740	8,922	27,805	2,525
Tenedora de Acciones de ITV de Levante, SL Holding company	Pintor Sorolla, 2-4 46002 Valencia	12.00	15,817	3	13,140	1,705	969	973	126
The Bank of East Asia, LTD **(C) (2)** Banking	10, des Voeux rd. Hong-Kong China	16.51	697,433,000	632,512,000	5,654,000	47,893,000	3,376,000	14,322,000	1,235,744

(*) Public data under Mexican GAAP.
(1), (2), (3) All data except the cost of the stake are in local currency; (1) Mexican peso, (2) Honk/Kong Dollar, (3) Brasilian real.
(C) Quoted companies. Latest publicly-available data at the date of preparation of the notes to these financial statements.
Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements. Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS.

Joint ventures (jointly controlled entities)

			Thousands of euros			
Company name and line of business	Registered office	% interest	Share capital	Reserves	Profit/(loss)	Cost of direct ownership interest (net)
Anira Inversiones, SL Equity investments in other companies	Paseo de la Castellana, 89 28046 Madrid	30.00	41,500	(2,069)	4,203	10,605
Banco europeo de finanzas, SA Activities of a wholesale or investment bank	Severo Ochoa, 5 29590 Malaga	39.52	60,702	21,163	956	32,057
Cartera Perseidas, SL Sociedad de cartera	Paseo de Recoletos, 29 28004 Madrid	40.54	59,900	17,928	3,389	36,278
Comercia Global Payments, Entidad de Pago, SL Payment entity	Gran Via Carles III, 98 entresòl 08028 Barcelona	49.00	4,425	208,391	16,937	104,403
Compañía andaluza de rentas e inversiones, SA Investment administration and ownership	Plaza San Francisco, 1 41001 Seville	46.61	54,163	4,781	5,432	29,154
Inversiones Alaris, SA Holding company	Av. Carlos III, 8 31002 Pamplona Navarre	33.33	11,879	(30,834)	(3,689)	–
Liquidambar inversiones financieras, SL Investment administration and ownership	Paseo de Recoletos, 29 28004 Madrid	26.67	67,050	(118)	(28,227)	12,661
Global Payments South America, Brasil – Serviços de Pagamentos, SA **(1)** Payment methods	Rua dos Pinheiros, 610 - Cj. 83 05422 São Paulo SP Brazil	50.00	9	(1,231)	4,811	4,794

(1) All data except the cost of the stake are in local currency; Brazilian real.

Note: The information corresponding to unquoted companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements. Data relating to capital, reserves and results have been standardized in the consolidated CaixaBank statements in accordance with IFRS.

APPENDIX 2

Tax credit for reinvestment of extraordinary profit

Profit qualifying for the tax credits set forth in Article 42 of Royal Decree-Law 4/2004, of March 5, approving the consolidated text of the Corporation Tax Law:

	Thousands of euros						
	CaixaBank				Banca Cívica		
Year	Profit qualifying	Amount used	Tax credit **(1)**	Year of reinvestment	Profit qualifying	Tax credit	Year of reinvestment
2008	1,797	544,763	108,806	2008	13,204	435	2007 and 2008
2009	12,458	12,458	1,495	2009	73,665	12,019	2008 and 2009
2010	368,883	368,883	44,266	2010	66,321	4,763	2010
2011	9,875	9,875	1,185	2011	41,292	4,955	2011
2012	30,840	30,840	3,700	2012			

(1) There are unused tax credits due to a shortage of taxable income in the consolidated income tax return.
Note: Banco de Valencia obtain income subject to tax credits in 2008 and 2012 of €87 thousand and €5,468 thousand, reinvesting the full amounts obtained on transfer in those years. Includes amounts of "la Caixa" for years prior to 2011.

In 2012, CaixaBank obtained profit on which a tax credit could be applied and recorded credits of €30,840 thousand. Investments made by companies of the tax group were enough to claim the entire credit.

Reinvestment is carried out in equity securities granting holdings in excess of 5%, and on tangible assets, intangible assets and investment properties relating to the business activity.

APPENDIX 3

Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2013

(Article 155 of the Corporate Enterprise Act and Article 53 of Spanish Securities Market Law 24/1998).

On January 23, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting that, following the capital increase at Amper, S.A., the direct and indirect stake held by "la Caixa" Group in Amper, S.A. had fallen below the 5% threshold to 4.316%.

On March 5, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the acquisition of 454,992,242,050 of Banco de Valencia, S.A. shares, thereby passing the threshold of 90%.

As a result of this transaction, on March 12, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting that the "la Caixa" Group's stake in Bodegas Riojanas, S.A. stood at 12.725%, surpassing the threshold of 10%.

On April 24, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire stake in Tubacex, S.A.

On May 29, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire stake in Dinamia Capital Privado, S.C.R., S.A.

On July 24, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire stake in CIE Automotive, S.A.

On October 3, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire stake in Fluidra, S.A.

On October 29, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting that, following the capital increases at Deoleo, S.A., the stake held by Corporación Empresarial Cajasol, S.A. (controlled by "la Caixa") was reduced from 5.294% to 4.692%, which was the motive for these notices (even thought the "la Caixa" Group's total stake had not crossed any threshold beyond which disclosure would be required).

On November 18, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire stake in Campofrio Food Group, S.A.

On November 18, 2013, notices issued by both "la Caixa" and CaixaBank, S.A. were filed with the CNMV reporting the transfer of the "la Caixa" Group's entire direct and indirect stake in Adveo Group International, S.A.

APPENDIX 4

List of agents and disclosures required under Article 22 of Royal Decree 1245/1995, of July 14

Name
ALONSO Y FERNANDEZ ASESORIA
ANTARES Y CUESTA S L
ANTONIO PONCE DOMINGUEZ
ASESORIA CIFUENTES SL
AURORA JURADO ROMERO
COMPROAGRI SL
CONSULTING RAIMA SLU
EVA MARIA PEREZ EXPOSITO
FRANCISCO JAVIER DOMINGUEZ
GOMEZ Y SANCHEZ MOLERO SL
JOSE ANDRES CEJAS GALVEZ
JAVIER MUÑOZ CALDERON
JESUS RAFAEL SERRANO LOPEZ
JONATHAN PEREZ IGLESIA
LUIS DANIEL ROMERO GARCIA
FRANCISCA CASTILLA GIGANTE
MARIA CARMEN ULGAR GUTIERREZ
MARIA REYES RODRIGUEZ NARANJO
VICENTE PADILLA AMAYA
VILLORES INTERMEDIARIOS SL
SEGITEMP SERVICIOS Y GESTIONES
FRANCISCO GONZALEZ CARMONA
EDUARDO CASQUETE DE PRADO
ILDEFONSO MARTINEZ LERIDA
FRANCISCO JOSE LEAL SALIDO
ANTONIO ALFONSO BOZA GARCIA
MERCEDES GONZALEZ POSTIGO
MARIA JULIANA GOMEZ PAEZ
JOSE MANUEL CRUZ MUÑIZ
APOLONIA GOMEZ SANTOS
MANUEL MILLAN MILLAN
FRANCISCO JAVIER GUERRERO
JOSE MANUEL CRUZ MUÑIZ
ANTONIO VALLEJO REMESAL
FRANCISCO ALTAREJOS VILAR

APPENDIX 5

BANCO DE VALENCIA BALANCE SHEET

At 31/12/2012, in thousands of euros

	Thousands of euros
	Amount
Assets:	
Cash and deposits at central banks	98,218
Financial assets held for trading	92,918
Other financial assets at fair value through profit or loss	–
Available-for-sale financial assets	1,220,258
Debt securities	*1,199,613*
Equity instruments	*20,645*
Loans and receivables	13,459,778
Loans and advances to credit institutions	*420,196*
Loans and advances to customers	*11,758,238*
Debt securities	*1,281,344*
Held-to-maturity investments	6,460,534
Hedging derivatives	10,858
Non-current assets held for sale	112,359
Investments	141,578
Associates	*77,415*
Jointly controlled entities	–
Subsidiaries	*64,163*
Tangible assets	162,172
Intangible assets	3,441
Tax assets	9,642
Other assets	33,533
Total assets	**21,805,289**
Financial liabilities held for trading	99,793
Financial liabilities at amortized cost	19,106,201
Deposits from central banks and credit institutions	*7,706,530*
Customer deposits	*10,456,589*
Subordinated liabilities	*415,843*
Other financial liabilities	*527,239*
Hedging derivatives	78,935
Provisions	246,955
Tax liabilities	17,804
Other liabilities	26,846
Total liabilities	**19,576,534**
Total equity	**2,228,755**
Total equity and liabilities	**21,805,289**

APPENDIX 6

Depreciable assets on CaixaBank's balance sheet by year of acquisition

Banco de Valencia

	Thousands of euros			
Year of acquisition	Acquisition cost	Accumulated depreciation	Fair-value adjustments	Net carrying amount
1950	34,175	(5,995)	(3,224)	(24,956)
1952	1,402	(334)	(307)	761
1953	2,840	(441)	(758)	1,641
1961	735	(176)	(161)	398
1962	580	(126)	(127)	327
1963	396	(95)	(83)	218
1964	358	(76)	(81)	201
1965	2,075	(287)	(411)	1,377
1966	294	(74)	(154)	66
1967	2,492	(505)	(1,067)	920
1968	2,030	(390)	(1,834)	(194)
1969	138	(49)	(26)	63
1970	1,766	(302)	(404)	1,060
1971	666	(133)	(140)	393
1972	1,945	(452)	(323)	1,170
1973	1,138	(250)	(289)	599
1974	538	(130)	(1,167)	(759)
1975	549	(88)	(618)	(157)
1976	3,290	(484)	(879)	1,927
1977	216	(83)	(193)	(60)
1978	14	(14)	(51)	(51)
1979	17	(17)	(168)	(168)
1980	35	(35)	(166)	(166)
1981	176	(176)	(114)	(114)
1982	83	(83)	(398)	(398)
1983	5,676	(771)	(562)	4,343
1984	136	(136)	(48)	(48)
1985	9	(9)		–
1986	32	(32)	(128)	(128)
1987	252	(146)	(242)	(136)
1988	1,701	(537)	(653)	511
1989	300	(300)	(850)	(850)
1990	876	(731)	(140)	5
1991	4,151	(1,598)	(307)	2,246
1992	1,468	(1,195)	(234)	39
1993	2,118	(1,952)	(289)	(123)
1994	4,313	(2,441)	(741)	1,131
1995	8,158	(7,659)	(147)	352
1996	7,171	(6,858)	(189)	124
1997	6,983	(5,170)	(278)	1,535
1998	13,256	(9,308)	(175)	3,773
1999	12,079	(9,649)	(1,093)	1,337
2000	9,961	(6,312)	(735)	2,914
2001	7,392	(4,673)	(1,412)	1,307
2002	7,773	(5,867)	(468)	1,438
2003	18,183	(6,097)		12,086
2004	10,115	(4,675)	(1,056)	4,384
2005	11,389	(6,202)	(1,580)	3,607
2006	17,038	(6,931)	(2,447)	7,660

	Thousands of euros			
Year of acquisition	Acquisition cost	Accumulated depreciation	Fair-value adjustments	Net carrying amount
2007	10,331	(5,045)	(941)	4,345
2008	11,143	(4,414)		6,729
2009	7,885	(2,565)		5,320
2010	6,553	(1,303)		5,250
2011	2,625	(558)		2,067
2012	3,169	(813)		2,356
2013	17,400		(105)	17,295
Total	**267,584**	**(114,744)**	**(27,962)**	**124,878**

Note: Amounts at July 25, 2013, the date of the technological integration of Banco de Valencia's tangible assets in CaixaBank.

CaixaBank Management Report for 2013

This management report has been prepared in accordance with the Spanish Code of Commerce and the Spanish Corporate Enterprises Act (Law 1/2012 of 2 July). In drafting the report, the directors have also taken into account the guidelines established in the Guide for Setting up Listed Companies' Management Reports published by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) on July 29, 2013.

The financial information disclosed in this management report has been obtained from the consolidated accounting and management records of CaixaBank, 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 December 22 and subsequent amendments.

This report describes the key data and events of 2013 shaping the financial position of CaixaBank and the evolution of its businesses, risks and likely outlook. It forms part of the financial statements of CaixaBank for 2013, 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 December 22 and subsequent amendments.

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Highlights

Merger by absorption of Banco de Valencia

On July 19, 2013, once the requisite authorizations were secured, CaixaBank placed on file at the Barcelona Companies Registry the deed of merger by absorption of Banco de Valencia into CaixaBank with the subsequent winding up without liquidation of the former and the en bloc transfer of all of its assets and liabilities to CaixaBank (see Note 8).

Transactions regarding businesses and investees (Notes 8 and 17)

- Acquisition of Servihabitat Gestión Inmobiliaria and subsequent sale of the property management business to a newly created company, Servihabitat Servicios Inmobiliarios, SL, owned by the Texas Pacific Group (TPG) fund (51%) and CaixaBank (49%).

- Signature of the agreement between CaixaBank and Mutua Madrileña for the sale of the non-life insurance businesses of Banca Cívica and Banco de Valencia: Through this arrangement, SegurCaixa Adeslas, S.A. de Seguros y Reaseguros acquired CaixaBank, S.A.'s non-life insurance businesses assumed in the mergers with Banca Cívica, S.A and Banco de Valencia, S.A.

- Sale of shares in Grupo Financiero Inbursa (hereinafter, GFI): Performed through the sale of 3.7% of GFI's share capital to Inmobiliaria Carso, S.A. and the market placement of another 6.4% stake. In addition, the placement banks exercised the green shoe purchase option (0.89%), leaving CaixaBank with a 9.01% stake in GFI at December 31, 2013.

Wholesale market issues (Note 3.3)

- Issue of €594.3 million in bonds exchangeable for Repsol shares.

- Issue of €750 million in subordinated bonds.

- Issue of €3,000 million in senior bonds.

- Issue of €1,000 million in mortgage covered bonds.

Other relevant developments

- Early repayment of FROB assistance to Banca Cívica: In 2013, the assistance Banca Cívica had received from the FROB in the form of preference shares was repaid in advance of the maturity date (repayment of €977 million) (see Note 21.4).

- Series I/2011 mandatorily convertible subordinated bonds (see Note 24.1). In 2013, two voluntary conversion periods were offered, and certain terms and conditions of the issue were modified.

- Series I/2012 mandatorily convertible subordinated bonds (see Note 24.1). In 2013, two voluntary conversion periods were offered.

- Mandatory conversion of all series C/2012 mandatorily convertible subordinated bonds (issued by Banca Cívica in July 2012) into newly-issued CaixaBank shares or CaixaBank treasury shares (see Note 24.1).

1. SITUATION OF THE ENTITY

1.1. Organizational structure

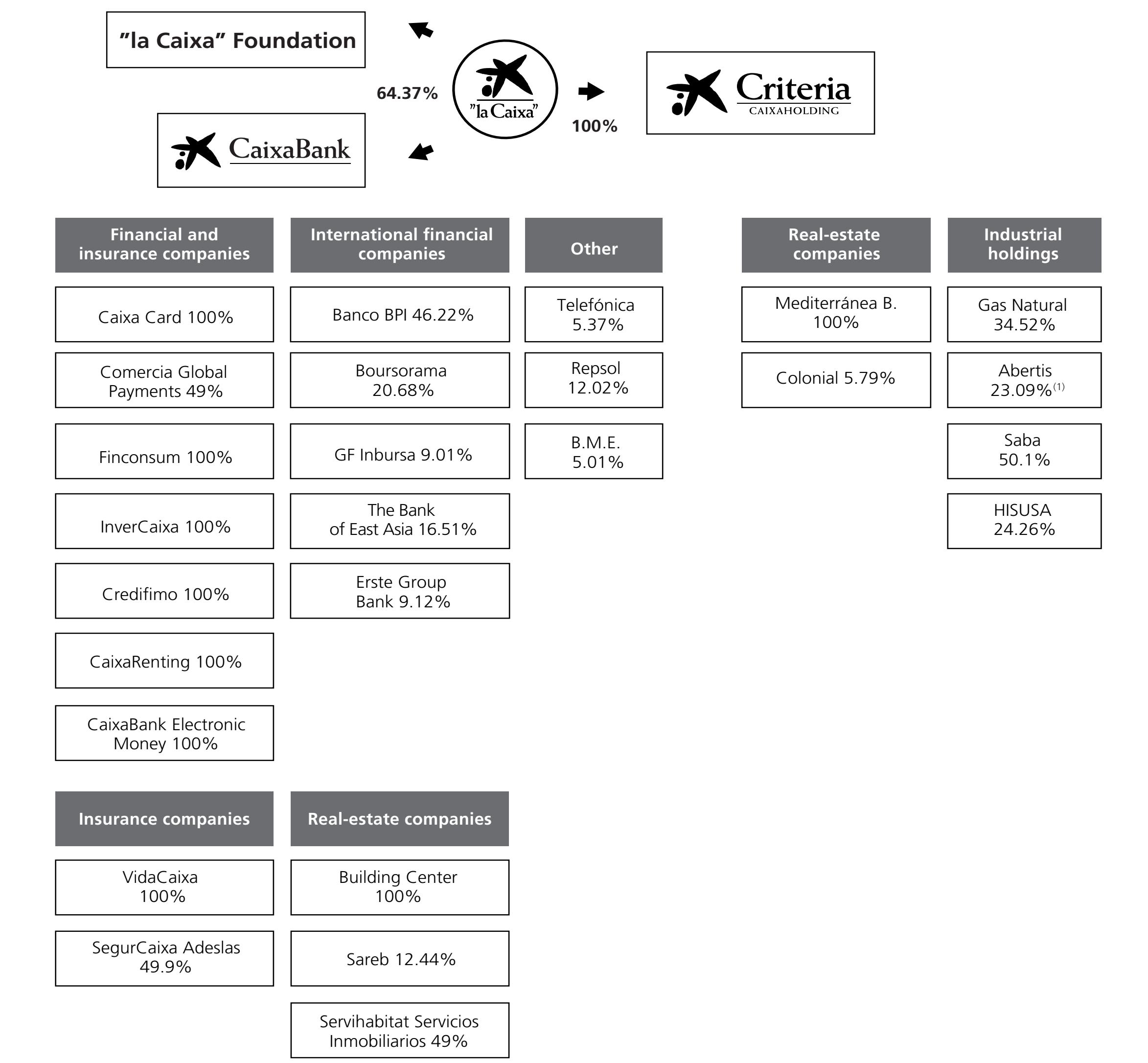
Group structure

CaixaBank, the majority shareholder of which is "la Caixa" (64.37% at December 31, 2013), is a benchmark entity in the Spanish market in both finance and insurance. The bank is also diversifying into other complementary activities, such as holdings in international banks and in Telefónica and Repsol.

CaixaBank is the bank through which "la Caixa" indirectly carries out its banking business. The "la Caixa" Group, of which CaixaBank forms part, is uniquely characterized by the efforts of the "la Caixa" Foundation. The Foundation's mission is to return part of the Group's financial earnings in the form of supportive social initiatives offering solutions to present-day challenges and needs. The welfare projects aim to contribute to sustainable social transformation and create opportunities for all.

The Group's structure enables it to adapt to new Spanish and international regulatory requirements, while safeguarding "la Caixa"'s social welfare objectives and the continuation of the Group's businesses.

At December 31, 2013, the "la Caixa" Group's corporate structure, of which CaixaBank forms part, is as follows:



(1) Corresponding to the % of control (see Note 17 Consolidated management report and financial statements of "la Caixa" Group).

Business segments

CaixaBank is the parent company of the CaixaBank Group.

In managing the business and taking executive decisions, the directors and managers of CaixaBank primarily use management information referring to Group-level data. Details of the business segments at CaixaBank Group level are as follows:

a) Banking and insurance business of the CaixaBank Group
The banking business is the CaixaBank Group's core business and includes the entire banking business (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 13.6 million customers, whether individuals, companies or institutions. It also incorporates liquidity management and the Assets and Liability 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 SegurCaixa Adeslas, and asset management services, through InverCaixa.

b) Equity investment business
The second business segment, the equity investment business, comprises earnings on dividends and/or equity-accounted profits in respect of international banking investees (Grupo Financiero Inbursa, The Bank of East Asia, Erste Bank, Banco BPI and Boursorama), Repsol, S.A. and Telefónica, S.A., net of the related financing costs.

Note 9 to the consolidated financial statements for 2013 presents the results of the CaixaBank Group's business segments.

The definition of the CaixaBank Group's business segments has not varied from 2012 to 2013. However, the following aspects should be taken into account in respect of 2013 performance:

- The Banco de Valencia, S.A. Group was incorporated in 2013, after it was acquired from the Fondo de Reestructuración Ordenada Bancaria (see Note 8 to the consolidated financial statements).

- In order to understand the year-on-year variations in the business segments, it must be taken into account that in 2012, Banca Cívica's earnings were only included with those of the CaixaBank Group as from July 1 of that year, while in 2013 they were included for the full period. Banco de Valencia Group's income statement was incorporated for all of 2013.

- In order to enhance management of both the business and costs, the Group carried out streamlining processes through the merger of investees, the liquidation of idle companies and the sale of certain businesses. These concentration efforts mainly affected holding companies and insurance company investees, as described in Note 8 to the consolidated financial statements.

- The CaixaBank Group also carried out an intense optimization of the branch network, closing 968 offices during the year (without taking into account the offices incorporated on the acquisition of Banco de Valencia). Also in order to optimize and contain costs, in the first quarter of 2013 a personnel restructuring agreement was reached in CaixaBank. These efforts gave rise to restructuring costs of €839 million in 2013.

Governing bodies

CaixaBank's corporate governance comprises 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 the Board committees.

Annual General Meeting

↓

Board of Directors

Responsible for governing the Bank and, aside from matters which are the responsibility of shareholders at the Annual General Meeting, is the most senior decision-making body at CaixaBank.

↓

Executive Committee

A delegate body of the Board of Directors that meets more frequently than the latter but does not take decisions on matters which are reserved for Board meetings. It passes resolutions on other matters primarily related with authorization of loans.

Audit and Control Committee

Responsible for monitoring, financial control and risk analysis duties at CaixaBank. It therefore oversees the internal audit systems and ensures the efficiency and independence of internal control systems. It also supervises the process of preparing and submitting financial reporting before it is published by the Board.

Appointments and Remuneration Committee

Establishes the general governance principles and framework for the Board remuneration policy, and for remuneration of senior executives.It also leads the process of appointing new Board members and identifies, provides information on or proposes candidates for vacancies on the Board. Its proposals are submitted to the Board.

Chief Executive Officer

Responsible for day-to-day management and ordinary decisions, reporting to the Board and the Executive Committee.

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.

The "la Caixa" Board of Directors proposes the appointments of "la Caixa" proprietary directors in CaixaBank. In doing so, the "la Caixa" Board takes into account the various groups represented on its own Board, so that they will in turn be duly represented on the CaixaBank Board.

The CaixaBank Board also comprises other types of directors such as independent directors, "other external directors" and other proprietary directors representing non-controlling interests. Relations with CaixaBank non-controlling interests are detailed in the section in this management report providing basic information on CaixaBank shares.

The Board of Directors met 14 times in 2013. During these meetings, the following resolutions, among others, were discussed and agreed upon:

• CaixaBank's financial situation and results.

• Mergers and acquisitions with other financial institutions.

• CaixaBank's strategic policy.

• Budget control and risk management.

The Annual Corporate Governance Report lists the members of CaixaBank's governing bodies and details their representative functions thereon.

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	Position	Executive
Board of Directors	Deputy Chairman and CEO	Juan María Nin Génova
Resources	Chief Media Officer	Antonio Massanell Lavilla
Insurance and asset management	Chief Insurance and Asset Management Officer	Tomás Muniesa Arantegui
Risks	Chief Risk Officer	Pablo Forero Calderón
Business	Chief Business Officer	Juan Antonio Alcaraz García
Finance	Chief Financial Officer	Gonzalo Gortázar Rotaeche
Audit, Internal Control and Regulatory Compliance	Head of Audit, Internal Control and Regulatory Compliance	Joaquim Vilar Barrabeig
Human Resources	Head of Human Resources	Xavier Coll Escursell
Communications, Institutional Relations, Brand and CSR	Head of Communication, Institutional Relations, Brand and Corporate Responsability	Jaume Giró Ribas
International banking	Head of International Division	Ignacio Álvarez-Rendueles Villar
Capital markets and cash management	Head of Treasury and Capital Markets	Javier Pano Riera
Legal Services	Head of Legal Advisory	Ignacio Redondo Andreu
General Secretary and Secretary of the Board of Directors	Secretary General and Secretary of Board	Alejandro García-Bragado Dalmau

Occasionally and on a limited basis, the Chairman of the Board of Directors provides support to CaixaBank's Management Committee, which meets weekly in order to resolve matters relating to implementation of the annual operating plan and organization of the Group. This includes approving any structural changes, appointments, expense lines and business strategies. All areas and business lines are represented on the committee.

The functions of each area represented on the Management Committee are as follows:

1. General Directorate of Resources: primarily oversees the following:

- Electronic channels (ATMs, internet banking and mobile banking).
- Payment methods products and services (card business, retailer business and POS).
- The Group's property portfolio.
- The Group's investee and financial investments portfolio.
- IT and communications infrastructures, and development of Information Services.
- Banking operating services and operating services in respect of securities and capital markets.
- Group maintenance, logistics, fixed assets and works services, as well as the Procurement Area, with its services hiring platform and control mechanisms that ensure transparency in supplier contracting.
- Comprehensive Group security (physical, software, intelligence, IT systems, etc.).
- Definition, implementation and improvement of efficiency in processes and activities, throughout the organization (both Central Services and Group branch offices and subsidiaries).
- Productivity measurement, personnel assignments and definition of organizational structures.
- Financial entity integration projects.
- Measurement of external (customers) and internal (processes) quality.
- Customer Service (complaints resolution).
- Group expenditure and investment budget.
- Innovation in order to promote a change in business culture. Turning ideas into new business products and/or better customer service.

2. General Directorate of Insurance and Asset Management: primarily oversees the following:

- Corporate development in Insurance and Asset management businesses.
- Management of strategic insurance alliances.

3. General Directorate of Risks: primarily oversees the following:

- Global Risk Management.
- Loan analysis and approval.
- Technical Secretariat and Validation.
- Loans to the real-estate sector, SMEs and individual customers.
- Credit risk analysis and control.
- Loans to companies and the public sector.
- Risk models.

4. General Directorate of Business: primarily oversees the following:

- Branch network.
- Retail banking.
- Private and personal banking.
- Transactional and SME banking.
- Business banking.
- Developers centers.
- Corporate banking.
- Investment banking.
- Institutional banking.
- Structured financing.
- Consumer loans and long-term financing.
- Business development.
- Commercial information.
- Marketing.

5. General Directorate of Finance: this general directorate encompasses the following areas:

- Capital management and planning: management and control of the Bank's capital and solvency.
- Management control: reporting of public and internal management information (management, offices), management of the relationship with rating agencies, short and medium-term financial planning and control of management in areas and subsidiaries.
- Accounts and audit inspection: accounting and accounting control, issue of public financial statements and annual accounts, and dealings with auditors and supervisory bodies.
- Corporate development: analysis and execution of M&A operations and divestment transactions.

6. Deputy General Directorate of Audit, Internal Control and Compliance: primarily oversees the following:

- Internal audit: In accordance with the Annual Audit Plan, evaluates the performance and effectiveness of the internal control systems for managing the risks to which the group is exposed.
- Internal control: Examines controls over the risks to which the Group's businesses are exposed to provide a complete and synthetic view of the control environment.
- Compliance: Draws up measures to mitigate the risk of non-compliance in the Group regarding both regulatory risks and those concerning the prevention of money laundering.

7. Deputy General Directorate of Human Resources: primarily oversees the following:

- Executive Development Center.
- Communication and Culture.
- Training and development.
- Management and Compensation.
- Labor Relations.
- Labor Advisory.
- Human Resources studies and prospective.

8. Deputy General Directorate of Communication, Institutional Relations, Brand and CSR: primarily oversees the following:

- External Relations and Communication.
- Sponsorships, Brand and Corporate Image.
- Institutional Relations and Public Affairs.
- Corporate Social Responsibility and Reputation.
- Relations with consumer organizations.

9. Deputy General Directorate of International Banking: primarily oversees the following:
   - International financial institutions and representation offices.
   - International business and branches.
   - Strategic banking alliances.

10. Executive Directorate of Capital Markets and Cash Management: responsible for:
    - Liquidity and wholesale financing management.
    - Structuring and creation of treasury products markets and capital markets for customers.
    - Origination of fixed income securities and distribution of treasury products to wholesale customers.
    - Analysis of fixed and variable income markets.

11. Executive Directorate of Legal Services: primarily oversees the following:
    - Minimization of the legal risks inherent in the Bank's operations.
    - Proactive legal services for the branch network and all areas within the Bank.
    - Coordination of the representation and defense of the Bank in all types of court procedures, including enforcement procedures and, in general, cases aimed at recovering cash amounts, and coordination of the Bank's response to any indictment of the company.
    - Contractual arrangement of all the relationships the Group enters into with suppliers and partners.
    - Coordination of legal actions for all subsidiaries and investees.
    - Arrangement of the legal aspects of investment and divestment operations in all Group companies.
    - Tax Advisory: tax returns and tax aspects of all products sold and operations performed.

12. The Office of the General Secretary and Secretary of the Board of Directors: primarily oversees the following:
    - Ensure that the Board of Directors and the Board committees operate smoothly and appropriately.
    - Provide directors with all necessary information and support.
    - Safeguard corporate documents.
    - Duly and faithfully reflect the Board meetings in the minutes thereto.
    - The Secretary also assists the Chairman in overseeing the Board of Directors, ensures the formal and material legality of the Board's actions, and witnesses the Board's resolutions.
    - Deal with regulatory bodies regarding corporate governance matters.
    - Manage corporate actions.
    - Advise on particularly important matters.

1.2. Strategic plan

The long-term sustainability and success of the Bank is ensured by the commitment to excellence in daily dealings with customers, employees, shareholders and other stakeholders. With that aim in mind and drawing from the unique management model, proactive efforts, and prudent approach, CaixaBank has set nine strategic goals which include focusing on quality, reputation and financial robustness.

In order to secure these goals, nine cross-departmental projects are in place, managed by work teams from different areas. These projects promote the different initiatives and action lines established to secure the goals.

The Strategic Plan has been carried out against a very complex macroeconomic and financial background. Moreover, the reputation of the financial system as a whole has taken a serious blow as a result of economic events. Accordingly, in late 2012 and as foreseen since its initial approval, the Strategic Plan was updated to prioritize quality, social commitment and good governance principles as the essential pillars for shoring up both customer confidence and the Bank's reputation. At the same time, CaixaBank aims to consolidate its leading position in retail banking in Spain, underpinned by the integrations of Banca Cívica in 2012 and Banco de Valencia in 2013, and to enhance the Bank's financial stability.

Three years into the Strategic Plan, the bulk of the targets set toward meeting the strategic goals have been either fulfilled or are near fulfillment.

CaixaBank's strategic priorities for 2011-2014 are as follows:

1. Offer customers maximum quality service: excellence in service is CaixaBank's highest priority, as it is the pillar on which both the Bank's leadership and growth potential rest. CaixaBank views its dealings with customers as part of long-term relationships that must create value for all. Accordingly, the Bank strives to offer the highest possible level of quality. The objectives for this priority are as follows:

   • Maintain a customer-centric business.
   • Boast the highest quality of service of any bank in the industry.
   • Leverage service quality to stand out from peers.

   The following lines of action have been established in order to secure these objectives:

   • Promote actions to reduce the number of customer claims.
   • Redefine the complaint resolution process to improve communication, response time and customer satisfaction with the solutions provided.
   • Evaluate and implement customer suggestions.
   • Review quality indicators in the Central Services areas that most affect customer satisfaction.
   • Further implement the EFQM model and renew the EFQM seal with the target of 600 points.
   • Improve the external quality ranking (Equos - FRS Inmark).

   In 2013, the CaixaBank Group's aim of offering excellence in service has been recognized through a number of prestigious awards, such as: Spanish "Bank of the Year 2013" from The Banker; "Best Bank in Spain 2013" and "Best Retail Bank for Technology Innovation" from Euromoney and "Most Innovative Bank of the Year 2013" at the Global Banking Innovation Awards.

2. Carry out the business in keeping with the strictest ethical and good governance principles: The economic and social crisis of recent years has considerably weakened customer and investor confidence in the Spanish financial system. Accordingly, it an essential priority for CaixaBank to recover its strong reputation and market confidence. The Bank therefore reiterates its commitment to apply the best ethical and good governance principles in all its business dealings. The objectives for this priority are as follows:

   • Maintain exemplary corporate governance.
   • Be the standard-bearer in transparency and external communication.
   • Demonstrate social commitment in every business and social action.

   The following lines of action have been established in order to secure these objectives:

   • Establish mechanisms to anticipate both internal risks (control and monitoring systems, guiding principles, etc.) and environmental risks (participation in decision-making bodies, etc.).
   • Boost CaixaBank's unique market positioning through communication plans that transmit the Bank's values and showcase its social commitment.
   • Increase and deepen CaixaBank's ties with the "la Caixa" Foundation by encouraging active participation of employees, customers and shareholders.
   • Remain in the Dow Jones Sustainable Index (DJSI) and in a leading position in the main studies of prestige.

3. Continue to be the leading retail bank in Spain: CaixaBank aims to lock in its leading position in the Spanish retail market, offering the best possible service to customers, striving to create long-standing relationships and working toward a balance in business throughout all regions. The objectives for this priority are as follows:

   • Strengthen leadership in retail banking in Spain.
   • Complete regional presence with higher market share through organic growth.

   The following lines of action have been established in order to secure these objectives:

   • Launch initiatives to bring in customers and secure their loyalty, thereby increasing customer funds, pricing products and services in line with the customer value.

- Maintain an extensive branch network and expand on best practices in order to balance the business across all regions.
- Evaluate the implementation of a network of agents for reaching certain remote areas.
- Develop and implement a value proposal for the agrarian sector.

4. Diversify the business towards companies: CaixaBank is gearing up to form part of the upcoming production and economic boom by strengthening our business and ties with companies. This involves a commitment to diversify the Bank's revenue and further strengthen the economy's productive fabric, CaixaBank is focusing on new business models and on entrepreneurial initiatives with strong growth forecasts, all in line with its commitment to socioeconomic development in Spain. The objectives for this priority are as follows:

   - Build up a business specialized in corporate clients.
   - Underpin this business with long-term ties and relationships.
   - Develop financing alternatives in capital markets for the corporate banking business.

   The following lines of action have been established in order to secure these objectives:

   - Develop specific campaigns to attract companies.
   - Continue moving toward an integrated vision of the customer and the calculation and management of risk-adjusted return (RaR).

5. Prioritize financial robustness: Against a clear economic backdrop and heavy regulatory pressure (new capital regulations, greater provisioning requirements, stress tests, etc.), as well as growing customer defaults, liquidity and solvency management are essential features of the business. CaixaBank has always been one of the most robust banks in the Spanish financial system. In order to maintain this position and showcase its unique market position, the Bank must continue this prudent and exacting management approach. The objectives for this priority are as follows:

   - Consistently boost capital adequacy and liquidity. The CaixaBank Group actively manages its liquidity (see Note 3.4) and its solvency (see Note 5), allowing it to improve both indicators during 2013.
   - Actively manage NPLs and foreclosed property assets.
   - Constantly improve loan risk systems (decision and monitoring) to achieve a top-quality lending portfolio.
   - Improve loan-to-deposit (LTD) ratio with particular emphasis on attracting customer funds.

   The following lines of action have been established in order to secure these objectives:

   - Proactively adapt to regulatory changes and help shape national and international policy debates.
   - Shore up solvency and design contingency plans.
   - Diversify fixed-income investors, maturities, intermediaries and markets.

6. Improve risk-adjusted return: In order to address market challenges, CaixaBank optimizes all its business lines in order to maximize their profitability without compromising the Bank's service quality hallmark. The objectives for this priority are as follows:

   - Apply risk-adjusted returns as a management principle in all business units.
   - Adjust product and service margins to customer profiles.
   - Guarantee that all activities add value in the most efficient way.

   The following lines of action have been established in order to secure these objectives:

   - Develop the necessary tools to measure risk-adjusted return in coordination with all areas.
   - Apply to each customer the risk premium that corresponds to their particular risk level.
   - Improve the negotiation scope of SME managers.
   - Develop new businesses that bring in revenues and generate value for the Group.

7. Develop managerial leadership: CaixaBank's focus on constant improvement and adaptation demands proactive communication, cooperation and internal collaboration in order to continue growing in an ever-changing financial environment. The objectives for this priority are as follows:

   - Uphold organizational culture against a constantly changing backdrop.
   - Foster internal communication and team work.
   - Improve performance recognition.

   The following lines of action have been established in order to secure these objectives:

   - Keep internal communication both transparent and proactive, especially regarding talent management, the prevailing environment and corporate strategy.
   - Create joint work environments comprising teams from different areas within the Bank.
   - Implement a performance assessment program. In 2013, participation in the performance assessment programs was 95%.

   The CaixaBank Group is designing a new risk map in order to obtain a global and comparable view of all internal and external risks, thereby systematizing the monitoring of these risks and the controls employed, using a corporate tool.

8. Become leaders in innovation: In response to the changes occurring in recent years in the financial sector, an effort is needed to innovate and create new forms of business adapted to customer needs and the changing face of market competition. CaixaBank is well aware of the changes occurring in society, and therefore continually works to adapt its business approach as needed. The objectives for this priority are as follows:

   - Encourage creativity and innovation in customer service and efficiency.
   - Become leaders in adopting new technologies and applying them to customer services.
   - Develop new business opportunities to diversify the revenue base.

   The following lines of action have been established in order to secure these objectives:

   - Create an internal system for generating ideas.
   - Identify a network of external collaborators for detecting trends, ideas, solutions, etc.
   - Be among the first to roll out new technologies that improve customer interactions and enhance service levels.

9. Grow through international expansion: Markets, businesses and customer needs are all being redefined in an increasingly globalized world. To respond to the new shape of the economy, CaixaBank focuses on internationalization of the business toward economies with high growth potential, closely collaborating with international partners and facilitating the expansion of its customers. The objectives for this priority are as follows:

   - Drive the international business by bringing in funds and diversifying the lending portfolio.
   - Develop new joint projects with international partners.
   - Develop the pertinent internal capacities.

   The following lines of action have been established in order to secure these objectives:

   - Accompany client companies abroad.
   - Lay the foundations for future financing from foreign central banks and supranational/multilateral bodies.
   - Encourage new business opportunities with partner banks through international joint ventures.
   - Shore up the international profile of the Bank's professionals through training programs such as "Move Up", which aims to prepare more people for to levels of responsibility in areas and offices with a high degree of international exposure.

   Resources assumed by the Bank from abroad increased from 2012 to 2013. In addition, in 2012 the Group created Comercia Global Payments, a joint venture to offer payment methods worldwide, and is currently working to forge a joint venture between Bank of East Asia and Brilliance Automotive, a Chinese auto manufacturer, and FinConsum (a CaixaBank subsidiary) in order to set up an entity to finance auto purchases in the Chinese market (Note 2.1).

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Macroeconomic scenario for 2013

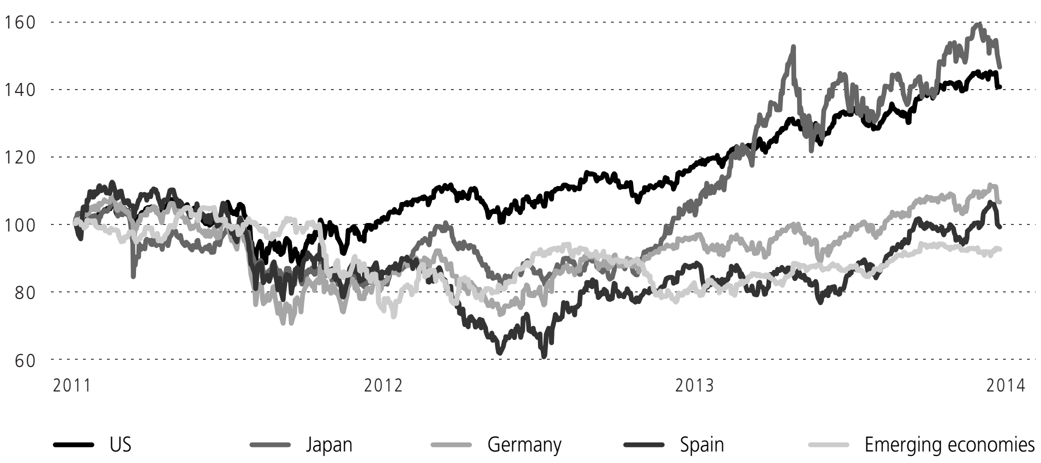
Global and market trends

The world's advanced economies saw improvements throughout 2013, largely due to the expansive monetary policies adopted by the main central banks. The Federal Reserve prolonged stimulus measures until 2014, when it expects recovery to have taken a firmer hold, while the Bank of Japan continued its asset purchase program and the European Central Bank (ECB) cut the benchmark interest rate on two occasions (May and November) to 0.25%, in order to stimulate the European economy in a context of sluggish growth and low inflation.

In emerging economies, the growth rate tended to level out, although China and Mexico, two countries in which CaixaBank is present, through its holdings in BEA and GF Inbursa, reported relatively favorable indicators.

The overall contrast between advanced and emerging economies was reflected in the global stock exchange performance.

Performance of main international stock markets
(January 2011 = 100)



Source: "la Caixa" Research, based on Bloomberg data.

Among the advanced economies, the outlook for the United States is particularly positive. The fundamental feature of recovery in that market is the expected improvement in spending and investment, bolstered by the reduction in fiscal adjustments (and uncertainty) compared to 2013. The recent strong activity indicators (especially in reference to the job market) justified the tapering of stimulus which, as planned, is slowly being rolled out. Official interest rates are expected to remain at current levels for quite some time yet.

Following the strong earnings in the preceding months, toward the end of 2013 financial markets held steady, reflecting considerable disparities between countries and types of assets. Share prices reached new highs in certain markets, such as the US stock exchange. Volatility was also low, while trading volume was especially high (particularly in the corporate bonds market). This was mainly due to the positive macroeconomic indicators and the strong expansive measures taken by central banks in developed countries.

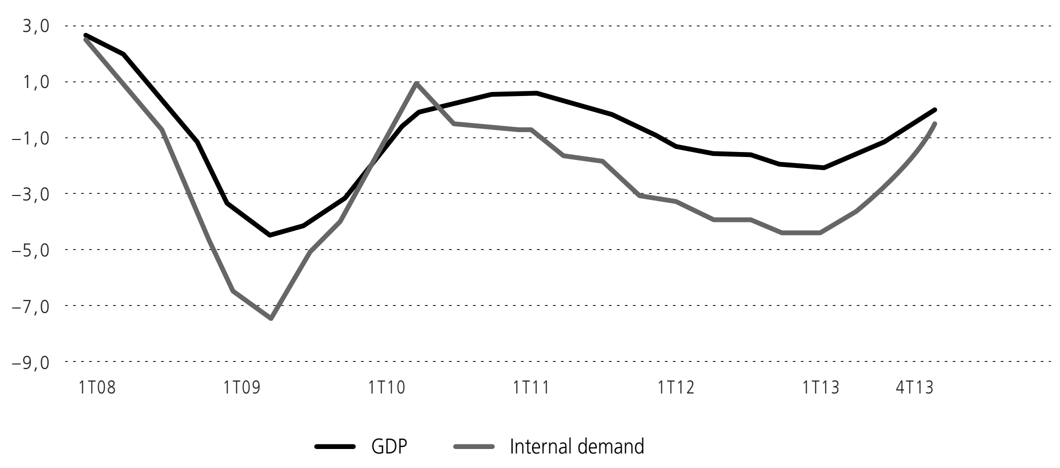
Eurozone and Spain

As forecast early on in the year, the economic environment improved gradually throughout 2013 and tensions surrounding the sovereign debt crisis eased as the year progressed. The eurozone as a whole and the Spanish economy in particular moved out of recessionary figures in the second and third quarters, respectively.

In addition to the support of the ECB, the eurozone's recovery was underpinned in part by more flexible fiscal adjustment targets and partly by progress toward a banking union. In spring of 2013, European authorities decided, in light of cyclical weakness in the eurozone economy, to curb the pace of fiscal consolidation, especially in peripheral European countries. In Spain, this meant easing the deficit target for 2013 from 4.5% of GDP to 6.5% of GDP, which considerably alleviated fiscal policy pressure on economic activity. The steps toward a banking union, as agreed by European leaders, should help break the negative loop between sovereign risk and banking risk. In September 2013, the European Parliament approved the Single Supervisory Mechanism (SSM), whereby the ECB will assume ultimate responsibility for all eurozone-based banks as from November 2014. In December, the European Council ratified the agreement reached by European finance ministers to create a Single Resolution Mechanism and a Single Bank Resolution Fund, which will entail the gradual sharing of the costs of bailing out troubled banks. The mechanisms are pending approval by the European Parliament. If approved, these developments would reflect a paradigm shift for the European banking system, which is essential for shoring up the foundations of the European economic and monetary union.

The Spanish economy benefitted from the improved financial environment, which allowed the risk premium to fall and spurred capital inflow from abroad. Confidence was also bolstered by the considerable reduction in Spain's macroeconomic imbalances, such as its external deficit. Meanwhile, the Spanish government evidenced its clear commitment toward complying with fiscal consolidation and implementing its structural reforms agenda. Accordingly, in the third quarter of 2013, Spain returned to the path of growth, which then continued throughout the rest of the year. Exports became the main growth driver, while, in the second half the year, internal demand picked up enough to cease hindering the country's expansion. GDP for 2013 as a whole is estimated to have fallen 1.2%.

Real GDP growth in Spain
Y-to-Y change (%)



Source: "la Caixa" Research, based on INE data.

Toward the end of the year, the labor market began to show signs of stability, although the unemployment rate remains extremely high at above 26%. Outlooks for 2014 indicate that GDP could stand at around 1.0%, allowing for net job creation and a gradual reduction in the unemployment rate.

Despite the improvement in the macroeconomic and financial context, the banking system continued to operate against a complex backdrop. The widespread deleveraging process in the Spanish economy, the decline in economic activity and the drop in the Euribor all pushed net interest income down considerably. Likewise, greater provisioning was required due to the deterioration of loan quality and to new classification criteria for restructured transactions. At the same time, with Basel III requirements looming on the horizon, greater solvency and liquidity became pressing goals. In this environment, the Spanish banking system continued its consolidation and restructuring process, aimed at securing sustainable profit levels in the medium term. Entities receiving public assistance moved forward in their restructuring processes, in accordance with the plans approved by the European Commission. Improved confidence in financial markets allowed Spanish entities to increasingly tap wholesale financing markets and reduce dependency on ECB funding by over €100,000 million in 2013.

As part of the European Stability Mechanism's financial assistance program, Spain carried out a thorough review in respect of the governance, regulations and supervision of the Spanish banking sector. Among other measures, prior to the end of the year, the government approved a new legal framework regulating the role of savings banks as shareholders of banks, while ensuring better governance (Law on Bank Foundations). European authorities and the International Monetary Fund issued positive overall assessments of the assistance program, with the formal conclusion being issued in early 2014. Throughout 2014, those entities that will be supervised directly by the ECB are required to complete a balance sheet review, a general risk exam, and a stress test in an adverse scenario.

2.2. Business performance

Business performance and results

In managing the business and taking executive decisions, the directors and managers of CaixaBank primarily use management information referring to consolidated or Group-level data. Consequently, the figures shown in this section are consolidated financial figures. Highlights of CaixaBank's individual income statement are also given below.

Key business performance results and indicators for the CaixaBank Group are shown in the tables below:

Millions of euros			
Profit/(loss)	2013	2012	Change
Net interest income	3,955	3,872	2.1%
Gross income	6,632	6,737	(1.6%)
Pre-impairment income, stripping out non-recurring costs	2,685	3,219	(16.6%)
Pre-impairment income	1,846	3,171	(41.8%)
Profit attributable to the Group	503	230	118.9%
Balance sheet	Dec-2013	Dec-2012	Change
Total assets	340,190	348,174	(2.3%)
Equity	24,334	22,711	7.1%
Total banking business volume	510,835	513,977	(0.6%)
Total funds	303,604	290,928	4.4%
Gross customer lending	207,231	223,049	(7.1%)
Efficiency and returns			
Cost-to-income ratio (total operating expenses / gross income)	72.2%	52.9%	19.3
Cost-to-income ratio, stripping out non-recurring costs	59.5%	52.2%	7.3
ROE (attributable profit / average equity)	2.1%	1.0%	1.1
ROA (profit / average total assets)	0.1%	0.1%	0.0
RORWA (profit / risk-weighted assets)	0.4%	0.2%	0.2
ROTE (attributable profit / average tangible equity)	2.7%	1.3%	1.4

Millions of euros

Risk management	Dec-2013	Dec-2012	Change
NPL	25,365	20,150	5,215
NPL ratio	11.66%	8.63%	3.03
NPL ratio (non real-estate companies)	6,83%	3.98%	2.85
NPL coverage ratio	61%	63%	(2)
NPL coverage ratio including collateral	140%	145%	(5)
NPL coverage ratio, stripping out real-estate developers	63%	57%	6
Net foreclosed property assets held for sale	6,169	5,088	1,081
Coverage ratio for foreclosed property assets held for sale	54%	45%	9
of which: coverage for land	65%	61%	4
Liquidity			
Liquidity	60,762	53,092	7,670
Loan-to-deposit ratio	109.9%	128.1%	(18.2)
Solvency			
Core Capital - BIS II	12.9%	11.0%	1.9
Tier 1	12.9%	11.0%	1.9
Tier Total	14.5%	11.6%	2.9
Eligible equity	18,754	18,641	113
Risk Weighted Assets (RWA)	129,110	161,200	(32,090)
Surplus capital	8,425	5,745	2,680
Share information			
Share price (euros/share)	3,788	2,637	1,151
Market capitalization	19,045	11,839	7,206
Number of shares in circulation (thousands) (Excluding treasury shares)	5,025,419	4,450,743	574,676
Book value per share – fully diluted (euros/share)	4.43	4.40	0.03
Number of shares – fully diluted (thousands)	5,498,274	5,164,642	333,632
Earnings per share (EPS) (euros/share) (12 months)	0.09	0.05	0.04
Number of shares – fully diluted (thousands)	5,416,010	4,711,294	704,716
P/E (price / earnings)	40.76	54.02	(13.26)
P/B (price / book value)	0.86	0.60	0.26
Banking business and resources (units)			
Customers (millions)	13.6	12.9	0.7
CaixaBank Group employees	31,948	32,625	(677)
Branches	5,730	6,342	(612)
ATMs	9,597	9,696	99

Business performance

The CaixaBank Group remains at the forefront of retail banking. This segment is the fundamental pillar supporting all other specialized value proposals and the ongoing dedication to service excellence. At December 31, 2013, the CaixaBank Group provides services to 13.6 million customers through 5,730 branch offices, with total assets of €340,190 million.

The intense commercial activity and the integration of Banco de Valencia in 2013 have led to growth in market share across all the main retail banking products and services:

	2013	2012
Market share, by product (1)		
Loans to resident private sector (ORS)	15.11%	14.52%
Deposits from resident private sector (ORS)	14.04%	13.16%
Insurance savings	19.93%	19.08%
Pension plans (individual + guaranteed)	18.01%	16.85%
Mutual funds	14.10%	13.95%
Factoring + reverse factoring	17.64%	17.03%
Commercial loans	13.58%	14.59%
Market share, by service (1)		
Payroll deposits	21.64%	20.04%
Pension deposits	19.94%	19.56%
Market share (2)		
Market share among individual customers (> 18 years)	27.40%	26.10%
Individuals citing CaixaBank as their preferred bank	22.70%	21.80%

(1) Latest information available. Market shares prepared in-house. Source: Bank of Spain, Social Security, INVERCO and ICEA.
(2) Source: FRS Inmark. Market share of SMEs and companies: data at December 2012.

The CaixaBank Group's business volume stood at €510,835 million (–0.6% vs. 2012). The decrease was partially due to the 7.1% drop in the lending portfolio as a result of the deleveraging process, and the growth in customer funds (+4.4% in 2013). These customer funds are highly diversified among the different savings products.

Customer funds

Details of customer funds managed by the Bank, calculated using management criteria, are as follows:

	Millions of euros			
			YoY change %	
	31/12/2013	31/12/2012	Total	Organic **(1)**
Financial liabilities – Customer funds	**216,804**	**210,132**	**3.2**	**(1.7)**
Retail funds	**168,374**	**158,889**	**6.0**	**1.7**
Demand deposits	80,482	69,204	16.3	12.3
Term deposits	81,216	76,524	6.1	1.1
Debt securities	3,075	8,819	(65.1)	(65.1)
Retail subordinated debt	3,601	4,342	(17.1)	(19.4)
Reverse repurchase agreements and other accounts	**4,070**	**2,886**	**41.0**	**38.9**
Institutional issues	**44,360**	**48,357**	**(8.3)**	**(15.4)**
Liabilities under insurance contracts	**30,831**	**27,930**	**10.4**	**10.4**
Total on-balance sheet customer funds	**247,635**	**238,062**	**4.0**	**(0.3)**
Mutual funds and SICAVs	27,952	22,828	22.4	21.7
Pension plans	16,797	15,759	6.6	4.4
Other accounts **(2)**	11,220	14,279	(21.4)	(21.4)
Total off-balance sheet customer funds (Note 29) (3)	**55,969**	**52,866**	**5.9**	**4.9**
Total customer funds	**303,604**	**290,928**	**4.4**	**(0.6)**
Total retail funds	*259,244*	*242,571*	*6.9*	*3.8*
Total wholesale funds	*44,360*	*48,357*	*(8.3)*	*(15.4)*

(1) Variations calculated stripping out the impact of Banco de Valencia balance sheet items at December 31, 2012.
(2) Includes financial assets sold to retail customers.
(3) Note corresponding to the CaixaBank Group's 2013 consolidated financial statements.

The reconciliation between balances calculated for management purposes and balances recorded for accounting purchases is as follows:

	Millions of euros
	December 2013
Customer deposits **(Note 23) (1)**	175,162
Debt securities **(Note 23) (1)**	37,938
Subordinated liabilities **(Note 23) (1)**	4,809
Liabilities under insurance contracts **(Note 24) (1)**	32,028
Unit-links **(Note 24) (1)**	1,252
Gains and losses in the insurance business	(2,449)
Counterparties	(1,105)
Total on-balance sheet customer funds	**247,635**

(1) Refers to notes to the 2013 consolidated financial statements of the CaixaBank Group.

Total customer funds amounted to €303,604 million, up €12,676 million in the year (+4.4%) following the inclusion of Banco de Valencia balances and the strong commercial efforts.

Retail funds stood at €259,244 million, with annual growth of €16,673 million (+6.9%). The organic growth[1] of €9,308 million (+3.8%) was driven by:

- Successful commercial efforts to bring in payroll and pension direct deposits in 2013, impacting demand and term savings products.

- Product diversification tailored to different customer segments.

- Channeling of maturities of higher-cost funds (promissory notes and subordinated liabilities) toward traditional savings deposits (demand and term deposits), insurance and mutual funds.

- 10.4% rise in liabilities under insurance contracts.

Off-balance sheet retail funds amounted to €55,969 million (+5.9% in the year, +4.9% organic growth). In particular, mutual funds managed by the Bank increased strongly (+22.4% in the year, +21.7 organic growth).

Institutional lending stood at €44,360 million. The organic decrease[(1)] (–15.4%) is mainly due to maturities and management of issues. The higher liquidity generated during the year avoided the need to procure funds on the wholesale markets to fully refinance the institutional issues maturing during the year.

In 2014, CaixaBank will continue to manage its sources of financing, with a diversified and tailored offer of different savings products.

Loans

Note 3.1 to the accompanying financial statements for 2013 sets out the CaixaBank 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 collateralized 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 14.2 to the consolidated financial statements discloses the nature, counterparty and interest rate applicable to customer loans, as well as the composition of and movements in non-performing and sub-standard loans, and the specific coverage associated therewith.

(1) Variations calculated stripping out the impact of Banco de Valencia balance sheet items at December 31, 2012.

A breakdown of the lending portfolio as per management criteria and changes therein are as follows:

	Millions of euros			
			YoY change %	
	31/12/2013	31/12/2012	Total	Organic **(1)**
Loans to individuals	**117,760**	**119,249**	**(1.2)**	**(6.4)**
Residential mortgages	87,508	87,720	(0.2)	
Other	30,252	31,529	(4.1)	
Loans to businesses	**79,305**	**90,651**	**(12.5)**	**(19.3)**
Non real-estate businesses	58,667	61,983	(5.3)	
Real-estate developers **(Note 3.1.1) (3)**	19,980	26,992	(26.0)	
"la Caixa" real-estate subsidiaries	658	1,676	(60.7)	
Public sector	**10,166**	**13,149**	**(22.7)**	**(25.3)**
Total gross customer lending	**207,231**	**223,049**	**(7.1)**	**(12.8)**
NPL provisions **(2)**	(14,976)	(12,562)	19.2	
Total net customer lending	**192,255**	**210,487**	**(8.7)**	
Memorandum items:				
Total contingent risks (Note 28) (3)	**10,299**	**10,437**	**(1.3)**	

(1) Variations calculated stripping out the impact of Banco de Valencia balance sheet items at December 31, 2012.
(2) Does not include provisions to cover other financial assets (see Note 14.4).
(3) Note corresponding to the CaixaBank Group's 2013 consolidated financial statements.

At December 31, 2013, total net customer lending (as per management criteria) was €192,255 million. This figure does not include other financial assets of €5,824 million (net), which primarily relates to counterparties and assets under the asset protection scheme,(2) shown under loans 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 2013
Gross customer lending (management criteria)	207,231
NPL provisions	(14,976)
Other financial assets	5,824
Loans and advances to customers (Note 14) (1)	**198,079**

(1) Note corresponding to the CaixaBank Group's 2013 consolidated financial statements.

Gross customer lending totaled €207,231 million, down 7.1% year on year. In organic terms,(3) the decrease was –12.8%, primarily underpinned by the following factors: widespread deleveraging in the system, ongoing reduction in exposure to real-estate developers, and the shift away from bank financing towards debt issues by large corporations and the public sector.

Highlights of year-on-year organic growth, by segment, are as follows:

- Loans to individual customers fell 6.4% due to deleveraging of households. However, CaixaBank's high and ever-growing market share in lending to individual customers (15.0%) bears out the Bank's commitment to these clients' personal and financial projects.

- Loans to companies reduced 19.3%, especially loans to real-estate developers, which were actively managed during the period (–€7,012 million in 2013, down 26%).

(2) Loans and advances to customers includes an asset (€1,203 million) to reflect expected losses that will be assumed by the FROB under the asset protection scheme agreed in respect of the SME and self-employed worker portfolio.
(3) Variations calculated stripping out the impact of Banco de Valencia balance sheet items at December 31, 2012.

• Loans to companies other than real-estate developers decreased, due to the economic backdrop and the shift from bank financing to debt issues among large corporations. CaixaBank's position in this segment and its support for business endeavors is reflected in high penetration rate among SMEs (41.7%) and companies (43.5%).

• The shift away from bank financing towards debt issues also largely explains the reduction in loans to public administrations (–25.3% in the year).

Financing for "la Caixa" real-estate subsidiaries was reduced in the year, as "la Caixa" was able to bring in funds from institutional markets.

The pace of overall deleveraging in the economy is expected to slow in 2014. CaixaBank stands behind its firm commitment to meet its customers' financing needs, especially in support of the productive fabric of the Spanish economy.

Risk management

Credit risk quality

Loans and contingent risks

	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
NPLs	20,150	22,525	25,876	25,703	25,365
NPL ratio	8.63%	9.41%	11.17%	11.40%	11.66%
NPL ratio (non real-estate companies)	3.98%	4.71%	6.41%	6.69%	6.83%

At December 31, 2013, the CaixaBank Group had doubtful balances (NPLs and contingent risks) amounting to €25,365 million (up €5,215 million in 2013). The main impacts behind the year-on-year change in NPLs in CaixaBank relate to the integration of Banco de Valencia (up €1,706 million at December 31, 2012) and the application of new criteria for classifying refinanced transactions in June 2013 (increase of €3,287 million).

In the second half of 2013, the Bank saw a turn-around in NPL movement, with a net decrease of €511 million.

The NPL ratio stood at 11.66% (+303 bp in 2013): +151 bp due to application of new criteria for refinanced transactions; +122 bp due to deleveraging, +23 bp for the integration of Banco de Valencia and +7 bp on account of changes in NPL figures. By segment:

• The NPL ratio for mortgage loans to individual customers remains very low and with contained growth (4.41% at December 31, 2013).

• Non-performing loans to the real-estate sector continue to represent the greatest proportion of the Bank's distressed assets. When stripping out the real-estate development segment, CaixaBank's NPL ratio stood at 6.83%.

NPL ratios by segment are as follows:

	31/12/2012	31/03/2013	30/06/2013	30/09/2013	31/12/2013
Loans to individuals	**3.57%**	**3.76%**	**5.67%**	**5.72%**	**5.52%**
Residential mortgages	2.80%	3.00%	4.70%	4.54%	4.41%
Other	5.72%	5.98%	8.37%	9.11%	8.73%
Loans to businesses	**17.24%**	**19.08%**	**20.98%**	**21.59%**	**23.06%**
Non real-estate businesses	5.96%	7.86%	9.41%	10.29%	10.94%
Real-estate developers	44.22%	47.22%	50.59%	51.53%	59.39%
Public sector	**0.74%**	**0.76%**	**1.54%**	**1.39%**	**1.84%**
Total risks (loans + guarantees)	**8.63%**	**9.41%**	**11.17%**	**11.40%**	**11.66%**

Coverage
CaixaBank maintains a solid level of coverage as a result of the sizeable provisions and write-downs made and the application of CaixaBank's conservative criteria when integrating Banca Cívica and acquiring Banco de Valencia. At December 31, 2013, the Bank had allocated a total of €15,478 million to cover potential loan losses (up €2,807 million), with a coverage ratio of 61%.

	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
NPL provisions	12,671	17,426	17,041	16,612	15,478
Coverage ratio	63%	77%	66%	65%	61%
Coverage ratio, non real-estate companies	57%	84%	61%	58%	63%

Exposure to real-estate risk

The "Customer credit risk" section of Note 3 to the consolidated financial statements includes quantitative information on financing for the real-estate sector, residential mortgages and property foreclosed in lieu of payment of debts.

Loans to real-estate developers
In 2013, financing for the real-estate development sector decreased €7,012 million (down 26.0%). Financing for completed homes represents 59% of this lending portfolio. The percentage of loans for land and homes under construction decreased from 2012 to 2013.

Specific coverage for distressed loans to real-estate developers (NPLs and substandard) was increased from 38.2% in December 2012 to 53.7% in December 2013. At the 2013 year end, provisions set aside for this sector in accordance with Royal Decree-Law 18/2012 were reassigned as per regulatory requirements and primarily used to cover specific risks in the real-estate developer loan portfolio and to cover foreclosed property assets.

Foreclosed property assets
BuildingCenter, SAU is the CaixaBank Group company that owns the foreclosed property assets and assets acquired in lieu of payment of debt.

At December 31, 2013, net foreclosed assets totaled €6,169 million. In addition, CaixaBank foreclosed real-estate assets held for lease (classified as investment property for accounting purposes) amounted to €1,850 million, net of provisions, at December 31, 2013.

The underlying criterion guiding CaixaBank's management of distressed assets is to help borrowers meet their payment obligations. When the borrower no longer appears to be reasonably able to fulfill these obligations, the mortgaged asset is acquired.

In 2013, CaixaBank made sizeable provisions to cover the portfolio of foreclosed assets held for sale, bringing coverage to 54% (up 9 pp compared to December 2012).

The quality of the foreclosed real-estate portfolio held for sale, 62.2% of which are finished homes, is a unique factor that facilitates the sale of these properties on the market.

BuildingCenter's intense activity in 2013 led to the sale or lease of properties totaling €2,180 million, up 119.1% on the 2012 figure.

Profit/(loss)

Net profit for the CaixaBank Group amounted to €503 million in 2013, 118.9% higher than the prior year. The abbreviated income statement, for management purposes, is shown below:

	Millions of euros		
	January - December		
	2013	2012	Change in %
Financial income	9,301	9,178	1.3
Financial expenses	(5,346)	(5,306)	0.7
Net interest income	**3,955**	**3,872**	**2.1**
Dividends	107	228	(53.1)
Share of profit/(loss) of entities accounted for using the equity method	339	581	(41.7)
Net fee and commission income	1,760	1,701	3.5
Gains/(losses) on financial assets and liabilities and exchange differences	679	455	48.9
Other operating income and expense	(208)	(100)	108.3
Gross income	**6,632**	**6,737**	**(1.6)**
Recurring operating expenses	(3,947)	(3,518)	12.2
Restructuring costs	(839)	(48)	
Pre-impairment income	**1,846**	**3,171**	**(41.8)**
Pre-impairment income, stripping out restructuring costs	**2,685**	**3,219**	**(16.6)**
Impairment losses on financial and other assets	(4,329)	(3,942)	9.8
Gains/(losses) on disposal of assets and other	1,770	709	149.7
Profit before tax	**(713)**	**(62)**	
Income tax	1,208	291	
Consolidated profit for the year	**495**	**229**	**116.6**
Profit attributable to non-controlling interests	(8)	(1)	
Profit attributable to the Group	**503**	**230**	**118.9**

Gross income

The CaixaBank Group's gross income stood at €6,632 million, down 1.6% on 2012.

Net interest income

Despite the very low interest rates prevailing during the year, net interest income climbed 2.1% to €3,955 million. The integration of Banca Cívica and Banco de Valencia and the careful management of margins and liquidity offset the impacts of repricings in the mortgage portfolio, deleveraging and default on loans.

The spread on customer lending and funding, an indicator of the profitability of the retail customer activity, stood at 1.67%, while the balance sheet spread was 1.13%.

An analysis of net interest income is as follows:

	Millions of euros					
	2013			2012		
	Av. balance	Yield/Cost	Int. rate %	Av. balance	Yield/Cost	Int. rate %
Credit institutions	9,812	34	0.35	8,788	50	0.57
Lending portfolio	199,938	6,169	3.09	194,004	6,840	3.53
Debt securities	42,658	1,527	3.58	25,778	917	3.56
Other interest-generating assets **(1)**	32,526	1,561	4.80	24,743	1,359	5.49
Other assets	65,164	10		52,908	12	
Average total assets	**350,098**	**9,301**	**2.66**	**306,221**	**9,178**	**3.00**
Credit institutions	50,608	(468)	0.93	39,482	(478)	1.21
Retail funds	160,017	(2,258)	1.42	142,717	(2,358)	1.66
Demand deposits	*71,901*	*(155)*	*0.22*	*58,962*	*(165)*	*0.28*
Time deposits	*88,116*	*(2,103)*	*2.39*	*83,755*	*(2,193)*	*2.62*
Term deposits	*81,122*	*(1,864)*	*2.30*	*69,843*	*(1,748)*	*2.50*
Repurchase agreements and retail loans	*6,994*	*(239)*	*3.41*	*13,912*	*(445)*	*3.20*
Institutional debentures and marketable securities	49,252	(1,102)	2.24	43,530	(989)	2.27
Subordinated liabilities	4,886	(215)	4.40	5,377	(254)	4.73
Other interest-bearing liabilities **(1)**	33,408	(1,294)	3.87	24,571	(1,181)	4.81
Other liabilities	51,927	(9)		50,544	(46)	
Total average funds	**350,098**	**(5,346)**	**1.53**	**306,221**	**(5,306)**	**1.74**
Net interest income		**3,955**			**3,872**	
Customer spread (%)		**1.67**			**1.87**	
Balance sheet spread (%)		**1.13**			**1.26**	

(1) Includes assets and liabilities from insurance subsidiaries.

Commissions

Fee and commission income rose 3.5% from 2012 to 2013, underpinned by the commercial strength and the higher business volume managed following the incorporation of Banca Cívica and Banco de Valencia. Banking fees and commissions on securities and other products stood at €1,324 million. These include fees received on transactions, loans, management of deposits and funds, use of payment methods, and securities. Growth in recurring commissions in the banking activity partially offset the decline in income from one-off securities transactions.

The success of sales campaigns targeting specific high value segments (such as professionals and companies) underpinned the strong growth in commissions on the insurance and pension plan activity (up 31.8%).

Commissions also grew on the back of the increase in assets managed by the Bank under the complete range of mutual fund products (17.4% growth).

	Millions of euros			
	January - December		YoY change	
	2013	2012	Absolute	Percentage
Banking fees, commissions on securities and others	1,324	1,354	(30)	(2.2)
Insurance and pension plan sales	260	197	63	31.8
Mutual funds	176	150	26	17.4
Net fee and commission income	**1,760**	**1,701**	**59**	**3.5**

Income on the equities portfolio

Dividend income decreased year on year as Telefónica opted to distribute a lower dividend in 2013.

Profit/(loss) from entities accounted for using the equity method reflects CaixaBank's share in the results of associates, which decreased in 2013 following certain write-downs.

Gains/(losses) on financial assets and exchange gains/(losses)

Gains on financial assets and liabilities and exchange gains totaled €679 million in 2013, reflecting the Bank's successful efforts to maximize market opportunities and particularly the sale of available-for-sale financial assets and the selective repurchase of securities issues. As a result of these transactions, the contribution from these gains was higher than in 2012.

Other operating income and expense

Other operating income and expenses reflects the reinsurance agreement reached in 4Q12 in respect of VidaCaixa's individual life-risk portfolio, partially offset by the strong performance of the insurance business. The caption also includes higher contributions to the Deposit Guarantee Fund and greater foreclosed property management costs, due to changes in the scope of consolidation.

	Millions of euros			
	January - December		Change	
	2013	2012	Absolute	Percentage
Income and expenses of the insurance business	**288**	**230**	**58**	**25.5**
Other operating income and expense	**(307)**	**(285)**	**(22)**	**7.9**
Deposit Guarantee Fund contribution	(303)	(278)	(25)	9.1
Other operating income and expense	(4)	(7)	3	
Subtotal: Other operating income and expense	**(19)**	**(55)**	**36**	**(66.1)**
Transfer of the individual life-risk portfolio	**(189)**	**(45)**	**(144)**	
Other operating income and expense	**(208)**	**(100)**	**(108)**	**108.3**

Pre-impairment income

Stripping out restructuring costs, the CaixaBank Group's pre-impairment income stood at €2,685 million (down 16.6% on 2012). This figure was impacted by the 12.2% rise in recurring expenses due to the larger structure post acquisition of Banca Cívica and Banco de Valencia.

Recurring expenses (like-for-like)(4) decreased 6.4% in the year as a result of the intense efforts to optimize the Group's structure and the completion of key milestones in the integration of Banca Cívica and Banco de Valencia (final integration of IT platforms, optimization of the branch network, and personnel downsizing agreement).

The fast pace of the integrations has made it possible to achieve, ahead of schedule, even higher synergies than initially forecast (€436 million, 156% of those initially announced for 2013).

Total operating expenses also reflect the recognition in 2013 of restructuring costs of €839 million, primarily derived from the CaixaBank personnel restructuring agreement. Accordingly, pre-impairment income stood at €1,846 million (down 41.8% compared to 2012).

(4) Proforma incorporating Banca Cívica and Banco de Valencia in the first half of 2012.

	Millions of euros			
	January - December		Change	
	2013	2012	Absolute	Percentage
Gross income	**6,632**	**6,737**	**(105)**	**(1.6)**
Recurring operating expenses	(3,947)	(3,518)	(429)	12.2
Restructuring costs	(839)	(48)	(791)	
Pre-impairment income	**1,846**	**3,171**	**(1,325)**	**(41.8)**
Pre-impairment income, stripping out restructuring costs	**2,685**	**3,219**	**(534)**	**(16.6)**

Impairment losses on financial assets

In 2013, impairment losses on financial and other assets totaled €4,329 million, up 9.8% (see Notes 22 and 36). This reflects the first-quarter recognition of €902 million to fully comply with the provisioning requirements for loans to the real-estate sector as set out under Royal Decree Law 18/2012 and the full application of new criteria for refinanced transactions, which entailed recognition of –€375 million against profit and loss in the first half of 2013.

In accordance with RDL 18/2012, the Bank allocated €310 million from the general real-estate developer loan loss provision to cover potential losses in foreclosed properties. This entailed the recognition of income due to release of the provision under Impairment losses on financial assets and others, and higher allowances under Gains/(losses) on the disposal of assets and others.

In 2012, €3,636 million was included in relation to the partial provisioning requirements for the real-estate developer portfolio (RDL 2/2012 and RDL 18/2012) and the release of a €1,835 million general loan loss provision.

Gains/(losses) on disposal of assets

Other charges to allowances and provisions primarily reflect the net variation in funds to cover obligations and other asset impairment losses.

Gains/(losses) on disposal of assets and others primarily reflects badwill on the acquisition of Banco de Valencia (€2,289 million) and gains on one-off transactions arranged in the year, such as the sale of part of the stake in Grupo Financiero Inbursa, sale of 51% of the real-estate servicing business (€255 million, gross) and the sale to SegurCaixa Adeslas of the non-life insurance businesses formerly held by Banca Cívica and Banco de Valencia (€79 million, gross).

In 2012, the figure reflected gains on the sale and lease back of branch offices, gains on the reinsurance agreement in respect of VidaCaixa's individual life-risk portfolio, and gains on the sale of the depository business.

The caption also includes gains, losses and write-downs on the real-estate portfolio. In 2013, CaixaBank made sizeable provisions to cover the foreclosed assets portfolio (€665 million), while picking up the pace of sales of those assets (€1,074 million).

With respect to income tax, double taxation avoidance principles are applied to income contributed by investees and gains or losses on corporate integrations (including badwill generated on Banco de Valencia).

CaixaBank individual income statement

A summary of the individual income statement for management purposes is provided below:

	Millions of euros		
	January - December		
	2013	2012	Change in %
Financial income	7,753	7,961	(2.6)
Financial expenses	(4,398)	(4,383)	0.3
Net interest income	**3,355**	**3,578**	**(6.2)**
Dividends	784	1,467	(46.5)
Net fee and commission income	1,506	1,622	(7.2)
Gains/(losses) on financial assets and liabilities and exchange differences	640	390	63.9
Other operating income and expense	(290)	(271)	6.8
Gross income	**5,995**	**6,786**	**(11.6)**
Recurring operating expenses	(3,554)	(3,223)	10.3
Non-recurring operating expenses	(833)	(54)	
Pre-impairment income	**1,608**	**3,509**	**(54.2)**
Pre-impairment income, stripping out non-recurring costs	**2,441**	**3,563**	**(31.5)**
Impairment losses on financial and other assets	(2,583)	(3,664)	(28.7)
Gains/(losses) on disposal of assets and other	1,205	(10)	
Profit before tax	**230**	**(165)**	
Income tax	576	438	31.5
Profit/(loss) for the year	**806**	**273**	**195.6**

Net profit for CaixaBank amounted to €806 million in 2013, +195.6% higher than the prior year, impacted by the integrations of Banca Cívica (July 1, 2012) and Banco de Valencia (January 1, 2013).

Trends in CaixaBank's results for 2013 were subject to the same considerations stated in respect of the CaixaBank Group, along with the following specific aspects:

- Net interest income and fee and commission income were particularly impacted by the contribution from the card business to Caixa Card 1, EFC, S.A. in November 2012 (see Note 13.1).

- Dividend income includes an extraordinary dividend of €743 million received from VidaCaixa in 2012 in respect of non-recurring gains on the reinsurance contract for the individual life-risk portfolio (see Note 29).

- Other operating income and expense primarily reflects the impact of higher contributions to the Deposit Guarantee Fund (see Note 1).

- Impairment losses on financial assets and others stood at €2,583 million (down 28.7%). Changes in these captions with respect to the CaixaBank Group relate to the release of the provision previously recorded by CaixaBank to cover foreclosed property assets owned by BuildingCenter, which that latter company recognized on its individual balance sheet in 2013 (see Note 22.4).

- Gains/(losses) on disposal of assets and others reflects the decline in value in the interest in BuildingCenter (see Note 17.3) and the results of the corporate operations described in Notes 8 and 38.

3. LIQUIDITY

Note 3.3 to the accompanying financial statements for 2013 provides details of the Bank's liquidity management policy as well as information on maturities and the primary potential sources and applications of funds at December 31, 2013.

At December 31, 2013, Group liquidity totaled €60,762 million (17.9% of Group assets), all of which was immediately available, including assets of €3,636 million that at December 31, 2013 were pending application against the ECB credit facility. These assets were applied in January 2014.

In 2013, CaixaBank increased its liquidity by €7,670 million, by optimizing liquid assets and generating on-balance sheet liquidity in organic terms.

CaixaBank's issues were well received by international institutional investors in 2013. Details of issues during the year are as follows:

- Three issues of €1,000 million in senior bonds (3Y, 3.5Y and 5Y).

- One 5Y mortgage covered bonds issue for €1,000 million.

- One Tier 2 subordinated debt issue for €750 million (10Y issue, with optional repurchase at five years).

- Issue of bonds convertible into Repsol, S.A. shares, for €594 million (3Y).

Maturities in 2013 amounted to €8,856 million, including the advance repayment of €977 million to the FROB for public aid received by Banca Cívica prior to the merger.

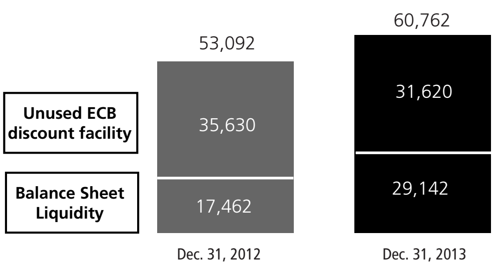
In 2013, CaixaBank also repaid ECB deposits totaling €18,604 million, while in January 2014, a further repayment of €2,480 million was made, leaving the balance drawn on the facility at €13,000 million.

At December 31, 2013, balance sheet liquidity (€29,142 million) exceeded the amount drawn down from the ECB facility (€15,480 million).

If necessary, CaixaBank is able to issue mortgage-covered and public-sector covered bonds totaling €2,103 million in order to finance its business.

The enhanced financing structure involving a narrowing of the commercial gap places the loan-to-deposit ratio at 109.9% (18.2 percentage points lower than in 2012).

Liquidity
Millions of euros



Available for drawdown on ECB discount facility €31,620 M
Drawndown on ECB discount facility €15,480 M

(1) Includes assets of €3,636 million that at December 31, 2013 were pending application against the ECB credit facility. These assets were applied in January 2014.

4. CAPITAL MANAGEMENT

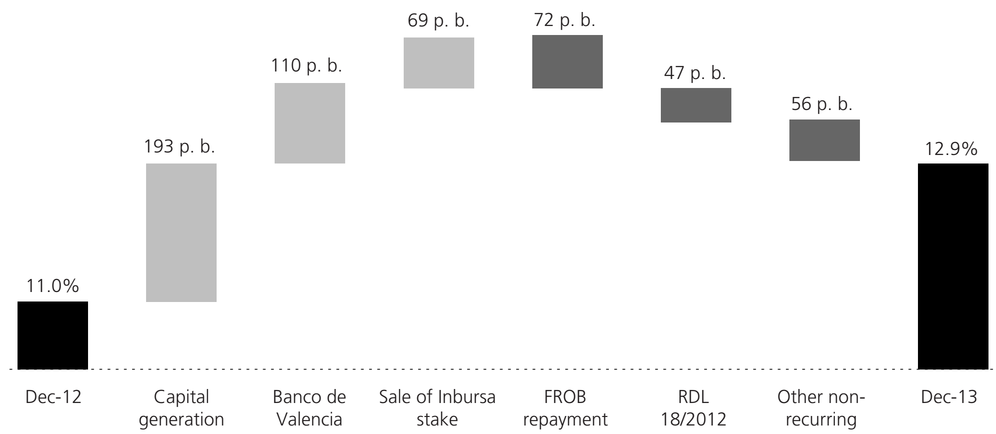
4.1. Capital and solvency

CaixaBank's Core Capital BIS II stood at 12.9% at December 2013 (see Note 5 of the accompanying financial statements), following repayment of FROB assistance received by Banca Cívica, the integration of Banco de Valencia and the sale of part of the Grupo Financiero Inbursa holding.

This ratio highlights CaixaBank's ability to generate capital, with core capital climbing 193 bp in 2013.

Risk weighted assets (RWA) stood at €129,110 million, down €32,090 million on December 2012. The drop in RWA continues be underpinned by lower lending activity, as well as the optimization of Group capital, including the application of internal models to portfolios assumed from Banca Cívica. RWAs continued to decrease due to application of the weighting assigned to credit risk exposure in SMEs, in accordance with Law 14/2013 of September 2013 to support entrepreneurial initiatives.

Trends in core capital are as follows:



The principal capital ratio, as defined in Circular 7/2012, stood at 12.9% at December 31, 2013, with a capital surplus of €5,069 million, above the minimum requirement of 9%. As set out in RDL 14/2013, this requirement will lapse as from January 2014.

These capital ratios reflect the CaixaBank Group's solvency and outstanding position compared to its peers. Note 5 to the accompanying financial statements for 2013 details the composition and structure of eligible equity, as well as the reconciliation with the Bank's shareholders' equity.

4.2. New regulatory framework

4.2.1. Basel III

In late June 2013, Basel III regulations were transposed to EU law through Regulation (EU) No 575/2013, entering into force in January 2014. The new regulatory framework results from the financial system reform undertaken in response to the international financial crisis, which revealed the need to modify and tighten certain banking regulations. These new standards set a minimum Common Equity Tier 1 (CET1) ratio of 7% for the end of the transitional period in 2019. At December 2013, CaixaBank's fully-loaded (i.e., without applying the transitional period) CET1 BIS III was 11.7%.

Including the transition period, at December 2013, CaixaBank's CET1 under BIS III criteria applicable in 2014 as set out in the new Bank of Spain Circular 2/2014 of January 31 would be 11.2%. During the transition period, convertible bonds are not included in CET1. If they were included, the ratio would be 12.2%.

4.2.2. Recovery and resolution plans

On December 20, 2013, the European Parliament and the Commission approved a proposed directive establishing a framework for the recovery and resolution of credit institutions and investment firms, also known as the Bank Recovery and Resolution Directive (BRRD).

The directive is pending definitive approval in the first quarter of 2014 and is expected to enter into force in 2015. CaixaBank is taking the appropriate steps to remain ahead of any regulatory timelines proposed.

5. RISKS AND UNCERTAINTIES

Note 3 to the accompanying financial statements provides details of how risk is managed within CaixaBank.

At CaixaBank, the risk profile is in line with the Bank's strategic objectives. This profile is progressing towards a model of approval authorizations based on the amount of transactions and the fundamental risk variables, and allows the Bank to quantify risks through capital consumption and expected loss scenarios.

The areas and functions entrusted with controlling risks are functionally and organizationally independent of the risk-taking areas in order to enhance the autonomy of management, monitoring and control activities, thus securing the comprehensive management of the various risks involved.

The CaixaBank Board of Directors is the highest body determining the risk policy, and delegates risk control functions to senior management, namely through the following risk management committees:

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

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

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

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

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

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

CaixaBank has entrusted a specific general directorate with controlling all risks. The Corporate Directorate of Global Risk Management, a global control unit reporting to the above-mentioned general directorate, is responsible for monitoring the health of assets and the solvency and guarantee mechanisms in place. Its objectives are to identify, assess and integrate exposures and the risk-adjusted return in each business, from a Group-wide perspective and in accordance with the management strategy.

The general risk management guidelines approved by the Board of Directors are disclosed in Note 3 to the accompanying financial statements.

The risks arising in the business activity, namely credit, market and operating risks, as well as more corporate risks such as regulatory, reputation and social and environmental risks, are detailed below.

5.1. Credit risk

Credit approval processes and organization

Note 3.1 to the accompanying financial statements details how credit risk is managed within CaixaBank.

The top priority in 2013 was the integration of the IT platforms of the two Banca Cívica entities that had yet to be incorporated (Caja Canarias and Caja Burgos) and with Banco de Valencia. Specific task forces were created at the three savings banks to oversee the key features of the integration.

Specific circuits were also put in place for customers included in the asset protection scheme and for assets transferred by Banco de Valencia to Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB).

Highlights for the year are as follows:

- New management models were rolled out to further improve the predictive capacity of risk tools.

- 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, were fully implemented in the corporate and business centers network and are currently being tested in the SME segment.

- For public sector risks, the Group established a new transaction approval circuit, placing the decision-making power at Central Services.

- In June, Law 1/2013 was published, setting out a series of loan and mortgage loan modification measures. CaixaBank applied these measures to strengthen protection of mortgagors, debt restructuring and subsidized rents. The new law is designed to better protect borrowers that have mortgaged their primary residence.

Going forward, the Group plans to embark on an initiative to simplify and streamline current policies (approval level, policy optimization, workloads, etc.).

Credit risk analysis and monitoring

The area entrusted with monitoring credit risk and recoveries is independent from the area that analyses and grants these transactions.

CaixaBank has a risk prevention system in place for individuals, SMEs, and micro-enterprises, whereby the institution uses scoring and rating tools to detect and proactively manage any customers with a high default potential.

Recoveries management

In 2013, the Group's risk management policy continued to deal with the rise in NPLs and carefully implement the measures necessary to effectively collect debts that are challenging to recover. This policy is implemented as soon as any signs of deterioration in debtor solvency appear, by constantly monitoring debt repayment and the assets offered as collateral. In this respect, and without prejudice to the ongoing controls over the loan portfolio, CaixaBank has taken steps to mitigate the impact of the recession on its individual customers.

After a rigorous risk analysis, in certain cases, CaixaBank tailors installments falling due in the short term to the current income available to debtors, understanding that delaying collections will help ensure the loans are repaid in full. Among the various options available to ensure that debts are repaid, the option that is best suited to the customers' needs is analyzed in conjunction with the customer, always ensuring that the final objective of recovering the loan is achieved and internal risk approval procedures are followed.

Credit risk measurement and rating

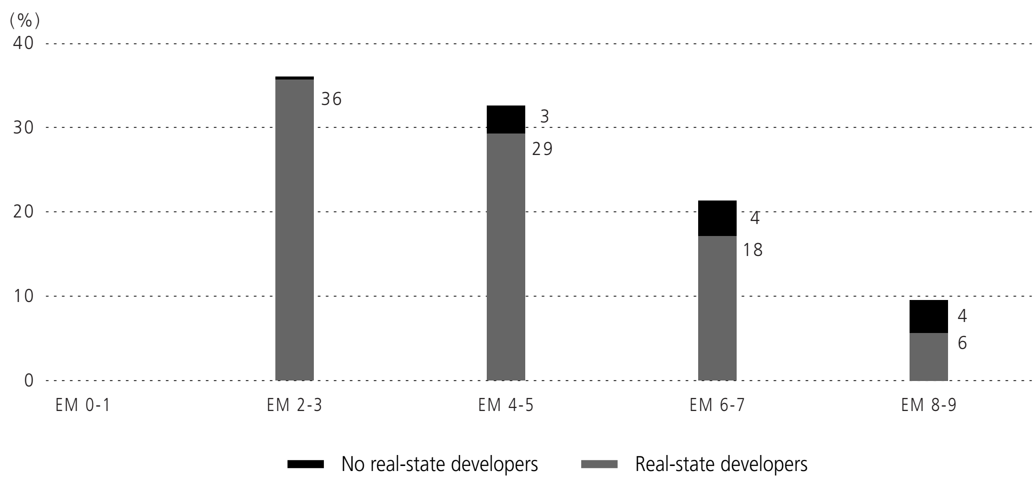
CaixaBank is authorized by the Bank of Spain to use methods based on internal rating-based (IRB) models to calculate the minimum capital requirements for credit risk.

All the models are regularly reviewed to detect any deterioration in the quality of the measurements, so as to take into account fluctuations in the economic cycle. Virtually the entire retail banking portfolio, which includes the individual and SME segments, is assessed on a monthly basis, enabling the knowledge base on these customers and their portfolios to be continually updated.

At December 2013, 89% of all credit risk exposure in segments that can be assessed using the advanced methodology were evaluated using advanced internal rating models. When excluding transactions deriving from the merged institutions yet to be included under the advanced methodology, the coverage ratio stands at 94%.

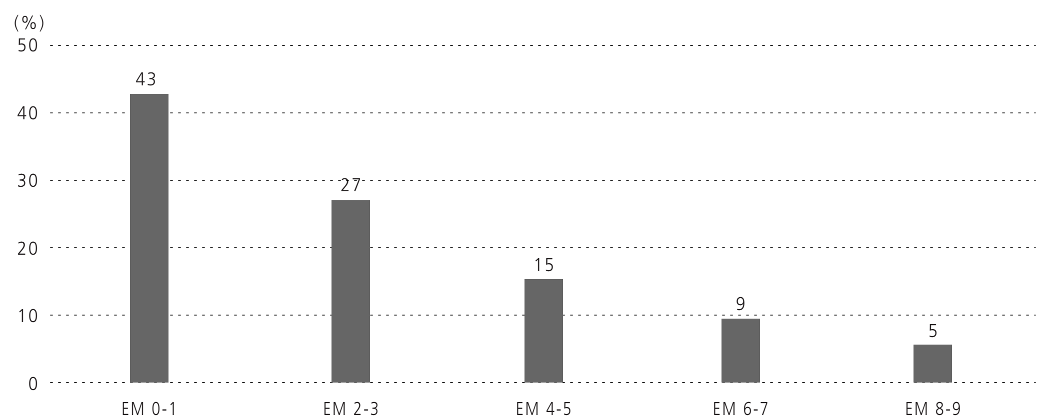
At December 2013, the Group's exposure at default (EAD) was as follows:

Companies



EM: Risk master scale, from highest to lowest creditworthiness.

Retail customers



EM: Risk master scale, from highest to lowest creditworthiness.

Internal validation

When calculating required capital, appropriate control environments must be in place to ensure the reliability of estimates.

In the area of credit risk, the Basel Capital Accord allows entities to use internal rating and scoring models and their own estimates of risk parameters to determine their capital requirements, following standardization with and authorization from the Bank of Spain.

In accordance with Bank of Spain requirements, CaixaBank has created an independent, specialized department to assess the suitability of the models used for management and regulatory purposes, and to determine whether the risk control and management procedures are in line with the Group's strategy and risk profile. These processes are carried out on a continuous basis and act as a complement to traditional control functions (internal audit and supervision). The department supports the Global Risk Committee in its mandate to authorize internal models and to coordinate the supervisory validation process with the Bank of Spain.

In 2013, the reviews carried out due to the implementation of the new IRB models and the methodology assessments were especially noteworthy.

Concentration risk

CaixaBank manages concentration risk in compliance with Bank of Spain Circular 3/2008 on determining and controlling minimum capital requirements, particularly in respect of Chapter 9 regarding limits on major risks.

In accordance with regulatory requirements, major risks are defined as those held in respect of a single person, company or economic group that exceed 10% of an entity's equity. The value of all risks held with a single person, company or economic group may not exceed 25% of equity. The Group's concentration risk is actively managed and effectively controlled, and always in compliance with regulatory limits. No significant risk concentrations are therefore cited.

In addition to complying with the above-mentioned regulatory limits, CaixaBank closely manages major risk limits based on economic criteria. The maximum risk limit with large companies, which includes the credit risk on the portfolio of loans and equity interests, is allocated on a case-by-case basis according to the internal rating and maximum acceptable loss for each borrower in line with CaixaBank's capital. Considerations for determining the risk limit include the borrower's size and net debtor position, among others.

With respect to risk concentration by business sector, Note 3 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 activity and collateral provided. In that regard, CaixaBank's lending portfolio, which primarily comprises primary residence mortgage loans for individuals, entails higher exposure to real-estate risk than to other sectors. 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 ratio is provided in Note 3.1.1 to the accompanying financial statements.

5.2. Market risk

Market risk of trading activities

Market risk primarily refers to the potential loss in value of financial assets as a result of adverse fluctuations in market rates or prices. Mainly through the treasury area's involvement in financial markets, CaixaBank is exposed to the risk of unfavorable movements in the following risk factors: interest rate, currency, share price, commodities price, inflation, volatility and changes in the credit spread of private fixed-income positions.

The levels of market risk assumed were moderate in 2013, with an average risk of €7 million.

To measure and control this risk, CaixaBank takes the following four-fold approach:

• Estimation of day-to-day risk.

• Testing of quality of the measurements.

• Calculation of hypothetical results in the event of sudden changes in market prices.

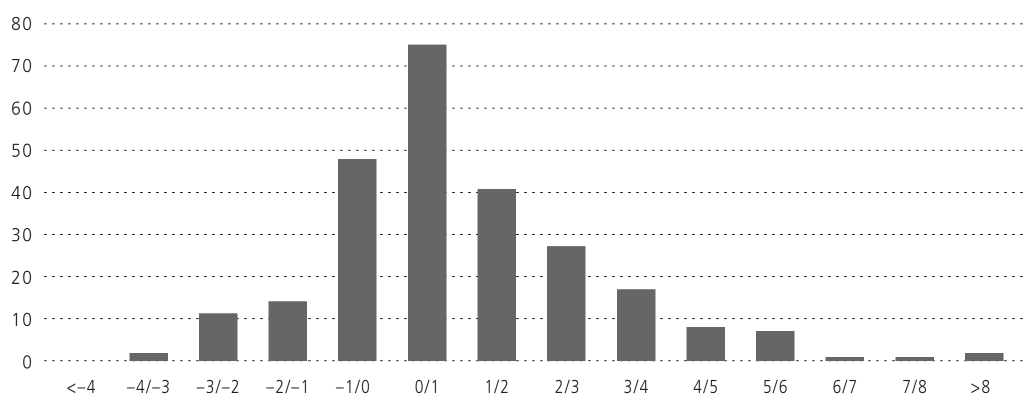
• Monitoring and control of limits.

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 used.

The measurements of potential loss are complemented by estimates on hypothetical profit or loss in the event of sudden changes in relevant risk factors or the possible repetition of previous crises, known as stress tests, which provide an in-depth understanding of the Group's market risk profile.

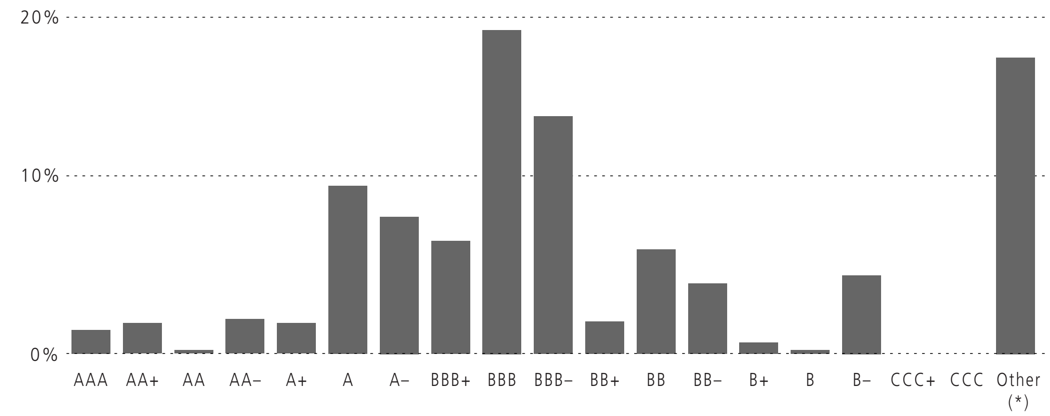
CaixaBank also has a robust structure of controls and limits ensuring that the market positions taken are aligned with the objective of achieving returns while keeping risk at acceptable levels.

Breakdown of gains trading activities 2013
Frequency (no. of days). Millions of euros



In addition, a specific area within the Bank is entrusted with valuing financial instruments and measuring, controlling and monitoring the associated risks, as well as estimating the counterparty risk and the operational risk associated with financial market activity. This area monitors transactions contracted 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 analyzes the risk/return ratio.

Breakdown of risk by counterparty rating
Percentage at 31/12/2013



(*) Includes life insurance companies and foreign trade sector.

Controls over risks assumed in financial market transactions must be reinforced by estimating and monitoring the losses that could arise if counterparties become insolvent and default on their obligations.

The maximum authorized credit risk exposure for a single counterparty is determined using a calculation approved by Management, based on ratings for the entities and on an analysis of their financial statements. In addition, the trading prices of any shares of the counterparties and any protection insurance (CDS) are monitored in order to detect a possible decrease in their solvency.

Counterparty risk is controlled by an integrated real-time system that provides up-to-date information of the available limit for any counterparty, by product and maturity. 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 risks assumed in derivative transactions are covered by standard ISDA and/or the Spanish CMOF, under which pending collections and payments may be offset between the parties throughout the term of the derivatives. CaixaBank has signed collateral agreements with most of its counterparties, thereby arranging a guarantee of the market value of derivative transactions.

Balance sheet interest rate risk

CaixaBank efficiently, prudently and conservatively manages balance sheet interest rate risk and strictly controls this risk under a large number of interest rate scenarios.

CaixaBank manages interest rate risk for two purposes:

• To reduce the sensitivity of net interest income to interest rate fluctuations.

• To preserve the economic value of the balance sheet.

The following limits were in force at the end of 2013 to manage interest rate risk:

• Sensitivity of net interest income: % variation at 1 year and 10% variation at 2 years.

• Value of the balance sheet: The VaR of the balance sheet must be less than 10% of the economic value of the balance sheet.

CaixaBank actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of both deposits and lending transactions arranged with customers.

The mission of the Asset-Liability Committee (ALCO) is to optimize and ensure profitability of the financial structure of the balance sheet by coordinating prices, maturities and volumes among the activities generating assets and liabilities, and to coordinate the actions proposed with the Risk Department.

The ALCO is entrusted with analyzing this risk and proposing the appropriate hedging transactions in accordance with the established risk management objectives.

The ALCO has recourse to several measurement options:

- 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 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 are analyzed.

- The sensitivity of equity to interest rates, which measures the potential effect on the present value of the balance sheet in the event of interest rate fluctuations.

- VaR measurements, following treasury-specific methodology.

- Earnings at risk (EaR) measurements, which make it possible to establish, with a high level of confidence (99%), the maximum loss in net interest income over the subsequent two years, considering a specific amount of balance sheet growth.

Investee portfolio

The risk relating to CaixaBank's investee portfolio is the risk associated with the possibility of incurring losses due to changes in market prices and/or losses on the positions comprising the investment portfolio, in the medium to long term.

The methodologies used allow the risk involved with these positions to be measured, both from the standpoint of the risk inherent in market price volatility, using VaR models (a statistical estimate of the maximum potential losses based on historical data on changing prices), and from the point of view of the possibility of default, whereby models based on the PD/LGD approach are applied as prescribed by the Basel Committee on Banking Supervision.

These indicators are monitored on an ongoing basis to ensure that the most appropriate decisions are always taken on the basis of the market performance observed and predicted and of the CaixaBank Group's strategy.

These measures and their implementation are necessary to monitor management of the investee portfolio and enable CaixaBank Group senior management to take strategic decisions on portfolio composition.

CaixaBank has also entrusted an independent area with day-to-day monitoring of derivatives and the exchange rate risk associated with the portfolio, while continually controlling risks related with financial market transactions in respect of banking investees.

Financial instrument valuation risk

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:

i) prices quoted on active markets for the same instrument, i.e. without modification or reorganization into a different form (Level I),

ii) 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 II),

iii) measurement techniques in which one or more significant inputs are not based on observable market data (Level III).

The risk in valuing financial instruments increases for instruments classified in the higher levels, especially in Level III.

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 Bank has implemented control mechanisms throughout the different financial instrument valuation process phases, and documents control activities as well as the assignment of order executor, manager and frequency. Control activities are carefully classified based on the risk to be managed and its critical level.

5.3. Operational risk

Note 3.4 to the accompanying financial statements describes how operational risk is managed within CaixaBank.

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.

The Global Risk Committee defines the strategic lines of action and monitors operational risk.

An expert workforce and the procedures, systems and controls in place help mitigate operational risk at CaixaBank.

Operational risk management

In 2013, Banco de Valencia was included in the scope of corporate operational risk management (capital calculation, risk assessment, loss management). In addition, a project is being drawn up to move from the current standard approach to operational risk management to more advanced approaches with a dual objective of implementing best practices in operational risk management and, at the same time, calculating regulatory capital requirements with risk-sensitive approaches.

In 2013, CaixaBank created the Operational Risk Committee to oversee this risk and how the risk could affect solvency and capital management. The Operational Risk Committee reports to the Global Risk Committee.

5.4. Regulatory risk

CaixaBank remains abreast of possible changes in the regulatory framework and how these changes could affect the long-term sustainability of the business model. Senior management, especially through the Global Risk Committee and the ALCO (and, where appropriate, through the Management Committee), carefully considers the transcendence and scope of new regulatory measures.

In particular, the new G20 agenda has considerably modified the regulatory framework. The transition to a safer global financial system entails stricter regulatory requirements for entities. CaixaBank will face the challenge with solid levels of solvency and liquidity.

The body of regulations governing the banking sector is progressing toward a more detailed and specialized nature requiring solid technical capacities for analysis and implementation. Accordingly, specialized areas of CaixaBank have kept close watch on the proliferation of new regulatory proposals, especially in respect of solvency, liquidity and risk management, offering their expert evaluation and enabling the Bank to respond quickly to changing needs.

In addition to the direct involvement of the areas affected, the Corporate Directorate of Global Risk Management, through the Special Projects Unit, remains apprised of relevant news releases and announcements by the main regulatory bodies, including the Basel Committee, the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA).

Likewise, the Corporate Directorate of Capital Planning and Management and the ALM and Liquidity Area monitor and closely analyze supervisory initiatives, evaluating their potential impacts and submitting action proposals. With a broader perspective, the General Secretary's Office, Legal Services and the Economic Analysis and Studies area also help monitor and evaluate regulatory change.

Among others, the following aspects are analyzed:

- The European Union Capital Requirements Directive (CRD IV) and the new European Capital Requirements Regulation (CRR), both during the elaboration processes and the definitive configuration, affecting multiple areas.

- The implications of European regulation on OTC derivatives, central counterparties and the trade repositories (EMIR), as well as documents issued by the Basel Committee in respect of collateral requirements in bilateral operations and exposures to central counterparties.

- Studies performed by regulatory bodies, including the Basel Committee and the EBA, on consistency among banks in the calculation of risk-weighted assets.

- The creation of worldwide standards by the Basel Committee Large Exposure Group in respect of limits on major risks.

- The Basel Committee's work on leverage ratios and liquidity coverage ratios, in the latter case set out in a definitive document.

- Progress by the Basel Committee toward defining a new market risk framework following publication of the Fundamental Review of the Trading Book (FRTB).

In addition to the internal analysis, an active debate is occurring within the sector regarding the consultation documents issued by the Basel Committee, in order to contribute to the new regulatory framework. The debate is generally channeled through sector associations, especially international associations for matters falling under the Basel Committee's supervision. Accordingly, opinions on the consultative documents can be shared as well as other matters of interest for determining the future shape of the banking business.

As in earlier years, CaixaBank participated in several quantitative impact studies (QIS) for proposed regulations, carried out by the Basel Committee prior to definitively approving the measures. Participation in such studies gives the CaixaBank Group a practical view of the new regulations, prior to their approval, and facilitates aggregate and individual data on the potential impact of new measures.

The European Banking Union process will entail a change in responsibilities and the oversight model, which must be underpinned by robust resolution mechanisms. Following the independent reviews of Spain's banking system, carried out under the terms of the Memorandum of Understanding, and the assessments conducted by the IMF through the Financial Sector Assessment Program for Spain, provisioning levels in the sector must satisfy the ECB with a view to its assuming supervision responsibilities.

In 2013, the CaixaBank Group responded to new regulatory requirements by shoring up its already high solvency and lowering even further its dependence on wholesale markets, thereby evidencing the Group's proactive approach to compliance.

5.5. Reputation risk

The Corporate Social Responsibility and Reputation area, supervised and coordinated by the Reputation Committee, is entrusted with monitoring reputational risk which, should it arise, could adversely affect CaixaBank's image, understood to be the stakeholders' perception of and expectations for the institution.

CaixaBank's reputational risk map identifies the risks with the highest potential impact on its image and the degree to which preventative measures are being applied. For each relevant risk, the map establishes a series of indicators that allow the effectiveness of the preventive measures implemented to be periodically monitored. These indicators are integrated in a scorecard and periodically submitted to the Reputation Committee and the Management Committee.

During 2013, CaixaBank implemented use of the scorecard showing the indicators for risks classified as critical due to their potential impact on the Bank's reputation and their degree of coverage through preventive measures.

In 2014, the scorecard will be enhanced to include indicators for risks with a potentially high impact on the Bank's reputation. The reputational risk map will also be integrated in the Group's Corporate Risk Map, thereby offering a comprehensive, standardized and synthesized view of internal control of these risks.

CaixaBank measures its reputation as follows:

Perception and expectations of stakeholders

Customers
- Surveys on the level of service offered (in person and through remote channels).
- Comments received by the Customer Service area.

Shareholders
- Periodic surveys.
- Meetings with the Shareholder Advisory Committee.
- Comments received by the Shareholder Service.

Employees
- Workplace climate survey.
- Regular consultations.
- Input through suggestion boxes.
- Other internal dialogue mechanisms.

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.

Other external indicators

- Specific reports by independent experts.
- Position in national and international rankings (economic, social, environmental, corporate governance, etc.).
- Presence on prestigious sustainability indices.
- Awards and acknowledgments obtained for the business.

5.6. Social and environmental risk

CaixaBank considers the social and environmental implications of its activities, both in its daily management and its medium- and long-term strategy, which must be consistent with the company's corporate values, code of ethics, and general risk principles.

CaixaBank always strives to optimize the risk/return ratio and avoid, minimize, mitigate or remedy, insofar as possible, those factors that could entail a risk for the environment or community. The Bank also works with customers to help them shore up their preventative systems and develop the capacity to manage social and environmental risks.

In general, environmental and social risks are included in traditional risk circuits. In particular, project finance is carried out under the Equator Principles. Since 2011, an internal procedure inspired by those principles is applied to syndicated transactions linked to projects exceeding €7 million.

CaixaBank adhered to the Equator Principles in 2007 and ratified its commitment in 2013 following approval of the Equator Principles III. Accordingly, the approval and subsequent management of project finance entailing an overall investment of more than $10 million require an analysis of the potential environmental and social risks of the projects, pursuant to the standards established by the International Finance Corporation (IFC). The risks entailed in project finance bridge loans and advisory services are also carefully analyzed.

As from January 1, 2014, corporate loans linked to investment projects in excess of $100 million overall will also be subject to such analysis, where CaixaBank's stake is at least $50 million. CaixaBank will also voluntarily apply the procedure to project bonds exceeding €7 million.

6. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At the Annual General Meeting held on April 19, 2012, the shareholders authorized the company's Board of Directors to buy treasury shares by virtue of the provisions in Article 146 of the Corporate Enterprise Act. The unused portion of the authorization granted at the Annual General Meeting held on May 12, 2011 was thereby revoked. The authorization is valid for five years (see Note 24.1 to the financial statements).

By virtue of the aforementioned authorization, the CaixaBank Board of Directors is able to approve and modify the policy on treasury shares, 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 in accordance with prevailing 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 December 31, 2013, the CaixaBank Group held 2,190,809 treasury shares representing 0.04% of its capital, acquired at a cost of €7,452 thousand. Treasury shares also include equity of €14,741 thousand in respect of mandatorily convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

In April and June 2013, a total of 39,487,933, 483,841 and 25,000,000 CaixaBank treasury shares were delivered to cover the exchange of part of the series B/2012, I/2012 and C/2012 mandatorily convertible and/or exchangeable subordinated bonds, respectively.

In addition, under the scope of the business combination with Banco de Valencia, CaixaBank delivered 9,748,666 treasury shares in the exchange carried out (see Note 8).

In 2013, treasury share transactions generated net gains of €1,044 thousand, recognized under freely-distributable reserves.

7. KEY DISCLOSURES ON CAIXABANK SHARES

7.1. CaixaBank shareholder structure

At December 31, 2013, CaixaBank's capital was represented by 5,027,610,282 shares, with a par value of €1.00 each. CaixaBank's controlling shareholder is Caja de Ahorros y Pensiones de Barcelona, "la Caixa", holding a 64.37% interest in the company.

Movements in CaixaBank's share capital in 2013 are disclosed in Note 24 to the accompanying financial statements.

The company's free float (taken as the percentage of share capital not held by the majority shareholder or by company directors) stood at 33.6%. This free float was distributed among more than 735,000 shareholders.

CaixaBank has not been informed of any agreements between its shareholders for the concerted exercise of voting rights or that could constrain the free transfer of shares, except for the agreement disclosed in section A.6 of the accompanying Annual Corporate Governance Report.

At December 31, 2013, non-controlling shareholders (including employees) held approximately 49% of the free float (16% of total capital), while the remaining 51% was held by institutional investors.

The geographic distribution of institutional shareholders is as follows:

	Percentage
North America	33%
Great Britain and Ireland	26%
Spain	22%
Rest of Europe	14%
Rest of the world	5%

7.2. Shareholder remuneration policy and share price performance

Shareholder remuneration (Note 7)

Shareholder remuneration remains one of CaixaBank's top priorities. In 2013, the Bank continued to remunerate shareholders on a quarterly basis through the CaixaBank Optional Script Dividend program, involving bonus share issues.

Under the program, shareholders can choose to receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

CaixaBank share performance

In 2013, confidence was restored to the global financial markets on the back of macroeconomic data indicating a gradual economic recovery. Against this backdrop, stock markets generally closed the year with gains. The Ibex 35 rose 21.4% while the EURO STOXX 50 climbed 17.9%.

CaixaBank's shares performed extremely well in 2013, gaining 43.6% to close the year at €3.788 per share. CaixaBank's shares performed significantly better than the average of Spanish financial entities,[(5)] which gained 24.7% during the period, and the STOXX Europe Banks sector index, which rose 19.0%.

(5) Index prepared in-house on trends in share prices of peers (Bankia, Bankinter, BBVA, Popular, Sabadell and Santander), weighted by the daily market capitalization.

In the second half of 2013, with gains of 60.4%, CaixaBank shares outperformed the average figure for Spanish financial entities (up 45.2%) and other reference indices such as the IBEX 35 (up 27.7%), EURO STOXX 50 (gains of 19.5%) and STOXX Europe Banks (gains of 21.0%).

	2013
Stock market capitalization (millions of euros)	19,045
Number of shares **(1)**	5,025,419,473
Share price (euros/share)	
Share price at beginning of year (31/12/2012) **(2)**	2,637
Share price at end of year (31/12/2012) **(2)**	3,788
High price (16/10/2013) **(2)**	3,878
Low price (24/06/2013) **(2)**	2,347
Trading volume (number of shares, excluding special transactions)	
Highest daily trading volume (14/11/2013)	107,686,974
Lowest daily trading volume (27/05/2013)	1,212,466
Average daily trading volume	8,199,297
Market ratios	
Net profit (millions of euros) (12 months)	503
Average number of shares in circulation – fully diluted **(3)**	5,416,010,258
Earnings per share (EPS) (past 12 months)	**0.09**
Equity (millions of euros)	24.333
Number of shares in circulation at 31/12/13 – fully diluted **(4)**	5,498,273,512
Book value per share (euros/share) – fully diluted	**4.43**
P/E	**40.76**
P/B (price / book value)	**0.86**
Dividend yield (5)	**5.3%**

(1) Number of shares excluding treasury shares.
(2) At close of trading session.
(3) Includes the weighted effect of the conversion of mandatorily convertible bonds and bonds convertible into CaixaBank shares issued, as well as the deduction of the average number of treasury shares in the period.
(4) The number of shares includes the shares to be issued on conversion of all mandatorily convertibles bonds and bonds convertible into CaixaBank shares. Treasury shares at 31/12/2013 have been deducted.
(5) Calculated by dividing 2013 estimated remuneration (€0.20/share) by the closing price at the end of the period (€3.788/share).

7.3. Analyst coverage

In late 2013, 23 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 these securities.

"Buy" and "hold" recommendations accounted for 82% of total opinions. At December 2013, the average target price set by analysts was €3.61 per share.

To support their recommendations, analysts cite CaixaBank's leading position in retail banking in Spain, as well as its solid balance sheet, evidenced by the strong capital ratios and ample liquidity.

7.4. Relations with non-controlling shareholders

CaixaBank's commitment to its non-controlling shareholders is one the Bank's top priorities. This commitment is borne out both by the strong remuneration and the educational initiatives, information services, and other benefits extended to shareholders.

In 2013, CaixaBank fine-tuned its existing initiatives, extending their reach and visibility, while also rolling out new proposals. The Bank also shored up its shareholder communication channels in order to quickly address shareholder concerns, doubts and consultations, as well as to receive their comments and proposals for improvement. In recognition of these efforts, CaixaBank received the Foro de Buen Gobierno y Accionariado's award for the "best shareholder service initiatives".

The CaixaBank Group's shareholder service channels are as follows:

- **Shareholder Information Services**, available by e-mail, telephone or post. In 2013, this office welcomed 5,274 interactions with shareholders (2,200 in 2012).

- **Meetings with shareholders**, in order to report on the Bank's earnings, shareholder remuneration and all initiatives targeting shareholders.

- The **CaixaBank Advisory Committee**, which comprises 17 members representing the company's shareholder base. During its two meetings in 2013, the committee evaluated the implementation of recommendations submitted previously, and received new ideas to build even stronger relationships between shareholders and CaixaBank.

- The **Shareholders' Office** in Barcelona, offering a direct venue for discussing doubts, making inquiries and putting forth suggestions.

- In 2013, CaixaBank launched its **Shareholder Office Roadshows**, visiting a number of Spanish cities so that local shareholders could meet personally with the Shareholder Relations team.

- The "**Get To Know CaixaBank" Program,** through which 206 shareholders visited the Bank's corporate headquarters, on nine separate occasions.

- The **specific area** set up at the Annual General Meeting in order to personally respond to shareholder requests.

The following information channels are available to CaixaBank shareholders:

- **Corporate website**, featuring a Shareholder Services area (221,629 visits in 2013). The website has been redesigned to incorporate suggestions on accessibility of information, received from shareholders themselves.

- **The Shareholder Magazine**, published quarterly and providing corporate information and information of interest to shareholders (600,000 copies in 2013).

- **CaixaBank Shareholder Handbook** for new shareholders, with corporate information and other aspects of interest.

- **Shareholder Information Service Reports**, e-mailed daily, weekly or monthly, as selected.

- **E-mail and text updates** with information on the Annual General Meeting, corporate M&A, earnings, dividends, and special offers and discounts for shareholders.

- **Twitter account:** ***Accionista CaixaBank***, launched in 2013.

The CaixaBank Group has a firm commitment to sharing macroeconomic and stock market know-how with its shareholders. In 2013, this took the shape of the **Learning Room** (Aula de formación) program, featuring in-person courses, conferences with presenters from the academic and financial arenas, and online resources such as videos, handbooks and manuals, all available on the corporate website.

In 2013, the Bank also launched the **CaixaBank Shareholders' Circle** (Círculo de Accionistas), a conference cycle featuring speakers from the academic, institutional and financial worlds and covering the most salient economic topics in an easy-to-understand manner. During the year, 250 shareholders attended the three conferences held under the initiative.

CaixaBank also continued to organize a number of **specific courses** for shareholders. In 2013, the courses Introduction to Stock Markets and Economic Situation and Analysis were offered on several occasions.

8. CREDIT RATINGS

At the date of this Management Report, CaixaBank has been assigned the following credit ratings:

	Review date	Short-term rating	Long-term rating	Outlook
Standard & Poor's Credit Market Services Europe Limited	02/12/2013	A-3	BBB–	Stable
Moody's Investor Services España, S.A.	05/07/2013	P-3	Baa3	Negative
Fitch Ratings España, S.A.U.	08/11/2013	F2	BBB	Negative
DBRS	04/03/2013	R-1 (low)	A (low)	Negative

CaixaBank is one of only three Spanish financial institutions maintaining an investment grade rating by the four rating agencies.

In 4Q13, Fitch and Standard & Poor's confirmed their ratings for CaixaBank, with Standard & Poor's downgrading its outlook from stable to negative.

9. 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 Bank encourages financing for projects that take environmental aspects into account, such as energy efficiency and long-term sustainability. In 2013, CaixaBank financed one renewable energy project and earmarked over €1.6 million for ecoPréstamos, a consumer loan product for eco-efficient vehicles, appliances and more.

9.1. Environmental management at CaixaBank (see Note 41.2)

The Environmental Committee oversees CaixaBank's environmental policy, certified under ISO 14001 and the European quality seal 1221/2009 EMAS, renewed yearly. Furthermore, since 2006 CaixaBank's branches in Catalonia (27% of the network) have displayed the Environmental Guarantee seal issued by the regional government of Catalonia, valid until 2015.

Since 2012, CaixaBank has participated in the Carbon Disclosure Project (CDP). In 2013, the Bank secured a score of 97B, the highest in the Spanish financial sector. This achievement earned CaixaBank a spot on the Carbon Disclosure Leadership Index (CDLI), which recognizes transparency and quality of information relating to climate change.

Gas Natural Fenosa, CaixaBank's supplier, has undertaken to certify that 100% of the power supplied comes from renewable sources or co-generation plants. In addition, in order to reduce CO_2 emissions through transport, CaixaBank has made a number of remote communications tools available to employees.

In addition to the aforementioned certifications, CaixaBank's concern for the environment is also evidenced by the Green IT award received from the financial journal The Banker for its CDP in 2013.

9.2. Environmental education and awareness

The Group works to extend its environmental commitment throughout its scope of influence, by raising awareness among personnel, customers, suppliers and the public at large. Employees are provided with a Good Practices Manual (updated in 2013), explaining a number of simple and easy ways to conserve resources both at the workplace and at home.

CaixaBank promotes efficient use of paper, and uses recycled paper for 99% of its needs. In addition, for its print advertising needs, the Bank has also begun working with more printing companies that hold the Forest Sustainable Council (FSC) certificate.

Every branch is outfitted with separate containers clearly identified for collecting paper, plastic, organic material and printer cartridges.

The "la Caixa" Foundation also supports environmental efforts through Ecotendencias CosmoCaixa, a space for reflection, debate and learning about current and future environmental challenges. The initiative fosters public participation through in-person sessions and a resource-filled website. Among other activities, Ecotendencias encourages climate studies at local level through the ClimaDat project, in order to detect the effects of climate change.

9.3. Financial products for eco-activities

ecoFinancing

In 2013, CaixaBank rolled out a new line of ecoFinancing (ecoFinanciación) offering loans for sustainable development agrarian projects in connection with energy efficiency, efficient use of water, organic farming, renewable energies, waste management and development of rural areas.

During the year, CaixaBank granted 547 ecoLoans (ecoPréstamos) totaling for €1.6 million, allowing consumers to purchase energy-efficient vehicles and appliances and to add energy-efficient features to their homes.

MicroBank, a "la Caixa" Group company, financed 429 personal eco-Microloans (ecoMicrocréditos) totaling €823 thousand, encouraging sustainable investments that improve resource efficiency or reduce environmental impacts. In addition, 153 business ecoMicrocréditos totaling €1.3 million were approved to support investments or working capital of self-employed workers or microcompanies that produce or sell ecological products or services, such as ecotourism, the production and distribution of sustainable products, recycling and waste treatment.

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, via the Cuenta Verde account. With over 24,000 such accounts open, MicroBank is helping reforest the Doñana National Park, a UNESCO World Heritage Site.

Promoting the use of electric and hybrid vehicles

CaixaRenting promotes the use of fuel-efficient vehicles. The company works with the Instituto para la Diversificación y Ahorro de la Energía (IDEA)'s "Ahorra Energía" program, and offers special assistance packages to companies and government offices that purchase fleets of hybrid or electric vehicles. CaixaRenting has also rolled out an action plan to promote the Spanish government's PIMA Aire Plan encouraging a widespread shift by Spanish drivers towards more fuel-efficient and environmentally-friendly vehicles.

In 2013, CaixaRenting launched several advertising campaigns to promote leasing of low CO_2 emission vehicles. At December 2013, 61% of vehicles offered under special promotions were low emission cars. In addition, the company continued to organize courses and events for clients, hosting specific workshops on safe and efficient driving.

10. HUMAN RESOURCES

10.1. 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 personnel 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 throughout the model.

Changes in the average headcount are disclosed in Note 34 to the accompanying financial statements.

10.2. Management policies and principles

At CaixaBank, respect for diversity, equal opportunities and non-discrimination on grounds of gender, age, physical ability or any other circumstance underpin all human resources management efforts. Moreover, the Bank is firmly committed to ensuring transparency in its hiring and internal promotion decisions.

Equality and work/life balance policies:

CaixaBank has renewed the Family-Friendly Company (EFR) certificate issued by the Másfamilia Foundation, which recognizes the Bank's emphasis on policies and commitments to supporting equal opportunities and a proper work/life balance. CaixaBank has also been upgraded to the status of "Proactive Company" (Level B).

CaixaBank and the "la Caixa" Foundation are among the 62 companies forming part of the Quality Seal Company Network, a nationwide initiative launched in 2013 by the Ministry of Health, Social Services and Equality. Also in 2013, CaixaBank adhered to the Women's Empowerment Principles (Equality Means Business), a global initiative raised by the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). In doing so, CaixaBank publically announces its commitment to align its policies with global guidelines to promote gender equality.

The percentage of women on CaixaBank's executive team is as follows:

	Percentage of women in CaixaBank management posts
2012	44.7%
2013	46%

Promotion policy

Internal promotion figures at CaixaBank are as follows:

	2013	2012
% internally promoted employees	17.4%	16.5%
% management positions covered internally	99.9%	99.8%

Salary policy

In 2013, CaixaBank continued to promote information on salary policy, incentive schemes, and the wide range of benefits offered by the Bank. One such tool in this regard is the individual Total Compensation report whereby employees can view, online, the array of economic and social benefits that make up their total compensation.

In 2013, the primary employee benefit, the "la Caixa" employee pension plan, absorbed the Banco de Valencia employee pension plan. Accordingly, within a 60-month term, former Banco de Valencia employees will enjoy the same pension conditions as those of CaixaBank.

Internal communication policy

In order to ensure maximum transparency between CaixaBank and its employees, as well as to further employees' commitment to the business endeavor, CaixaBank actively engages in a true dialogue with its personnel, underpinned by active participation and a desire to consistently improve conditions.

CaixaBank has enabled numerous two-way communication channels, such as the Valora, Conecta and Innova social networks, and publishes a magazine (four issues in 2013) and a daily corporate information webpage titled "Personas" (average monthly visits of over 1,600,000). In addition, in 2013 the Bank overhauled the "Trabajar aquí compensa" ("Working Here Pays") employee informative web space.

10.3. People management

In order to secure its strategic targets, CaixaBank must first and foremost meet the needs of its employees. To that end, it efficiently and effectively manages the necessary resources and makes sure all members of staff have the skills and knowledge needed for their positions.

Banco de Valencia, now fully integrated

On July 19, 2013, CaixaBank completed the final legalities for the integration of Banco de Valencia, by placing the merger deed on file at the Companies Registry.

As a result of the merger, CaixaBank consolidated its leading position in the Spanish market.

The integration of the Banco de Valencia Group entailed the incorporation of 920 employees.

CaixaBank restructuring plan, agreed by consensus

During 2013, CaixaBank brought forth a restructuring plan, as an exceptional measure to adjust the new structure and headcount to the business needs. A final plan was subsequently agreed with all labor representatives.

The agreement, which aims to retain the highest number of employees possible and seeks voluntary actions, foresees no forced terminations whatsoever. Rather, the plan adjusts the situation of 2,600 employees through paid redundancies, paid leave of absence, and relocations. The 2013-2014 Restructuring Plan entails:

- 2,600 voluntary redundancies.
- 98 paid leave agreements.
- 297 relocations.

Career plans

In order to support the professional development of employees while ensuring coordination between the organization's needs and employee motivation, equal opportunities and advancement of all, CaixaBank has designed career plans for each business area with the company.

Employee tools

CaixaBank has a series of unique innovative tools and applications to support the professional development of its employees.

- Employee portal: participation-based portal encouraging self-management, whereby all employees can easily consult their personal and professional information on file.

- Manager portal: allows managers to access and manage information on their team members.

- Virtaula: CaixaBank's e-learning platform, which has grown in tandem with the business and new technologies; once a mere training vehicle, it is now a space for sharing the business vision.

- Executive Channel: Online communication space for exclusive use of Bank executives, allowing them to access vitally-important advance news on the organization, business and team management, so they can better perform their executive duties.

- Executive Development Center: assists the organization's leaders in rolling out strategic lines, supporting change and bolstering a sense of "belonging" in the organization, its values and its culture, while facilitating networking between executives. In 2013, the Digital Executive Development Center was created to further extend its mission.

10.4. Professional development

Performance evaluation

In recent months, CaixaBank fully implemented a proprietary model to identify, evaluate and further executive talent, in order to achieve the targets set out in the Strategic Plan. This process has helped the Bank to identify high-potential professionals and include them in specific training programs.

In tandem with this initiative, CaixaBank has rolled out "My P.E." (My Performance Evaluation), a document compiling the individual evaluation of targets set for each employee as well as their skill-based evaluation, fully explaining the grounds for the results obtained.

Training plans

The training circuits for the different CaixaBank employee groups are supported by Virtaula, which facilitates access, optimizes employees' time, and allows the Bank's professionals to share knowledge and information.

10.5. Development systems and drivers

Given that the betterment of society is one of the institutional values behind CaixaBank, and because it is essential for the development of its personnel, CaixaBank offers its employees participation-based systems for channeling ideas, initiatives and community outreach endeavors, as well as recognition and knowledge management systems.

The "la Caixa" volunteer corps

Since it was first launched seven years ago, the "la Caixa" volunteer corps, comprising current and retired employees and their family members, is one of the drivers behind the Bank's community endeavors. More than 5,300 current and retired employees dedicate a part of their free time to share experiences and knowledge with underserved populations, through 40 "la Caixa" volunteer associations throughout Spain.

Among other initiatives, during one month in 2013, the "la Caixa" volunteers collected 509,751 kilos of food throughout Spain. In addition, all CaixaBank employees are invited to opt to forego the traditional Christmas gift for their children or make a financial contribution through the Bank's Solidarity Space, so that poor or socially excluded children can enjoy a holiday present. Both the gifts and the financial contributions are channeled through the same "la Caixa" Foundation program, CaixaProinfancia.

Recognition, a key component for development

CaixaBank recognizes its employees' good attitudes with individual awards, and their contribution with awards for business segments and teams, while also acknowledging performance. In 2013, the Bank distinguished those branch offices that exceeded the service quality targets set.

In 2013, CaixaBank held 21 ceremonies, hosted by Juan Antonio Alcaraz, the General Business Manager, to acknowledge the work of a total of 1,790 employees forming part of the 387 best sales teams.

Knowledge management

The knowledge held by its employees is an extremely valuable intangible asset for CaixaBank. During 2013, the Bank continued to support the building and sharing of knowledge among employees, through different figures, such as the more than 1,509 internal trainers and leaders, as well as tools such as Virtaula (featuring a library, forums, blogs and wiki pages) and internal social networks (such as Valora, Conecta and Innova) for sharing information, proposals, opinions and experiences.

Transformational leadership

CaixaBank's leadership model, defined in 2013, helps guide team leaders in line with both the business strategy and the corporate values.

The model relies on innovation and creation as the drivers of change (a necessary element in the current competitive environment), promotes the personal and professional growth of all collaborators, and empowers individuals and their ideas as the drivers of the organization's transformation.

Valor project

The Valor project, launched in 2013, specifically focuses on branch managers and their relationships with the business area directors to whom they report. The project provides guidance to these key management personnel in rolling out and following the Strategic Plan, driving proactive sales efforts, strengthening the corporate culture, and deepening the use of best management practices at branches.

10.6. Measurement and improvement

CaixaBank uses a number of mechanisms to measure the efficiency and effectiveness of personnel management, and to identify and prioritize actions to further improve employee development, satisfaction and commitment to the Bank.

CaixaBank opinion study

In 2013, 67% of employees participated in the study, a highly relevant source of information to improve the workplace climate, giving the Bank an overall score of 8.4 out of 10.

The 2013 score is up from the 2011 result, demonstrating the success of the specific improvement plans, such as the Cultural Endorsement Program, implemented in response to the previous survey. These surveys allow CaixaBank to identify areas where improvement efforts have been successful as well as new areas needing improvement.

MercoPersonas survey

The Business Monitor of Corporate Reputation (MERCO, in its Spanish acronym) annually scores the reputation of companies operating in Spain, in order to independently and carefully identify the best companies to work at in Spain and Latin America and to optimize corporate management of talent.

In 2013, CaixaBank ranked 18th among the top 100 companies to work at in Spain, coming in third in the banking sector.

11. INNOVATION

In 2013, CaixaBank invested a total of €154 million in technology, of which €35.5 million was in R&D and innovation.

Innovation at CaixaBank: objectives

Innovation at CaixaBank is understood as the ability to generate new sources of revenue and to improve the level of customer service by implementing new ideas.

At CaixaBank, the innovation process follows several lines of action, depending on the needs of customers and employees and on the external trends identified. These lines include finding new ways of relating with customers, encouraging the mobility of employees, using data to improve the decision-making process, digitizing and automating processes, and building tools to optimize communication.

CaixaBank's innovation model

CaixaBank's innovation model is open and participatory. It is open in that it entails close collaboration with companies, institutions and organizations at the forefront of their respective sectors, and participatory because the ideas of customers and employees are welcomed and applied. External and internal knowledge are therefore seamlessly exchanged, and the Bank stays abreast of any social changes and new technological trends.

By working with experts, universities, consultancy companies, start-ups, etc., CaixaBank learns of the trends that will eventually become part of the business, identifies emerging technologies, and tests out new concepts. In doing so, it is able to tap into disruptive innovation models.

Throughout 2013, CaixaBank was able to detect several relevant sector trends, which have since become a priority for the Bank:

- Mobility.
- Social technologies.
- Data management.
- Digitization and automation of projects.
- Changes in customer relations.

In 2013, two key innovation processes underway brought about significant innovations for CaixaBank:

1. Digital Innovation Center: In December 2011, as part of the IT services infrastructure management alliance between CaixaBank and IBM, the "la Caixa"-IBM Innovation Center was opened in Barcelona to collaborate with IBM research centers. The Center aims to develop innovative ideas for boosting the value of CaixaBank's business, by using the latest technologies, research capacities and innovation in business processes.

In 2013, the Innovation Center focused its work on three broad areas:

- Semantic analytics: analysis and interpretation of non-structured information in order to extract relevant value for the organization.

- Internal search engine: One of the key semantic analytics projects in 2013 was the development of internal search engines. This project aims to move from a traditional search engine system, which offers links to documents of potential relevance, to a cognitive system able to directly answer the questions posed.

- Voice-to-text: technology whereby voice-stated information can be transposed into text, in order to include it in the analyses, thereby improving the level of customer knowledge and service.

- Real time predictive analytics: construction of models that can detect anomalies and anticipate and classify changes in behavior, in order to generate real-time actions or alerts.

2. Data management: CaixaBank has begun implementing the Big Data strategic project, which aims to maximize the business value of any type of data, regardless of type or source. The Big Data project will include a unified, streamlined, flexible, powerful and secure data pool, from which any business information request can been easily and quickly fulfilled by selecting a set of appropriate data and extracting the most relevant information for the business. The data pool will help streamline the decision-making process as well as the development of new and competitive financial and banking services.

This will allow CaixaBank to implement new processes to shore up risk management, fraud prevention, and brand protection services, as well as to streamline current processes in order to reduce time-to-market.

Participatory innovation model / Ideas as a source of innovation

CaixaBank's employees are one of its greatest assets, as their knowledge and ideas help the Bank to grow. In order to take full advantage of their skills, in early 2013 CaixaBank rolled out the Innova platform. This platform features several sections to make the most of employees' ideas:

- "Tus ideas suman" ("Your Ideas Count"): In early 2013, the "Tus ideas suman" section was rolled out in the Innova portal, through which employees are asked about a given product or segment. Employees then propose the actions they believe are necessary, the initiatives they would like to see happen, and solutions to improve day-to-day operations and conditions.

- Online Suggestions Box: Employees can also express their ideas for improving any area that affects their work through the Suggestions Box, which since November 2013 operates on a new platform. Suggestions are now publically visible so that coworkers can make comments and vote on the proposals. Each contribution is met with a thoughtful reply, indicating either when the proposal will be implemented or why the proposal cannot be accepted.

  Thanks to this social network of ideas, employees can now contribute their suggestions for improvement, benefiting their daily work experience and that of customers alike. In 2013, 6,632 ideas were received, of which 533 are slated for implementation.

External awards and distinctions

CaixaBank's efforts in innovation consistently meet with success, including in the form of public awards. One of the most impressive of these distinctions is that of "Most Innovative Bank in the World", received at the 2013 Global Banking Innovation Awards. These annual awards are organized by the Bank Administration Institute (BAI) and Finacle, to recognize the most innovative banks worldwide. CaixaBank received this distinction two times in the past three years (2011 and 2013).

The main awards received in 2013 were:

- Most innovative bank in the world in the Global Banking Innovation Awards 2011 and 2013 organized by the Bank Administration Institute (BAI) and Finacle.

- Best Retail Bank for Technology Innovation according to Euromoney.

- Global Innovator Winner, award given by Efma, an international association of more than 3,300 retail banks across 130 countries and Accenture.

- The "Bank of the year in Spain 2013" awarded by the British publication The Banker.

- Best Internet Bank in Spain, according to Global Finance.

- Most Innovative Business Model awarded to the Private Banking division by the magazine Private Banker International.

- Best of the Best Award: most innovative entity in payment methods as named by more than 170 financial institutions and companies associated with Visa Europe.

- "Financial Services Institution of the year" en los Payment Awards 2013.

- Gold Medal in the 2013 Contact Center Award for The Best Technology Innovation Contact Center and The Best Self Service Technology.

12. BRANCH NETWORK

Note 26.5 to the accompanying financial statements for 2013 describes the CaixaBank Group branch network, as well as changes in the network from 2012 to 2013.

12.1. A branch network with regional roots

To smoothly carry out its activity, CaixaBank has created the largest branch network in the Spanish banking sector. The network has a high degree of capillarity, allowing CaixaBank's 30,000 professionals to reach numerous locations, as the basic vehicle for the Bank's close relationship with customers. The far-reaching network facilitates the high-quality, personalized advisory service offered by CaixaBank, and is in turn supported by the Bank's other complementary channels.

Following the incorporation of Banca Cívica and Banco de Valencia, the network now places CaixaBank in 100% of Spanish cities with over 10,000 residents, and in 83.3% of towns with over 5,000.

The corresponding brand names were maintained in those provinces where Banca Cívica's savings banks had a strong presence (namely Cajasol, Caja Navarra, Caja Canarias, Caja Burgos and Caja Guadalajara), in line with CaixaBank's commitment to serve each area in which it is present. The respective social welfare projects of each of these entities were also maintained. In the case of Banco de Valencia, the regional brand was maintained for the province of Valencia, while the Banco de Murcia brand was brought back for use in the Murcia region.

For several years, the Group has been streamlining the network, sometimes merging certain smaller or neighboring branches, always with the aim of ensuring the best possible service for CaixaBank's customers and relocated staff. Each branch is analyzed on an individual basis to ensure that rural areas continued to be served and that no markets are abandoned. All told, the process created a branch network of 5,713 offices in Spain and 17 abroad (including both foreign branches and representation offices) at December 31, 2013.

12.2. Electronic banking: Internet, mobile and social networks

Alongside CaixaBank's branch network, electronic channels allow the Bank to offer its customers easily-accessible quality banking, anytime, anywhere. By constantly improving the quality of these services through better technology and innovation, CaixaBank branches are able to concentrate on personalized relationships with customers. These services are also a key tool for enlarging the customer base and ensuring customer loyalty. In 2013, 62% of CaixaBank's transactions were performed electronically (Internet, mobile and ATMs).

Online banking

Key indicators of CaixaBank's online banking systems are as follows:

- 900 different operations permitted.
- 19 languages.
- 5.1 million customers using Línea Abierta.
- 9.2 million customers with Línea Abierta contracts.
- 2,080 million transactions.

In 2013, CaixaBank maintained, for yet another year, its leading position in online banking in Spain in terms of both service quality (aQmetrix) and rankings on market penetration (31%, Comscore.com).

In 2013, the Group fully overhauled the www.lacaixa.es website, making it more user-friendly and adding more sections, content and videos. The Bolsa Abierta app has also been redesigned by adding new interactive graphics featuring more than 50 indicators and comparatives, a greater market depth, and a more complete information overview, for all types of customer investments. Over 200 customers helped develop the app by contributing their ideas and suggestions.

The Group highly values this type of collaboration in designing its products and services. "la Caixa" encourages customer participation through the online community Inspíranos, accessible from Línea Abierta, where CaixaBank customers can submit ideas and suggestions. In 2013, the community logged 140,000 visits and 11,600 customer votes on the 1,275 contributions made. Projects such as Recibox, the new Bolsa Abierta app, and the new ATM "Libro de Estilo" were all born from ideas proposed by customers through Inspíranos.

Recibox, one of the key projects of 2013, is a new online multi-device service allowing customers to have total control over their bills through automatic bill pay options. In late 2013, over 500,000 users were registered with Recibox, nearly 70,000 had downloaded the app, and 1.5 million alerts had been sent.

In 2012, the private banking business created the company banking wall within the "My Manager" ("Mi Gestor") space in Línea Abierta. This space continued to be popular in 2013. Similar to a Facebook wall, the company banking wall creates fluid multichannel communication between companies and their banking advisors, boosting efficiency and commercial productivity with the Bank's customers. In 2013, 100% of the business banking centers have customers using the wall.

In 2013, the Bank consolidated its branch-customer interaction model, reducing the time and effort needed to complete operations: offices now prepare transactions, and customers can sign off through whichever channel they choose (Internet, mobile or ATM). During the year, a number of new products were successfully added to this model, including insurance, deposits, mutual funds and cards.

Products and services through mobile banking: CaixaMóvil

Relevant data on CaixaMóvil mobile banking are as follows:

- 2.8 million LO mobile customers operating in 2013, and 3.8 million customers using "la Caixa" mobile services.
- 942 million transactions.
- 2.9 million app downloads in 2013 (7.9 million since the release).
- 27.7 million alerts sent.

With 942 million transactions in 2013, mobile banking became the second-most preferred channel among CaixaBank customers, behind Línea Abierta Web. CaixaBank mobile banking is at the forefront of the sector in Spain, and is an international benchmark. According to Forrester Research, CaixaBank is the European leader and among the top 15 banks worldwide in terms of innovation and mobility CaixaBank was the only Spanish bank included in the study, and garnered the highest score among Europe's financial institutions.

CaixaBank continues to hold the top slot in the aQmetrix ranking, which assesses the quality of services rendered.

In 2013, the Bank created Línea Abierta Touch for touchscreen smartphones and tablets. This application is more user-friendly, with better graphics and dropdown menus, as well as optimized available space. New apps have also been added to the Caixamóvil Store, such as the SegurCaixa Auto, PremiaT mobile, and PointOfSale mobile apps. The Bank now offers over 70 free apps usable on any mobile operating system. The Línea Abierta Basic app is also available for users that require easier-to-navigate technology.

In 2013, CaixaBank continued to build its social networks as a way to create lasting ties with customers. Over 100,000 people now actively use the Bank's different online communities: the CaixaEmpresa Online Community for self-employed workers and SMEs, the Club Ahora for seniors, and PremiaT for consumers and retailers. Also during the year, the Stocktactics online community for "la Caixa" investors was rolled out, allowing users to share investment strategies and facilitating their stock market decisions.

ATMs

Key indicators in respect of ATMs are as follows:

- 9,597 ATMs.
- 250 different financial operations available.
- 15 languages.
- 594 million transactions.

In 2012, CaixaBank began installing its first contactless ATMs. In 2013, more than 700 such units were available throughout Spain, allowing customers to withdraw cash by merely waving their contactless cards or cell phones over the ATM reader. Drawing from the suggestions and assistance of over 300 customers, during the year CaixaBank created the ATM "Libro de Estilo", allowing for personalized navigation based on customers' favorite/frequent operations, inspired by tablet navigation. In addition, over 130 ATMs in Barcelona and other highly touristic areas in Spain were outfitted with "Hello, this is your ATM" signs to facilitate use by foreigners.

13. SOCIAL WELFARE PROJECTS: MORE NECESSARY AND EFFECTIVE THAN EVER

CaixaBank is the bank through which "la Caixa" indirectly carries out its financial business, holding 64.37% of total share capital.

The CaixaBank Group and "la Caixa" share the same commitment to people and the environment, and aim to create value for shareholders while making a unique and long-lasting contribution to society at large.

"la Caixa"'s commitment to the needs of the communities in which it conducts its financial business and to the welfare of individuals – one of its hallmark traits since it was first founded in 1904 – has taken on an even more prominent role under the current circumstances, unique among its peers.

Despite the adverse economic climate, "la Caixa" will maintain its 2014 budget for welfare projects at €500 million, the same amount as was allocated in the six preceding years. This expenditure level makes "la Caixa" the leading private foundation in Spain and one of the most important in the world.

Of this expenditure, 67.0% (€334.9 million) will be allocated to social assistance programs. Science, research and environmental programs account for 13.2% (€66.1 million) and cultural initiatives for 12.9% (€64.3 million), while support for education and learning will receive 6.9% (€34.7 million).

The top priorities continue to be addressing the most pressing social problems and helping the most at-risk groups. With efficiency as its guiding principle, the aim of the "la Caixa" Foundation is to address the main challenges of our society: equality (fostering equal opportunities, especially among the most underprivileged groups of society), longevity (active and healthy ageing and the full social involvement of senior citizens), diversity management (especially in the area of intercultural coexistence) and sustainability (understood as long-lasting socioeconomic development).

Job creation, efforts to fight marginalization, decent housing for individuals and families that have difficulties accessing the housing market, and active and healthy aging of senior citizens continue to be some of the most important lines of actions of "la Caixa" welfare projects. In addition, during the year, "la Caixa" will considerably step up its efforts to support people with advanced illnesses as well as education and research.

These priorities confirm the importance of the work carried out in 2013. Key figures for these projects are as follows:

In terms of job creation, 14,638 people found employment through the Incorpora program (4,134 more than in 2012, despite the difficult economic context), bringing to 67,771 the number of employment opportunities created, in close to 26,800 companies, since the project was launched in 2006.

The CaixaProinfancia program, designed to help children in poverty and social exclusion, had a budget of €43.5 million in 2013. Under this initiative, the "la Caixa" Foundation has been working to break the circle of hereditary poverty, earmarking nearly €350 million since 2007, to the benefit of 222,167 children and their families in 12 of the most populated cities in Spain and the surrounding metropolitan areas. In 2013, 58,242 children directly benefited from the program (56,941 in 2012). The creation of the Fundación de la Esperanza (Hope Foundation), which serves as an umbrella for the Group's projects to fight exclusion, is another firm step in this direction. Through this foundation, the Group has begun undertaking social initiatives directly through a new center located on calle Palma de Sant Just in Barcelona.

In order to guarantee access to housing for individuals with financial difficulties, the Affordable Housing Program ("Vivienda Asequible") was launched in 2004. The program specifically targets young people, the elderly and families, offering rental prices well below those of government-sponsored housing. In addition, for several years now the Solidarity Renting Program ("Alquiler Solidario") has offered apartments at a monthly rent of between €85 and €150 for people earning less than €18,600 per year. At present, over 18,000 homes have been made available through these two housing initiatives.

In 2013, the "la Caixa" Foundation also offered support for active aging and the full integration of the elderly into society (through the new Gente 3.0 project, with more than 734,000 beneficiaries in 2013), care for persons with advanced illnesses and their relatives (helping 13,592 patients die with dignity and in peace in 2013), the reincorporation of inmates into society upon completion of their sentences, support for victims of domestic abuse (1,364 victims helped), volunteer drives (500 tons of food collected for Red Cross), and support for social cohesion and peaceful coexistence in metropolitan areas with high racial and cultural diversity.

In addition to the aforementioned in-house programs, the "la Caixa" Foundation has supported, through calls for assistance, 898 external initiatives helping at-risk groups throughout Spain, ran by non-profit organizations. In addition, over 21,700 local social welfare endeavors have been supported by the different "la Caixa" branch offices to meet the needs closest to home.

On the international front, the "la Caixa" Foundation remained focused on child vaccination in developing nations (2 million children vaccinated to date), on sustainable economic development through 74 ongoing projects in 29 countries and, particularly, on disaster relief efforts, such as following the Haiyan typhoon in the Philippines, for which it collected €760,000 for distribution by UNICEF.

In the sphere of education, the eduCaixa program highlights the Group's unwavering support for learning, serving students between 3 and 18 years of age, their teachers and local parent-teacher associations. Over 1.7 million students (600,000 more than in 2012) participated in educational programs run by the Foundation in 2013, in nearly 7,000 schools across Spain. Efforts to encourage entrepreneurialism in schools formed the backbone of this commitment.

The Foundation also granted 184 postgraduate scholarships for Spanish and foreign universities, as well as doctoral work at Spanish research centers bearing the Severo Ochoa seal of excellence. In respect of academic literature, in 2013 the Foundation presented "El déficit de la natalidad en Europa" ("The Birth Rate Deficit in Europe"), included as part of the Social Studies Collection. The report reveals that Spain has the lowest birthrate in Europe, with woman having only 1.3 children on average.

With respect to the environment, efforts were stepped up in the area of conservation and improvement of natural spaces across Spain. In 2013, 265 environmental projects were supported that, moreover, stressed hiring persons at risk of social exclusion in order to carry out conservation efforts. As such, 1,511 people found work through these projects (bringing the total since 2005 to 11,272).

In the area of research, the "la Caixa" Foundation continued to promote the advancement of learning through university studies (RecerCaixa program), as well as regarding AIDS (irsiCaixa), cancer (the "la Caixa" molecular therapy unit at the Vall d'Hebron hospital), gastrointestinal endoscopic surgery (Centro Wider) and neurodegenerative (along with the CSIC as part of the BarcelonaBeta project) and cardiovascular (CNIC) illnesses, among others.

Disseminating culture as a tool for personal growth is another cornerstone of the Group's welfare projects. To that end, and reflecting its policy to partner with the best institutions worldwide, in 2013 the "la Caixa" Foundation renewed its agreement with the Prado Museum, under which the museum built a new pavilion for scholastic activities. The Foundation also entered into a strategic alliance with Fira de Barcelona (the city's trade fair institution), the Catalan National Art Museum (MNAC) and other public institutions in order to promote creation of the Montjuic Montaña de los Museos (Museum Mountain).

Exhibitions organized by the Foundation in 2013, which were met with widespread approval from the public, included those showcasing the works of the filmmaker George Mèlies and the Impressionist painter Camille Pisarro, as well as the civilization of Mesopotamia ("Antes del diluvio"/"Before the Flood"). Other exhibitions involved Fascination with Japanese art and the sculptures of Henry Moore, exhibited as part of the Art on the Streets project.

The cultural commitment was also borne out through support for Fundación Arte y Mecenazgo, the *El Mesías* participatory concerts, the conferences and humanities cycles (including those given by Mario Vargas Llosa and Jane Goodall), promotion of the Classic Library Collection edited by the Royal Spanish Academy (RAE), with new titles such as Cervantes' "Novelas ejemplares" and Fray Luis de León's "Poesía", and aid for cultural projects with a social impact.

During 2013, 3.0 million visitors attended programs and exhibits at the CaixaForum centers and Ciencia CosmoCaixa museums, all of which were put together with the intention of bringing knowledge to persons of all ages and with varying educational levels.

In short, this was an intense and challenging year during which the "la Caixa" Foundation continually focused on efficiency in order to further strengthen the Group's underlying mission and its commitment to people and society at large.

14. 2014 OUTLOOK AND FORECAST PERFORMANCE FOR CAIXABANK

14.1. 2014 outlook

The overall assessment of the past year is positive. In 2013, the developed economies showed clear signs of recovery; in the case of the eurozone, accompanied by a relief from tensions in peripheral debt markets. 2014, then, begins on an upswing. Improvements in macroeconomic indicators point to a continued gain in momentum for the global economy.

This outlook is primarily underpinned by three factors. Firstly, the improvement in macroeconomic conditions, solidly in the US and Japan, tentatively in emerging economies, and hesitantly in the eurozone. In Europe, the pace of economic recovery has varied by country: Germany remains the economic driver, while France and Italy have yet to find sustained growth. The peripheral European nations continue to recover as their fiscal consolidation processes take hold and their pre-existing macroeconomic imbalances level out.

The second factor heralding higher growth in 2014 is the return of confidence. This is because of the reduction in myriad risks that, up until now, posed serious threats to global financial stability (eurozone crisis, onset of tapering, fiscal stalemates in the US, flight of capital from emerging countries, etc.). Last, but certainly not least, the ultralax monetary policies of developed nations will continue to foster economic growth.

In the financial arena, the aforementioned economic backdrop will help support the push toward a European banking union. The agreements reached in 2013 (regarding the creation of the Single Supervisory Mechanism and the Single Resolution Mechanism) will take the form, in 2014, of direct supervision by the ECB of the 130 largest eurozone banks. This process should boost confidence in the banking sector, which was rocked by financial tensions in recent years, and help reduce the financial divide between core European countries and peripheral nations, a fundamental step for unlocking credit in the region.

Against this backdrop, central GDP forecasts for 2014 point to increasingly satisfactory growth for developed countries (2.9% for the US, 1.0% for the eurozone and 1.0% for Spain), and stabilizing expansion for emerging economies (7.6% for China, 3.4% for Mexico and 2.8% for Brazil).

Nevertheless, certain risks entailed in economic policy could keep these positive figures at bay. Firstly, although the tapering of monetary policies in the US could cool off certain signs of overheating in US bond markets, analysts cannot rule out the effect sudden interest rate hikes could have on investor sentiment. As noted in 2013, the bulk of the damage would be borne by emerging economies, with their deep trade imbalances and dependence on foreign capital. Secondly, the disparity between growth patterns in eurozone countries could give rise to tensions regarding when expansive monetary policies should be tapered and to what degree.

With respect to Spain, 2014 appears to be a key year for shoring up the pillars supporting future economic growth. In that regard, trends noted in recent months invite optimism. The momentum of internal demand will continue to push GDP growth, helped along by the gradual improvement in the labor market, which will see positive jobs growth in 2014. Moreover, as recovery takes a firmer hold in the eurozone and concerns about emerging economies begin to dispel, the export sector could take back the strong role it performed in prior years.

The fiscal consolidation process will level out, due to two factors: the quicker pace of growth in the Spanish economy in 2014, which will boost tax revenues and lower certain government expenditures, and the slower pace of adjustment required for the year. In 2014, the government is expected to continue reform efforts as in 2013, proposing new tax system, energy and public administration measures. These factors should spur on the growing investor interest in Spanish treasury bonds and ease pressures on the Spanish risk premium.

The Spanish banking system is seizing the opportunities posed by the improvement in debt markets, by reopening certain financing channels and thereby reducing dependence on Eurosystem financing (recourse to ECB financing was reduced by nearly €100,000 in 2013). Wholesale financing has become more available as the European Stability Mechanism financial assistance program moved forward. This has helped clean up the balance sheets of the more distressed banks and redress the regulatory and supervisory framework of the sector.

Going forward in 2014, confidence in the banking system will continue to take hold. This confidence will be underpinned by the ECB's direct supervision of the main Spanish banks, all of which must successfully pass adverse-scenario stress tests and a review of their balance sheet health. The improvement in economic activity, which will spill over to better trends in both NPL rates and new loan approvals, will also incite confidence.

Nevertheless, the challenges facing the financial system in 2014 are not insignificant. Returns in the banking sector will continue to be pressured by private sector deleveraging as well as by lower interest rates. At the same time, with Basel III requirements looming on the horizon, greater solvency and liquidity are now pressing goals. Against this backdrop, the Spanish banking system will continue its consolidation and restructuring process, aimed at securing sustainable profit levels in the medium term.

In 2014 and throughout this process, CaixaBank will continue to be a benchmark bank. The bank's key financial indicators reflect improved loan quality, a record-high liquidity position, and a solid capital ratio. This is a favorable framework for remaining, in 2014, the number one retail bank in Spain.

As stated above, the outlook for 2014 is optimistic. Growth in the Spanish economy will continue to gain traction in the year. Nevertheless, renewed efforts must be made to secure this expansion. To that end, continued reform measures to enhance the competitiveness of the Spanish economy are essential.

14.2. Outlook for CaixaBank

Just as 2013 saw the consolidation of CaixaBank's leadership in retail banking, the achievement of restructuring plans and extraction of synergies following the integration of Banca Cívica and Banco de Valencia, a higher free float and greater liquidity, more robust financial strength, and a key focus on solvency, the Bank looks to 2014 as another year of transition toward enhanced returns, underpinned by:

- Sustained gains in market share.

- Improved outlook for net interest income, spurred by the reduction in term deposit spreads, a move toward positive repricing in the mortgage portfolio, and lower wholesale funding costs.

- Strict cost control.

- Potential generation of revenue synergies, thanks to the Bank's 13.6 million customers.

- Potential higher returns on the investee portfolio, if macroeconomic recovery takes firm hold and investees lock in higher earnings.

- The cost of risk will largely depend on macroeconomic trends during the year.

Capital and liquidity will continue to be top priorities for CaixaBank. Moreover, one of the key aspects for the Bank in 2014, as with the other large European banks, is the new European regulatory framework, entailing the unified supervision of large financial groups by the ECB. As a result, in 2014 CaixaBank will have to successfully pass the risk evaluation, asset quality review and further stress testing performed by the central authority.

15. EVENTS AFTER THE REPORTING PERIOD

Sale of the interest in Bolsas y Mercados Españoles

On January 16, 2014, CaixaBank carried out an accelerated bookbuild of 4,189,139 shares in Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. ("BME"), representing approximately 5.01% of that company's share capital and CaixaBank's entire holding in BME. All shares were placed with institutional and/or qualified investors. The placement amounted to €124 million, generating consolidated gross gains of €47 million.

16. CORPORATE GOVERNANCE REPORT FOR 2013

Law 16/2007 of July 4, reforming and adapting Spanish corporate accounting legislation for its international harmonization 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 word-processed copy of the full text of CaixaBank's 2013 Annual Corporate Governance Report approved by CaixaBank's Board of Directors on February 27, 2014 is provided hereunder. The original report, prepared in the statutory format and pursuant to prevailing legislation, is available on the www.caixabank.com website and the website of the CNMV.

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

Issuer's particulars

FINANCIAL YEAR END: 31/12/2013
Company Tax ID No.: A-08663619

Corporate name
CAIXABANK, SA

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 (€)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS
16/12/2013	4,956,284,390	4,956,284,390	4,956,284,390

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

YES [ ] NO [X]

TYPE	NUMBER OF SHARES	NOMINAL AMOUNT	NOMINAL AMOUNT OF VOTING RIGHTS	OTHER RIGHTS

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	INDIRECT VOTING RIGHTS		% OF TOTAL VOTING RIGHTS
		NAME OF DIRECT HOLDER	NUMBER OF VOTING RIGHTS	
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	3,186,068,875	–	–	64.283

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

NAME OR CORPORATE NAME OF SHAREHOLDER	DATE OF THE TRANSACTION	DESCRIPTION OF THE TRANSACTION
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	14/11/2013	It has fallen from 70% of the share capital

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	INDIRECT VOTING RIGHTS		% OF TOTAL VOTING RIGHTS
		NAME OF DIRECT HOLDER	NUMBER OF VOTING RIGHTS	
ISIDRO FAINÉ CASAS	675,745		0	0.014%
JUAN MARÍA NIN GÉNOVA	376,997		0	0.008%
EVA AURÍN PARDO	1,290		0	0.000%
Mª TERESA BASSONS BONCOMPTE	3,775		0	0.000%
FUNDACIÓN CAJA NAVARRA	52,200,000		0	1.053%
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	50,015,625		0	1.009%
SALVADOR GABARRÓ SERRA	8,235		0	0.000%
SUSANA GALLARDO TORREDEDIA	0		61,592	0.001%
JAVIER GODÓ MUNTAÑOLA	0		1,447,205	0.029%
JAVIER IBARZ ALEGRÍA	1,068		0	0.000%
DAVID K. P. LI	0		0	0.000%
Mª DOLORS LLOBET MARIA	814		0	0.000%
JUAN JOSÉ LÓPEZ BURNIOL	21,560		0	0.000%
ALAIN MINC	11,762		0	0.000%
JOHN S. REED	11,427		0	0.000%
LEOPOLDO RODÉS CASTAÑÉ	11,407		0	0.000%
JUAN ROSELL LASTORTRAS	0		38,525	0.001%
FRANCESC XAVIER VIVES TORRENTS	3,046		0	0.000%

% of total voting rights held by the Board of Directors	2.116%

Complete the following tables on share options held by Directors.

NAME OR CORPORATE NAME OF DIRECTOR	NUMBER OF DIRECT OPTIONS	INDIRECT OPTIONS		NUMBER OF EQUIVALENT SHARES	% OF TOTAL VOTING RIGHTS
		DIRECT HOLDER	NUMBER OF VOTING RIGHTS		

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.

RELATED-PARTY NAME OR CORPORATE NAME	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION

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	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	COMMERCIAL, CONTRACTUAL AND CORPORATE	CaixaBank, S.A. is the bank through which Caja de Ahorros y Pensiones de Barcelona, "la Caixa" indirectly carries on its financial activity and, therefore, is part of the Group of companies controlled by "la Caixa" and, hence, its corporate relationship. There are also commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Protocol of Relationships between CaixaBank and "la Caixa" submitted to the CNMV on July 1, 2011. Following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad's activity to CaixaBank, "la Caixa" and CaixaBank resolved to amend the Internal Protocol of Relationships signed on July 1, 2011, to remove reference to the exceptionality of Monte de Piedad's indirect activity. Said amendment was submitted to the CNMV on August 1, 2012.

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	% OF SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF AGREEMENT
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA" CAJA DE AHORROS MUNICIPAL DE BURGOS FUNDACIÓN CAJA NAVARRA CAJA GENERAL DE AHORROS DE CANARIAS FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	80.597	Following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 the shareholders Caja de Ahorros y Pensiones de Barcelona, (hereinafter ´la Caixa´), Caja Navarra, Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter ´the Savings Banks´) entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of "la Caixa"´. They also agreed on the pledge given by "la Caixa" to vote in favor of the appointment of two members of the Board of Directors of CaixaBank proposed by the ´Savings Banks´ and, in order to give stability to their shareholding in CaixaBank, the 'Savings Banks' agreed a four-year lock up period, as well as a commitment to exercise their preemptive acquisition rights over two years in favor of the other Savings Banks in the first place and subsidiarily "la Caixa", should any of the Savings Banks wish to transfer all or part of their stake, once the lock-up period has expired.

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]

SHAREHOLDERS INVOLVED IN CONCERTED ACTION	% OF SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF CONCERTED ACTION

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

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

YES [X] NO [ ]

NAME OR CORPORATE NAME
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

REMARKS
Caja de Ahorros y Pensiones de Barcelona, "la Caixa" exercises control over CaixaBank as established by Article 4 of the Spanish Securities Market Act (Ley de Mercado de Valores) CaixaBank is the bank through which "la Caixa" indirectly carries on its financial activity, and therefore is part of the group of companies controlled by "la Caixa".   In order to foster the Company's transparency, autonomy and good governance, and in accordance with Recommendation 2 of the Unified Good Governance Code, CaixaBank and "la Caixa", as controlling shareholder, signed an Internal Protocol of Relationships. The initial Protocol which was signed when the Company, previously known as Criteria CaixaCorp, was listed on the stock market was replaced by a new Protocol when a number of reorganization transactions were carried out at the "la Caixa" Group, as a result of which CaixaBank became the bank through which "la Caixa" indirectly carries on its financial activity. Thereafter, following the merger and absorption of Banca Cívica by CaixaBank and as a result of the transfer of Monte de Piedad's activity to CaixaBank, the Protocol was amended by means of a novation agreement to remove reference to the exceptionality of Monte de Piedad's indirect activity.   The Protocol's main purpose is to develop the basic principles governing relations between "la Caixa" and CaixaBank; define the main areas of activity of CaixaBank, bearing in mind that CaixaBank is the vehicle via which the financial activity of "la Caixa" is carried on; demarcate the general parameters governing any mutual business or social dealings between CaixaBank and its Group and "la Caixa" and other "la Caixa" group companies; and to ensure an adequate flow of information to allow "la Caixa" and CaixaBank to prepare financial statements and meet their periodic reporting and supervision obligations with the Bank of Spain, the CNMV and other regulatory bodies.

A.8. Complete the following tables on the company's treasury stock.

At year-end:

NUMBER OF SHARES HELD DIRECTLY	NUMBER OF SHARES HELD INDIRECTLY (*)	% OF TOTAL SHARE CAPITAL
2,190,809	–	0.044

(*) Through:

NAME OR CORPORATE NAME OF DIRECT SHAREHOLDER	NUMBER OF SHARES HELD DIRECTLY
Total	

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

DATE OF NOTIFICATION	TOTAL NUMBER OF DIRECT SHARES ACQUIRED	TOTAL NUMBER OF INDIRECT SHARES ACQUIRED	% OF TOTAL SHARE CAPITAL
07/01/2013	447,610	0	0.847
04/04/2013	40,893,457	0	1.201
10/04/2013	1,631,281	0	1.187
04/07/2013	31,340,938	0	0.756
21/08/2013	26,515,481	0	0.301
22/10/2013	35,603,715	0	0.474
16/12/2013	33,948,532	0	0.057

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.

Keep current mandate of the Ordinary General Meeting of Shareholders held on April 19, 2012 which annulled the unused portion of the authorization for treasury stock acquisition granted on May 12, 2011, and agreed to grant the Company's Board of Directors powers for the derivative acquisition of treasury stock, directly or through group companies for the purpose of either disposals, redemption or for remuneration schemes specified in paragraph 30, section a) of article 146 of the Corporate Enterprises Act, within a period of five years from the adoption of the resolution agreed on April 19, 2012, under the following terms:

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

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

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

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

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]

DESCRIPTION OF RESTRICTIONS

A.11. Indicate whether the General Shareholders' Meeting has agreed to take neutralization 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 By-laws. Describe how it differs from the system of minimum quorums established in the LSC.

YES [ ] NO [X]

	QUORUM % OTHER THAN THAT ESTABLISHED IN ARTICLE 193 OF THE LSC FOR GENERAL CASES	QUORUM % OTHER THAN THAT ESTABLISHED IN ARTICLE 194 OF THE LSC FOR THE SPECIAL CASES DESCRIBED IN ARTICLE 194
Quorum required for first call		
Quorum required for second call		

DESCRIPTION OF DIFFERENCES

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 in the LSC.

	QUALIFIED MAJORITY OTHER THAN THAT ESTABLISHED IN ARTICLE 201.2 OF THE LSC FOR GENERAL CASES DESCRIBED IN 194.1 OF THE LSC	OTHER CASES REQUIRING A QUALIFIED MAJORITY
% set by company for adopting corporate resolutions		

DESCRIBE THE DIFFERENCES

B.3. Indicate the rules governing amendments to the company's By-laws. In particular, indicate the majorities required to amend the By-laws and, if applicable, the rules for protecting shareholders' rights when changing the By-laws.

Regarding amendments to CaixaBank's By-laws, its regulations basically 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 By-laws.

In addition, as a credit institution, and in accordance with the terms of Article 8.1 of Royal Decree 1245/1995, of July 14, amendments to CaixaBank's By-laws are governed by the authorization and registration procedure set forth therein. Nevertheless, certain amendments (including the change of registered office within Spain or an increase in the share capital) are not governed by the authorization 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				
			% REMOTE VOTING		
DATE OF GENERAL MEETING	% ATTENDING IN PERSON	% BY PROXY	ELECTRONIC MEANS	OTHER	TOTAL
25/04/2013	72.798	4.056	0.026	0.077	76.957

B.5. Indicate whether the By-laws 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. Indicate whether decisions involving a fundamental corporate change ("subsidiarization", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

YES [ ] NO [X]

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 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 By-laws.

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	POSITION ON THE BOARD	DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	ELECTION PROCEDURE
ISIDRO FAINÉ CASAS	–	CHAIRMAN	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN MARÍA NIN GÉNOVA	–	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER	21/06/2007	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
ALAIN MINC	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
DAVID K. P. LI	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
EVA AURÍN PARDO	–	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
FRANCESC XAVIER VIVES TORRENTS	–	DIRECTOR	05/06/2008	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
FUNDACIÓN CAJA NAVARRA	JUAN FRANCO PUEYO	DIRECTOR	20/09/2012	25/04/2013	VOTE AT SHAREHOLDERS' MEETING
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	GUILLERMO SIERRA MOLINA	DIRECTOR	20/09/2012	25/04/2013	VOTE AT SHAREHOLDERS' MEETING
JAVIER GODÓ MUNTAÑOLA	–	DIRECTOR	02/05/2005	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JAVIER IBARZ ALEGRÍA	–	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
JOHN S. REED	–	DIRECTOR	03/11/2011	19/04/2012	VOTE AT SHAREHOLDERS' MEETING
JUAN JOSÉ LÓPEZ BURNIOL	–	DIRECTOR	12/05/2011	12/05/2011	VOTE AT SHAREHOLDERS' MEETING
JUAN ROSELL LASTORTRAS	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
LEOPOLDO RODÉS CASTAÑÉ	–	DIRECTOR	30/07/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARIA DOLORS LLOBET MARIA	–	DIRECTOR	07/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARÍA TERESA BASSONS BONCOMPTE	–	DIRECTOR	26/06/2012	26/06/2012	VOTE AT SHAREHOLDERS' MEETING
SALVADOR GABARRÓ SERRA	–	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SUSANA GALLARDO TORREDEDIA	–	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING

Total number of Directors	18

Indicate any board members who left during this period.

NAME OR CORPORATE NAME OF DIRECTOR	STATUS OF THE DIRECTOR AT THE TIME	LEAVING DATE
ISABEL ESTAPÉ TOUS	INDEPENDENT	12/12/2013

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

Executive directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	POSITION HELD IN THE COMPANY
JUAN MARÍA NIN GÉNOVA	APPOINTMENTS AND REMUNERATION COMMITTEE	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER

Total number of executive Directors	1
% of the board	5.555

External proprietary directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER REPRESENTED OR PROPOSING APPOINTMENT
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
FUNDACIÓN CAJA NAVARRA	APPOINTMENTS AND REMUNERATION COMMITTEE	FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO	APPOINTMENTS AND REMUNERATION COMMITTEE	FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS
EVA AURÍN PARDO	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JAVIER GODÓ MUNTAÑOLA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JAVIER IBARZ ALEGRÍA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
MARIA DOLORS LLOBET MARIA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
MARÍA TERESA BASSONS BONCOMPTE	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

Total number of proprietary Directors	11
% of the board	61.111

Independent external directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
ALAIN MINC	Member of the Board of Directors of CaixaBank since 2007. He is a graduate from the École des Mines de Paris and the École Nationale d'Administration (ENA) in Paris. He founded his own consultancy firm, AM Conseil, in 1991. 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 a Director at Prisa and Direct Energie. 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 à nos nouveaux maîtres (2003), Les Prophètes 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 in 2012; L'Homme aux deux visage in 2013*.
FRANCESC XAVIER VIVES TORRENTS	Member of the Board of Directors of CaixaBank 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 a Professor of European Studies at INSEAD in 2001-2005; Director of the Institute of Economic Analysis at the High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, Pennsylvania and New York (King Juan Carlos I Chair 1999-2000), as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra. He also advises the World Bank, the Inter-American Development Bank, the European Commission and various 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. He is currently a Director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992 and a member of the CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia. In 2011, he was appointed Special Advisor to the Vice-President of the European Commission and Competition Commissioner, Joaquín Almunia. 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 Government of Catalonia in 2002; the Catalonia Economics Prize in 2005; 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 Rey Jaime I Economics Prize in 2013.

Independent external directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
JOHN S. REED	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, where he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree program. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science. He worked at Citibank/Citicorp and Citigroup for 35 years, 16 of those as chairman before retiring in April 2000. From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and is now the Chairman of the MIT Corporation. Mr. Reed is a member of the board of directors of MDRC, the Isabella Stewart Gardner Museum and the NBER. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society.
SUSANA GALLARDO TORREDEDIA	Member of the Board of Directors of CaixaBank since 2007. She holds a degree in Politics and Economics (BSc Degree) from Oxford Polytechnic (now Brookes University (UK) and in Banking and Finance from the City of London Polytechnic. She also completed the Senior Management Program (PADE) at the IESE Business School in 2007-2008. Throughout her professional career, she has completed an internship at First Interstate Bank of California, has worked on the trading desk at the Bank of Europe, and Financial Advisor for REVELAM S.L. She is currently a board member of the Landon Group and is a member of its Investment Committee. Susana is on the Family Business Advisory Committee of the Family Firm Institute, and is Vice Chair of Pronovias. She also holds a place on the Global Advisory Board of Babson College, Boston, Massachusetts. Susana chairs the Bienvenido Foundation, and is a trustee of the Casa Teva Foundation, the Aurea Foundation and the Hospitalitat Mare de Déu de Lourdes Foundation.

Total number of independent Directors	4
% of the board	22.222

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.

YES X NO

If applicable, include a statement from the board detailing the reasons why the said Director may carry on their duties as an independent Director.

NAME OR CORPORATE NAME OF DIRECTOR	DESCRIPTION OF THE RELATIONSHIP	REASONS
ISABEL ESTAPÉ TOUS	SERVICES RENDERED: Notary authorizing the deeds signed by Group companies.	Not applicable as she was no longer a director at December 31, 2013.

Other external directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE NOTIFYING OR PROPOSING APPOINTMENT
DAVID K. P. LI	APPOINTMENTS AND REMUNERATION COMMITTEE
JUAN ROSELL LASTORTRAS	APPOINTMENTS AND REMUNERATION COMMITTEE

Total number of other external Directors	2
% of the board	11.111

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

NAME OR CORPORATE NAME OF DIRECTOR	REASONS	COMPANY, EXECUTIVE OR SHAREHOLDER WITH WHOM THE RELATIONS-HIP IS MAINTAINED
DAVID K. P. LI	David K. P. Li is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary Director. Mr. Li became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, once CaixaBank's stake in The Bank of East Asia exceeded 5%, the Appointments and Remuneration Committee reviewed Mr. Li's position and decided – at the General Meeting on June 5, 2008 – to change his status from independent Director to other external Director in accordance with the stipulations of article 16.4 of Criteria CaixaCorp's International Offering Memorandum.	THE BANK OF EAST ASIA, LIMITED
JUAN ROSELL LASTORTRAS	Mr. Rosell Lastortras is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary Director. Mr. Rosell became an independent Director of CaixaBank (previously Criteria CaixaCorp) on September 6, 2007. However, following his subsequent appointment as a general Director at the General Assembly of Caja de Ahorros y Pensiones de Barcelona, "la Caixa", the Appointments and Remuneration Committee reviewed Mr. Rosell's position and proposed that the CaixaBank Board change his status to other external Director. This was agreed by the Board at its meeting on June 26, 2012.	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"

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

NAME OR CORPORATE NAME OF DIRECTOR	DATE OF CHANGE	PREVIOUS CATEGORY	CURRENT CATEGORY

C.1.4. Complete the following table on the number of female Directors over the past four years and their category.

	NUMBER OF FEMALE DIRECTORS				% OF TOTAL DIRECTORS OF EACH TYPE			
	YEAR T	YEAR T-1	YEAR T-2	YEAR T-3	YEAR T	YEAR T-1	YEAR T-2	YEAR T-3
Executive	0	0	0	0	0	0	0	0
Proprietary	3	3	2	2	27.27	27.27	22.22	25.00
Independent	1	2	2	2	25.00	40.00	33.33	40.00
Other external	0	0	0	0	0	0	0	0
Total	4	5	4	4	22.22	26.32	23.53	23.53

C.1.5. Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female Directors on the board to guarantee an even balance between men and women.

EXPLANATION OF MEASURES
At December 31, 2013, the Board of Directors included 4 women (5 women up until December 12) out of 18 directors.
This percentage, though not equal, and which could increase at any time, is in the upper range of the companies on the IBEX 35.
When analyzing and proposing candidates' profiles for appointment to the Board of Directors, the Appointments and Remuneration Committee not only takes into account matters of gender diversity but also criteria of repute, knowledge and professional experience to be appointed a director of a credit institution.

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 female Directors, and whether the company makes a conscious effort to search for female candidates who have the required profile.

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

When, despite the measures taken, there are few or no female Directors, explain the reasons.

EXPLANATION OF THE REASONS
At December 31, 2013 women comprised 22.2% of the Board of Directors. Women comprise 25% of the independent Directors and 33.3% of the members of the Executive Committee. Therefore, even though the number of female directors is not equal, it is deemed to be neither few nor non-existent.

C.1.7. Explain how shareholders with significant holdings are represented on the board.

As a significant shareholder of CaixaBank and in representation of this share holding, Caja de Ahorros y Pensiones de Barcelona, "la Caixa" proposed the appointment of nine (9) Directors, namely:

NAME OR CORPORATE NAME OF DIRECTOR	POSITION ON THE BOARD	CATEGORY
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER	EXECUTIVE
EVA AURÍN PARDO	MEMBER	PROPRIETARY
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY
JAVIER IBARZ ALEGRÍA	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY
LEOPOLDO RODÉS CASTAÑÉ	MEMBER	PROPRIETARY
MARIA DOLORS LLOBET	MEMBER	PROPRIETARY
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	PROPRIETARY
SALVADOR GABARRÓ SERRA	MEMBER	PROPRIETARY

Likewise, following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 Caja de Ahorros y Pensiones de Barcelona, "la Caixa" and Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter "the Savings Banks"), entered into a shareholders agreement which, *inter alia*, stated the pledge given by "la Caixa" to vote in favor of the appointment of two (2) Directors to the CaixaBank Board of Directors proposed by the Savings Banks, namely:

FUNDACIÓN CAJA NAVARRA (represented by Juan Franco Pueyo)	MEMBER	PROPRIETARY
FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO (represented by Guillermo Sierra Molina)	MEMBER	PROPRIETARY

C.1.8. Explain, when applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

NAME OR CORPORATE NAME OF SHAREHOLDER	REASON
FUNDACIÓN CAJA NAVARRA, FUNDACIÓN DE CARÁCTER ESPECIAL MONTE SAN FERNANDO, CAJA CANARIAS & CAJA DE BURGOS	Following the merger and absorption of Banca Cívica by CaixaBank, on August 1, 2012 the shareholders Caja de Ahorros y Pensiones de Barcelona, (hereinafter "la Caixa"), Caja Navarra, Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos (hereinafter ´the Savings Banks´) entered into an agreement which regulates their relations as shareholders of CaixaBank, and their reciprocal relations of cooperation as well as with CaixaBank, with the aim of strengthening their respective actions in respect of the latter and supporting their control of "la Caixa"´. They also agreed to appoint two members of the Board of Directors of CaixaBank proposed by the ´Savings Banks´ and, in order to give stability to their shareholding in CaixaBank, the ´Savings Banks' agreed a four-year lock up period, as well as a commitment to exercise their preemptive acquisition rights over two years in favor of the other Savings Banks in the first place and subsidiarily "la Caixa", should any 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]

NAME OR CORPORATE NAME OF SHAREHOLDER	EXPLANATION

C.1.9. 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	REASONS FOR RESIGNATION
ISABEL ESTAPÉ TOUS	She was appointed Director of the Criteria Caixaholding, S.A.U.

C.1.10. Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

NAME OR CORPORATE NAME OF DIRECTOR	BRIEF DESCRIPTION
JUAN MARÍA NIN GÉNOVA	All powers delegable under the law and the By-laws are delegated, without prejudice to the limitations established in the Regulations of the Board of Directors for the delegation of powers that, in all events, apply for procedural purposes.

C.1.11. 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	POSITION
JUAN MARÍA NIN GÉNOVA	VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR
MARIA DOLORS LLOBET MARIA	NUEVO MICRO BANK, S.A.U.	DIRECTOR

C.1.12. 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	NAME OF LISTED COMPANY	POSITION
ISIDRO FAINÉ CASAS	TELEFONICA. S.A.	VICE CHAIRMAN
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS. S.A.	FIRST VICE CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL YPF. S.A.	FIRST VICE CHAIRMAN
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	DIRECTOR
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	DIRECTOR
JUAN MARÍA NIN GÉNOVA	REPSOL YPF. S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GAS NATURAL. S.D.G., S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	ERSTE GROUP BANK AG	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GRUPO FINANCIERO INBURSA	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BANCO BPI, S.A.	DIRECTOR
ALAIN MINC	DIRECT ENERGIE	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES. S.A. (GRUPO PRISA)	DIRECTOR
DAVID K. P. LI	THE BANK OF EAST ASIA, LIMITED	EXECUTIVE CHAIRMAN
JUAN ROSELL LASTORTRAS	GAS NATURAL. S.D.G.,S.A.	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL. S.D.G.,S.A.	EXECUTIVE DIRECTOR CHAIRMAN

C.1.13. 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 32.4 of the Board of Directors' Regulations stipulates that the CaixaBank Directors must observe the limitations on membership in Boards of Directors laid down in the prevailing law governing banking institutions.

C.1.14. Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

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

C.1.15. List the total remuneration paid to the Board of Directors in the year.

Board remuneration (thousands of euros)	5,615
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	100
Total board remuneration (thousands of euros)	5,715

C.1.16. 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	POSITION(S)
IGNACIO ÁLVAREZ-RENDUELES VILLAR	HEAD OF INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	CHIEF RISK OFFICER
JOAQUIN VILAR BARRABEIG	HEAD OF AUDIT, INTERNAL CONTROL AND REGULATORY COMPLIANCE
ANTONIO MASSANELL LAVILLA	HEAD OF RESOURCES
FRANCESC XAVIER COLL ESCURSELL	HEAD OF HUMAN RESOURCES
TOMÁS MUNIESA ARANTEGUI	CHIEF INSURANCE AND ASSET MANAGEMENT OFFICER
ALEJANDRO GARCÍA-BRAGADO DALMAU	SECRETARY GENERAL AND SECRETARY OF THE BOARD
JAUME GIRÓ RIBAS	HEAD OF COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND CORPORATE RESPONSIBILITY
JUAN ANTONIO ALCARAZ GARCIA	CHIEF BUSINESS OFFICER
GONZALO GORTÁZAR ROTAECHE	CHIEF FINANCIAL OFFICER
JAVIER PANO RIERA	HEAD OF TREASURY AND CAPITAL MARKETS
IGNACIO REDONDO ANDREU	HEAD OF LEGAL ADVISORY

Total remuneration received by senior management (thousands of euros)	12,781

C.1.17. 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	POSITION
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	CHAIRMAN
ISIDRO FAINÉ CASAS	FUNDACIÓN "LA CAIXA"	CHAIRMAN
ISIDRO FAINÉ CASAS	CRITERIA CAIXAHOLDING, S.A.U.	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	FUNDACIÓN "LA CAIXA"	DEPUTY CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CRITERIA CAIXAHOLDING, S.A.U.	DEPUTY CHAIRMAN
EVA AURÍN PARDO	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
EVA AURÍN PARDO	FUNDACIÓN "LA CAIXA"	TRUSTEE
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	SECOND VICE PRESIDENT
JAVIER GODÓ MUNTAÑOLA	FUNDACIÓN "LA CAIXA"	DEPUTY CHAIRMAN
JAVIER IBARZ ALEGRÍA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
JAVIER IBARZ ALEGRÍA	FUNDACIÓN "LA CAIXA"	TRUSTEE
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
JUAN JOSÉ LÓPEZ BURNIOL	FUNDACIÓN "LA CAIXA"	TRUSTEE
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MARIA DOLORS LLOBET MARIA	FUNDACIÓN "LA CAIXA"	TRUSTEE
MARIA DOLORS LLOBET MARIA	SABA INFRAESTRUCTURAS, S.A.	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	DIRECTOR
MARÍA TERESA BASSONS BONCOMPTE	FUNDACIÓN "LA CAIXA"	TRUSTEE
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	FIRST VICE PRESIDENT
SALVADOR GABARRÓ SERRA	FUNDACIÓN "LA CAIXA"	DEPUTY CHAIRMAN

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.

NAME OR CORPORATE NAME OF DIRECTOR	NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER	RELATIONSHIP

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

YES [ ] NO [X]

DESCRIPTION OF AMENDMENTS

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing Directors. List the competent bodies, procedures and criteria used for each of these procedures.

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

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

The Board will also strive to ensure that the group of external Directors includes stable significant shareholders of the Company or their representatives (stakeholder Directors) and persons of recognized experience who have no relationship with the executive team or significant shareholders (independent Directors). In order to classify the Entity's Directors we have used the definitions included in the rules on preparing annual corporate governance reports for listed companies pursuant to Ministerial Order ECC/461/2013, of March 20.

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

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

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

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

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

Therefore, and in accordance with the obligations listed in article 2 of Royal Decree 1245/1995, of July 14 on the incorporation of banks, transborder operations and other matters relating to legislation governing credit entities, and the wording of Royal Decree 256/2013, of April 12 which incorporates into legislation on credit entities the European Banking Authority's guidelines on the assessment of the suitability of members of the management body and key function holders published on November 22, 2012, in 2013 CaixaBank approved a "Protocol on Procedures for Selecting and Assessing the Suitability of Posts" (the "Protocol") which establishes the units and internal procedures at the Entity to ensure the selection and ongoing assessment of, inter alia, members of the Board of Directors.

The board, in plenary session, assesses the suitability of proposed candidates, based on a report from the Appointments and Remuneration Committee.

When assessing the suitability of candidates, the three recommendations listed in Royal Decree 1245/1995, i.e. that they should be persons of good business and professional repute, they should possess the appropriate knowledge and experience to perform their duties, and the aptitude to exercise the Entity's good governance, are taken into account.

Also, with regard to the procedure to assess the suitability of candidates prior to their appointment as Director, the Protocol also establishes procedures to continually assess Directors (biannually) 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 By-laws, 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 formalize, if the latter deems appropriate, the pertinent resignation.

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

C.1.20 Indicate whether the board has evaluated its performance during the year.

YES [X] NO [ ]

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities.

DESCRIPTION OF AMENDMENTS

C.1.21 Indicate the cases in which Directors must resign.

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

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

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

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 stakeholding external Directors, when the shareholder they represent sells its stakeholding in its entirety. They must also do so when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external stakeholding Directors;

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

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

C.1.22 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

YES [ ] NO [X]

MEASURES FOR LIMITING RISK

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

YES [X] NO [ ]

EXPLANATION OF RULES

Articles 15 and 36.1 of the Regulations of the Board of Directors and the By-laws stipulate that the Board of Directors must meet when requested to do so by at least two (2) of its members or one of the independent Directors. In this case, the meeting will be called by the Chairman, through any written means, addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office.

No Director is expressly entrusted with the task of coordinating external Directors. This task is considered to be unnecessary given the qualitative composition of CaixaBank's Board where nearly all Directors are external (17 out of the 18 members).

The Board, as a plenary body, shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the company; and the functioning of the Committees.

C.1.23. Are qualified majorities other than those prescribed by law required for any type of decision?

YES [ ] NO [X]

If applicable, describe the differences.

DESCRIPTION OF DIFFERENCES

C.1.24. Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed Chairman.

YES [ ] NO [X]

DESCRIPTION OF REQUIREMENTS

C.1.25. Indicate whether the Chairman has the casting vote.

YES	X	NO	

MATTERS WHERE THE CHAIRMAN HAS THE CASTING VOTE
Articles 35. (iv) and 16.4 of the By-laws and of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

C.1.26. Indicate whether the By-laws or the board regulations set any age limit for Directors.

YES		NO	X

AGE LIMIT FOR CHAIRMAN	AGE LIMIT FOR CEO	AGE LIMIT FOR DIRECTORS

C.1.27. Indicate whether the By-laws or the board regulations set a limited term of office for independent Directors.

YES		NO	X

Maximum number of years in office	

C.1.28. Indicate whether the By-laws 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 only one Director of the same category may be appointed as a proxy. If so, give brief details.

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

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

C.1.29. Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	14
Number of board meetings held without the Chairman's attendance	0

Indicate the number of meetings of the various board committees held during the year.

Number of meetings of the Executive or Delegated Committee	24
Number of meetings of the Audit Committee	12
Number of meetings of the Nomination and Remuneration Committee	16
Number of meetings of the Nomination Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the Committee	

C.1.30. Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Directors' attendance	5
% of attendances of the total votes cast during the year	91.73

C.1.31. Indicate whether the consolidated and individual financial statements submitted for authorization 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 authorization for issue by the board.

NAME	POSITION

C.1.32. Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being 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 auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;
- to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;

C.1.33. Is the Secretary of the board also a Director?

YES [ ] NO [X]

C.1.34. Explain the procedures for appointing and removing the Secretary of the board, indicating whether their appointment and removal have been notified by the Nomination Committee and approved by the board in plenary session.

APPOINTMENT AND REMOVAL PROCEDURE
Article 9.4 of the Regulations of the Board of Directors stipulates that the Secretary shall be appointed, and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments and Remuneration Committee.

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

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

YES [X] NO [ ]

REMARKS

C.1.35 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 appointing the auditor, the Audit and Control Committee is responsible for maintaining the appropriate relations with the external auditors in order to receive information on those matters that could jeopardize their independence and any other matters related to the process of auditing the accounts. In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must contain an opinion of the provision of the aforementioned services.

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

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

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

C.1.36. 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]

OUTGOING AUDITOR	INCOMING AUDITOR

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

YES [ ] NO [ ]

EXPLANATION OF THE DISAGREEMENTS

C.1.37. 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 (in thousands euros)	456	505	961
Amount of non-audit work as a % of the total amount billed by the audit firm	15.23	18.31	16.71

C.1.38. 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]

EXPLANATION OF REASONS

C.1.39. Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate 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	12	12

	COMPANY	GROUP
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	86	86

C.1.40. 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, external Directors may request that legal, accounting or financial advisors or other experts be hired, at the expense of the Company.

The decision to contract must be notified to the Chairman of the Company, 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 external Directors;
- the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
- the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
- it may entail a risk to the confidentiality of the information that must be handled.

Also, article 13.8 of the Regulations of the Board of Directors stipulates that in order to best comply with its functions, the Audit and Control Committee may avail itself of the advice of external experts, when it deems necessary for the adequate fulfillment of its duties.

C.1.41. 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
Article 21 of the Regulations of Board of Directors stipulates that Directors have the duty of diligently informing themselves on the running of the Company. For such purpose, they may request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and otherwise, to the Chief Executive Officer who will forward the request to the appropriate party in the Company. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations. Notwithstanding the above, significant, complex documents, such as financial information, the accounts or the annual reports on corporate governance or director remuneration, are sent to directors in advance of board meetings.

C.1.42. 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 organization'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 formalize, if the latter deems appropriate, the pertinent resignation when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgment of the Board.

C.1.43. 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]

NAME OF DIRECTOR	CRIMINAL PROCEEDINGS	REMARKS

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.

YES [ ] NO [ ]

DECISION/ACTION TAKEN	JUSTIFIED EXPLANATION

C.1.44. 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.1.45. 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	57
Type of beneficiary	**Description of the resolution**
1 CEO, 12 Management Committee members, 16 Executives	2-6 annual payments (fixed remuneration or fixed and variable remuneration, depending on contractual conditions). Any compensation payments for early termination or rescission of contracts with the right to receive compensation shall only be paid as the positive difference between the compensation entitlement and the cumulative amount in the employee's favor in the policy governing pension benefit obligations or other long-term savings plans, which the manager shall be entitled in the case of termination or rescission of contracts
28 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 authorized by the governing bodies of the company or its group.

	BOARD OF DIRECTORS	GENERAL SHAREHOLDERS' MEETING
Body authorizing clauses	YES	NO

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

C.2. Board Committees

C.2.1. Give details of all the board committees, their members and the proportion of proprietary and independent Directors.

Executive or delegate committee

NAME	POSITION	TYPE
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER	EXECUTIVE
SUSANA GALLARDO TORREDEDIA	MEMBER	INDEPENDENT
JAVIER IBARZ ALEGRÍA	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY
MARIA DOLORS LLOBET MARIA	MEMBER	PROPRIETARY

% of executive Directors	16.66
% of proprietary Directors	66.67
% of independent Directors	16.67
% of other external Directors	0

Audit committee

NAME	POSITION	TYPE
FRANCESC XAVIER VIVES TORRENTS	CHAIRMAN	INDEPENDENT
SALVADOR GABARRÓ SERRA	MEMBER	PROPRIETARY
ALAIN MINC	MEMBER	INDEPENDENT

% of executive Directors	0
% of proprietary Directors	33.33
% of independent Directors	66.67
% of other external Directors	0

Appointments and remuneration committee

NAME	POSITION	TYPE
SUSANA GALLARDO TORREDEDIA	CHAIRMAN	INDEPENDENT
MARÍA TERESA BASSONS BONCOMPTE	MEMBER	PROPRIETARY
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY

% of executive Directors	0
% of proprietary Directors	66.67
% of independent Directors	33.33
% of other external Directors	0

Nomination committee

NAME	POSITION	TYPE

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

Remuneration committee

NAME	POSITION	TYPE

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

_____________ committee

NAME	POSITION	TYPE

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of other external Directors	

C.2.2. Complete the following table on the number of female Directors on the various board committees over the past four years.

	NUMBER OF FEMALE DIRECTORS			
	YEAR T NUMBER %	YEAR T-1 NUMBER %	YEAR T-2 NUMBER %	YEAR T-3 NUMBER %
Executive Committee	33.33	42.86	42.86	50.00
Audit Committee	0	0	0	33.33
Nomination and Remuneration Committee	66.67	66.67	33.33	0
Nomination Committee				
Remuneration Committee				
__________ Committee				

C.2.3. Indicate whether the Audit Committee is responsible for the following:

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.	YES
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	YES
Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.	YES
Establishing and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES
Making recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms of their engagement.	YES
Receiving regular information from the external auditor on the progress and findings of the audit program, and checking that senior management are acting on its recommendations.	YES
Monitoring the independence of the external auditor.	YES

C.2.4. Describe the organizational and operational rules and the responsibilities attributed to each of the board committees.

Committee name

AUDIT AND CONTROL COMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

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

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

1.2) Responsibilities

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

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

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

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

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

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

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

In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.

In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;

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

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

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

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

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

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

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

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

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

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

1.1) Organization and operation

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

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

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

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

1.2) Responsibilities

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

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

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

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

(iv) to report on the appointments and departures of Senior Executives which the chief executive proposes to the Board; (v) to report to the Board on matters of gender diversity; and

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

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

Committee name
EXECUTIVE COMMITTEE

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

1.1) Organization and operation

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

It will be considered to have a valid quorum when the majority of its members are present or represented at its meetings. Resolutions will be adopted by majority of the members in attendance, whether in person or by proxy.

1.2) Responsibilities

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

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.

Committee name
AUDIT AND CONTROL COMMITTEE

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

In compliance with article 13.6 of the Regulations of the Board of Directors, at its meeting on 27 February 2014 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 2013.

Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE

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

Unlike the Audit and Control Committee Control which is obliged to prepare an annual activities report as stipulated in the Company's By-laws, the Appointments and Remuneration Committee is under no obligation to prepare an annual activities report. In spite of this, at its meeting on 19 February 2014 the Appointments and Remuneration Committee approved its annual activities report detailing its performance during 2013.

Committee name
EXECUTIVE COMMITTEE

Brief description

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

There is no express mention in the Company's By-laws that the Committee must prepare an activities report. Nevertheless, and in line with its obligation to inform the Board of the main aspects covered and decisions taken at its meetings, at its meeting on 27 February 2014 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 2013.

C.2.6. Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of Directors.

YES [X] NO [ ]

IF THE ANSWER IS NO, EXPLAIN THE COMPOSITION OF THE EXECUTIVE OR DELEGATE COMMITTEE.

D. Related-party and intragroup transactions

D.1. Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

COMPETENT BODY

The Board, in plenary session, is responsible for approving transactions which the Company conducts with Directors, significant shareholders, shareholders with Board representation or other persons related thereto.

Nevertheless, the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions:

i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients;
ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and
iii) the amount does not exceed 1% of the consolidated annual revenue of the group of which the Company is the parent.

Intragroup transactions are regulated by the Internal Protocol of Relationships between Caja de Ahorros y Pensiones de Barcelona, "la Caixa" and CaixaBank. 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" 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" and "la Caixa" 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.

PROCEDURES
The Board of Directors or the Executive Committee (for reasons or urgency and under the authorization conferred) shall approve related-party transactions based on a favorable 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 clause 4 of the Internal Relations Protocol which is available on the CaixaBank website (http://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Gobierno_corporativo/ProtocoloCABK_en.pdf) 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 Audit and Control Committee and also of the "la Caixa" Board of Directors, which must likewise be in possession of a report from the "la Caixa" Audit and Control Committee.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

Pursuant to article 4 of the Regulations of the Board of Directors, the Board in plenary session is responsible for approving transactions which the Company conducts with Directors, significant shareholders, shareholders with Board representation or other persons related thereto.

Nevertheless, for reasons of urgency and under the authorization conferred, the Executive Committee shall approve these transactions, which must subsequently be submitted for ratification.

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 (IN THOUSANDS OF EUROS)
"la Caixa"	CaixaBank		Capital increase (CaixaBank Optional Scrip Dividend program)	691,939
"la Caixa"	CaixaBank		Demand and time deposits	878,206
"la Caixa"	CaixaBank		Hedging derivatives – assets	34,000
"la Caixa"	CaixaBank		Hedging derivatives - liabilities	484,000
"la Caixa"	CaixaBank		Loan	70,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Undrawn available amount	750,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Acquisition of "Servicios Gestión Inmobiliaria"	98,000
Criteria CaixaHolding	CaixaBank	"la Caixa" subsidiary	Plain vanilla bonds acquired	1,350,000
Abertis Infraestructuras	CaixaBank	"la Caixa" associate	Time and demand deposit balances	682,000
Gas Natural	CaixaBank	Joint control "la Caixa"	Time and demand deposit balances	1,533,000

Note 42 of the consolidated financial statements shows all the balances with "la Caixa" Group companies in aggregate form.

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.

NAME OR CORPORATE NAME OF DIRECTOR OR SENIOR MANAGER	NAME OR CORPORATE NAME OF RELATED PARTY	RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT (IN THOUSANDS OF EUROS)

All transactions were carried out in the ordinary course of business and on an arm's length basis.

Note 42 of the consolidated financial statements shows all the balances with managers and 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	BRIEF DESCRIPTION OF THE TRANSACTION	AMOUNT (IN THOUSANDS OF EUROS)
VidaCaixa SA	Sale of stake in Banca Cívica Vida y Pensiones	158,839
VidaCaixa SA	Sale of stake in Cajasol Vida y Pensiones	113,500
VidaCaixa SA	Sale of stake in Caja Canarias Aseguradora Vida y Pensiones	93,900
SegurCaixa Adeslas, SA	Sale of non-life insurance business	193,300

Note 42 of the consolidated financial statements shows all the balances with CaixaBank Group associates and jointly controlled entities.

D.5. Indicate the amount from related-party transactions.

All transactions were carried out in the ordinary course of business and on an arm's length basis.

Note 42 of the consolidated financial statements shows all the balances with managers and directors.

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

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

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

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

Significant shareholders

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

The Protocol's main purpose is to

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

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

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

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

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;

YES ☐ NO ☐

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.

Global risk management aims to ensure the Company's robust risk profile, preserve capital adequacy and optimize the return/risk ratio by identifying, measuring and assessing risks and ensuring that they are always taken into account in CaixaBank's business decision-making process. This way, it sets a risk profile that is aligned with strategic objectives. The system of authorization levels is based on fundamental risk variables and transaction amounts, enabling risks to be quantified using scenarios based on capital use and expected loss.

Risk control is fully ingrained in the business and the organization plays a proactive role in ensuring that it is implemented. Senior management participates directly in maintaining the internal control framework, ensuring that it is executed prudently, and in the ongoing 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 consolidated at corporate level.

The Board-approved General Risk Management Principles can be summarized as follows:

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

E.2. Identify the bodies responsible for preparing and implementing the risk management system.

The CaixaBank Board of Directors is the Entity's highest risk-policy setting body. Senior Management acts within the framework of the duties assigned by the Board of Directors and set up the following risk management committees:

- The Global Risk Committee

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

  Which proposes loan approval powers and loan prices, process efficiency and streamlining measures, the level of risk assumed using diagnostic tests, and the risk profiles accepted in commercial campaigns.
- The Asset-Liability Committee (ALCO)

  Which analyzes liquidity, interest rate and foreign currency risk as part of structural risk, and proposes the hedges and issuances to manage these risks.
- The Lending Committee

  Which analyzes and, where appropriate, approves transactions that fall within the scope of its authority, and refers any transactions that exceed its level of authority to the Board of Directors.
- The Real Estate Acquisition and Appraisal Committee

  Which permanently controls this process and is first in line to approve acquisitions of such assets.
- The Refinancing Committee

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

CaixaBank has a dedicated Directorate-General of risk. The Global Directorate-General of Risk is the global oversight unit that implements the role of independence required under the Basel Committee, with the responsibility of managing risks at corporate level and to supervise the healthy state of the assets and the adequacy and security mechanisms.

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

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

All employees have also been informed of the Strategic Plan which includes all the risk related structures: quality, reputation, corporate governance, solvency and liquidity and risk-adjusted return. The Committee periodically revises and approves various reports regarding the risks assumed jointly by all Group entities.

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

E.3. Indicate the main risks which may prevent the company from achieving its targets.

Priority and emerging risks are risks that could have a material effect on the entity's results and the long-term sustainability of its business model.

- Macroeconomic risks. In Spain, the imbalances present before the start of the economic crisis are still being corrected and must be watched closely until there is a firm recovery in domestic demand.
- Regulatory risks. The transition to a safer, global financial system entails stricter regulatory requirements for entities. CaixaBank will face the challenge with solid levels of solvency and liquidity. The European Banking Union process will entail a change in responsibilities and the oversight model, which must be underpinned by robust resolution mechanisms. Following the independent reviews of Spain's banking system, carried out under the terms of the Memorandum of Understanding, and the assessments conducted by the IMF through the Financial Sector Assessment Program for Spain, provisioning levels in the sector must satisfy the global with a view to its assuming supervision responsibilities.
- Reputational risks. As a result of the economic crisis, excessive leveraging of households and businesses, and the decline in the value of investments in hybrid products, among other reasons, confidence in banks has eroded considerably in Spain. In order to restore the confidence of its customers in the financial system, CaixaBank is focusing on solvency and quality as strategic priorities. Moreover, CaixaBank has spent the last few years strengthening its internal control, compliance and money laundering prevention structures.

Pursuant to the guidelines issued by the Basel Committee, the risks incurred as a result of the activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, and compliance risk.

Based on the above, and in line with macroeconomic risks, we believe Credit Risk is the key risk for the Group. In 2013 the economy remained weak, with unemployment standing at over 26% and a sharp correction of the market value in the real estate sector, which is still far from normal levels. This backdrop continues to affect customers' ability to comply with their payment of obligations and looks set to remain that way in the near future.

The work of the Corporate Directorate of Global Risk Management is structured on the basis of modeling the most significant risks, such as:

- Credit risk: definition, validation and monitoring of models of measuring portfolio risk, at transaction and client level (ratings, scorings, probability of default - PD - loss given default - LGD - and exposure-EAD-) and the development of tools for their integration in processes and their monitoring. These measurements are used to determine the regulatory and economic minimum capital requirements and the risk-adjusted return of the portfolio.
- Market risk: monitoring and control of risk of own positions, independent supervision of control of balance-sheet and liquidity risks.
- Operational Risk: definition and implementation of operational risk management model, development of policies, methodologies and tools necessary to continuously improve quality of management of business, and measurement of the equity necessary to cover this risk, initially with the standard method.
- Risk Aggregation and Economic Capital: aggregation of all risks, taking into account typologies and studying the interactions between them.

For a description of the process for assessing the main risks, indicating those which are critical and who is involved, please see section E.4., given its quantitative link with risk tolerance levels.

E.4. Identify if the company has a risk tolerance level.

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

The thresholds are defined based on quantitative metrics. For market risk, board authorization is required for any excesses in the Value at Risk limits. For credit risk, the Board has established reporting duties based on certain percentage increases in Expected Loss, Risk-weighted Assets and NPL. For structural balance sheet risk management, the Entity has set limits on changes in the net margin above a certain limit and for the Value at Risk applied to the balance sheet. The Entity has the right to change any previously-established tolerance levels and limits.

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

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

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

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

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

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

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

Risk measurement involves two basic concepts, described below.

Expected loss

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

Exposure

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

The estimate is based on the 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 modeled for each transaction.

Probability of default

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

The tools are either product-oriented or customer-oriented. Product-oriented tools take account of the debtor's specific characteristics in relation to the product concerned, and are used basically in connection with the approval of new retail banking transactions. Customer-oriented tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. Customer-oriented tools include behavioral "scoring" models for individuals and ratings for companies, and are implemented throughout the branch network as part of the ordinary credit approval tools.

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

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

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

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

Loss given default

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

Historical LGD rates are calculated using internal information 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 modeled 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 and economic capital

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

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

Traditionally, two concepts have been distinguished:

- Economic capital is that which an entity ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity's own estimate, adjusted according to the tolerance to risk, volume and type of activity. In this respect, it is the responsibility of the Entity's board of directors and senior executives to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.95%. This responsibility is emphasized in Pillar 2 of the Basel Capital Accord.
- Regulatory capital is that which an entity must maintain to cover the requirements of the supervisory body. The aim is also to avoid bankruptcy at the entity while protecting the interests of customers and holders of senior debt, thus preventing any major systemic impact.

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

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

Risk-adjusted return

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

The RAR is consolidated in the business and corporate banking network, to achieve greater control over the balance between risk and returns.

Market risk in trading activities

The Directorate-General of Risk in Market Operations, which reports to the Corporate Directorate of Global Risk Management, 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.

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

The two most commonly-used methods for measuring risk are sensitivity and VaR (value at risk). Sensitivity calculates risk as the impact a slight change in risk factors has on the value of positions, proceeding as follows:

- For interest rate and inflation risk, a calculation is performed of the change in the present value of each of the future flows (actual or forecast) in the event of a one basis point (0.01%) change at all stages of the curve.
- For currency risk, a calculation is performed of the change in the counter value of each of the foreign currency flows in the event of a one per cent (1%) change in the exchange rate.
- For risk involving the price of shares or other equity instruments arranged by the Treasury Desk and for commodity price risk, the change in the current value of the position or portfolio is calculated according to a variation of one percentage point (1%) in the prices of its components.
- For volatility risk (variability of rates or prices), which includes operations with option characteristics (interest rate caps and floors and foreign currency or equity options), the change in the current value of each future flow is calculated according to the variations of the volatilities listed on all sections of the curve, in interest rates and/or in the prices of the asset.

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

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

The Bank of Spain approved the internal model for estimating capital for market risk of trading activities in 2006. The scope of the model covers virtually all strict treasury positions and the trading derivatives over investees. In 2013, the average 1-day VaR for trading activities was €7 million. The highest market risk levels, up to €13.1 million, were reached in March, mainly as VaR anticipates a potentially different movement in the daily market value of equity positions (mainly transactions with equity derivatives).

Two methodologies are used to obtain this measurement:

- The parametric VaR technique, based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. In accordance with the recommendations of the Basel Committee on Banking Supervision, it is applied using two time horizons: a 75-day data window, giving more weight to recent observations, and a one-year data window, giving equal weight to all observations.
- The historical VaR technique, which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes over the last year are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behavior of risk factors. The parametric VaR technique assumes fluctuations that can be modeled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, although it must be said that the risk associated with options has been a minor risk.

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

VaR measurements are complemented by two risk metrics related to other regulatory requirements: Stressed VaR and Incremental Default and Migration Risk. Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon. Incremental Default and Migration Risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9% and a one-year time horizon. The average values of these risk measures in 2013 were €11.1 million and €25.9 million, respectively.

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

- Systematic stress analysis: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling), changes at various points of the slope of the interest rate curve (steepening and flattening), increased and decreased spread between the instruments subject to credit risk and government debt securities (bondswap spread), parallel shifts in the dollar and euro curves, higher and lower volatility of interest rates, appreciation and depreciation of the euro with respect to the dollar, the yen and sterling, increases and decreases in exchange rate volatility, increases and decreases in share prices, and higher and lower volatility of shares and commodities.
- Historical scenario analysis: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, or the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 and concerns surrounding Spanish sovereign debt in 2011 and 2012.

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

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR limits, complemented by the definition of VaR sublimits, maximum losses and sensitivities for the various management units that could assume market risk in trading activities of the Treasury Desk. The risk factors are managed by the Executive Directorate of Treasury and Capital Markets within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations. The Corporate Directorate of Global Risk Management is in charge of monitoring compliance with these thresholds and the risks undertaken, and produces a daily report on position, risk quantification and the utilization of risk thresholds, which is distributed to Management, Treasury Desk officers and the Internal Audit division.

Counterparty risk is controlled by an integrated real-time system that provides up-to-date information of the available limit for any counterparty, by product and maturity The system encompasses 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.

Therefore, management of market risk in relation to trading positions at CaixaBank complies with the methodology and monitoring directives proposed by Basel Committee.

Operational risk

The Global Risk Committee defines the strategic lines of action and monitors operational risk profiles, the main loss events, and the steps to be taken to mitigate them.

CaixaBank is also developing a strategic project, encouraged by Management and in keeping with Bank of Spain proposals and regulations, for the implementation of a single comprehensive operational risk measurement and control model across the entire Group. Group level management covers companies within the scope of application of Bank of Spain Capital Adequacy Circular 03/2008 and conforms with the "Operational Risk Management Framework," which defines the objectives, organizational structure, policies, management model and measurement methodologies relating to operational risk.

The overall objective is to improve the quality of business management based on information concerning operational risks, aiding decision-making to ensure the organization's long-term continuity and improving processes and the quality of customer service, while complying with the established regulatory framework and optimizing the use of capital.

The responsibilities for implementing the organizational model are distributed as follows:

- Operational Risk Committee: set up in 2013, it oversees the Group's operational risk and its implications in solvency and capital management. The Operational Risk Committee reports to the Global Risk Committee.
- Areas of business and support, and subsidiaries: identifying, assessing, managing, controlling and communicating operational risks within their activities. The operational risk coordinators at each center play a crucial role.
- Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk at the CaixaBank Group. It assists the various areas of business and subsidiaries, and consolidates reporting information for Management. It operates as part of the Corporate Directorate of Risk Models and Policies within Global Risk Management.
- Assessment of Risk Models and Internal Audit: monitoring trends in current legislation, calculating capital requirements and implementing the established operational risk assessment, control and management procedures.

The operational risk management model and policies establish an ongoing process based on the following:

- Identification and detection of all current and potential operational risks, based on qualitative techniques –the opinion of process experts, risk indicators, extreme scenarios of operational losses– and procedures for the management of operational risks, in order to define the operational risk profile for CaixaBank. An objective is in place to conduct an annual assessment and qualitative measurement of operational risks targeting the main ones. The measurements are based on expected loss and VaR.
- Quantitative assessment of operational risk using actual data on losses recorded by the operational events database. CaixaBank has become a member of the ORX international consortium for the exchange of operational risk loss data with other financial institutions with a view to gaining greater insight into the risk profile of the financial sector and being able to manage the losses already sustained by competitors sooner.
- Active management of the Group's risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making in order mitigate risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring the main qualitative risks (e.g. real losses) through remedial steps and action plans is the key to achieving this management goal. The operational risk information systems supporting infrastructure are being upgraded to improve their management.

Management of structural balance sheet interest rate risk

The balance sheet consists of clusters of assets and liabilities with different maturity dates and interest rates. Interest rate risk occurs when changes in the curve structure of market rates affect these clusters, leading to their renewal at rates that differ from the previous ones with effects on their economic value and on net interest income. Interest-rate risk is managed and controlled directly by CaixaBank management, through the Asset-Liability Committee (ALCO). The mission of the ALCO is to optimize and ensure profitability of the financial structure of the balance sheet, both the banking and the insurance businesses, by coordinating prices, maturities and volumes among the activities generating assets and liabilities, and to coordinate the actions proposed with the Risk Department.

The CaixaBank Group manages this type of risk with a two-fold objective: to reduce the sensitivity of net interest income to interest rate fluctuations and to preserve the economic value of the balance sheet. To attain these objectives, CaixaBank actively manages the risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers.

The Asset and Liability Management (ALM) and Liquidity Division (which reports to the Directorate-General of Risk) is responsible for analyzing this risk and proposing hedging transactions in accordance with these objectives to the ALCO. Carrying out this function involves the use of the following assessment measures:

The static gap reveals the spread of interest rate due dates and reviews, on a specific date, for the sensitive items on the balance sheet. For items without a contractual maturity date (such as demand accounts), their sensitivities to interest rates and the expected due date are analyzed on the basis of past experience of customer behavior, including the possibility that the customer may withdraw the funds in these types of products. For other products, in order to define the assumptions for early termination, internal models are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and changes in the slope of the curve.

The sensitivity of equity to interest rates measures the potential effect on the present value of the balance sheet in the event of interest rate fluctuations. The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of structural risk, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

VaR measurements are also applied in accordance with treasury-specific methodology (see the section on market risk). Finally, earnings at risk (EaR) measurements are also taken in order to establish with a certain level of confidence (99%) the maximum loss of net interest income over the next two years, considering a certain amount of balance sheet growth. This analysis also identifies the potential worst and best scenarios of all the simulated scenarios, thereby showing maximum levels of risk.

Regular reports are submitted to the Entity's Board of Directors regarding interest rate risk on the balance sheet, and checks are made to ensure compliance with specified limits.

In accordance with current regulations, CaixaBank does use its own funds for the structural interest rate risk assumed, in view of the low risk profile of its balance sheet. Even when balance sheet interest rate risk assumed by CaixaBank is substantially below levels considered significant (outliers), in keeping with the proposals of Basel II, CaixaBank continues to take a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

Liquidity risk

Asset and Liability Management (ALM), which reports to the Directorate-General of Risk, is responsible for analyzing, monitoring and managing liquidity risk.

The CaixaBank Group manages liquidity in such a way as to ensure that it is always able to meet its obligations on a timely basis, and that it never allows its investment activities to be diminished due to a lack of lendable funds. This objective is achieved by active management of liquid assets, through continuous monitoring of the structure of the balance sheet, on the basis of maturity dates with early detection of potentially undesirable structures of short- and medium-term liquid assets, and by adopting a strategy that gives stability to financing sources.

The analysis is performed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. Five crisis scenario categories are considered: three systemic crisis scenarios (macroeconomic crises, malfunctions on capital markets and alterations in payment systems), a specific crisis scenario (reputation crisis), and a combined crisis scenario deemed to be the "worst-case scenario." The scenarios address different various time horizons and LGD levels based on the nature of the crisis analyzed. For each crisis scenario, "survival" periods (defined as the ability to continue to meet its obligations) are calculated, with sufficient liquidity levels to cope successfully with the crisis situations considered. On the basis of the analyses, a Contingency Plan has been drawn up and approved by the Board of Directors, defining an action plan for each of the crisis scenarios (systemic, specific and combined), with the measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using a number of stand-by reserves or extraordinary sources of finance.

The ALCO Committee monitors medium-term liquidity on a monthly basis through the analysis of time lags forecast in the balance sheet structure, and verifies compliance with the thresholds and operating lines of action approved by the Board of Directors. ALCO makes proposals to the Board of Directors on the optimum issues or finance/investment programs to suit market conditions and the instruments and terms needed to assist business growth.

Management of short-term liquidity ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to the banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times.

The CaixaBank Group actively manages liquidity risk, and with a view to pre-empting possible lending funds requirements it has several ordinary finance programs that cover the different maturity dates in order to guarantee the proper levels of liquidity at all times. These programs are the "2013 Promissory Notes Scheme" and two fixed income programs, the "2013 Base Prospectus for Non-Participating Securities" and the "CaixaBank – Euro Medium Term Note Program". Additionally, as another prudent measure to prepare for potential stress on liquid assets or market crises, the CaixaBank Group has a series of guarantee deposits at the European Central Bank which it can use to obtain high levels of liquidity on short notice (ECB facility).

Since the CaixaBank Group avails itself of existing mechanisms in the financial markets to ensure levels of liquidity are consistent with its strategic goals, it avoids the concentration of maturity dates for its issues and has diversified sources of finance. Pursuant to current legislation, the Entity does not use its own funds for the liquidity risk it undertakes.

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 1 January 2016 as the application date of the Solvency II directive. By then, legislation currently under discussion should be completed, and all the Solvency II rules (the Omnibus II Directive, Delegated Acts, Implementing Technical Standards and Guidelines) should be approved in Europe and transposed into national law.

In preparation for Solvency II during the transitional phase from 1 January 2014 until the application date, the EIOPA (the European insurance advisor) has issued four preparatory guidelines to help insurers gradually incorporate certain aspects of Solvency II until 2016. On 30 December 2013, the Spanish DGIPF issued a communiqué to all insurance companies and groups about the need to comply with these guidelines under the terms therein.

In 2013, the Group worked actively on implementing Solvency II, 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.

E.5. Identify any risks which have occurred during the year.

Risks occurring in the year
Credit risk

Circumstances responsible for this occurrence

NPL rate. At December 31, 2013, the Group's non-performing loans totaled €25,365 million (11.66%). At 31 December 2012 this figure was €20,150 million (8.62%).

Real estate development and foreclosed assets. At December 31, 2013, the Group's gross financing of real estate development stood at €19,980 million (€26,992 at December 31, 2012) and the net carrying amount of foreclosed assets was €6,169 million (€5,088 million at December 31, 2012).

This situation compares very favorably with that of the resident private sector in the system total, which in eleven months has increased from 10.43% (December 31, 2012) to 13.08% (November 30, 2013, the last available date).

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

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

Risks occurring in the year
Market risk

Circumstances responsible for this occurrence
This year, the average VaR for the treasury area's trading activities was €7 million. The highest market risk levels (i.e. €13.1 million) were reached in March, mainly as VaR anticipates a potentially different movement in daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

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

Risks occurring in the year
Balance sheet interest rate risk

Circumstances responsible for this occurrence
No critical risks occurred in 2013

Operation of control systems
Control systems have worked correctly, enabling it to manage the risk effectively.

The Group's Board of Directors has been informed of their performance.

Risks occurring in the year
Liquidity Risk

Circumstances responsible for this occurrence

Unlike in previous years, in 2013 the wholesale financing markets remained open for longer periods of time and the perception of Spanish credit risk has improved, particularly sovereign and financial. The year was particularly positive for CaixaBank, given investors' strong appetite for the issuances carried out and with spreads narrowing as the year progressed.

The following mechanisms were used during the year to securely manage liquidity:

Maintaining a comfortable liquidity cushion and prudent business limits.

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

Diversified issues both in terms of the instruments issued, the investors with whom they were placed and the various maturities used. A new investor base was created through plain vanilla bond issues.

a) Comfortable cushion of collateralized assets in the ECB that allow for immediate liquidity to be available.

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

The high position in liquid assets and the possibility of obtaining financing in the wholesale market has helped reduce our dependence on financing raised from the ECB's three-year extraordinary long-term auctions.

Optimizing collateral by generating new securitization funds and settling others.

Operation of control systems

Control systems have worked correctly, enabling it to manage the risk effectively.

The Group's Board of Directors has been informed of their performance.

E.6. Explain the response and monitoring plans for the main risks the company is exposed to.

The main risk inherent in the commercial banking activity is credit risk. In 2013, the Group's risk management policy continued to deal with the rise in NPLs and carefully implement the measures necessary to effectively collect debts that are difficult to recover. This policy is implemented as soon as any signs of deterioration in debtor solvency appear, by constantly monitoring their development and that of the mortgaged assets offered as collateral. In this respect, and without prejudice to the ongoing controls over the loans portfolio, CaixaBank has taken steps to mitigate the impact of the recession on its individual customers.

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

The monitoring scoring plays a key role in assisting both the approval system, as discussed above, and the monitoring process. Therefore, borrowers who are more likely to default in the short term are analyzed more thoroughly and more frequently.

Another feature of the alert system is that it is fully integrated with the customer information systems. The alerts are allocated to each borrower and a rating is established on a monthly basis. Additionally, information on a customer's alerts is integrated with the rest of the data on the customer, and included for consideration whenever the customer applies for a new loan.

The outcome of the monitoring process is the establishment of "Action Plans" for each of the borrowers analyzed. The "Action Plans" aim to complement the alert-based scoring system, while acting as a guide to the approvals policy for future loans.

The Department of Risk Monitoring and Recoveries also has a priority focus on monitoring the property developers and builders segment. With respect to individuals, a risk prevention project enables early detection of any signs of deterioration in their ability to pay separate analysis of each case in order to adopt the best solution.

After careful risk analysis, in certain cases, CaixaBank tailors installments falling due in the short term to the current income available to debtors, confiding in the belief that delaying collections will help ensure the loans are repaid in full. The various options available to ensure this objective is achieved are analyzed along with the customer to identify the option best suited to his needs, always ensuring that the final objective of recovering the loan is achieved and internal risk approval procedures are followed.

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

a) Net backtesting, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology used to quantify risk.
b) Gross backtesting, which compares the total result obtained during the day (therefore including any intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

With regard to liquidity risk, the ALCO periodically monitors a series of indicators and warnings to detect signs of liquidity stress in order to adopt the corrective measures laid down in the Liquidity Risk Contingency Plan. A monthly analysis is also performed of the potential liquidity levels under each of the hypothetical crisis scenarios.

Below is a description of the oversight mechanisms of the risk function and of the Group's internal control framework, which operates independently of the admission and concession team, and the teams responsible for developing and implementing models, defining and applying policies and monitoring risk:

- Internal validation
- Audit, Internal Control and Regulatory Compliance

Internal validation

The Basel Capital Accord (Basel II) focuses on determining the minimum capital requirements for each entity in accordance with its risk profile. For credit risk, it allows entities to use internal rating models and their own estimates of risk parameters to determine their capital requirements.

The importance of the capital determination process requires proper control environments to ensure that reliable estimates are obtained from both quantitative and qualitative perspectives. The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity. It must also be carried out on a continuous basis at the entities to act as a complementary to traditional control functions (internal audit and supervision).

The validation function at CaixaBank is carried out by the Internal Validation unit as part of the Technical Secretariat and Validation Executive Directorate, which reports directly to the Directorate-General of Risk, guaranteeing the independence of the teams developing and implementing internal models.

The main goals of Risk Models Validation are to issue an opinion as to whether the internal models are suitable for management and regulatory purposes, identifying all their relevant uses, and to assess whether the risk management and control procedures are in line with the Entity's risk profile and strategy. The unit must also support Senior Management (especially the Global Risk Management Committee) in their responsibilities regarding approval of the use of the internal models, and coordinate the supervisory validation process with the Bank of Spain.

The Risk Models Validation Unit's work methodology is based on the preparation of annual plans specifying the objectives and work to be performed in the year. The Risk Models Validation Unit's planning is designed to complement the recurring tasks with specific reviews and to ensure that the opinions issued each year remain valid.

Regulatory compliance activities comprise:

- Validation cycles, a set of periodic reviews for the purposes of analyzing, on an annual basis, their performance and integration within the risk management processes. This guarantees an updated opinion on the status of the internal models and their uses.
- Exhaustive reviews of relevant modifications, which require a prior opinion by the Risk Models Validation Unit, such as the approval and implementation of internal models or the validation of parameter estimation processes.
- Regulatory reporting:
  - The update, at least annually, of the IRB Monitoring Dossier, a document required by the supervisor for each internal model.
  - Presentation of the Risk Models Validation Report.

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned. There are also internal projects designed to optimize tasks or automate recurring tasks.

The scope of work undertaken by the Risk Models Validation Unit has been extended since it was set up as an independent unit in 2006. In 2010, along with reviews in the area of credit risk, assessment of the internal market risk model was added.

In 2013, the Risk Models Validation Unit was added to the global project to achieve an advanced measurement approach (AMA) for operational risk.

Audit, Internal Control and Regulatory Compliance

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

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

The Directorate-General of Audit, Internal Control and Regulatory Compliance is in charge of ensuring the correct performance of and supervising the Group's internal control model. It reports systematically and regularly to CaixaBank's Executive Vice President-CEO, as well as to the Audit and Control Committee, which oversees the internal audit function and the integrity of the Group's internal control framework.

This Directorate-General comprises three organizational units (Internal Control, Regulatory Compliance and Internal Audit), which operate independently from other CaixaBank Group (1) areas and companies, in accordance with the guidelines set out by the *EBA (European Banking Authority) in the EBA Guidelines on Internal Governance* 27/09/2011 (adopted by the Bank of Spain on 27/06/2012).

In 2012 and 2013, significant progress was made to strengthen the Group's internal control model: The organizational structure was bolstered with the creation of the Internal Audit Area, mainly to develop the Corporate Risk Map, the transversal project included in the review of the 2011-2014 Strategic Plan. In addition,

(1) "la Caixa" Group companies are understood to be companies that are subsidiaries of CaixaBank.

an analysis was carried out of the function and objectives of the three areas of the Directorate-General of Control, resulting in its reorganization and reinforcing its resource structure.

Internal Control

The Internal Control Area was created in 2012, making significant progress towards strengthening the CaixaBank Group's internal control model.

CaixaBank's control environment is organized into three "lines of defense."

- The first involves the Entity's own areas, constituting the first control level.
- The Internal Control Area is the second line of defense, together with Global Risk Management, Internal Control over Financial Reporting (ICFR) and Regulatory Compliance, among others, which oversee the proper operation of risk management and control carried out by the business areas.
- The Internal Audit Area is the third, as an element of supervision.

The mission of the Internal Control Area is to ensure management and the governing bodies that the necessary controls are in place, designed correctly and operating efficiently to manage the CaixaBank Group's risks, thereby generating confidence for stakeholders.

To fulfill this mission, a Corporate Risk Map Project is being carried out in 2013 and 2014. The Corporate Risk map will be the internal control model's basic management tool.

The Corporate Risk Map will provide a comprehensive and synthetic vision of the Group's control environment and will integrate the current risk maps.

The Internal Control Area operates under the principle of independence from the other areas of the organization and Group companies. It is also transversal, as it assesses the risk control mechanisms that affect the entire set of activities and businesses carried out by the Group.

Its main duties include:

- Coordinating the Risk Map and Corporate Controls.
- Advising Senior Management on the control protocols and action plans needed to resolve any control deficiencies.
- Systematically and regularly reporting on the control environment to Senior Management and the Audit and Control Committee.

Regulatory Compliance

The objective of Regulatory Compliance is to oversee compliance risk, defined as the risk to CaixaBank and CaixaBank Group companies of legal or regulatory penalties, or financial, material or reputational loss, as a result of failure to comply with the laws, regulations, rules, self-regulation standards or codes of conduct applicable to its businesses.

Oversight of compliance risk is carried out through the establishment of second-tier controls, which allows for the detection of potential deficiencies in the procedures implemented in the Entity to ensure compliance with regulations in all its areas of activity. When deficiencies are detected, it develops, together with the areas affected, proposals for improvement initiatives, which are monitored regularly until they are effectively implemented. The Regulatory Compliance Area also ensures that best practices in integrity and rules of conduct are followed at the Entity, such as the Code of Business Conduct and Ethics, the Telematic Code of Conduct, and the Internal Rules of Conduct on matters relating to the Stock Market. Its functions include enforcing compliance with these rules and analyzing, where are appropriate, any potential deficiencies in their application. It also manages the Confidential Consulting and Whistle-blowing Channel available exclusively to employees. This channel handles questions and reports related to compliance with the Code of Business

Conduct and Ethics and the Telematic Code of Conduct, and to any financial and accounting irregularities that may arise.

The Regulatory Compliance Area liaises with the main supervisory bodies (principally the CNMV and the Bank of Spain) and, as appropriate, handles any requirements issued by them. The areas involved and Legal Advisory prepare the responses.

The Regulatory Compliance Area reports regularly on its control activities to Senior Management and the Audit and Control Committee. It has sufficient functional and professional independence to perform its oversight and reporting duties and in no case is involved in the management decisions or operations of the activities it supervises.

Within the Regulatory Compliance Area, there as an independent unit, the Prevention of Money Laundering and Terrorist Financing Operating Unit (MLPOU), whose sole mission is to enforce compliance with anti-money laundering and terrorist financing laws, helping the commercial areas raise customer awareness, and control and report suspicious transactions. The MLPOU is managed and supervised by the Prevention of Money Laundering and Terrorist Financing Committee, and reports on its activities to Senior Management and the Audit and Control Committee.

Internal Audit

Internal Audit is the third line of defense in CaixaBank's internal control framework, as an element of supervision.

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

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

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

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

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

- Monitor the annual planning focused on the main risks and approved by the Audit and Control Committee.
- Handle requests by the Board of Directors, Senior Management and supervisory authorities.
- Ensure the efficient use of resources by enhancing ongoing auditing, engaging qualified auditors and appropriate outsourcing arrangements.
- Proposing and monitoring recommendations to mitigate the control weaknesses identified.

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

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 company.

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 the Entity's **Directorate-General of Finance** to design, implement and monitor the same.

Article 40.3 of CaixaBank's By-laws, states that the **Audit and Control Committee's** responsibilities will include at least the following:

- "**Overseeing the effectiveness** of the Company's **internal control** environment, internal audit and risk management systems, and discussing with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.
- **"Overseeing the process for preparing and submitting regular financial information."**

In this regard, the Audit and Control Committee is charged with 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 Finance Director and

- "**Assesses** whether the practices and processes in place at the Entity **ensure the reliability of the financial information** and compliance with applicable regulations.
- **Evaluates that the financial information** reported by the various business areas and entities comprising the CaixaBank Group **comply with the following principles:**
  - i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
  - ii. The information includes all transactions, facts and other events in which the entity is the affected party (completeness).
  - iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
  - iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
  - v. Financial information shows, at the corresponding date, the 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 certifying 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 organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company.**

CaixaBank's Board of Directors has entrusted its Executive Committee and Appointments and Remuneration Committee with reviewing the organizational structure and the lines of responsibility and authority at the Entity. The Organization and Quality business area designs the organizational structure of CaixaBank and proposes to the Entity's governing bodies any suitable changes. According to the organizational changes proposed, Human Resources proposes/verifies appointments to carry out the responsibilities identified.

The lines of responsibility and authority for drawing up the 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 subject to ICFR 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 employees have access to a ***Confidential Consulting and Whistle-blowing Channel***. Any breaches of the Code of Ethics are resolved by an internal collegiate body which delegates all measures to be taken to the relevant business areas. The Regulatory Compliance Unit resolves all queries.

All new employees must adhere to the Code. The Regulatory Compliance and Human Resources departments are drawing up an on line course on the Code which all CaixaBank employees must take during 2014.

Likewise, due to prevailing legislation and self-regulatory agreements proposed by Management and the Governing Bodies, there are two specific codes regulating the conduct of employees in specific areas. These are:

I. ***Code of Conduct*** on matters relating to the Securities Market (CoC).

Its objective is to set out the rules governing CaixaBank's actions as well as its administrative bodies, employees and representatives, in accordance with the Securities Market Law and the corresponding implementing regulations. In addition, this Code of Conduct sets out CaixaBank's conflict of interest policy, in accordance with the above-referenced legislation.

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 adhere to it. Other stakeholders may also access it on the CaixaBank website.

The CoC Oversight Body is charged with analyzing any breaches and imposing corresponding corrective measures or disciplinary action.

There are two on line courses available in this regard:

– One for all covered persons; and
– 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.

II. *The Entity also has a Telematic Code of Conduct* which 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. The Entity also has a Confidential Consulting and Whistle-blowing Channel which is available to all employees via the intranet. All queries are dealt with and responded to by Information Security.

All new employees must adhere to the Telematic Code of Conduct and all new versions of the same are announced via the intranet.

• 'Whistle-blowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

All notifications about possible breaches of the Code of Ethics or the Telematic Code of Conduct, as well as reports of potential irregularities regarding financial and accounting information must be sent to the Regulatory Compliance Unit 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.

• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

One of **CaixaBank's** priorities in the area of **training** during the year was to orientate and integrate new employees from Banco de Valencia and transmit to them the Entity's corporate values and culture as a key part of its induction programs.

Also, as in 2012, under this year's **Training Plan** the entire workforce received training in the most **significant regulatory issues and the insurance business**. NPL prevention and management, skills training and commercial training were some of the key programs in 2013.

As in 2012, **professional development** programs and courses for the various **business areas** were drawn up in accordance with the profiles and skills of potential participants and the objectives set.

The Management Development Centre also runs **specific training courses for managers**, following on from the leadership programs for Business Area Heads and activities aimed at executives from central services and new business areas. **Talent identification and management** programs were also available.

CaixaBank and its subsidiaries also offer an **Ongoing Accounting and Financial Training Plan** which is adapted to the requirements inherent in the job and responsibilities of personnel involved in preparing and reviewing financial information.

In 2013, training courses focused on the following areas:

- Accounting rules.
- Auditing.
- Internal Control.
- Legal/Fiscal.
- Risk management.

The various courses were aimed at personnel in the Finance, Audit, Internal Control and Compliance Directorates-General, as well as members of the Entity's senior management. An estimated 2,250 hours of training were provided.

The Directorate-General of Finance also subscribes to various national and international accounting and financing publications, journals and websites. These are checked regularly to ensure that the Entity takes into account any developments when preparing financial information.

We would note that in the last quarter of 2013, the Entity launched **an on-line ICFR training course**. 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.

The course was aimed at 236 employees in the Finance, Audit, Internal Control, Regulatory Compliance, Resources and Risks Directorates-General as well as the General Secretary's Office. Employees at subsidiaries which are involved in reporting and preparing financial information were also invited to attend.

In total, the **Entity gave over one million hours of classroom-based and online training** in 2013 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. Training via this platform in 2013 also amounted to over 800,000 hours.

F.2. Risk assessment in financial reporting

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.
- The process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.
- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies. etc.
- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.
- Finally, which of the company's governing bodies is responsible for overseeing the process.

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.
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.

Using the most recent financial information available and in collaboration with the different areas that have processes which affect the reporting and preparation of financial information, the ICFR function periodically, at least once a year, identifies the main risks which could have an impact on its reliability as well as the controls in place to mitigate them.

However, when, during the course of the year, previously unidentified circumstances arise that could lead to potential errors in financial information or substantial changes in the Group's operations, the ICFR function must evaluate the existence of risks in addition to those already identified.

In any case, risks will refer to possible errors (intentional or otherwise) in relation to the financial information objectives: existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations.

The risk identification process takes into account both routine transactions as well as less frequent transactions which are potentially more complex as well as the effects of other types of risks (operational, technology, financial, legal, reputational, environmental, etc.).

The Entity also has a communication and analysis procedure in place at the various Business Areas involved in these corporate transactions and operations, which identify the pertinent accounting and financial effects. The scope of consolidation is also assessed on a monthly basis by the Consolidation function which is part of Auditing and Accounting.

The impact of risks on the reliability of the reporting of financial information is analyzed in each of the processes entailed in its preparation. The governing and management bodies receive periodic information on the main risks inherent in the financial information, while the Audit and Control Committee, via the Internal Audit function, is responsible for overseeing the entire process.

In this regard, since 2009 the Group has not entered into any transactions via complex corporate structures or special purpose vehicles.

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 authorizing 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 judgments, estimates, evaluations and projections.

The Entity's **Directorate-General of Finance** 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 authorizing the financial information is of a suitable standard and all are appointed in light of their knowledge and experience in accounting, audit or risk management. Likewise, by establishing control mechanisms, the technical measures and IT systems ensure that the financial information is reliable and complete. Also, the financial information is monitored by the various hierarchical levels in the Directorate-General of Finance and, where applicable, double-checked with other business areas. Finally, the key financial information disclosed to the market is approved by the highest-ranking governing bodies (the Board of Directors and the Audit and Control Committee) and the 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. This documentation includes a description of all activities carried out during the process from its start, indicating any particularities of specific products or operations.

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.
- Control activities carried out to mitigate the risk along with their characteristics:
  - Classification - Key / Standard.
  - Category - Preventive / Detective.
  - Method - Manual / Automatic / Combined.
  - System – IT applications or programs used in the control activity.
  - Control executor – Person responsible for implementing the control.
  - Person responsible for the control – Person who ensures the control is executed correctly.
  - Frequency - How often the control is executed.
  - Evidence – Evidence/proof that the control is working correctly.

All activities and controls are designed to guarantee that all transactions carried out are correctly recorded, valued, presented and itemized.

As part of the ICFR evaluation process, in 2012 the ICFR Unit designed and rolled out a ***hierarchical certification of the key controls identified process*** to guarantee the accuracy of the quarterly financial information coinciding with when it is disclosed to the market. The persons responsible for each of the controls identified shall submit certifications guaranteeing their efficient execution during the period in question.

Each quarter the Finance Officer informs the Board of Directors and Audit and Control Committee of the outcome of this certification process.

In 2013, CaixaBank carried out its quarterly certification process of financial information. 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 require senior executives to make certain judgments, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates are based on the best information available at the date the financial statements are prepared, using generally-accepted methods and techniques and observable and comparable data and assumptions.

The procedures for reviewing and approving judgments and estimates are outlined in the **Judgments and Estimates Review and Approval Policy** which forms part of the internal ICFR regulations and has been approved by the Management Committee and the Board of Directors.

This year the 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 other intangible assets.
- The useful life of and impairment losses on other intangible assets and property and equipment.
- 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 fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.
- The measurement of the provisions required to cover labor, legal and tax contingencies.
- The capitalization and recoverability of tax assets

The Audit and Control Committee must analyze those transactions which are most complex and have the greatest impact before approval can be granted by the Board of Directors.

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 company processes regarding the preparation and publication of financial information.

The IT systems which give support to processes regarding the preparation of financial information are subject to internal control policies and procedures which guarantee completeness when preparing and publishing financial information.

Specifically there are policies regarding:

I. **Secure access to information:** all CaixaBank employees are issued their own, unique ID and password with which to access the Entity's IT system. Access to the various environments, applications or operating systems is granted according to user type (internal or external) in addition to work center and category in the case of internal users.

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 program is ISO 22301 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. **Segregation of duties:** A number of employees with clearly defined and segregated duties participate in developing and operating the financial information systems. Personnel in the Finance department are responsible for defining requirements and final validation tests before any system can be rolled out. The IT department is responsible for the following duties:
   - The project leaders are in charge of functional analysis, project management, operations and ongoing management and integration tests.
   - The development teams comprise personnel from collaborating companies who design, build and test the IT systems while at all times following the development methodologies defined by the Entity. Requests to access information to resolve incidents must be authorized internally.
   - The IT systems business area operates those IT systems which require prior authorization to access the systems managed. This access, which is only granted for a few hours along with a password, upholds the unequivocal relationship with the real user who has requested it and any action carried out is duly audited.

IV. **Change management:** the Entity has in place various mechanisms and policies to avoid any possible failures caused by updates or changes to IT systems. The Changes Committees ensure that the change management regulations are complied with and the process objectives are met. These include being in possession of all information regarding changes (planning, nature, parties affected, implementation plan) to assess and determine how the service will be affected. They must also be in possession of global information regarding any changes to be carried out and identify any risk conflicts.

V. **Fault management:** the main objective of the policies and procedures in place is to resolve any incidents in the shortest time possible.

Incidents are managed efficiently when risks are correctly assessed, prioritized and monitored according to their urgency; communication times are reduced and problems identified along with proposals on how these can be improved.

An incident progress report and proposed improvements are reported regularly to the Entity's Incident Committee and management.

In conjunction with Information Systems, the ICFR function has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks. This supports the Entity's key processes regarding the preparation and publication of financial information.

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 collaborating entities is predicated on these principles.

All of the processes carried out between Group entities and suppliers are managed and recorded by programs which include all activities.

The Efficiency Committee ensures that the budget is applied in accordance with internal regulations.

The procurement and commissioning policy is detailed in the **internal regulations** which mainly regulate processes regarding:

- Drawing up, approving, managing and settling the budget.
- Applying the budget: procurement and commissioning.
- Paying invoices.

Also, the **Procurement department** is the collegiate body of the Efficiency Committee which ratifies all resolutions agreed by the Spending Committees and their respective business areas/subsidiaries which entail or could entail future procurement obligations or services and investment contracts. The CaixaBank Code of Business Conduct and Ethics stipulates that goods must be purchased and services engaged objectively and transparently, avoiding situations that could affect the objectiveness of the people involved; therefore auctions and budget requests are acceptable procurement methods according to the Procurement department. A minimum of three tenders from suppliers must be submitted.

The CaixaBank Group has a **Suppliers' Portal** offering quick and easy communication between suppliers and Group companies. This channel allows suppliers to submit all the necessary documentation when bidding for contracts as well as all the necessary documentation once services have been contracted. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

The Entity has in place internal control policies to **supervise all outsourced** activities and designs and establishes controls to **monitor all outsourced services** which may have an impact on accounting records. These include overseeing services, deliveries and managing incidents and discrepancies. In this regard the Entity's internal regulations have been amended to state that the Management Center must supervise all services which affect the reporting and preparation of financial information to ensure that the process is correctly followed, the validity of the data and methods used, as well as the reasonableness of the assumptions used (if applicable) by the third party company.

In 2013, valuation and calculation services commissioned from independent experts mainly concerned the following:

- A calculation of actuarial studies of the commitments assumed with employees.
- Appraisals of assets acquired as payment of debts and assets used as collateral in loan transactions.
- Certain processes related to Information Systems.
- Certain processes related to Human Resources.
- Certain fiscal and legal advisory services.
- Certain Front Office processes.

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, as well as a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Accounting business area – Accounting Circuits and Policies, which reports to the Directorate-General of Finance, is responsible for defining the Entity's accounting policy.

This policy is based on and documented according to the characteristics of the product/transaction defined by the business areas involved and, applicable accounting regulations, which 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 business area is charged with resolving any accounting queries not included in the circuit and any queries as to its interpretation. Additions and amendments to the accounting circuits are notified immediately and can be consulted on the 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 may have an accounting impact both for CaixaBank and the CaixaBank Group are analyzed. The various areas involved in these new events work together to review them. The conclusions of these reviews are transferred to and implemented in the various accounting circuits and, if necessary, the various documents comprising the general accounting documents. The affected business areas are informed via existing communication channels, mainly the Intranet. The latest review coincided with the preparation of the 2013 financial statements.

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.

The Entity has in place various mechanisms for the **capture and preparation** of financial information based on tools which it has developed internally. In order to ensure the completeness, standardization and correct functioning of these mechanisms, the Entity has upgraded its applications. In 2011 it began reviewing and updating its applications to adapt them to future needs, with work continuing in 2013.

The Group has specialist, top-of-the-range tools with which to draw up its **consolidated information**. Both CaixaBank and other Group entities use mechanisms in standard format to capture, analyze and prepare financial information.

During **2013**, the Entity studied various **ICFR management tools** available on the market.

The tool chosen, **SAP Governance, Risk and Compliance (SAP GRC)**, guarantees the integrity of ICFR, uniformly reflecting all the activities involved in a process and associating them with existing risks and controls. It will also facilitate the internal hierarchical key control Certification process and the monitoring of action plans regarding potential weaknesses detected.

SAP GRC will also support the Corporate Risk Map and Key Risk Indicators, for which the Internal Control and Credit Risk Models business areas are respectively responsible.

According to the schedule drawn up, this IT tool will be fully operational in the first quarter of 2014.

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 company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

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

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.

Its duties include "overseeing the process for preparing and submitting regular financial information" and carrying out, *inter alia*, the following activities:

- Approval of an annual internal audit plan and those responsible for carrying it out. This process includes 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, prioritizing each one.

The Entity has an internal audit function under the Directorate-General of Audit, Internal Control and Regulatory Compliance, whose mission is to ensure the correct performance of and supervise the Group's internal control framework.

The internal audit function is governed by the principles contained in the Internal Audit Regulations approved by the Executive Committee. The mission of Internal Audit is to guarantee effective supervision of the internal control system through ongoing assess of the organization's risks and provide support to the Audit and Control Committee by drafting reports and reporting regularly on the results of work carried out. Section E.6 provides a description of the internal audit function and all the functions of the Directorate-General of Audit, Internal Control and Compliance.

Internal Audit has auditors working in various audit teams which specialize in reviewing the main risks to which the Entity is exposed. One of these teams is the Financial Audit and Investees department where specialists oversee processes at the Directorate-General of Finance, 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.
- Analyzes 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 carried out its annual assessment of ICFR at December 31, 2013, focused on the following:

- Revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the voluntary 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 certification of key controls identified process.
- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information.

It also studied the execution of key controls by the various areas subject to ICFR.

In 2013, 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 real estate businesses. Also, and due to the merger and absorption of Banca Cívica and Banco de Valencia, it studied the completeness of the information transferred to CaixaBank's systems.

The Audit and Control Committee and senior management will be informed of the results of the ICFR evaluation. These reports also include an action plan detailing corrective measures, their urgency to mitigate risks in financial information and the timeframe for resolving these.

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 company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The 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 and the Audit and Control Committee receives information from the auditor, who attends its meetings, on the audit plan, the preliminary conclusions reached concerning publication of the financial statements and the final conclusions as well as, if applicable, any weaknesses encountered in the internal control system, prior to preparing the financial statements.

Also, when reviewing the interim financial information, the Audit and Control Committee shall be informed of the work carried out and the conclusions reached.

In addition, Internal Audit reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analyzed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them and to mitigate inherent risk. Internal Audit reports are sent to senior management.

Internal Audit constantly oversees the fulfillment of recommendations, focusing particularly on critical-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

F.7. External auditor review

State whether:

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.

See the external auditors' report attached to the Annual Corporate Governance Report.

G. Degree of compliance with corporate governance recommendations

Indicate the degree of the company's compliance with Corporate Governance recommendations.

Should the company not comply with any of the 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 behavior. General explanations are not acceptable.

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

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

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.

See sections: D.4 and D.7

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

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

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

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

See section: B.6

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

COMPLIANT	X	EXPLAIN	

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

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

COMPLIANT	X	EXPLAIN	

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

- i) The strategic or business plan, management targets and annual budgets;
- ii) Investment and financing policy;
- iii) Design of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Remuneration and evaluation of senior officers;
- vii) Risk control and management, and the periodic monitoring of internal information and control systems;
- viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

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

ii) Directors' remuneration and, in the case of executive Directors, the additional remuneration for their executive functions and other contract conditions

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

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

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

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

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

1. They are governed by standard form agreements applied on an across the-board basis to a large number of clients;
2. They go through at market prices, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

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

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

See sections: D.1 and D.6

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

See section: C.1.2

COMPLIANT		EXPLAIN	X

At December 31, 2013, the board comprised 19 members with one vacancy.

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

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

See sections: A.3 and C.1.3.

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the board but not otherwise related.

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

COMPLIANT	X	EXPLAIN	

12. The number of independent Directors should represent at least one third of all board members.

See section: C.1.3

COMPLIANT		EXPLAIN	X

The number of CaixaBank board members is set at 19. At December 31, 2013 there were 18 members as a vacancy arose on December 12. Caja de Ahorros y Pensiones de Barcelona, "la Caixa", the Entity's core shareholder with a 64.283% stake (at December 31, 2013), has 10 representatives on the CaixaBank board. However, the Entity is not compliant with the Recommendation that independent Directors should represent at least one third of all board members as, under the shareholder agreement signed following the merger and absorption of Banca Cívica by CaixaBank, there are two other proprietary Directors representing the Savings Banks (see section A.6), and two of the external Directors (six members in total, four of whom are independent and two are other external Directors) cannot be considered independent (see section C.1.3) as one has lost that category after having been appointed a member of the "la Caixa" General Assembly while the other is the Executive Chairman of BEA where CaixaBank is a significant shareholder.

At December 31, 2013, the CaixaBank board comprised 19 directors, four of whom are independent. A vacancy arose on December 12 following the departure of an independent Director.

On the day this Report was approved, the Board of Directors agreed to fill the vacancy left by Isabel Estapé Tous' resignation by appointing another independent Director.

13. The nature of each Director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: C.1.3 and C.1.8

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

14. When women Directors are few or non existent, the Nomination Committee should take steps to ensure that:

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

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

See sections:C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

See sections: C.1.19 and C.1 41

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

See section: C.1.22

COMPLIANT		PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	X

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

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

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

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

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board regulations.

See section: C.1.34

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

See section: C.1.29

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

See section: C.1.28, C.1.29 and C.1.30

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.

20. 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	

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

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

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

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

See section: C.1.19 and C.1.20

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

See section: C.1.41

COMPLIANT	X	EXPLAIN	

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

See section: C.1.40

COMPLIANT	X	EXPLAIN	

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

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

See sections: C.1.12, C.1.13 and C.1.17

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

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

See section: C.1.3

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

a) Professional experience and background;

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

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

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

29. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the By-laws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a Director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in Ministerial Order ECC/461/2013.

The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

COMPLIANT	X	EXPLAIN	

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

The moment a Director is indicted or tried for any of the crimes stated in article 213 of the Corporate Enterprises Act, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

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

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

See section: C.1.9

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

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

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

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

COMPLIANT	X	EXPLAIN		NOT APPLICABLE	

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

COMPLIANT		EXPLAIN	X	NOT APPLICABLE	

No qualifications are expressly included and therefore, a priori, do not affect this either way.

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

COMPLIANT	X	EXPLAIN		NOT APPLICABLE	

37. When the company has an Executive Committee, the breakdown of its members by Director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See sections: C.2.1 and C.2.6

COMPLIANT	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE
X			

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	EXPLAIN	NOT APPLICABLE
	X	

The board is kept fully informed of the business transacted and decisions made by the Executive Committee. However, it does not receive a copy of the Committee minutes.

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its Directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;

b) These committees should be formed exclusively of external Directors and have a minimum of three members. Executive Directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.

c) Committees should be chaired by an independent Director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: C.2.1 and C.2.4

COMPLIANT	PARTIALLY COMPLIANT	EXPLAIN
	X	

As stipulated in article 14.4 of the Regulations of the Board of Directors, minutes of the Appointments and Remuneration Committee meetings shall be available to all Board members through the office of the Secretary, but shall not be forwarded or delivered for reasons of discretion, unless otherwise ordered by the Chairman of the Committee.

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See sections: C.2.3 and C.2.4

COMPLIANT	X	EXPLAIN	

41. Audit committee members, particularly the Chairman, are appointed in light of their knowledge and experience of accounting, audit or risk management.

COMPLIANT	X	EXPLAIN	

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

COMPLIANT	X	EXPLAIN	

43. The head of internal audit should present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

44. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational…) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: E

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

45. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

   a) Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.

   b) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verifying 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 necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the external auditor:

a) Receive regular information from the external auditor on the progress and findings of the audit program, and check that senior management are acting on its recommendations.

b) Monitor the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

46. 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	EXPLAIN	

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

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

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: C.2.3 and C.2.4

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

48. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: C.1.38

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN	

49. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent Directors.

See section: C.2.1

COMPLIANT		EXPLAIN	X	NOT APPLICABLE	

Until December 12, 2013, the Appointments and Remuneration Committee was comprised entirely by external Directors, the majority of whom were independent. However, following the resignation on December 12, 2013, of Isabel Estapé Tous as a Director of CaixaBank and Chairman of the Appointments and Remuneration Committee, María Teresa Bassons Boncompte, a proprietary Director of CaixaBank was appointed a member of the Appointments and Remuneration Committee which is now chaired by Susana Gallardo Torrededía, an independent Director who was already a member of the said committee.

Therefore, following these changes, the Appointments and Remuneration Committee is no longer comprised in its majority by independent Directors. Since December 12, 2013, it comprises one independent Director (the Chairman) and two proprietary Directors.

50. The Nomination Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organize, in appropriate form, the succession of the Chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.

c) Report on the senior officer appointments and removals which the chief executive proposes to the board.

d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

51. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

52. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding:

i) The remuneration policy for Directors and senior officers;

ii) The individual remuneration and other contractual conditions of executive Directors.

iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

COMPLIANT	X	PARTIALLY COMPLIANT		EXPLAIN		NOT APPLICABLE	

53. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive Directors and senior officers.

COMPLIANT	X	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.

A.1 - At December 31, 2013, CaixaBank's share capital consisted of 4,956,284,390 shares. This figure does not include the 71,325,892 shares issued via public deeds on January 3, 2014, to carry out the conversion of convertible bonds of December 30, 2013. These shares were admitted to trading on January 14, 2014.

A.2 - Following the accelerated placement of a package of CaixaBank shares, notified in significant event filings (195.147 and 195.167 dated November 13 and 14, 2013, respectively) Caja de Ahorros y Pensiones de Barcelona, "la Caixa" transferred 257,142,857 CaixaBank shares, representing 5.26% of the share capital, putting its stake in CaixaBank below the 70% limit.

Taking into account the increases in share capital to carry out the conversion of convertible bonds of December 30, 2013, at January 14, 2014, the date the new shares of both capital increases were admitted to trading, "la Caixa" held a 63.23% stake in CaixaBank (or 64.7% without taking into consideration the shares lent).

A.6 - The share capital affected by the shareholder agreement notified to the Company is 80.597%. This percentage represents the CaixaBank shares held by Caja Navarra (currently Fundación Caja Navarra), Cajasol (currently Fundación de Carácter Especial Monte San Fernando), Caja Canarias and Caja de Burgos ("the Savings Banks") and Caja de Ahorros y Pensiones de Barcelona, "la Caixa" at August 1, 2012.

A.8 - Within the framework of authorization to acquire treasury stock granted by the CaixaBank General Shareholders' Meeting, in order to increase the liquidity of shares on the market and regularize their trading, on July 29, 2010 the Board of Directors approved the acquisition of company shares up to a maximum net balance of 50 million shares, provided the net investment was less than €200 million. This authorization also includes a disposal entitlement, depending on the prevailing market conditions.

Likewise, on March 8, 2012, the Board of Directors resolved to extend the limit for treasury shares set in 2010 to 75 million shares. Subsequently, on May 22, 2012, it was resolved to render 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 authorization for five years from adoption of the resolution on April 19, 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.

We have included the total percentage of the Company's treasury stock in the box entitled "% of total share capital".

At its meeting of January 30, 2014, the board resolved to amend the Internal Rules 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 July 18, 2013.

A.10 - CaixaBank's By-laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

B.5 - There is no legal restriction or restriction in the Company's By-Laws on the acquisition or transfer of shares representing the share capital. Notwithstanding the above, it should be noted that Article 56 et seq. of Law 26/1988, of July 29, on Discipline and Supervision of Credit Entities, amended by Law 5/2009, of June 29, states that persons wishing to acquire ownership interest of 10% or more of the voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital is equal to or greater than 20%, 30% or 50% of the total, must give prior notice to the Bank of Spain, which shall have 60 business days to object to the proposed transaction.

Nor does CaixaBank have legal restrictions or restrictions set forth in the By-Laws on voting rights. Nevertheless, as explained in Note A.10 above, CaixaBank's By-Laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend in person.

Shareholders at the General Shareholders' Meeting on April 19, 2012 voted to amend certain articles of the By-laws. Amendments include, *inter 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.

C.1.3 - In his capacity as the Company's Chief Executive Officer, and in accordance with the Director categories enumerated in Ministerial Order ECC/461/2013 of March 20, Juan María Nin Génova is considered to be an executive Director. However, since he was appointed to represent the holding of Caja de Ahorros y Pensiones de Barcelona, "la Caixa" at CaixaBank he is also considered to be a proprietary Director.

C.1.11 - The information on Directors and directorships at other Group Companies refers to year-end. This section includes Group Companies and Jointly Controlled Entities at the end of the financial year.

C.1.12 - The information on Directors and directorships at other listed companies refers to year-end.

C.1.15 - The remuneration of Directors in 2013 as reported in this section takes the following aspects into consideration:

• For Mr. Nin this includes payments in kind and variable remuneration and other long-term benefits payable.

- For Caja Navarra (currently Fundación Caja Navarra), on January 23, 2013 its Executive Committee accepted the resignation of Mr. Asiain Ayala and appointed Mr. Juan Franco Pueyo a natural-person representative on the CaixaBank board.
- At its meeting on February 21, 2013, the board agreed, based on a favorable report from the Appointments and Remuneration Committee to keep 2013 remuneration for all Directors and committee members at the same level as in 2012, including the 10% decrease agreed in mid-2012.
- On December 12, 2013, Isabel Estapé Tous tendered her resignation as a Director of CaixaBank and as Chairman of the Appointments and Remuneration Committee. On the same date, María Teresa Bassons Boncompte, a proprietary Director of CaixaBank, was appointed Chairman of the said committee.
- Total remuneration includes fixed remuneration, payments in kind and total variable remuneration assigned to the Directors. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already received by the director in cash or shares as part of the deferred variable remuneration (cash and shares) receivable on a straight-line basis over the next three years.

C.1.16 - CaixaBank's Senior Management at December 31, 2013, comprised 12 persons, holding the following positions at the Entity: CEOs (5), Senior Executive Vice Presidents (4), Executive Directors (2) and General Secretary (1). One member departed around mid 2013 and two new members joined in the last quarter of 2013, and are therefore included in the total remuneration paid in the year.

This amount includes fixed remuneration, payments in kind and total variable remuneration assigned to Senior Management. In application of Royal Decree 771/11, variable remuneration includes the variable remuneration already 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.

The remuneration paid in 2013 to Senior Management at CaixaBank includes that received 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 €586 thousand, recognized in the income statements of these companies.

C.1.29 - One of the Executive Committee meetings in 2013 was held in writing without any members attending in person.

C.1.30 - In 2013, the total number of non-attendances was just 22. 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 2013 is 8.27%, 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 2013, which form part of the annual accounts, are certified by the Entity's Chief Financial Officer.

C.1.45 - Based on a report from the Appointments and Remuneration Committee, the Board, in plenary session, approves individual remuneration for the executive Director and other contract conditions and the appointment and eventual termination of Senior Executives, as well as compensation clauses.

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 section D.6.

G.18 - Article 7.2 of the Regulations of the Board of Directors stipulates that the Chairman is vested with the ordinary authority to form the agenda for such meetings and to direct the debates.

However, all Directors may request that additional items be included in the agenda.

G.29 - Pursuant to Article 33.2 of the CaixaBank By-laws, Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected on or more times for terms of equal length. No distinctions are made between types of Directors Nevertheless, article 19.1 of the Regulations of the Board of Directors stipulates that independent Directors will not stay on as such for a continuous period of more than 12 years.

Article 20 of the Regulations of the Board of Directors stipulates general and specific situations for each type of Director in which Directors must place their post at the disposal of the Board of Directors and tender their resignation, if the Board deems this appropriate.

H. 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 endeavors to disseminate its 10 principles, based on human and labor 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 organization 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: the 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 an Integrated Corporate Report that 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 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 behavior.

The Conference Board

CaixaBank takes part in this business research association, whose aim is to share with leading world organizations 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 March 15, 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.

PFor 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_en.html

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on February 27, 2014.

List whether any Directors voted against or abstained from voting on the approval of this Report.

YES [ ] NO [X]

NAME OR CORPORATE NAME OF DIRECTOR	REASONS (VOTED AGAINST, ABSTENTION, NON-ATTENDANCE)	EXPLAIN THE REASONS

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AUDITOR'S REPORT FOR 2013 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 22 January 2014, we have applied certain procedures to the "Information relating to the system of ICFR" contained in the Section F to the Company's 2013 Annual Corporate Governance Report, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operativity of the internal control system adopted by the Company in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Company's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2013 described in the accompanying information relating to the system of ICFR. Therefore, had procedures additional to those provided for in the engagement letter been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

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

The 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 in section F, relating to the description of the system of ICFR, of the Annual Corporate Governance Report model established in CNMV Circular 5/2103, of 12 June 2013.

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 has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by Spanish National Securities Market Commission (CNMV) Circular 5/2103, of 12 June 2013, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Francisco Ignacio Ambrós

28 February 2014

PROPOSED APPROPRIATION OF PROFIT OF CAIXABANK

The proposed appropriation of profit for 2012 of CaixaBank which the Board of Directors will submit for approval at the Annual General Meeting is as follows:

Appropriation of CaixaBank's profit

	Euros 2013
Basis of appropriation	
Profit for the year	805,901,371.66
Appropriation:	
To (1)	**68,390,463.66**
Acquisition of bonus subscription rights from shareholders in September 2013 under the Optional Scrip Dividend program **(2)**	*16,326,791.80*
Acquisition of bonus subscription rights from shareholders in December 2013 under the Optional Scrip Dividend program **(3)**	*16,654,833.10*
Acquisition of bonus subscription rights from shareholders in March 2014 under the Optional Scrip Dividend program **(4)**	*17,596,635.99*
Acquisition of bonus subscription rights from shareholders in June 2014 under the Optional Scrip Dividend program **(5)**	*17,812,202.77*
To reserves (5)	**737,510,908.00**
Legal reserve	*221,851,179.92*
Restricted reserve for goodwill **(6)**	*120,486,937.26*
Voluntary reserves **(7)**	*395,172,790.82*
Net profit for the year	**805,901,371.66**

(1) Estimated amount to be appropriated in this connection, see Notes 2, 3, 4, 5 and 8 below.
(2) In September 2013, shareholders representing 93.23% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held 25.04.13, under item 7.2 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €16,327 thousand to the remaining shareholders (representing 6.77% of the share capital) who elected to sell their bonus subscription rights to the Company.
(3) In December 2013, shareholders representing 93.19% the Company's share capital elected to acquire newly issued shares under the resolution to carry out a scrip issue approved at the Annual General Meeting held April 25, 2013, under item 7.3 of the agenda (Optional Scrip Dividend). As a result, the Company paid a total of €16,655 thousand to the remaining shareholders (representing 6.81% of the share capital) who elected to sell their bonus subscription rights to the Company.
(4) Amount estimated to be paid in March 2014 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue approved at the Annual General Meeting of April 25, 2013 under item 7.4 of the agenda (Optional Scrip Dividend) that the Board of Directors intends to carry out in February 2014. This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company.
(5) Amounted estimated to be paid in June 2014 assuming shareholders representing 7% of share capital elect to sell their bonus subscription rights under the resolution to carry out a scrip issue if approved at the Annual General Meeting to be held in 2014 (Optional Scrip Dividend). This amount will increase or decrease in accordance with the total price paid by the Company to all shareholders electing to sell their bonus subscription rights to the Company. The Board of Directors intends to submit a proposal to the Annual General Meeting in 2014 for approval of the scrip issues offering shareholders the possibility of acquiring shares, selling their rights on the market or selling them to the Company (Optional Scrip Dividend).
(6) Amount to reach the 20% threshold set out in Article 274 of the Capital Enterprises Act and above the minimum amount required of 10% of income.
(7) In accordance with Article 273.4 of the Corporate Enterprises Act.
(8) Estimated amount to be appropriated to voluntary reserves. This amount will increase or decrease by the same amount that the amounts earmarked for payment of the price of the bonus subscription rights increases or decreases (see Notes 4 and 5 above).

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