CaixaBank, SA and companies composing the CaixaBank Group

Condensed interim consolidated financial statements and interim management report for the six months ended 30 June 2016

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

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (hereinafter "the interim financial statements") of CaixaBank, S.A. (hereinafter "CaixaBank" or "the Company") and Subsidiaries (hereinafter "the Group"), which comprise the condensed consolidated balance sheet at 30 June 2016 and the condensed consolidated statement of profit and loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in total equity, the condensed consolidated statement of cash flows and the explanatory notes thereto for the six-month period then ended. The directors of CaixaBank are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to conclude that the accompanying interim financial statements for the six-month period ended 30 June 2016 were not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

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.
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Emphasis of matter paragraph

We draw attention to the accompanying Note 1, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. This matter does not qualify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2016 contains the explanations which the directors of CaixaBank consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2016. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of CaixaBank, S.A. and subsidiaries.

Paragraph on other matters

This report was prepared at the request of the Board of Directors of CaixaBank in relation to the publication of the half-yearly financial report required by the article 119 of the consolidated Text of the Spanish Securities Market Law, approved by the Royal Legislative Decree 4/2015, of 23 October, and implemented by the Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Francisco Ignacio Ambrós

29 July 2016

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAIXABANK GROUP AT 30 JUNE 2016

- Condensed interim consolidated balance sheet at 30 June 2016 and 31 December 2015
- Condensed interim consolidated statement of profit and loss for the six months ended 30 June 2016 and 2015
- Condensed interim consolidated statement of other comprehensive income for the six months ended 30 June 2016 and 2015
- Condensed interim consolidated statement of total changes in equity for the six months ended 30 June 2016 and 2015
- Condensed interim consolidated statement of cash flows for the six months ended 30 June 2016 and 2015
- Notes to the interim consolidated financial statements of the Group CaixaBank at 30 June 2016

Condensed interim consolidated financial statements of the CaixaBank

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2016 and 31 December 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	30.6.2016	31.12.2015
Cash on hand, cash balances at central banks and other demand deposits	**5,880,935**	**6,615,172**
Financial assets held for trading (Note 8)	**15,977,149**	**13,312,220**
Memorandum items: Loaned or advanced as collateral with the right of sale or pledge	*3,829,548*	*751,331*
Financial assets designated at fair value through profit or loss (Note 8)	**2,188,603**	**1,785,804**
Available-for-sale financial assets (Note 8)	**66,380,042**	**62,997,235**
Memorandum items: Loaned or advanced as collateral with the right of sale or pledge	*3,060,004*	*3,319,455*
Loans and receivables (Note 8)	**218,274,298**	**210,473,400**
Memorandum items: Loaned or advanced as collateral with the right of sale or pledge	*78,646,434*	*64,393,412*
Held-to-maturity investments (Note 8)	**4,305,561**	**3,820,114**
Memorandum items: Loaned or advanced as collateral with the right of sale or pledge	*1,014,810*	*520,793*
Derivatives – Hedge accounting	**3,274,888**	**3,917,462**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**333,970**	**3,279**
Investments in joint ventures and associates (Note 9)	**6,299,290**	**9,673,694**
Jointly controlled entities	1,191,339	1,142,773
Associates	5,107,951	8,530,921
Assets under insurance and reinsurance contracts	**361,741**	**391,225**
Tangible assets (Note 10)	**6,334,491**	**6,293,319**
Property, plant and equipment	2,984,157	3,039,823
For own use	2,984,157	3,039,823
Investment property	3,350,334	3,253,496
Memorandum items: Acquired under a finance lease	*0*	*0*
Intangible assets (Note 11)	**3,661,010**	**3,671,588**
Goodwill	3,050,845	3,050,845
Other intangible assets	610,165	620,743
Tax assets (Note 17)	**10,492,614**	**11,123,143**
Current tax assets	681,904	1,029,933
Deferred tax assets	9,810,710	10,093,210
Other assets (Note 12)	**2,182,386**	**2,217,157**
Inventories	1,166,407	1,135,337
Other assets	1,015,979	1,081,820
Non-current assets and disposal groups classified as held for sale (Note 13)	**7,162,458**	**7,960,663**
Total assets	**353,109,436**	**344,255,475**
Memorandum items:		
Guarantees given (Note 21)	**4,485,815**	**3,304,480**
Contingent commitments given (Note 21)	**80,849,979**	**65,374,524**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at 30 June 2016.

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2016 and 31 December 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities

	30.6.2016	31.12.2015
Financial liabilities held for trading (Note 14)	**12,622,829**	**12,200,290**
Financial liabilities designated at fair value through profit or loss (Note 14)	**2,850,895**	**2,359,517**
Memorandum items: Subordinated liabilities	0	0
Financial liabilities measured at amortised cost (Note 14)	**258,838,681**	**253,498,820**
Memorandum items: Subordinated liabilities	4,257,590	4,345,199
Derivatives - Hedge accounting	**776,107**	**756,163**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**2,423,728**	**2,213,205**
Liabilities under insurance contracts	**45,763,218**	**40,290,523**
Provisions (Note 15)	**4,815,450**	**4,597,740**
Pensions and other post-employment defined benefit obligations	2,103,421	1,958,334
Other long term employee benefits	968,419	900,311
Pending legal issues and tax litigation	629,438	514,206
Commitments and guarantees given	322,781	381,477
Other provisions	791,391	843,412
Tax liabilities (Note 17)	**1,331,149**	**1,555,970**
Current tax liabilities	144	379
Deferred tax liabilities	1,331,005	1,555,591
Share capital repayable on demand	**0**	**0**
Other liabilities	**1,435,111**	**1,499,638**
Liabilities included in disposal groups classified as held for sale	**91,003**	**79,059**
Total liabilities	**330,948,171**	**319,050,925**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at 30 June 2016.

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2016 and 31 December 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Equity

	30.6.2016	31.12.2015
SHAREHOLDERS' EQUITY (Note 16)	**21,938,240**	**23,688,634**
Capital	5,910,243	5,823,990
Paid up capital	5,910,243	5,823,990
Share premium	12,032,802	12,032,802
Other equity items	6,523	5,120
Retained earnings	5,265,642	4,850,813
Other reserves	109,414	413,916
Less: Treasury shares	(2,024,440)	(19,713)
Profit attributable to owners of the parent	638,056	814,460
Less: Interim dividends **(Note 5)**	0	(232,754)
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 16)	**183,469**	**1,480,290**
Items that will not be reclassified to profit or loss	0	0
Items that may be reclassified to profit or loss	183,469	1,480,290
Foreign currency translation	316	378,102
Hedging derivatives. Cash flow hedges (effective portion)	35,275	85,622
Available-for-sale financial assets	87,887	816,586
Debt instruments	576,264	761,777
Equity instruments	(488,377)	54,809
Share of other recognised income and expense of investments in joint ventures and associates	59,991	199,980
MINORITY INTERESTS (non-controlling interests)	**39,556**	**35,626**
Accumulated other comprehensive income	61	530
Others items	39,495	35,096
Total equity	**22,161,265**	**25,204,550**
Total equity and total liabilities	**353,109,436**	**344,255,475**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the six months ended 30 June 2016 and 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	30.6.2016	30.6.2015 (*)
Interest income	**3,348,007**	**4,572,865**
Interest expenses	**(1,307,370)**	**(2,302,831)**
NET INTEREST INCOME	**2,040,637**	**2,270,034**
Dividend income	**107,967**	**110,402**
Share of profit/(loss) of entities accounted for using the equity method (Note 9)	**291,635**	**381,797**
Fee and commission income	**1,083,268**	**1,160,834**
Fee and commission expenses	**(73,067)**	**(84,639)**
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**639,563**	**594,540**
Gains/(losses) on financial assets and liabilities held for trading, net	**(177,234)**	**36,890**
Gains/(losses) from hedge accounting, net	**14,951**	**(13,249)**
Exchange differences (net)	**117,191**	**28,928**
Other operating income	**299,582**	**220,739**
Other operating expenses	**(434,925)**	**(243,106)**
Income from assets under insurance and reinsurance contracts	**494,364**	**445,521**
Expenses from liabilities under insurance and reinsurance contracts	**(354,677)**	**(344,534)**
GROSS INCOME	**4,049,255**	**4,564,157**
Administrative expenses	**(1,820,878)**	**(2,403,551)**
Staff expenses	(1,326,387)	(1,837,505)
Other administrative expenses	(494,491)	(566,046)
Depreciation (Notes 10 and 11)	**(181,489)**	**(190,551)**
Provisions or reversal of provisions (Note 15)	**(262,580)**	**(116,285)**
Impairment or reversal of impairment on financial assets not measured at fair value through	**(648,979)**	**(1,322,270)**
Available-for-sale financial assets	(230,226)	(41,524)
Loans and receivables	(537,709)	(1,109,228)
Held-to-maturity investments	118,956	(171,518)
NET OPERATING INCOME/(LOSS)	**1,135,329**	**531,500**
Impairment or reversal of impairment on investments in joint ventures or associates	**(1,100)**	**0**
Impairment or reversal of impairment on non-financial assets	**(20,771)**	**(306,192)**
Tangible assets	(20,905)	(260,721)
Intangible assets	151	(45,471)
Other	(17)	0
Gains/(losses) on derecognition of non-financial assets and investments, net	**(158,642)**	**33,879**
Negative goodwill recognised in profit or loss	**66,925**	**601,642**
Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	**(133,713)**	**(303,546)**
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**888,028**	**557,283**
Tax expense or income related to profit or loss from continuing operations	**(242,635)**	**151,934**
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**645,393**	**709,217**
Profit/(loss) before tax from discontinued operations	**(1,364)**	**(556)**
PROFIT/(LOSS) FOR THE PERIOD	**644,029**	**708,661**
Attributable to minority interest (non-controlling interests)	**5,973**	**449**
Attributable to owners of the parent	**638,056**	**708,212**
Earnings per share		
Basic earnings per share (euros) **(Note 5)**	0.11	0.12
Diluted earnings per share (euros) **(Note 5)**	0.11	0.12

(*) Presented for comparison purposes only (see Note 1 "Comparison of information").

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of profit and loss for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016 and 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2016	2015 (*)
PROFIT/(LOSS) FOR THE PERIOD	**644,029**	**708,661**
OTHER COMPREHENSIVE INCOME	**(1,297,290)**	**(86,474)**
Items that will not be reclassified to profit or loss	**0**	**0**
Items that may be reclassified to profit or loss	**(1,297,290)**	**(86,474)**
Foreign currency translation	(377,725)	198,944
Translation gains/(losses) taken to equity	*(132,824)*	*198,944*
Transferred to profit or loss	*(244,901)*	
Other reclassifications		
Cash flow hedges (effective portion)	(70,895)	(6,922)
Valuation gains/(losses) taken to equity	*(60,204)*	*5,777*
Transferred to profit or loss	*(10,691)*	*(12,699)*
Transferred to initial carrying amount of hedged items		
Other reclassifications		
Available-for-sale financial assets	(697,728)	(542,354)
Valuation gains/(losses) taken to equity	*(398,129)*	*(157,927)*
Transferred to profit or loss	*(299,599)*	*(384,427)*
Other reclassifications		
Non-current assets and disposal groups classified as held for sale	0	0
Valuation gains/(losses) taken to equity		
Transferred to profit or loss		
Other reclassifications		
Entities accounted for using the equity method	(139,989)	189,078
Valuation gains/(losses)	*(139,989)*	*189,078*
Transferred to profit or loss		
Other reclassifications		
Share of other recognised income and expense of investments in joint ventures and associates		
Income tax relating to items that may be reclassified to profit or loss	(10,953)	74,780
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(653,261)**	**622,187**
Attributable to minority interest (non-controlling interests)	5,504	377
Attributable to owners of the parent	(658,765)	621,810

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of other comprehensive income for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended 30 June 2016 and 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the parent									Minority interest		
	Shareholders' equity											
CURRENT PERIOD	Capital	Share premium	Other equity items	Retained earnings	Other reserves	Less: Treasury shares	Profit/(loss) attributable to owners of the parent	Less: Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Others items	**Total**
Opening balance (before restatement)	**5,823,990**	**12,032,802**	**5,120**	**4,850,813**	**413,916**	**(19,713)**	**814,460**	**(232,754)**	**1,480,290**	**530**	**35,096**	**25,204,550**
Effects of corrections of errors												0
Effects of changes in accounting policies												0
Opening balance at 31.12.2015	**5,823,990**	**12,032,802**	**5,120**	**4,850,813**	**413,916**	**(19,713)**	**814,460**	**(232,754)**	**1,480,290**	**530**	**35,096**	**25,204,550**
Total comprehensive income for the period							**638,056**		**(1,296,821)**	**(469)**	**5,973**	**(653,261)**
Other changes in equity	**86,253**	**0**	**1,403**	**414,829**	**(304,502)**	**(2,004,727)**	**(814,460)**	**232,754**	**0**	**0**	**(1,574)**	**(2,390,024)**
Issuance of ordinary shares	86,253			(86,253)								0
Dividends (or remuneration to shareholders)				(251,837)							(2,383)	(254,220)
Purchase of treasury shares				0		(2,004,727)						(2,004,727)
Transfers among components of equity				863,394	(281,688)		(814,460)	232,754				0
Other increase/(decrease) in equity			1,403	(110,475)	(22,814)						809	(131,077)
Closing balance at 30.6.2015	**5,910,243**	**12,032,802**	**6,523**	**5,265,642**	**109,414**	**(2,024,440)**	**638,056**	**0**	**183,469 0**	**61**	**39,495**	**22,161,265**

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of total changes in equity for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended 30 June 2016 and 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the parent									Minority interest		
	Shareholders' equity											
CURRENT PERIOD	Capital	Share premium	Other equity items	Retained earnings	Other reserves	Less: Treasury shares	Profit/(loss) attributable to owners of the parent	Less: Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Others items	**Total**
Opening balance (before restatement)	**5,714,956**	**12,032,802**	**0**	**4,524,957**	**544,876**	**(11,013)**	**620,020**	**(53,615)**	**1,821,656**	**560**	**37,369**	**25,232,568**
Effects of corrections of errors												0
Effects of changes in accounting policies												0
Opening balance at 31.12.2014	**5,714,956**	**12,032,802**	**0**	**4,524,957**	**544,876**	**(11,013)**	**620,020**	**(53,615)**	**1,821,656**	**560**	**37,369**	**25,232,568**
Total comprehensive income for the period							**708,212**		**(86,402)**	**(72)**	**449**	**622,187**
Other changes in equity	**53,332**	**0**	**4,144**	**341,133**	**65,042**	**(1,243)**	**(620,020)**	**53,615**	**0**	**0**	**3,429**	**(100,568)**
Issuance of ordinary shares	53,332			(53,332)								0
Dividends (or remuneration to shareholders)				(246,003)								(246,003)
Purchase of treasury shares				724		(1,243)						(519)
Transfers among components of equity				571,544	(5,139)		(620,020)	53,615				0
Other increase/(decrease) in equity			4,144	68,200	70,181						3,429	145,954
Closing balance at 30.6.2015	**5,768,288**	**12,032,802**	**4,144**	**4,866,090**	**609,918**	**(12,256)**	**708,212**	**0**	**1,735,254**	**488**	**41,247**	**25,754,187**

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of total changes in equity for the six months ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

for the six months ended 30 June 2016 and 2015 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2016	2015 (*)
A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**3,257,001**	**(255,258)**
Profit for the period	**644,029**	**708,661**
Adjustments to obtain cash flows from operating activities	**3,665,539**	**1,305,798**
Depreciation	181,489	190,551
Other adjustments	3,484,050	1,115,247
Net increase/(decrease) in operating assets	**(13,818,167)**	**5,748,091**
Financial assets held for trading	(2,445,086)	(1,568,384)
Financial assets designated at fair value through profit or loss	(622,643)	(189,874)
Available-for-sale financial assets	(4,042,168)	10,592,749
Loans and receivables	(8,602,038)	(2,298,364)
Other operating assets	1,893,768	(788,036)
Net increase/(decrease) in operating liabilities	**12,413,021**	**(8,163,598)**
Financial liabilities held for trading	422,539	(119,718)
Financial liabilities designated at fair value through profit or loss	775,494	437,769
Financial liabilities measured at amortised cost	10,578,085	(5,025,165)
Other operating liabilities	636,903	(3,456,484)
Income tax (paid)/received	**352,579**	**145,790**
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**977,476**	**4,447,894**
Payments:	**(491,498)**	**(1,310,622)**
Tangible assets	(179,727)	(209,456)
Intangible assets	(62,598)	(61,475)
Investments in joint ventures and associates	(97,031)	(201,456)
Subsidiaries and other business units	0	(815,703)
Non-current assets and liabilities classified as held for sale	(20,695)	(22,532)
Held-to-maturity investments	(131,447)	
Proceeds:	**1,468,974**	**5,758,516**
Tangible assets	6,823	215,297
Investments in joint ventures and associates	681,891	290,027
Non-current assets and liabilities classified as held for sale	780,260	859,618
Held-to-maturity investments	0	4,266,052
Other proceeds related to investing activities	0	127,522
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(4,967,397)**	**(3,274,680)**
Payments:	**(6,471,573)**	**(4,300,326)**
Dividends	(251,837)	(246,004)
Purchase of own equity instruments	(347)	(22,735)
Other payments related to financing activities	(6,219,389)	(4,031,587)
Proceeds:	**1,504,176**	**1,025,646**
Disposal of own equity instruments	4,176	22,216
Other proceeds related to financing activities	1,500,000	1,003,430
D) EFFECT OF EXCHANGE RATES CHANGES	**(1,317)**	**2,385**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(734,237)**	**920,341**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,615,172**	**4,720,888**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	**5,880,935**	**5,641,229**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash on hand	1,493,163	1,384,547
Cash equivalents at central banks	3,676,436	3,231,502
Other financial assets	711,336	1,025,180
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,880,935**	**5,641,229**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of cash flows for the six months ended 30 June 2016.

Notes to the condensed interim consolidated financial statements of the CaixaBank Group at 30 June 2016

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Explanatory notes to the condensed interim consolidated financial statements for the six months ended 30 June 2016

CAIXABANK, SA
AND COMPANIES COMPOSING THE CAIXABANK GROUP

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

1. Corporate information, basis of presentation and other information

CaixaBank, SA ("CaixaBank" or "the Bank") and its subsidiaries compose the CaixaBank Group ("the CaixaBank Group" or "the Group"). CaixaBank, with tax identification number (NIF) A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on 30 June 2011 with the entry of CaixaBank in the Bank of Spain's Registry of Credit Institutions ("Registro de Entidades de Crédito") and its listing on the Spanish stock markets – as a credit institution – on 1 July 2011.

At 30 June 2016, Criteria Caixa, SAU ("Criteria" or "CriteriaCaixa") was CaixaBank's majority shareholder, with a stake of 46.91% (56.76% at 31 December 2015), and an equal stake conferring voting rights (56.17% at 31 December 2015). Criteria is 100% owned by Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa".

The corporate object of CaixaBank mainly entails:

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

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

Basis of presentation

On 25 February 2016, CaixaBank's Board of Directors authorised for issue the CaixaBank Group's 2015 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU regulations, in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and subsequent amendments thereto. They were approved at the Ordinary Annual General Meeting on 28 April 2016.

In the preparation of the 2015 consolidated financial statements, the consolidation principles, accounting policies and measurement bases described in Note 2 therein were applied to give a true and fair view of the equity and financial position of the CaixaBank Group at 31 December 2015 and of the results of its operations, the changes in consolidated equity and the cash flows in the year then ended.

The accompanying condensed interim consolidated financial statements of the CaixaBank Group for the first half of 2016 were prepared in accordance with IFRSs, particularly IAS 34 *Interim Financial Reporting*. They were also drawn up taking into consideration Bank of Spain Circular 4/2004, as well as the Spanish Securities Market Regulator (CNMV) Circular 1/2008 and subsequent amendments. These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of CaixaBank at its meeting of 28 July 2016.

According to IAS 34, the interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances in the first half and does not duplicate information previously reported. Therefore, for an appropriate understanding of the information contained in the accompanying condensed interim consolidated financial statements, they should be read in conjunction with the CaixaBank Group's 2015 consolidated financial statements.

The accompanying consolidated balance sheet, statement of profit and loss, statement of other comprehensive income, statement of total changes in equity and statement of cash flows are presented according to the formats provided for credit institutions in CNMV Circular 5/2015.

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

Standards and interpretations issued by the International Accounting Standard Board (IASB) that became effective in the first half of 2016

At the date of authorisation for issue of these condensed interim consolidated financial statements, the main standards that became effective were as follows:

Summary of amendments to standards

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016

Note 1 to the 2015 consolidated financial statements provides a summary of each of these amendments, the adoption of which did not have a material impact for the Group.

Standards and interpretations issued by the IASB but not yet effective

At the date of authorisation for issue of these condensed interim consolidated financial statements, the main standards issued by the IASB but not yet effective, either because their effective date is subsequent to the date of the condensed interim consolidated financial statements or because they had not yet been endorsed by the European Union, are the same as those detailed in Note 1 to the 2015 consolidated financial statements.

The Group has elected not to early adopt these standards, where possible. In addition, the Group is currently analysing all the future impacts of the adoption of these standards, especially IFRS 9 and IFRS 16, and is unable to provide a reasonable estimate of their impact until this analysis has been carried out.

Responsibility for the information and for the estimates made

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

- Impairment losses on certain financial assets and the fair value of the related guarantees (Note 8)
- The measurement of goodwill and intangible assets (Note 11)
- Impairment losses on non-current assets held for sale (Note 13)
- The useful life of and impairment losses on tangible assets and other intangible assets (Notes 10 and 11)
- The measurement of investments in joint ventures and associates (Note 9)
- The fair value of certain financial assets and liabilities (Notes 8 and 14)
- The measurement of provisions (Note 15)

- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets (Note 17)
- Determination of the share of profit/(loss) of associates (Note 9)

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

Comparison of information

The figures at 31 December 2015 and for the six months ended 30 June 2015 contained in these condensed interim financial statements are presented solely for purposes of comparison and have been restated to adopt the disclosures introduced in CNMV Circular 5/2015.

As for the statement of profit and loss for the first half of 2015, the entry into force of Bank of Spain of the latest changes introduced to the Circular 4/2004 of Bank of Spain by the Circular 5/2014 in the first half of 2016 has resulted in the reclassification of gains and losses on the purchase and sale of foreign currency in customer transactions, which are no longer presented under "Exchange differences (net)" and "Gains/(losses) on financial assets and liabilities – Financial assets and liabilities held for trading" and are presented under "Fee and commission income". This resulted in the reclassification in the first half of 2016 of EUR 49 million, EUR 41 million of which corresponded to “Exchange differences (net)”.

Pursuant to the changes introduced in this Circular, proceeds from sales of strategic investments were not presented in the first half of 2016 under "Gains/(losses) on non-current assets held for sale not classified as discontinued operations"Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" and were presented under "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" in trading income. The CaixaBank Group did not recognise any results from this type of sale in the first half of 2015, so no amounts in comparative balances for the first half of 2015 were reclassified.

On October 2015, the CaixaBank Group started selling a new immediate life annuity product where the value of part of the commitments with policyholders is linked to the fair value of the affected assets. These investments, which were recognised under “Financial assets held for trading” at 31 December 2015, have been reclassified to ““Other assets at fair value through profit or loss”. The investments related with the unit-linked component – contracts where the policyholder assumes the investment risk – are also presented under this heading, as it is understood that the risks and rewards associated with this part of the new product are equivalent to the unit -linked portfolio, and the new classification better reflects the economic reality. The reclassified balances totalled EUR 483,863 thousand and EUR 219,843 thousand at 30 June 2016 and 31 December 2015, respectively. Equally, EUR 558,351 thousand and EUR 284,115 thousand have been reclassified at the aforesaid dates from “Liabilities under insurance contracts” to “Other financial liabilities at fair value through profit or loss”. These reclassifications have had no impact on the statement of profit and loss for the period ended 30 June 2016, as the commitments with policyholders reclassified as associated financial assets continue to be measured at fair value through profit or loss. The differences between the reclassified amounts at the different dates are due to the cash associated with this new product.

Seasonality and materiality of operations

The cyclical or seasonal nature of the operations of the companies composing the CaixaBank Group is not significant. Therefore, these explanatory notes to the condensed interim consolidated financial statements for the first six months of 2016 do not include specific disclosures in that regard.

Nevertheless, pursuant to the interpretation of IFRIC 21, certain taxes and levies are expensed when the payment obligation arises, as per prevailing regulations. The Group recognises property tax on 1 January each year. The expense in the statement of profit and loss for the six months ended 30 June 2016 was EUR 51 million (EUR 47 million in the previous year). In April 2016, it also recognised the contribution to the Single Resolution Fund (SRF) for 2016 of EUR 87 million, of which EUR 74 million were recognised in the statement of profit and loss and EUR 13 million under "Loans and receivables – Credit institutions" as the CaixaBank Group elected to materialise 15% of the contribution using irrevocable payment commitments, for which it provided cash collateral.

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

Voluntary takeover bid for BPI

On 18 April 2016, CaixaBank notified the market of its Board of Directors' decision to launch a takeover bid comprising a voluntary tender offer (VTO) for BPI; the preliminary announcement was published when the Portuguese stock market regulator, the Comissão do Mercado de Valores Mobiliários, approved the bid.

The VTO price is EUR 1.113 per share in cash, and is conditional upon removal of the Banco BPI voting rights restriction, because it would involve more than 50% of BPI's capital, and obtaining the pertinent regulatory approvals. The bid price is the average weighted price of BPI shares for the six months prior to the bid.

Prior to the latest announcement, CaixaBank held talks with the ECB to keep it abreast of the transaction and request suspension of any sanction proceedings against Banco BPI for excess risk concentration, in order to allow CaixaBank to find a solution to this situation should it finally take control of Banco BPI.

The Supervisory Board of the ECB, in the context of the takeover bid announced and subject to CaixaBank securing control of BPI, has decided to grant CaixaBank a period of four months to solve BPI's large exposure breach, and to put on hold during this period the on-going sanction proceeding against BPI for this breach. This four-month period would start following the conclusion of the acquisition of BPI by CaixaBank on the understanding that this will take place before the end of October 2016.

On 22 July 2016 BPI held an Extraordinary General Meeting to vote on two proposals to eliminate the restrictions on voting rights (20% voting cap), one of which had been submitted by the minority shareholder Violas Ferreira Financial S.A. and the other by BPI's Board of Directors. The Chairman of the General Meeting ruled that members would only vote on the proposal put forward by the Board of Directors, for purposes of "procedural economy" as both votes were on the same subject. Following this ruling, the minority shareholder Violas Ferreira, presented a precautionary measure issued by a judge ordering the voting to be halted. CaixaBank then proposed to suspend the General Meeting for 45 days until 6 September 2016. The proposal to suspend the meeting was approved, with 85% of votes in favour.

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

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

The transaction was completed on 30 May 2016 after obtaining clearance from all the authorities and complying with the conditions set forth in the swap agreement.

CaixaBank has transferred to Criteria its stake in BEA, representing 17.3% of the latter's capital, and in GFI, representing approximately 9.01% of this company's capital. Meanwhile, Criteria has transferred to CaixaBank a number of CaixaBank treasury shares representing approximately 9.89% of its share capital and a cash amount set at EUR 678 million.

As provided for in the Swap Agreement, the change relative to the 3 December 2015 announcement in the stake in BEA being transferred to Criteria (17.24%) in CaixaBank treasury shares to be delivered by Criteria (9.9%) and in the cash amount to be paid by Criteria (EUR 642 million) is according to the financial flows received by each party from the signing date of the Swap Agreement (3 December 2015), that is, for the BEA shares received by CaixaBank as scrip dividend, the CaixaBank shares received by Criteria as scrip dividend and the net adjustment for the dividends received in cash by Criteria and CaixaBank corresponding to the shares being transferred under the Swap Agreement.

As a consequence of the transfers provided for in the Swap Agreement the agreements related to BEA and GFI have been amended so that Criteria may take CaixaBank's position as new shareholder. CaixaBank will remain banking partner to both banks to continue cooperating with them in commercial activities. If making strategic investments in banks that operate on the American continent and in the Asia-Pacific, CaixaBank will keep its commitment to make such investments through GFI and BEA respectively, except in the case of GFI, if that bank decides not to participate in the investment.

The transfers included in the swap agreement had a gross negative impact of EUR 11 million (a net negative impact of EUR 14 million) on CaixaBank's consolidated result at the reporting close, and an impact on the Level 1 regulatory capital (CET1) ratio of approximately -0.3% (phase-in) and +0.2% (fully loaded).

Following completion of the transaction, taking into account the total number of CaixaBank shares at 30 June 2016; i.e. 5,910,242,684 shares, Criteria's stake in CaixaBank stands at around 46.91% (or 52.06% excluding CaixaBank treasury shares).

At CaixaBank's Annual General Meeting on 28 April 2016, shareholders approved the Board of Directors' resolution to reduce share capital by EUR 584,811 thousand by redeeming 584,811,827 treasury shares, equivalent to the number of CaixaBank shares that were to be subsequently acquired from CriteriaCaixa under the aforesaid swap agreement (9.9%). At the CaixaBank Annual General Meeting, shareholders also authorised the Board of Directors to set the date for carrying out this share capital reduction within a maximum of six months from the acquisition date of the treasury shares under the swap agreement. CaixaBank's shareholders also voted at the Annual General Meeting to authorise the Board of Directors not to carry out the reduction in capital, if, depending on its corporate interests and due to new developments that could affect CaixaBank, the reduction becomes inadvisable, irrespective of whether or not the necessary authorisations to complete the capital reduction are granted.

Subsequent events

Between 30 June 2016 and the date these condensed interim consolidated financial statements were authorised for issue, no events occurred with a material impact that are not described in the remaining explanatory notes.

2. Accounting policies and measurement bases

The accompanying condensed interim consolidated financial statements of the CaixaBank Group were prepared using the same accounting principles, policies and criteria as those used in the 2015 consolidated financial statements (see Note 2 to the 2015 consolidated financial statements), taking into consideration new IFRSs, amendments and interpretations that became effective in the first half of 2016 (see Note 1).

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

3. Risk management

The most salient points during the first half of 2016 were as follows:

- The CaixaBank Group is working on assessing and implementing the latest developments in bank regulation and supervision, as well as cooperating in industry forums to enhance the content of consultative documents. The developments include:
    - Adaptation to **trends in regulatory capital requirements for Pillar 1 risks (credit, market and operational):** based on the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR), as well as regulatory monitoring and implementation of the Regulatory Technical Standards (RTS) and the Implementing Technical Standards (ITS) of both, which the regulatory bonds are developing continuously. For these developments, both the Basel Committee on Banking Supervision (BCBS) and the European Banking Authority (EBA) have requested preliminary analyses of the changes (Quantitative Impact Study, QIS) and Surveys. The project to standardise Options and National Discretions (more than 150 areas identified) is ongoing at the request of the European Central Bank, which is analyzing different alternatives in each case. The company has participated in the response to questionnaires distributed by the Joint Supervisory Teams for this purpose.

      Other developments include the publication by the Basel Committee of documents on reducing variation in how different banks calculate risk-weighted assets, and on defining problematic assets (non-performing exposures and forbearance). CaixaBank is working to assess the impacts and, where applicable, begin adapting to the current position.
    - **Improvement and compliance with the Basel Pillar 3 framework requirements** regarding disclosures to the market, set out in the Pillar 3 report. New content published during the first six months of the year in the document for 2015, prior to the Basel Committee's requirements coming into force (at the end of 2016), and a new approach to adopting best practices, in accordance with the principles and recommendations of the Enhanced Disclosure Taskforce (EDTF) of the Financial Stability Board (FSB). These developments include quarterly reporting of prudential information on the CaixaBank website to help investors and analysts.
    - Shift in focus in the development of the **Internal Capital Adequacy Assessment Process** (ICAAP), which this year satisfied specific expectations conveyed by the Single Supervisory Mechanism (SSM) to all banks and maximise compliance with the European Banking Authority's consultation paper which, although the review process will run until June, is considered by the supervisory teams as the guideline for this year's assessment.
    - **The new Appendix IX published by the Bank of Spain**, which introduces methodological improvements for estimating losses from credit risk and impairment of foreclosed assets, as well as aspects related to the internal governance of institutions, especially in risk management credit, the latter, more aligned with the future requirements of the IFRS9. The new Appendix IX shall enter into force on 1 October 2016.

- The CaixaBank Group It is working since 2015 in a transversal project at Group level for implementation of ***International Financial Reporting Standard (IFRS) 9 "Financial Instruments"*.** IFRS 9 provides a comprehensive set of accounting requirements for the recognition and measurement of financial assets and financial liabilities (except the part on macro hedging). The date of initial application is 1 January 2018, when it replaces the current International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement*.

The main objective of the project, spearheaded by an Internal Project Committee, is to take the necessary steps to implement IFRS 9 in all areas of the Bank that are affected so as to ensure compliance at the effective date, and evaluate the potential quantitative and qualitative impacts (e.g. on the business, infrastructure) sufficiently in advance in order to enhance their management.

This ongoing transformation of the rationale and requirements applicable to the banking business stemming from the changing regulatory environment in Europe has had a very significant influence on day-to-day risk management, and still requires assigning considerable resources and involvement of the governing bodies and executive team.

Credit risk

Non-performing loans amounted to EUR 16,097 million and EUR 17,100 million at 30 June 2016 and 31 December 2015, respectively, including non-performing guarantees and other contingent commitments given. The non-performing loans ratio (non-performing loans and contingent liabilities as a percentage of total risk) stood at 7.3% at 30 June 2016 (7.9% at 31 December 2015).

Provisions for loans and contingent liabilities at 30 June 2016 amounted to EUR 8,489 million (EUR 9,512 million at 31 December 2015), with a coverage ratio of 52.74% (55.62% at 31 December 2015).

The process for updating the risk parameters continued in the first half this year. In addition, beginning in January 2016, the Group has adapted to the European Commission's definition of micro, small and medium-sized enterprises in Commission recommendation 2003/361/EC. This resulted in a change in the Bank's internal segmentation to include information on number of staff headcount, assets and revenue to determine a company's size when it falls under the scope of this recommendation.

Relevant disclosures on credit risk are as follows:

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

The Group’s policy regarding problematic real estate assets and the assets acquired in payment of debts are described in note 3.1 “Credit risk” to the 2015 consolidated financial statements.

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at 30 June 2016 and 31 December 2015. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

30.6.2016

(Thousands of euros)

	Gross amount	Allowances for impairment losses	Carrying amount	Excess over the value of collateral
Financing for real estate construction and development (including land) (*)	**8,979,300**	**(1,760,312)**	**7,218,988**	**2,623,562**
Of which: Non-performing	3,541,604	(1,626,803)	1,914,801	1,634,111
Memorandum items:				
Asset write-offs	4,555,249			

(*) Of which EUR 647,097 thousand (gross and net amount) is financing subject to special monitoring.

Memorandum items: Public consolidated balance sheet	**Amount**
Loans and advances to customers excluding public sector (carrying amount)	193,247,957
Total assets (total businesses)	353,109,436

31.12.2015

(Thousands of euros)

	Gross amount	Allowances for impairment losses	Carrying amount	Excess over the value of collateral
Financing for real estate construction and development (including land) (*)	**9,825,444**	**(2,375,004)**	**7,450,440**	**2,733,252**
Of which: Non-performing	4,337,149	(2,208,925)	2,128,224	1,630,638
Memorandum items:				
Asset write-offs	4,302,292			

(*) Of which EUR 745,315 thousand (gross and net amount) is financing subject to special monitoring.

Memorandum items: Public consolidated balance sheet	**Amount**
Loans and advances to customers excluding public sector (carrying amount)	188,619,485
Total assets (total businesses)	344,255,475

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the CriteriaCaixa Group's real estate companies, which at 31 March 2016 amounted to EUR 644 (EUR 657 million at 31 December 2015).

The level of coverage for loans to real estate developers and developments considered problematic assets at 30 June 2016 stood at 43.8% (31 December 2015: 48.8%).

The following table presents financial guarantees given for real estate construction and development, including the maximum level of exposure to credit risk (i.e. the amount the Bank could have to pay if the guarantee is called on) at 30 June 2016 and 31 December 2015.

Financial guarantees

(Thousands of euros)

	Carrying amount	
	30.6.2016	**31.12.2015**
Financial guarantees given related to real estate construction and development	**818,093**	**787,410**
Amount recognised under liabilities	*28,107*	*32,034*

The table below provides information on guarantees received from real estate development loans at 30 June 2016 and 31 December 2015 by classification of customer insolvency risk:

Guarantees received for real estate development transactions (*)

(Thousands of euros)

	30.6.2016	**31.12.2015**
Value of collateral	**20,752,627**	**20,508,183**
Of which: Guarantees risks classified as under special monitoring	1,635,213	1,795,082
Of which: Guarantees non-performing risks	6,776,891	8,224,681
Value of other collateral	**105,590**	**118,456**
Of which: Guarantees risks classified as under special monitoring	6,534	6,534
Of which: Guarantees non-performing risks	8,000	8,263
Total	**20,858,217**	**20,626,639**

(*) The value of the guarantee is the maximum amount of the collateral except for the non performing loans is fair value

The tables below show the breakdown of financing for real estate developers and developments, including developments carried out by non-developers, by collateral:

Financing for real estate developers and developments by collateral

(Thousands of euros)

	Carrying amount	
	30.6.2016	**31.12.2015**
Not real estate mortgage secured	**1,012,356**	**1,082,542**
Real estate mortgage secured	**7,966,944**	**8,742,902**
Buildings and other completed constructions	6,098,170	6,534,443
Homes	*4,020,756*	*4,322,162*
Rest	*2,077,414*	*2,212,281*
Buildings and other constructions under construction	609,692	643,015
Homes	*522,387*	*540,809*
Rest	*87,305*	*102,206*
Land	1,259,082	1,565,444
Consolidated urban land	*884,722*	*1,186,723*
Other land	*374,360*	*378,721*
Total	**8,979,300**	**9,825,444**

Financing for home purchases

The breakdown of home purchase loans at 30 June 2016 and 31 December 2015 is as follows:

Home purchase loans

(Thousands of euros)	Gross amount	
	30.6.2016	**31.12.2015**
Without mortgage loan	775,447	785,033
Of which: Non-performing	*9,707*	*16,740*
With mortgage loan	87,781,935	88,881,789
Of which: Non-performing	*3,376,910*	*3,359,947*
Total home loans	**88,557,382**	**89,666,822**

Note: Includes financing for home purchases granted by investee Unión de Créditos para la Financiación Inmobiliaria, EFC, SAU (Credifimo).

Home purchase loans with mortgage at these dates by the loan-to-value (LTV) ratio, based on the latest available appraisal, are as follows:

Home purchase loans by LTV

(Thousands of euros)	30.6.2016		31.12.2015	
LTV ranges (*)	**Gross amount**	***Of which: Non-performing***	**Gross amount**	***Of which: Non-performing***
LTV ≤ 40%	20,623,057	*257,817*	20,295,267	*244,861*
40% < LTV ≤ 60%	33,177,803	*829,535*	32,932,773	*789,609*
60% < LTV ≤ 80%	28,350,630	*1,546,741*	29,526,924	*1,548,651*
80% < LTV ≤ 100%	4,810,017	*526,618*	5,255,027	*540,140*
LTV > 100%	820,428	*216,199*	871,798	*236,686*
Total home loans	**87,781,935**	***3,376,910***	**88,881,789**	**3,359,947**

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

Foreclosed assets or assets received as payment for debts

The table below shows foreclosed assets by type of asset, source and type of property at 30 June 2016 and 31 December 2015.

30.6.2016

Foreclosed real estate assets (*)

(Thousands of euros)

	Gross carrying amount	Allowances for impairment of assets (**)	*Of which: Allowances for impairment of assets from foreclosure*	Net carrying amount
Property acquired from loans to real estate constructors and developers	**9,404,689**	**(4,369,313)**	***(2,230,024)***	**5,035,376**
Buildings and other completed constructions	4,105,091	(1,452,158)	*(548,399)*	2,652,933
Homes	*2,982,625*	*(1,053,096)*	*(359,543)*	*1,929,529*
Rest	*1,122,466*	*(399,062)*	*(188,856)*	*723,404*
Buildings and other constructions under construction	880,126	(462,676)	*(154,104)*	417,450
Homes	*822,485*	*(436,753)*	*(144,195)*	*385,732*
Rest	*57,641*	*(25,923)*	*(9,909)*	*31,718*
Land	4,419,472	(2,454,479)	*(1,527,521)*	1,964,993
Consolidated urban land	*2,102,232*	*(1,079,563)*	*(546,045)*	*1,022,669*
Other land	*2,317,240*	*(1,374,916)*	*(981,476)*	*942,324*
Property acquired from mortgage loans to homebuyers	**2,762,008**	**(900,816)**	***(360,902)***	**1,861,192**
Other foreclosed real estate assets or received in lieu of payment of debt	**1,315,063**	**(547,061)**	***(203,407)***	**768,002**
Foreclosed finance to real estate asset holding companies or received in lieu of payment of debt	**64,896**			**64,896**
Total	**13,546,656**	**(5,817,190)**	***(2,794,333)***	**7,729,466**

(*) Does not include foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 3,062 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 543 million, net.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 17,976 million and total write-downs of this portfolio amounted to EUR 10,311 million, EUR 5,817 million of which are impairment losses recognised in the balance sheet.

31.12.2015

Foreclosed real estate assets (*)

(Thousands of euros)

	Gross carrying amount	Allowances for impairment of assets (**)	*Of which: Allowances for impairment of assets from foreclosure*	Net carrying amount
Property acquired from loans to real estate constructors and developers	**9,651,226**	**(4,351,929)**	***(2,234,180)***	**5,299,297**
Buildings and other completed constructions	4,428,026	(1,516,923)	*(587,845)*	2,911,103
Homes	*3,229,937*	*(1,097,180)*	*(378,856)*	*2,132,757*
Rest	*1,198,089*	*(419,743)*	*(208,989)*	*778,346*
Buildings and other constructions under construction	810,821	(430,797)	*(145,432)*	380,024
Homes	*741,698*	*(396,929)*	*(128,137)*	*344,769*
Rest	*69,123*	*(33,868)*	*(17,295)*	*35,255*
Land	4,412,379	(2,404,209)	*(1,500,903)*	2,008,170
Consolidated urban land	*2,080,809*	*(1,032,770)*	*(534,431)*	*1,048,039*
Other land	*2,331,570*	*(1,371,439)*	*(966,472)*	*960,131*
Property acquired from mortgage loans to homebuyers	**2,688,088**	**(854,113)**	***(357,376)***	**1,833,975**
Other foreclosed real estate assets or received in lieu of payment of debt	**1,367,690**	**(550,761)**	***(207,832)***	**816,929**
Foreclosed finance to real estate asset holding companies or received in lieu of payment of debt	**64,896**			**64,896**
Total	**13,771,900**	**(5,756,803)**	***(2,799,388)***	**8,015,097**

(*) Does not include foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 2,966 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 692 million, net.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 18,552 million and total write-downs of this portfolio amounted to EUR 10,602 million, EUR 5,757 million of which are impairment losses recognised in the balance sheet.

Refinancing

The table below shows the outstanding balance of refinanced operations at 30 June 2016 and 31 December 2015, by classification of customer insolvency risk:

30.6.2016

(Thousands of euros)

	Gross amount	Allowances for impairment losses (*)	Carrying amount
Performing	12,794,075	(382,774)	12,411,301
Of which: Risks under special monitoring	*12,794,075*	*(382,774)*	*12,411,301*
Non-performing	7,633,215	(2,902,079)	4,731,136
Total	**20,427,290**	**(3,284,853)**	**17,142,437**

(*) Of which: EUR 2,243,260 thousand corresponds to provisions calculated collectively and EUR 1,041,642 thousand to provisions calculated separately.

31.12.2015

(Thousands of euros)

	Gross amount	Allowances for impairment losses (*)	Carrying amount
Performing	12,471,217	(357,126)	12,114,091
Of which: Risks under special monitoring	*12,471,217*	*(357,126)*	*12,114,091*
Non-performing	7,659,294	(3,143,733)	4,515,561
Total	**20,130,511**	**(3,500,859)**	**16,629,652**

(*) Of which: EUR 2,231,798 thousand corresponds to provisions calculated collectively and EUR 1,269,061 thousand to provisions calculated separately.

The table below provides information on guarantees received for refinanced operations at 30 June 2016 and 31 December 2015 by classification of customer insolvency risk:

Guarantees received for refinanced operations (*)

(Thousands of euros)

	30.6.2016	31.12.2015
Value of collateral	**38,886,305**	**39,334,059**
Of which: Guarantees risks classified as under special monitoring	21,406,422	22,273,025
Of which: Guarantees non-performing risks	13,046,176	13,591,292
Value of other collateral	**41,161**	**29,918**
Of which: Guarantees risks classified as under special monitoring	26,575	20,435
Of which: Guarantees non-performing risks	14,586	9,483
Total	**38,927,466**	**39,363,977**

(*) The value of the guarantee is the maximum amount of the collateral except for the non performing loans is fair value

The detail of refinancing by economic sector at 30 June 2016 and 31 December is as follows:

30.6.2016

(Thousands of euros)

	Total						
	Uncollateralised		Collateralised				Accumulated impairment in fair value due to credit risk
					Maximum amount of the collateral that can be considered		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	2	2,492	0	0	*0*	*0*	*0*
Public administrations	127	1,112,194	1,559	129,766	129,737	0	*(44)*
Other financial corporations and individual entrepreneurs (financial business)	27	31,514	15	1,110	998	0	(24,290)
Other non-financial corporations and individual entrepreneurs (non-financial business)	5,638	2,636,444	38,908	6,525,963	4,892,032	19,680	(2,427,336)
Of which: Financing for real estate construction and development (including land)	*183*	*68,363*	*8,412*	*2,761,172*	*1,946,494*	*3,024*	*(854,422)*
Other households	46,923	315,597	316,192	9,672,210	8,859,744	13,032	(833,183)
Total	**52,717**	**4,098,241**	**356,674**	**16,329,049**	**13,882,511**	**32,712**	**(3,284,853)**
Memorandum items: Financing classified as non-current assets and disposal groups classified as held for sale							

	Of which: Non-performing						
	Uncollateralised		Collateralised				Accumulated impairment in fair value due to credit risk
					Maximum amount of the collateral that can be considered		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions							
Public administrations	29	21,257	333	5,816	*5,788*	*0*	*(44)*
Other financial corporations and individual entrepreneurs (financial business)	21	24,181	4	310	199	0	(24,290)
Other non-financial corporations and individual entrepreneurs (non-financial business)	1,640	1,114,483	16,018	3,587,653	2,128,747	4,797	(2,220,700)
Of which: Financing for real estate construction and development (including land)	*97*	*61,279*	*4,996*	*1,746,788*	*1,016,742*	*2,150*	*(770,766)*
Other households	8,319	137,471	83,737	2,742,044	2,127,110	2,007	(657,045)
Total	**10,009**	**1,297,392**	**100,092**	**6,335,823**	**4,261,844**	**6,804**	**(2,902,079)**
Memorandum items: Financing classified as non-current assets and disposal groups classified as held for sale							

31.12.2015

(Thousands of euros)

	Total						
	Uncollateralised		Collateralised				Accumulated impairment or losses in fair value due to credit risk
					Maximum amount of the collateral that can be considered		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions							
Public administrations	113	940,762	103	125,478	125,450		(289)
Other financial corporations and individual entrepreneurs (financial business)	25	29,452	12	1,090	990		
Other non-financial corporations and individual entrepreneurs (non-financial business)	10,794	3,025,090	44,932	7,913,626	6,836,853	27,504	(2,830,167)
Of which: Financing for real estate construction and development (including land)	*207*	*89,220*	*6,364*	*3,041,237*	*2,144,428*	*3,331*	*(1,029,696)*
Other households	41,549	229,137	116,526	7,865,876	5,545,066	9,187	(670,403)
Total	**52,481**	**4,224,441**	**161,573**	**15,906,070**	**12,508,359**	**36,691**	**(3,500,859)**
Memorandum items: Financing classified as non-current assets and disposal groups classified as held for sale							

	Of which: Non-performing						
	Uncollateralised		Collateralised				Accumulated impairment or losses in fair value due to credit risk
					Maximum amount of the collateral that can be considered		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions							
Public administrations	32	21,519	6	4,134	4,133		(289)
Other financial corporations and individual entrepreneurs (financial business)							
Other non-financial corporations and individual entrepreneurs (non-financial business)	3,155	1,267,136	11,521	4,106,408	2,436,552	4,802	(2,590,801)
Of which: Financing for real estate construction and development (including land)	*110*	*82,751*	*3,403*	*1,903,798*	1,142,400	2,085	(917,214)
Other households	11,286	70,488	25,048	2,189,609	1,243,569	2,557	(552,643)
Total	**14,473**	**1,359,143**	**36,575**	**6,300,151**	**3,684,254**	**7,359**	**(3,143,733)**
Memorandum items: Financing classified as non-current assets and disposal groups classified as held for sale							

Changes in refinanced operations in the first half of 2016 are:

Changes in refinanced operations

(Thousands of euros)

	30.6.2016	30.6.2015
Balance at 1 January	16,629,652	16,893,851
Additions due to integration of Barclays Bank, SAU		1,120,319
Refinancings and restructurings in the period	2,273,672	1,741,110
Memorandum items: Impact recognised in the statement of profit and loss for the period	*(171,572)*	*(-131,385)*
Debt repayments	(1,345,184)	(1,609,218)
Foreclosures	(160,432)	(280,879)
Derecognitions (reclassification to written-off assets)	(77,203)	(346,578)
Other changes	(178,068)	(59,740)
Closing balance	**17,142,437**	**17,458,865**

Concentration risk

Concentration by geographic location

Risk by geographic area at 30 June 2016 and 31 December 2015:

30.6.2016

(Thousands of euros)

	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	**34,208,891**	**13,095,210**	**19,673,493**	**502,108**	**938,080**
Public administrations	**66,033,654**	**63,032,960**	**2,972,504**	**28,180**	**10**
Central government	51,577,499	48,583,218	2,966,555	27,716	10
Other public administrations	14,456,155	14,449,742	5,949	464	
Other financial corporations and individual	**29,973,904**	**18,723,294**	**11,131,116**	**57,998**	**61,496**
Non-financial corporations and individual	**77,185,464**	**69,146,284**	**3,437,942**	**3,191,926**	**1,409,312**
Real estate construction and development	7,215,974	7,166,663	48,437	1	873
Civil engineering	4,281,771	3,708,851	187,428	364,172	21,320
Other	65,687,719	58,270,770	3,202,077	2,827,753	1,387,119
Large corporations	24,908,244	19,496,940	2,345,046	2,359,845	706,413
SMEs and individual entrepreneurs	40,779,475	38,773,830	857,031	467,908	680,706
Other households	**118,294,625**	**116,370,270**	**1,384,906**	**149,531**	**389,918**
Home purchase	92,568,106	91,097,132	1,018,632	126,993	325,349
Consumer	11,005,772	10,971,880	16,087	8,418	9,387
Other	14,720,747	14,301,258	350,187	14,120	55,182
SUBTOTAL	**325,696,538**	**280,368,018**	**38,599,961**	**3,929,743**	**2,798,816**
Less: Allowances for impairment of assets not assigned to specific transactions	**(123,121)**				
TOTAL	**325,573,417**				

31.12.2015

(Thousands of euros)

	TOTAL	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	**29,253,025**	**7,084,293**	**18,651,116**	**1,099,969**	**2,417,647**
Public administrations	**63,768,880**	**58,747,946**	**5,020,036**	**0**	**898**
Central government	46,012,531	40,991,597	5,020,036		898
Other public administrations	17,756,349	17,756,349			
Other financial corporations and individual	**18,524,056**	**12,780,323**	**5,693,050**	**43,423**	**7,260**
Non-financial corporations and individual	**90,633,937**	**84,412,875**	**3,793,112**	**1,825,512**	**602,438**
Real estate construction and development	9,521,635	9,420,290	77,751	22,801	793
Civil engineering	5,936,216	5,269,049	286,103	375,209	5,855
Other	75,176,086	69,723,536	3,429,258	1,427,502	595,790
Large corporations	40,714,119	36,454,252	2,708,743	1,052,374	498,750
SMEs and individual entrepreneurs	34,461,967	33,269,284	720,515	375,128	97,040
Other households	**114,573,791**	**112,701,736**	**1,094,142**	**147,803**	**630,110**
Home purchase	92,500,677	91,065,895	1,036,691	127,723	270,368
Consumer	10,365,959	10,340,450	14,480	5,694	5,335
Other	11,707,155	11,295,391	42,971	14,386	354,407
SUBTOTAL	**316,753,689**	**275,727,173**	**34,251,456**	**3,116,707**	**3,658,353**
Less: Allowances for impairment of assets not assigned to specific transactions	**105,637**				
TOTAL	**316,648,052**				

The detail of risk in Spain by Autonomous Community at 30 June 2016 and 31 December 2015 is as follows:

30.6.2016 **1 / 2**

(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castilla-La Mancha	Castilla-León
Central banks and credit institutions	**13,095,210**	**35,763**	**24**	**16**	**1**	**120**
Public administrations	**63,032,960**	**1,898,117**	**550,923**	**457,496**	**204,964**	**284,826**
Central government	48,583,218					
Other public administrations	14,449,742	1,898,117	550,923	457,496	204,964	284,826
Other financial corporations and	**18,723,294**	**17,398**	**2,162**	**18,877**	**1,423**	**6,989**
Non-financial corporations and individual entrepreneurs (non-financial business)	**69,146,284**	**5,501,200**	**1,987,028**	**2,615,456**	**1,018,223**	**1,508,456**
Real estate construction and development (including land)	7,166,663	1,127,375	226,977	595,792	42,106	229,315
Civil engineering	3,708,851	208,368	69,373	107,081	54,396	57,652
Other	58,270,770	4,165,457	1,690,678	1,912,583	921,721	1,221,489
Large corporations	19,496,940	558,308	665,155	528,943	178,126	302,317
SMEs and individual entrepreneurs	38,773,830	3,607,149	1,025,523	1,383,640	743,595	919,172
Other households	**116,370,270**	**19,134,148**	**4,214,276**	**6,625,894**	**2,883,399**	**3,941,889**
Home purchase	91,097,132	14,808,987	3,444,196	5,846,253	2,387,410	3,332,970
Consumer	10,971,880	1,906,121	394,764	540,335	245,666	272,842
Other	14,301,258	2,419,040	375,316	239,306	250,323	336,077
TOTAL	**280,368,018**	**26,586,626**	**6,754,413**	**9,717,739**	**4,108,010**	**5,742,280**

30.6.2016 **2 / 2**

(Thousands of euros)

	Catalonia	Madrid	Navarra	Community of Valencia	Basque Country	Rest (*)
Central banks and credit institutions	**7,018,129**	**6,026,717**	**110**	**3,502**	**1,869**	**8,959**
Public administrations	**5,316,672**	**1,933,317**	**806,920**	**1,184,682**	**730,034**	**1,081,791**
Central government						
Other public administrations	5,316,672	1,933,317	806,920	1,184,682	730,034	1,081,791
Other financial corporations and individual	**16,160,035**	**2,434,246**	**16,701**	**37,945**	**7,562**	**19,956**
Non-financial corporations and individual entrepreneurs (non-financial business)	**21,921,417**	**20,056,824**	**1,303,465**	**4,436,335**	**3,117,126**	**5,680,754**
Real estate construction and	1,873,680	1,992,662	151,221	370,589	205,701	351,245
Civil engineering	1,063,166	1,587,003	80,412	128,001	92,209	261,190
Other	18,984,571	16,477,159	1,071,832	3,937,745	2,819,216	5,068,319
Large corporations	2,399,127	8,981,689	293,694	1,414,254	1,867,792	2,307,535
SMEs and individual entrepreneurs	16,585,444	7,495,470	778,138	2,523,491	951,424	2,760,784
Other households	**35,441,215**	**17,470,279**	**3,606,015**	**8,813,007**	**3,489,074**	**10,751,074**
Home purchase	24,433,118	14,663,192	3,103,232	7,291,889	2,938,717	8,847,168
Consumer	3,915,447	1,351,748	295,934	762,670	292,366	993,987
Other	7,092,650	1,455,339	206,849	758,448	257,991	909,919
TOTAL	**85,857,468**	**47,921,383**	**5,733,211**	**14,475,471**	**7,345,665**	**17,542,534**

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

31.12.2015 **1 / 2**

(Thousands of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castilla-La Mancha	Castilla-León
Central banks and credit institutions	**7,084,293**	**58,113**	**318**	**3,608**	**14,591**	**4,462**
Public administrations	**58,747,946**	**1,817,062**	**497,609**	**514,206**	**192,977**	**372,098**
Central government	40,991,597					
Other public administrations	17,756,349	1,817,062	497,609	514,206	192,977	372,098
Other financial corporations and individual entrepreneurs (financial business)	**12,780,323**	**73,165**	**1,058**	**4,358**	**1,003**	**47,562**
Non-financial corporations and individual entrepreneurs (non-financial business)	**85,238,428**	**8,488,990**	**2,233,827**	**4,137,311**	**1,284,651**	**2,075,965**
Real estate construction and development (including land)	9,420,290	1,277,204	270,861	693,688	185,672	229,936
Civil engineering	5,269,049	401,632	91,277	140,508	62,518	74,076
Other	70,549,089	6,810,154	1,871,689	3,303,115	1,036,461	1,771,953
Large corporations	37,279,085	813,765	453,915	489,086	81,380	524,414
SMEs and individual entrepreneurs	33,269,284	5,996,389	1,417,774	2,814,029	955,081	1,247,539
Other households	**112,701,736**	**17,137,661**	**3,939,392**	**5,597,054**	**3,054,700**	**3,885,189**
Home purchase	91,065,895	13,633,880	3,235,315	4,884,005	2,582,643	3,360,821
Consumer	10,340,450	1,663,976	338,358	466,241	229,723	237,868
Other	11,295,391	1,839,805	365,719	246,808	242,334	286,500
TOTAL	**276,552,726**	**27,574,991**	**6,672,204**	**10,256,537**	**4,547,922**	**6,385,276**

(Thousands of euros)

	Catalonia	Madrid	Navarra	Community of Valencia	Basque Country	Rest (*)
Central banks and credit institutions	**2,335,391**	**3,445,688**	**79**	**4,406**	**537,175**	**680,462**
Public administrations	**5,217,570**	**5,565,303**	**663,056**	**1,250,850**	**751,884**	**913,734**
Central government						
Other public administrations	5,217,570	5,565,303	663,056	1,250,850	751,884	913,734
Other financial corporations and individual entrepreneurs (financial business)	**6,603,244**	**5,723,958**	**26,441**	**55,190**	**214,398**	**29,946**
Non-financial corporations and individual entrepreneurs (non-financial business)	**22,288,978**	**27,217,923**	**1,784,924**	**5,605,719**	**3,461,912**	**6,658,228**
Real estate construction and development (including land)	2,270,237	2,752,307	193,656	619,593	249,851	677,285
Civil engineering	2,009,938	1,653,073	157,585	263,751	185,042	229,649
Other	18,008,803	22,812,543	1,433,683	4,722,375	3,027,019	5,751,294
Large corporations	13,403,008	15,973,767	628,139	1,133,566	1,810,840	1,967,925
SMEs and individual entrepreneurs	4,605,795	6,838,776	805,544	3,588,809	1,216,179	3,783,369
Other households	**37,056,694**	**16,730,344**	**3,624,610**	**8,179,110**	**3,265,396**	**10,231,586**
Home purchase	28,078,066	14,139,100	3,096,204	6,823,870	2,774,374	8,457,617
Consumer	4,191,985	1,191,009	265,294	647,408	248,587	860,001
Other	4,786,643	1,400,235	263,112	707,832	242,435	913,968
TOTAL	**73,501,877**	**58,683,216**	**6,099,110**	**15,095,275**	**8,230,765**	**18,513,956**

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

Concentration by economic sector

Loans and advances to customers by activity at 30 June 2016 and 31 December 2015:

30.6.2016

(Thousands of euros)

	TOTAL	*Of which: Real estate mortgage secured*	*Of which: Rest of secured loans*	Collateralised loans Carrying amount based on latest available appraisal (loan to value) ≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	**14,046,362**	***631,458***	***16,958***	**104,934**	**141,824**	**325,702**	**71,508**	**4,448**
Other financial corporations and individual entrepreneurs (financial business)	**14,960,291**	***295,703***	***18,644***	**50,891**	**216,959**	**28,073**	**15,358**	**3,066**
Non-financial corporations and individual entrepreneurs (non-financial business)	**60,186,065**	***23,659,679***	***2,067,203***	**11,284,198**	**8,675,111**	**3,190,094**	**1,484,949**	**1,092,530**
Real estate construction and development (including land)	7,215,974	*6,281,791*	*39,832*	2,547,308	2,611,473	972,658	115,691	74,493
Civil engineering	4,267,719	*784,153*	*35,728*	387,096	257,210	132,656	23,555	19,364
Other	48,702,372	*16,593,735*	*1,991,643*	8,349,794	5,806,428	2,084,780	1,345,703	998,673
Large corporations	18,690,130	*3,993,466*	*637,743*	2,299,419	1,113,429	498,910	664,228	55,223
SMEs and individual entrepreneurs	30,012,242	*12,600,269*	*1,353,900*	6,050,375	4,692,999	1,585,870	681,475	943,450
Other households	**117,775,731**	***103,858,962***	***842,494***	**28,885,104**	**40,150,394**	**29,969,877**	**4,674,644**	**1,021,437**
Home purchase	92,568,084	*91,472,682*	*224,646*	23,395,627	35,541,021	28,000,973	4,183,186	576,521
Consumer	11,005,773	*4,152,887*	*204,594*	1,971,159	1,512,336	616,323	170,452	87,211
Other	14,201,874	*8,233,393*	*413,254*	3,518,318	3,097,037	1,352,581	321,006	357,705
SUBTOTAL	**206,968,449**	***128,445,802***	***2,945,299***	**40,325,127**	**49,184,288**	**33,513,746**	**6,246,459**	**2,121,481**
Less: Allowances for impairment of assets not assigned to specific transactions	**(123,121)**							
TOTAL	**206,845,328**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	17,139,944	*14,032,947*	*84,240*	4,259,835	5,480,873	3,576,532	580,835	219,112

31.12.2015

(Thousands of euros)

	TOTAL	*Of which: Real estate mortgage secured*	*Of which: Rest of secured loans*	Collateralised loans Carrying amount based on latest available appraisal (loan to value)				
				≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	**14,152,657**	***477,420***	***3,029***	**31,123**	**29,043**	**57,146**	**111,617**	**251,520**
Other financial corporations and individual entrepreneurs (financial business)	**10,984,205**	***216,225***	***4,708,757***	**12,955**	**112,249**	**46,030**	**55,346**	**4,698,402**
Non-financial corporations and individual entrepreneurs	**64,004,650**	***30,553,930***	***2,245,107***	**8,545,169**	**9,266,046**	**9,185,881**	**3,205,544**	**2,596,397**
Construction and real estate development	7,450,440	*6,598,855*	*167,589*	1,258,910	2,000,755	2,242,267	694,649	569,863
Civil engineering	4,279,794	*767,642*	*50,806*	217,525	278,908	185,165	64,712	72,138
Other	52,274,416	*23,187,433*	*2,026,712*	7,068,734	6,986,383	6,758,449	2,446,183	1,954,396
Large corporations	19,918,904	*2,952,776*	*428,619*	897,427	689,373	1,115,316	268,982	410,297
SMEs and individual entrepreneurs	32,355,512	*20,234,657*	*1,598,093*	6,171,307	6,297,010	5,643,133	2,177,201	1,544,099
Other households and non-profit institutions serving households	**113,860,325**	***98,724,053***	***989,490***	**23,452,996**	**35,835,784**	**32,308,555**	**6,589,093**	**1,527,115**
Home purchase	92,496,925	*86,862,302*	*446,885*	19,947,918	32,355,366	29,008,911	5,167,844	829,148
Consumer	10,351,891	*4,123,516*	*232,088*	1,367,568	1,234,260	1,144,191	436,496	173,089
Other	11,011,509	*7,738,235*	*310,517*	2,137,510	2,246,158	2,155,453	984,753	524,878
SUBTOTAL	**203,001,837**	***129,971,628***	***7,946,383***	**32,042,243**	**45,243,122**	**41,597,612**	**9,961,600**	**9,073,434**
Less: Allowances for impairment of assets not assigned to specific transactions	**105,637**							
TOTAL	**202,896,200**							
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured operations	16,629,652	*13,487,804*	*270,856*	2,170,191	2,316,226	2,905,506	2,872,976	3,493,761

Information on sovereign risk exposure

The carrying amounts of the main items related to sovereign risk exposure at 30 June 2016 and 31 December 2015 are shown below. The information is presented to distinguish between the positions held by CaixaBank directly and those held by the insurance group.

30.06.2016 (CaixaBank Group, excluding the insurance group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities	Financial liabilities held for trading - short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months	135,091	(12,460)	0	2,657,205	
	Between 3 months and 1 year	1,079,081	(22,092)	4,733,244	1,317,774	1,028,188
	Between 1 and 2 years	76,096	(46,295)	337,851	2,070,866	
	Between 2 and 3 years	171,911	(117,716)	2,636,540	401,945	
	Between 3 and 5 years	105,366	(184,300)	2,693,627	1,665,917	339,514
	Between 5 and 10 years	2,233,521	(233,798)	2,684,219	3,839,736	1,392,639
	Over 10 years	94,983	(132,917)	8,127	2,007,812	
	Total	3,896,049	(749,578)	13,093,608	13,961,255	2,760,341
Italy	Less than 3 months	5,573		51,325		
	Between 3 months and 1 year	78,621	(17,785)			
	Between 1 and 2 years	47,553	(40,221)			
	Between 2 and 3 years	6,749	(3,269)			
	Between 3 and 5 years	6,724	(7,019)			
	Between 5 and 10 years	1,744		262,793		
	Over 10 years	687				
	Total	147,651	(68,294)	314,118	0	0
Rest	Less than 3 months			168,570	42,773	
	Between 3 months and 1 year			624,847		
	Between 1 and 2 years					
	Between 2 and 3 years					
	Between 3 and 5 years					
	Between 5 and 10 years					
	Over 10 years					
	Total	0	0	793,417	42,773	0
Total countries		**4,043,700**	**(817,872)**	**14,201,143**	**14,004,028**	**2,760,341**

30.06.2015 (insurance group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities	Financial liabilities held for trading - short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			168,711		
	Between 3 months and 1 year			1,348,100		
	Between 1 and 2 years			563,561		
	Between 2 and 3 years			746,294		
	Between 3 and 5 years			2,407,473		
	Between 5 and 10 years			6,564,386		
	Over 10 years			29,012,747		
	Total	**0**	**0**	**40,811,272**	**0**	**0**
Belgium	Less than 3 months			550		
	Between 3 months and 1 year					
	Between 1 and 2 years			3,200		
	Between 2 and 3 years			682		
	Between 3 and 5 years					
	Between 5 and 10 years			11,110		
	Over 10 years			156		
	Total	**0**	**0**	**15,698**	**0**	**0**
Ireland	Less than 3 months					
	Between 3 months and 1 year					
	Between 1 and 2 years					
	Between 2 and 3 years					
	Between 3 and 5 years			1,785		
	Between 5 and 10 years					
	Over 10 years					
	Total	**0**	**0**	**1,785**	**0**	**0**
Italy	Less than 3 months			3,144		
	Between 3 months and 1 year			29,646		
	Between 1 and 2 years			8,239		
	Between 2 and 3 years			14,228		
	Between 3 and 5 years					
	Between 5 and 10 years			116,327		
	Over 10 years			1,487,022		
	Total	**0**	**0**	**1,658,606**	**0**	**0**
Rest	Less than 3 months			1,040		
	Between 3 months and 1 year					
	Between 1 and 2 years			2,397		
	Between 2 and 3 years			3,076		
	Between 3 and 5 years			4,562		
	Between 5 and 10 years			5,793		
	Over 10 years			49,946		
	Total	**0**	**0**	**66,814**	**0**	**0**
Total countries		**0**	**0**	**42,554,175**	**0**	**0**
Total Group (CaixaBank + insurance group)		**4,043,700**	**(817,872)**	**56,755,318**	**14,004,028**	**2,760,341**

31.12.2015 (CaixaBank Group, excluding the insurance group)
(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities	Financial liabilities held for trading - short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months	381,417	0	356,521	1,346,568	102,898
	Between 3 months and 1 year	1,378,601	(346,472)	1,054,186	4,056,199	1,028,459
	Between 1 and 2 years	222,237	(128,526)	1,215,721	585,245	514,230
	Between 2 and 3 years	87,525	(148,744)	548,929	501,447	0
	Between 3 and 5 years	192,649	(727,214)	4,658,262	1,723,869	50,576
	Between 5 and 10 years	196,487	(962,551)	5,128,868	3,973,599	344,631
	Over 10 years	195,044	(269,472)	7,748	1,929,559	0
	Total	2,653,960	(2,582,979)	12,970,235	14,116,486	2,040,794
Italy	Less than 3 months	67,751				
	Between 3 months and 1 year	150,667	(34,136)			
	Between 1 and 2 years	100,363	(18,099)			
	Between 2 and 3 years	8,595	(66,469)			
	Between 3 and 5 years	12,903				
	Between 5 and 10 years	5,917		2,288,619		
	Total	346,196	(118,704)	2,288,619	0	0
Rest	Less than 3 months	50,025		256,109	36,191	
	Between 3 months and 1 year			561,818		
	Between 1 and 2 years	1,172				
	Between 3 and 5 years	456				
	Total	51,653	0	817,927	36,191	0
Total countries		**3,051,809**	**(2,701,683)**	**16,076,781**	**14,152,677**	**2,040,794**

31.12.2015 (insurance group)

(Thousands of euros)

Country	Residual maturity	Financial assets held for trading - debt securities	Financial liabilities held for trading - short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			124,619		
	Between 3 months and 1 year			866,870		
	Between 1 and 2 years			1,098,343		
	Between 2 and 3 years			895,820		
	Between 3 and 5 years			1,153,450		
	Between 5 and 10 years			6,658,815		
	Over 10 years			24,240,000		
	Total	**0**	**0**	**35,037,917**	**0**	**0**
Belgium	Between 3 months and 1 year			551		
	Between 1 and 2 years			147		
	Between 2 and 3 years			3,156		
	Between 3 and 5 years			700		
	Between 5 and 10 years			10,795		
	Over 10 years			121		
	Total	**0**	**0**	**15,470**	**0**	**0**
Ireland	Between 3 and 5 years			1,827		
	Total	**0**	**0**	**1,827**	**0**	**0**
Italy	Less than 3 months			6,306		
	Between 3 months and 1 year			13,109		
	Between 1 and 2 years			22,300		
	Between 2 and 3 years			8,302		
	Between 3 and 5 years			14,769		
	Between 5 and 10 years			182,390		
	Over 10 years			1,303,498		
	Total	**0**	**0**	**1,550,674**	**0**	**0**
Rest	Less than 3 months			41		
	Between 3 months and 1 year			1,436		
	Between 1 and 2 years			2,285		
	Between 2 and 3 years			113		
	Between 3 and 5 years			7,352		
	Between 5 and 10 years			5,265		
	Over 10 years			44,407		
	Total	**0**	**0**	**60,899**	**0**	**0**
Total countries		**0**	**0**	**36,666,787**	**0**	**0**
Total Group (CaixaBank + insurance group)		**3,051,809**	**(2,701,683)**	**52,743,568**	**14,152,677**	**2,040,794**

Risk associated with debt securities

The balance of debt securities at 30 June 2016 and 31 December 2015, is as follows, broken down by the Standard & Poor's ratings:

30.6.2016

(Thousands of euros)

	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA			310,783		310,783
AA+			3,334		3,334
AA	6,793	1,515	887,519		895,827
AA-		7,115	118,374		125,489
A+		19,300	727,520		746,820
A			454,977		454,977
A-		19,845	444,076		463,921
BBB+		4,154,686	54,608,942	4,305,561	63,069,189
BBB	189,422	14,483	3,432,240		3,636,145
BBB-		1,450	1,212,300		1,213,750
Investment grade	**196,215**	**4,218,394**	**62,200,065**	**4,305,561**	**70,920,235**
	32.5%	99.6%	97.8%	100.0%	97.5%
BB+		2,711	140,175		142,886
BB			49,552		49,552
BB-		987	89,016		90,003
B+			2,484		2,484
B			2,215		2,215
B-					0
CCC+			69,514		69,514
CCC					0
CC					0
C	13,095				13,095
D	45,550				45,550
No rating	348,931	11,705	1,021,837		1,382,473
Non-investment grade	**407,576**	**15,403**	**1,374,793**	**0**	**1,797,772**
	67.5%	0.4%	2.2%	0.0%	2.5%
Balance at 30.6.2016	**603,791**	**4,233,797**	**63,574,858**	**4,305,561**	**72,718,007**

31.12.2015

(Thousands of euros)

	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA			319,149		319,149
AA+			3,326		3,326
AA	7,801	52,547	848,735		909,083
AA-		7,754	126,626		134,380
A+		23,445	510,163		533,608
A		14,742	376,288		391,030
A-		20,183	403,582		423,765
BBB+	403,185	3,100,023	42,307,701	3,586,019	49,396,928
BBB		11,582	12,640,126		12,651,708
BBB-		25,068	704,905		729,973
Investment grade	**410,986**	**3,255,344**	**58,240,601**	**3,586,019**	**65,492,950**
	44.3%	100.0%	97.7%	93.9%	96.9%
BB+		142	65,706		65,848
BB			209,682		209,682
BB-			6,287		6,287
B+			1,040		1,040
B			2,215		2,215
B-					0
CCC+			71,851		71,851
CCC					0
CC					0
C	13,099				13,099
D	45,562				45,562
No rating	458,008		1,020,580	234,095	1,712,683
Non-investment grade	**516,669**	**142**	**1,377,361**	**234,095**	**2,128,267**
	55.7%	0.0%	2.3%	6.1%	3.1%
Balance at 31.12.2015	**927,655**	**3,255,486**	**59,617,962**	**3,820,114**	**67,621,217**

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.

Standard&Poor's long-term sovereign credit rating on the Kingdom of Spain at 30 June 2016 was BBB+.

Counterparty risk

In the first half of 2016, following the entry into force of the European Market Infrastructure Regulation (EMIR) and the Regulation of the European Parliament on prudential requirements for credit institutions, the risks of trading in OTC derivatives contracts is being mitigated through clearance of positions using Central Counterparties.

Market risk

Average VaR (value at risk or the potential maximum daily loss with a 99% confidence level) in the first half of 2016 in trading activities was EUR 2.8 million.

The highest market risk levels, up to EUR 8.1 million, were reached in June, mainly as VaR anticipates a potentially negative movement in the daily market value of equity positions (mainly transactions with equity derivatives).

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

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

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
2015	**3,280**	1,775	133	716	186	0	1,141	129	51	366
First half 2016	**2,781**	1,230	90	573	220	0	429	84	59	414

Foreign currency risk

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

Interest rate risk in the banking book

Interest rate risk in the banking book is managed and controlled directly by CaixaBank management through the Asset and Liability Committee (ALCO). Under the scope of the Risk Appetite Framework (RAF), the competent bodies monitor and validate that the interest rate risk metrics defined are commensurate with the established risk tolerance levels.

CaixaBank manages this risk with a two-fold objective:

- To optimise the Bank's net interest income within the volatility limits of the RAF.
- To preserve the economic value of the balance sheet at all times within the range established in the RAF.

To attain these objectives, risk is actively managed by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers or other counterparties.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the Asset and Liability Committee to achieve this dual objective.

CaixaBank uses fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk and to preserve the economic value of its balance sheet (see Note 14). In 2016, CaixaBank has arranged hedges for new fixed-rate loans.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at 31 May 2016 of sensitive items on the CaixaBank balance sheet.

Matrix of maturities and revaluations of the sensitive balance sheet at 31 May 2016

(Thousands of euros)

	1 year	2 years	3 years	4 years	5 years	> 5 years	TOTAL
ASSETS							
Mortgage collateral	104,456,956	11,919,964	1,566,690	1,280,288	1,051,997	8,428,300	128,704,195
Other guarantees	48,324,138	2,008,715	1,590,614	1,024,099	806,864	3,562,484	57,316,914
Debt securities	9,322,487	313,069	2,432,600	2,280,844	573,210	4,080,146	19,002,356
Total assets	**162,103,581**	**14,241,748**	**5,589,904**	**4,585,231**	**2,432,071**	**16,070,930**	**205,023,465**
LIABILITIES							
Customer resources	128,395,468	13,371,765	5,515,675	5,086,831	5,035,595	24,971,610	182,376,944
Emissions	11,071,400	1,803,057	2,548,956	2,344,163	3,658,732	11,607,579	33,033,887
Money market, net	3,163,870	161,906	18,423,838	52,551	24,721	64,287	21,891,173
Total liabilities	**142,630,738**	**15,336,728**	**26,488,469**	**7,483,545**	**8,719,048**	**36,643,476**	**237,302,004**
Assets less liabilities	**19,472,843**	**(1,094,980)**	**(20,898,565)**	**(2,898,314)**	**(6,286,977)**	**(20,572,546)**	**(32,278,539)**
Hedges	**(17,135,414)**	**5,919,055**	**2,382,899**	**2,420,697**	**2,067,972**	**4,344,791**	**0**
Total difference	**2,337,429**	**4,824,075**	**(18,515,666)**	**(477,617)**	**(4,219,005)**	**(16,227,755)**	**(32,278,539)**

The sensitivity to interest rates – explained by the speed with which market rates are transposed and the expected terms to maturity – have been analysed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behaviour, including the possibility that the customer may withdraw the funds invested in this type of products.

For other products, in order to define the assumptions for early termination, internal models that capture behavioural variables of customers, own products and seasonal variables are used, and that also consider macro-economic variables to ascertain the future operations of customers.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios (immediate parallel and progressive movements of different intensities, as well as changes in slope). The most likely scenario, which is obtained using the implicit market rates, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately 4.58% on the rising scenario and -2.54% on the falling scenario. Given the current level of interest rates, it should be noted 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. This sensitivity is as follows:

Impact of a 1bp increase in the curve

(Thousands of euros)	**31.5.2016**	**31.12.2015**
Value of future cash flows	3,891	3,399

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 (*Value at Risk*) measures are applied in accordance with treasury-specific methodology.

1-day VaR with a 99% confidence level

(Thousands of euros)

	End of period	**Average**	**High**	**Low**
31.5.2016 (*)	75,183	97,151	136,939	57,872
31.12.2015	117,716	114,273	193,891	81,565

(*) For first five months of 2016

In accordance with current regulations, the CaixaBank Group does not avail itself of its own funds for the interest rate risk in the banking book undertaken, in view of the low risk profile of its balance sheet. The balance sheet interest rate risk assumed by the CaixaBank Group is substantially below levels considered significant (outliers) under current regulations.

CaixaBank continues to carry out a series of actions designed to strengthen the monitoring and management of balance sheet interest rate risk.

Liquidity risk

The CaixaBank Group's banking liquidity, as shown by its high quality liquid assets (HQLA) used to calculate the LCR (liquidity coverage ratio) in addition to the balance that can be drawn on the credit facility with the ECB that does not comprise the aforementioned assets, amounts to EUR 58,322 million and EUR 62,707 million at 30 June 2016 and 31 December 2015, respectively.

The Liquidity Coverage Ratio (LCR) came into force on 1 October 2015 and involves maintaining an adequate level of high-quality liquid assets (HQLA) available to meet liquidity needs for a 30 calendar day stress scenario which considers a combined financial sector-wide and entity-specific crisis. The regulatory limit established is 60% from 1 January 2016, rising to 80% from 1 January 2017 and 100% from 1 January 2018. The LCR ratio stood at 159% and 172% at 30 June 2016 and 31 December 2015, respectively.

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

The CaixaBank Group ensures its long-term access to resources through renewal of the fixed income securities and promissory notes issue programmes, with the following amounts:

Debt issuance capacity

(Thousands of euros)

	Total issuance capacity	Nominal used at 30.6.2016
Promissory notes programme (1)	3,000,000	57,881
Fixed-income programme (2)	15,000,000	2,814,400
EMTN (Euro Medium Term Note) programme (3)	10,000,000	0

(1) Promissory notes programme registered with the CNMV on 14.7.2015. A new programme for the same amount was registered on 14.7.2016.

(2) Base prospectus for non-participating securities registered with the CNMV on 28.7.2015. A new prospectus was registered on 21.7.2016.

(3) Registered with the Irish Stock Exchange on 13.6.2016

Covered bond issuance capacity

(Thousands of euros)

	30.6.2016	31.12.2015
Mortgage covered bond issuance capacity	7,471,261	2,799,489
Public sector covered bond issuance capacity	1,553,461	1,206,060

The detail of the CaixaBank Group's liquid assets at 30 June 2016 and 31 December 2015 is as follows:

Liquid assets (1)

(Thousands of euros)

	30.6.2016		31.12.2015	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	42,600,529	42,590,868	39,653,029	39,652,966
Level 2A assets	33,029	28,075	77,945	66,253
Level 2B assets	3,995,470	2,264,165	3,778,867	2,030,134
Total liquid assets	**46,629,027**	**44,883,108**	**43,509,840**	**41,749,353**

(1) Criteria established to determine the LCR

Financing obtained from the European Central Bank through various monetary policy instruments was EUR 24,319 million at 30 June 2016, compared to EUR 18,319 million at 31 December 2015. The amount drawn at 30 June 2016 relates to the extraordinary liquidity auctions, known as TLTRO II (*Targeted Longer-Term Refinancing Operations II*) maturing in June 2020, whereas the balance at 31 December 2015 corresponded to the LTRO extraordinary auctions (maturity in September 2018). In the first half of 2016, TLTRO was replaced by TLTRO II with a longer maturity and better financing terms and conditions, and the position taken was increased by EUR 6,000 million.

The Group's financing policies take into account a balanced distribution of issue maturities, preventing concentrations and diversifying financing instruments. The first half of 2016 featured the maturity of EUR 6,738 million of wholesale issuances and a new issue of mortgage coverage bonds of EUR 1,500 million. The reliance on wholesale funding is limited, while the nominal maturities of institutional debt scheduled for 2016 amounts to EUR 694 million. Available capacity to issue mortgage and public sector covered bonds currently stands at EUR 9,025 million.

Wholesale financing maturities (net of own securities acquired) are as follows:

Wholesale financing maturities (net of own securities acquired)

(Thousands of euros)

	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Mortgage covered bonds	0	0	4,000,650	10,735,439	8,818,966	23,555,055
Public sector covered bonds	0	0	0	87,800	0	87,800
Senior debt	3,780	7,179	886,724	795,236	103,771	1,796,691
Subordinated debt and preference shares	0	41,300	60,000	0	813,056	914,356
Convertible bonds	0	0	0	0	0	0
Total wholesale issue maturities	**3,780**	**48,479**	**4,947,374**	**11,618,476**	**9,735,792**	**26,353,902**

Financial instruments that include accelerated repayment terms

At 30 June 2016, CaixaBank had instruments containing terms that could trigger accelerated repayment if one or more of the events set out in the agreements occurred. Details of these operations, by nature of the agreement, are as follows:

Instruments with accelerated repayment terms

(Thousands of euros)

	30.6.2016	31.12.2015
Loans received (1)	999,692	999,692

(1) These loans are recognised under "Financial liabilities measured at amortised cost – Deposits from credit institutions".

Operational risk

In the first half of 2016, the new capital requirements according to specifications issued by the Basel Committee in the consultative document published 4 March 2016 on the new Standardised Measurement Approach for operational risk were analysed. These new capital requirements are calculated based on a business indicator component made up of statement of profit and loss items found in the composition of gross income, subsequently combined with another component based on the entity's historical operational loss data to obtain the operational risk capital charge.

Meanwhile, the process for integrating operational risk in the entity's management is still under way, including new factors of analysis of potential weaknesses and adapting the composition of the Operational Risk Committee to strengthen its transversal nature and operations.

Actuarial risk

In general, risk of the insurance business is managed in accordance with Spanish insurance law. In particular, as per Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance entities ("LOSSEAR" for its initials in Spanish) and Royal Decree-Law 1060/2015, of 20 November, on the regulation, supervision and solvency of insurance and reinsurance entities ("ROSSEAR" for its initials in Spanish) and other Directorate-General of Insurance and Pension Funds ("DGSyFP" for its initials in Spanish) provisions.

Solvency II came into force on 1 January 2016 and entails new risk management requirements, along other developments.

In 2015, in line with the phasing-in calendar for Solvency II, the insurance group (composed of the Group's insurance companies, mainly VidaCaixa) completed its adaptation, complying with all the new requirements from 1 January 2016.

In the first half of 2016, the Solvency II opening balance sheet, the first quarter QRTS (Quantitative Reporting Templates) and the first ORSA (Own Risk and Solvency Assessment) in the final phase of Solvency II were sent to the supervisor.

4. Capital adequacy management

At 30 June 2016, the CaixaBank Group had a Common Equity Tier 1 (CET1) ratio of 12.3% (-60 basis points versus December 2015).

Risk-weighted assets (RWA) at 30 June 2016 stood at EUR 135,787 million, down EUR 7,525 million (-5.3%) from the end of the previous year, partly due to the asset swap with Criteria.

Applying the criteria expected for the end of the transitional period (fully loaded), CaixaBank had a CET1 ratio of 11.5%.

The ECB's minimum regulatory capital requirements mean that CaixaBank must maintain a regulatory CET1 ratio of 9.25%. This includes the general minimum CET1 requirement of Pillar 1 of 4.5% plus 4.75% for the specific requirements of Pillar 2 (supervisory review of the management of own funds) and the capital conservation buffer

In addition, since 1 January 2016, CaixaBank must apply the capital buffer required due to its status as an other systematically important institution (O-SSI) (0.25% to be phased-in over four years to 2019).

Together, these decisions required CaixaBank to maintain a minimum regulatory CET1 ratio of 9.3125% in 2016. This requirement, compared to the current CET1 ratio, indicate that the requirements applicable to CaixaBank would not give rise to any limitation to those referred to in solvency regulations regarding distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments.

CaixaBank is also subject to minimum capital requirements on a non-consolidated basis. CaixaBank's individual CET1 ratio stood at 12.3%.

In February 2016, the European Banking Authority (EBA) published the final methodology and macroeconomic scenarios for this year's stress test. The test covered 70% of the European banking sector's assets and assessed the ability of the main European banks, including CaixaBank through the CriteriaCaixa Group, to withstand an adverse macroeconomic scenario during the period 2016 to 2018. The EBA plans to publish the results on 29 July 2016. Although there is no common equity threshold that must be exceeded, the projection will be crucial to the ECB's decisions on capital requirements in the context of the Supervisory Review and Evaluation Process (SREP).

The composition of the CaixaBank Group's eligible own funds and leverage at June 2016 is as follows:

Eligible own funds

(Thousands of euros)

	30.6.2016		31.12.2015	
	Amount	**%**	**Amount**	**%**
CET1 instruments	**21,230,156**		**23,984,443**	
Shareholders' equity	21,938,240		23,688,634	
Capital	*5,910,243*		*5,823,990*	
Profit/(loss)	*638,056*		*814,460*	
Reserves and other	*15,389,941*		*17,050,184*	
Minority interest and valuation adjustments	*204,053*		1,499,314	
Adjustments applied to the eligibility of minority interest and valuation adjustments	*(475,214)*		(916,652)	
Other adjustments (1)	*(436,923)*		(286,853)	
Deductions from CET1	**(4,560,369)**		**(5,499,031)**	
Intangible assets	(4,005,998)		(4,905,186)	
Financial investments	0		(238,215)	
Deferred tax assets	(378,407)		(210,748)	
Other deductions from CET1	(175,964)		(144,882)	
CET1	**16,669,787**	**12.3%**	**18,485,412**	**12.9%**
AT1 instruments	**0**		**0**	
Deductions from AT1	**0**		**0**	
TIER1	**16,669,787**	**12.3%**	**18,485,412**	**12.9%**
T2 instruments	**4,382,537**		**4,444,175**	
Subordinated financing	4,096,092		4,147,222	
General allowances and excess IRB provisions	286,445		296,953	
Deductions from T2			**(102,092)**	
TIER 2	**4,382,537**	**3.2%**	**4,342,083**	**3.0%**
TOTAL CAPITAL	**21,052,324**	**15.5%**	**22,827,495**	**15.9%**
Memorandum items: risk-weighted assets	**135,786,719**		**143,311,652**	
Credit risk	*99,615,650*		*99,295,288*	
Shareholder risk	*22,911,993*		*28,559,485*	
Operational risk	*11,330,963*		*11,330,963*	
Market risk	*1,928,113*		*4,125,916*	

(1) Mainly the forecast for dividends payable.

Leverage ratio

(Percentage)

	30.6.2016	31.12.2015
Leverage ratio	**5.3%**	**5.6%**

5. Shareholder remuneration and earnings per share

Shareholder remuneration

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

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

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

On 25 February 2016, the Board of Directors proposed that the remuneration related to the second capital increase approved at the Ordinary Annual General Meeting of 23 April 2015 would be EUR 0.04 per share under the scrip dividend programme. The period for trading the bonus subscription rights ended on 15 March with the payment in cash of EUR 15,604 thousand to shareholders choosing to sell their rights. The remaining shareholders opted to receive newly issued shares of CaixaBank. The definitive number of ordinary shares of EUR 1 par value each issued in the scrip issue was 86,252,367 shares out of the restricted reserve set up for this purpose.

At the 28 April 2016 Ordinary Annual General Meeting, shareholders approved the resolution adopted by the Board of Directors at its meeting of 10 March 2016 that shareholder remuneration for 2016 would entail the payment of three cash dividends and one scrip dividend, under which shareholders could choose between acquiring newly issued shares and receiving an equivalent amount in cash under the scrip dividend programme, maintaining the quarterly remuneration policy. In line with the 2015-2018 Strategic Plan, CaixaBank has reiterated its intention of remunerating shareholders by distributing an amount in cash equal to or greater than 50% of consolidated net profit.

The distribution of a final 2015 cash dividend of EUR 0.04 per share was also green-lighted at the Ordinary Annual General Meeting held on 28 April 2016. The dividend was paid on 1 June 2016.

Dividends distributed in the first six months of 2016 were as follows:

Distribution of dividends paid in the first half of 2016

(Thousands of euros)

	Euros per share	Maximum amount (*)	Amount paid in cash	Payment announcement	Payment date
Scrip dividend programme					
Equivalent to the third interim dividend against 2015 results (*)	0.04	232,960	15,604	25.5.2016	18.3.2016
Cash dividend					
Final dividend for 2015	0.04	N/A	236,233	28.4.2016	1.6.2016

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

In the first half of 2016, CaixaBank paid its majority shareholder, CriteriaCaixa, EUR 266,514 thousand in dividends (EUR 270,888 thousand in the first half of 2015). This amount is equivalent to the sum of the amounts received in cash and the market value of the shares.

Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding less treasury shares after adjusting for the effect of all dilutive potential ordinary shares (share options, warrants and bonds that are not mandatorily convertible). At 30 June 2016, commitments to employees based on shares registered under equity totalled EUR 6,523 million.

Basic and diluted earnings per share at 30 June 2016 and 2015, as per the consolidated profit of the CaixaBank Group attributable to the Parent, are as follows:

Calculation of basic and diluted earnings per share

	30.6.2016	30.6.2015
Numerator		
Profit attributable to the Parent (in thousands of euros)	**638,056**	**708,212**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	5,822,038	5,851,707
Adjusted number of shares (basic earnings per share)	**5,822,038**	**5,851,707**
Basic earnings per share (in euros)	**0.11**	**0.12**
Diluted earnings per share (in euros) (**)	**0.11**	**0.12**

(*) Average number of shares outstanding, excluding the average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33 of the regulatory framework.
(**) In 2016, potentially dilutive shares did not have any impact on the calculation of diluted earnings per share.

6. Business combinations and investments in subsidiaries

Appendices 1, 2 and 3 to the consolidated financial statements for 2015 include information on Group companies at 31 December 2015.

Business combinations - 2016

There were no business combinations in the first six months of the year.

Transactions with subsidiaries

BuildingCenter, SAU

In April 2016, the sole shareholder made two contributions: a non-refundable cash contribution of EUR 753,700 thousand, and a non-monetary contribution of loans of EUR 446,300 thousand. These transactions had no impact on the Group's financial information as they were between subsidiaries.

VipCartera, SL, El Monte Participaciones Preferentes, SAU, Guatazal, SL, Leucanto Inversiones 1, SL, Iniciativas Turísticas de Cajas, SA, Viajes Cajasol, SA, Cajasol Participaciones Preferentes, SAU, Naviera Argos, AIE, Vipcartera, SL and Saldañuela Residencial, SA.

These companies were liquidated in the first half of 2016.

Changes to company name of subsidiaries:

- ***CaixaRenting, SAU*** now called CaixaBank Equipment Finance, SAU.
- ***e-la Caixa, SA*** now called CaixaBank Digital Business, SA.
- ***Caixa Card 1 EFC, SAU*** now called CaixaBank Payments, EFC EP, SAU.

7. Remuneration of key management personnel

Note 9 to the CaixaBank Group's 2015 consolidated financial statements provides details on remuneration and other benefits paid to members of the Board of Directors and Senior Management in 2015. The table below shows remuneration and other benefits paid in the six months ended 30 June 2016 and 30 June 2015.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body as of 30 June 2016 and 2015 related to the periods in which they belonged to this group are shown below:

Remuneration of the Board of Directors

(Thousands of euros)

	30.6.2016	30.6.2015
Remuneration for board membership	1,814	1,877
Non-variable remuneration	916	1,093
Variable remuneration (1)	488	488
Other long-term benefits	178	181
Other items (2)	90	41
Other positions in Group companies	590	597
Total	**4,076**	**4,277**
Number of people at end of period (3)	18	18

(1) Variable remuneration corresponds to the proportional part of the bonus set for the period, estimating a 100% achievement, as well as the accrued portion of the long-term share-based variable remuneration plan approved at the Annual General Meeting held on 23 April 2015.

(2) Includes remuneration in kind and other insurance premiums paid.

(3) Board of Directors had 17 members at 31 December 2015. On 25 February 2016, the Board approved the appointment to the Board of Directors of María Verónica Fisas Vergés as independent director. This director was named by the Board itself and she was appointed by shareholders at the Annual General Meeting on 28 April 2016.

At the 28 April 2016 Ordinary Annual General Meeting, shareholders voted to set the number of Board members at 18.

At the 30 June 2016 Board of Directors' meeting it was resolved to accept the resignations of Isidro Fainé Casas, Juan José Lopez Burniol and María Dolors Llobet María as Board members – the first two for incompatibility on reaching the end of the term of office established in Second Transitional Provision of Law 26/2013 governing savings banks and banking foundations, and the third for completing a six-year tenure as Board member and therefore approaching the end of her term of office. As proposed by the Appointments Committee, it was resolved to appoint Jordi Gual Solé and José Serna Masía as proprietary directors, and Koro Usarraga Unsain as independent director. Jordi Gual Solé was also appointed non-executive Chairman of the Board of Directors as proposed by the Appointments Committee and subject to first becoming a Board member. These appointments are subject to the European Central Bank's evaluation of their suitability. Jordi Gual Solé was also appointed as a member of the Executive Committee of the CaixaBank Board of Directors.

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

There are no termination benefits agreed in the event of termination of the appointment as Director, except for those agreed with the Deputy Chairman and the Chief Executive.

Remuneration received in the first half of 2016 and 2015 by members of the Board of Directors appointed at the Bank's proposal to the Boards of listed companies and of other companies in which it has a presence, excluding Group companies (disclosed in the preceding table), amounted to EUR 678 thousand and EUR 507 thousand, respectively, recognised in the companies' respective income statements.

Remuneration of Senior Management

The total remuneration paid to Senior Management of CaixaBank in the first half of 2016 and 2015 for the period during which they belonged to this group is set out in the table below. This remuneration is recognised in "Staff expenses" in CaixaBank's income statement.

Remuneration of Senior Management
(Thousands of euros)

	30.6.2016	30.6.2015
Salary (*)	4,478	4,382
Post-employment benefits	567	520
Other long-term benefits	89	65
Total	**5,134**	**4,967**
Number of people (**)	11	10

(*) This amount includes fixed remuneration, remuneration in kind and total variable remuneration received by members of the Senior Management. Variable remuneration corresponds to the proportional part of the bonus set for the period, estimating a 100% achievement, and in the first quarter of 2014, as well as the accrued portion of the long-term share-based variable remuneration plan approved at the Annual General Meeting held on 23 April 2015.

(**) María Luisa Martínez Gistau was appointed as a member of the Management Committee on 27 April 2016.

The remuneration paid in the first half of 2016 and 2015 to Senior Management at CaixaBank in connection with their activities as the Bank's representatives – when it is parent – on the Boards of listed companies and other companies in which it has a significant presence or representation and that are CaixaBank consolidated companies was EUR 357 thousand and EUR 221 thousand, respectively, recognised in the income statements of these companies.

There are agreements with members of the Management Committee regarding termination benefits for early termination or rescission of contracts.

8. Financial assets

The breakdown of financial assets at 30 June 2016 and 31 December 2015 by nature and category, excluding "Cash on hand, cash balances at central banks and other demand deposits" and "Derivatives – Hedge accounting" is shown in the following table. Where applicable, all assets are shown net of impairment allowances:

30.6.2016

(Thousands of euros)

	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Trading derivatives	11,489,800					11,489,800
Equity instruments	253,552	1,003,900	2,805,184			4,062,636
Debt securities	4,233,797	1,184,703	63,574,858	603,791	4,305,561	73,902,710
Loans and advances				217,670,507		217,670,507
Central banks				0		0
Credit institutions				10,052,683		10,052,683
Customers				207,617,824		207,617,824
Total	**15,977,149**	**2,188,603**	**66,380,042**	**218,274,298**	**4,305,561**	**307,125,653**

31.12.2015

(Thousands of euros)

	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Trading derivatives	9,806,191					9,806,191
Equity instruments	250,543	816,727	3,379,273			4,446,543
Debt securities	3,255,486	969,077	59,617,962	927,655	3,820,114	68,590,294
Loans and advances				209,545,745		209,545,745
Central banks				0		0
Credit institutions				6,649,545		6,649,545
Customers				202,896,200		202,896,200
Total	**13,312,220**	**1,785,804**	**62,997,235**	**210,473,400**	**3,820,114**	**292,388,773**

Available-for-sale financial assets

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

Breakdown of available-for-sale financial assets
(Thousands of euros)

	30.6.2016	31.12.2015
Equity instruments	**2,805,184**	**3,379,273**
Shares in listed companies	2,110,622	2,553,453
Shares in non-listed companies	574,302	680,346
Ownership interests in mutual funds and other	120,260	145,474
Debt securities	**63,574,858**	**59,617,962**
Spanish government debt securities	53,904,879	48,008,151
Treasury bills	*3,625,299*	*11,520*
Government bonds and debentures	*48,298,423*	*46,162,857*
Other issuances	*1,981,157*	*1,833,774*
Foreign government debt securities	2,850,439	4,735,417
Issued by credit institutions	4,002,547	4,681,035
Other Spanish issuers	1,048,698	611,957
Other foreign issuers	1,768,295	1,581,402
Total	**66,380,042**	**62,997,235**

In the first six months of 2016, the Group sold assets included under this heading in the fixed income and equities market, tapping market opportunities and realising gains amounting to EUR 493 million gross, which were recognised under "Gains or losses on financial assets and liabilities designated at fair value through profit or loss" in the accompanying statement of profit and loss.

The changes in "Available-for-sale financial assets – Equity instruments" in the period ended 30 June 2016 are as follows:

Movements in other equity instruments
(Thousands of euros)

	Acquisitions and capital increases	Sales	Transferred to profit or loss	Adjustments to market value	Transfers and other	Impairment losses	Total
Total balance at 31.12.2015							**3,379,273**
Telefónica, SA				(442,831)			(442,831)
Visa Europe Limited			(165,108)	32,522			(132,586)
Visa Inc					33,887		33,887
Other	3,015	(21,078)	(15,734)	9,078	222,386	(230,226)	(32,559)
Changes in 2016	**3,015**	**(21,078)**	**(180,842)**	**(401,231)**	**256,273**	**(230,226)**	**(574,089)**
Balance at 30.6.2016							**2,805,184**

The main changes occurring in the first half of 2016 were as follows:

Visa Europe Limited

The process to acquire Visa Europe Limited, which began in November 2015, was completed on 21 June 2016. Given the CaixaBank Group's stake in Visa Europe Ltd. through its direct stake classified as available-for-sale and indirect stake through ServiRed, this transaction involved recognising a gross gain of EUR 165 million (EUR 115 million, net) in the Group's consolidated statement of profit and loss for the second quarter of 2016.

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

As per prevailing accounting standards, the CaixaBank Group conducted impairment tests on all the equity instruments classified as available-for-sale financial assets with a view to reporting any resulting impairment, as discussed in Note 2.9 to the CaixaBank Group's 2015 consolidated financial statements.

These tests uncovered the need to charge against profit for the first half of 2016 an amount of EUR 230 thousand for its investments in unquoted equity instruments, recognised under "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" in the accompanying statement of profit and loss.

Impairment of debt securities classified as available-for-sale financial assets

The CaixaBank Group conducted impairment tests on the debt securities classified as available-for-sale financial assets (as listed in Note 2.9 to the CaixaBank Group's consolidated financial statements for 2015), and it was founf that there was no impairment.

Loans and receivables

The main line item under this heading is "Loans and advances to customers," which at 30 June 2016 and 31 December 2015 breaks down as follows:

Loans and advances to customers by loan type and status

(Thousands of euros)

	30.6.2016	31.12.2015
Public administrations	13,933,228	14,046,653
Commercial loans	7,369,796	7,118,857
Secured loans	121,649,824	123,253,645
Reverse repurchase agreement	6,586,210	4,559,764
Other term loans	40,255,940	37,953,455
Finance leases	2,601,661	2,438,482
Receivables on demand and others	7,575,151	5,926,458
Non-performing assets	15,672,648	16,606,667
Total gross	**215,644,458**	**211,903,981**
Impairment allowances	(8,204,703)	(9,171,531)
Other valuation adjustments (1)	178,069	163,750
Total valuation adjustments	**(8,026,634)**	**(9,007,781)**
Total	**207,617,824**	**202,896,200**

(1) Includes accrued interest, fees and commissions, and other fair-value adjustments.

Credit quality of loans and receivables

Details of loans and receivables in terms of their creditworthiness in the first half of 2016 and 2015 are as follows:

30.6.2016

(Thousands of euros)

	Gross amount	Allowances for impairment losses (*)	Carrying amount
Performing	210,806,353	(572,174)	210,234,179
Of which: Risks under special monitoring	*10,561,506*	*(572,174)*	*9,989,332*
Non-performing	15,672,648	(7,460,831)	8,211,817
Total	**226,479,001**	**(8,204,703)**	**218,274,298**

(*) Of which: EUR 5,602,973 thousand corresponds to provisions calculated collectively and EUR 2,601,730 thousand to provisions calculated separately.

31.12.2015

(Thousands of euros)

	Gross amount	Allowances for impairment losses (*)	Carrying amount
Performing	203,038,264	(743,872)	202,294,392
Of which: Risks under special monitoring	*12,852,919*	*(743,872)*	*12,109,047*
Non-performing	16,606,667	(8,427,659)	8,179,008
Total	**219,644,931**	**(9,171,531)**	**210,473,400**

(*) Of which: EUR 6,290,779 thousand corresponds to provisions calculated collectively and EUR 2,880,757 thousand to provisions calculated separately.

Guarantees received

The detail of guarantees received in the approval of lending transactions at the CaixaBank Group at 30 June 2016 and 31 December 2015 is as follows:

Guarantees received

(Thousands of euros)

	30.6.2016	31.12.2015
Value of collateral	**354,771,186**	**359,226,844**
Of which: Guarantees risks classified as under special monitoring	22,756,467	24,901,187
Of which: Guarantees non-performing risks	27,608,671	27,970,675
Value of other collateral	**3,569,473**	**2,853,904**
Of which: Guarantees risks classified as under special monitoring	39,164	123,136
Of which: Guarantees non-performing risks	263,649	155,107
Total	**358,340,659**	**362,080,748**

(*) The value of the guarantee is the maximum amount of the collateral except for the non performing loans is fair value

The following table shows the changes in non-performing loans and advances to customers in the first half of 2016:

Changes in non-performing assets

(Thousands of euros)

	30.6.2016	30.6.2015
Opening balance	**16,606,667**	**19,683,870**
Plus:		
Additions for business combination with Barclays Bank, SAU		2,127,641
Increase due to refinancings	44,804	
Additions	3,213,892	5,022,687
Less:		
Assets foreclosed and acquired from developers and individuals	(739,857)	(1,770,269)
Standardised and other assets	(2,448,593)	(3,508,969)
Assets derecognised due to disposal	(84,165)	(566,330)
Other assets written-off	(920,100)	(1,444,639)
Closing balance	**15,672,648**	**19,543,991**

In the half of 2016, the Group sold portfolio assets (both non-performing assets and assets written off the balance sheet because recovery was deemed to be remote) for the gross sum of EUR 125 million. The pre-tax capital gain from the transaction totalled EUR 48 million, recognised under “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss” in the income statement.

The detail of non-performing assets under “Loans and advances to customers” by counterparty and collateral is as follows:

Detail of non-performing assets

(Thousands of euros)

	30.6.2016	31.12.2015
Public sector	**69,693**	**71,368**
Private sector	**15,602,955**	**16,535,299**
Collateralised	11,757,253	12,328,950
Uncollateralised	3,845,702	4,206,349
Total	**15,672,648**	**16,606,667**

NOTE: Includes EUR 6,035 million and EUR 5,819 million at 30 June 2016 and 31 December 2015, respectively, of non-performing assets for reasons other than arrears.

The changes in the balance of the allowances for impairment losses on assets comprising "Loans and receivables" in the first half of 2016 and 2015 are as follows:

Changes in allowances for impairment of assets

(Thousands of euros)

	Balance at 31.12.2015	Net allowances	Amounts used	Transfers and other	Balance at 30.6.2016
Credit risk allowance	**9,062,748**	**455,763**	**(914,077)**	**(528,559)**	**8,075,875**
Loans and advances to credit institutions	5	0		(5)	0
Loans and advances to customers	9,062,743	455,763	(914,077)	(528,554)	8,075,875
Public sector	*10,535*	*(8,295)*	*0*	*147*	*2,387*
Other sectors (*)	*9,052,208*	*464,058*	*(914,077)*	*(528,701)*	*8,073,488*
General allowance	**105,638**	**18,400**	**(915)**	**0**	**123,123**
Loans and advances to customers	105,638	18,400	(915)	0	123,123
Country risk allowance	**3,150**	**2,555**	**0**	**0**	**5,705**
Loans and advances to customers	3,150	2,555	0	0	5,705
Total	**9,171,536**	**476,718**	**(914,992)**	**(528,559)**	**8,204,703**

(*) At 30 June 2016 and 31 December 2015, includes allowances for other financial assets, amounting to EUR 5,093 thousand and EUR 8,545 thousand, respectively.

Changes in allowances for impairment of assets

(Thousands of euros)

	Balance at 31.12.2014	Additions for business combination with Barclays Bank, SAU	Net allowances	Amounts used	Transfers and other	Balance at 30.6.2015
Credit risk allowance	**10,524,267**	**1,548,657**	**909,569**	**(1,824,955)**	**(809,737)**	**10,347,801**
Loans and advances to credit institutions	4	88	(104)		335	323
Loans and advances to customers	10,524,263	1,548,569	909,673	(1,824,955)	(810,072)	10,347,478
Public sector	*1,012*		*385*	*(40)*	*1,431*	*2,788*
Other sectors (*)	*10,523,251*	*1,548,569*	*909,288*	*(1,824,915)*	*(811,503)*	*10,344,690*
General allowance	**68,419**	**15,786**	**9,399**	**1,318**	**(15,622)**	**79,300**
Loans and advances to customers	68,419	15,786	9,399	1,318	(15,622)	79,300
Country risk allowance	**1,886**	**569**	**311**	**0**	**(140)**	**2,626**
Loans and advances to customers	1,886	569	311		(140)	2,626
Total	**10,594,572**	**1,565,012**	**919,279**	**(1,823,637)**	**(825,499)**	**10,429,727**

(*) At 30 June 2015 and 31 December 2014, includes allowances for other financial assets, amounting to EUR 10,575 thousand and EUR 7,166 thousand, respectively.

"Transfers and others" relates mainly to the transfer of provisions recognised 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 to funds to hedge these assets.

The breakdown of the provisions according to how they are identified is as shown:

Provision by identification method
(Thousands of euros)

	30.6.2016	31.12.2015
Allowance identified individually	2,601,730	2,880,757
Allowance identified collectively	3,746,130	4,408,463
Collective allowance for losses incurred but not reported (IBNR)	1,856,843	1,882,316
Total	**8,204,703**	**9,171,536**

The changes in the first half of 2016 to items derecognised from the balance sheet because recovery was deemed to be remote are summarised below. These financial assets are recognised under “Suspended assets” in the memorandum accounts supplementing the consolidated balance sheet.

Changes in written-off assets
(Thousands of euros)

	30.6.2016	30.6.2015
Opening balance	**14,603,686**	**11,602,052**
Additions:	**1,729,226**	**3,498,889**
Additions for business combination with Barclays Bank, SAU		634,336
With a charge to allowances for impairment of assets	914,992	1,823,577
With a direct charge to the statement of profit and loss	285,376	374,059
Other causes	528,858	666,917
Disposals:	**(617,203)**	**(974,210)**
Cash recovery of principal	(224,385)	(184,110)
Cash recovery of past-due receivables	(25,660)	(17,043)
Disposal of written-off assets (capital and interest)	(315,940)	(190,674)
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	(51,218)	(582,383)
Closing balance	**15,715,709**	**14,126,731**

The balance of items derecognised from the consolidated balance sheet because recovery was deemed to be remote includes EUR 4,545 million and EUR 4,082 million at 30 June 2016 and 31 December 2015, respectively, of interest accrued.

Held-to-maturity investments

The breakdown of held-to-maturity investments by nature of the transaction is as follows:

Debt securities
(Thousands of euros)

	30.6.2016	31.12.2015
Spanish government debt securities	2,760,341	2,040,794
Government bonds and debentures	*2,760,341*	*2,040,794*
Issued by credit institutions	24,116	24,116
Other Spanish issuers	1,521,104	1,755,204
Total	**4,305,561**	**3,820,114**

“Held to maturity investments” includes, *inter alia*, SAREB bonds backed by an irrevocable guarantee of the Spanish government, with a nominal amount at 30 June 2016 of EUR 1,521 million. It also includes CaixaBank’s position in SAREB subordinated debt, which was partially converted into shares in June 2016. After the conversion, CaixaBank held a net capital investment of EUR 244 million, recognised under “Available-for-sale financial assets – Equity instruments” and a remaining subordinated debt net position of EUR 110 million under “Loans and receivables”.

Furthermore, at 30 June 2016 and 31 December 2015, "Held-to-maturity investments" also included several bonds related to the cancellation in 2013 of the loan granted from the Fund to Finance Payments to Suppliers (Fondo para la Financiación de los Pagos a Proveedores), for a total amount of EUR 1,274 million and EUR 1,786 million, respectively, and with maturities ranging from 30 November 2016 to 31 January 2022.

In the first half of 2016, impairment tests conducted revealed the need to revise the recoverable amounts of debt instruments, releasing EUR 119 million in relation to impairment of financial investments in debt instruments reported under this heading, which was recognised under “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss” in the accompanying statement of profit and loss.

Fair value of financial assets and liabilities

Note 2.2 to the Group's consolidated financial statements for 2015 provides the criteria for classification into levels using the hierarchy for determining fair value by valuation technique and the methods used to determine fair value of the instruments in accordance with level. During the first half of 2016, there were no significant changes in the valuation techniques, inputs, sensitivity analysis results from those described in the notes to the prior year's consolidated financial statements.

Financial instruments held by the Group at 30 June 2016 and 31 December 2015 by measurement method were as follows:

Fair value of assets

(Thousands of euros)	30.6.2016			31.12.2015		
	Level 1:	**Level 2:**	**Level 3:**	**Level 1:**	**Level 2:**	**Level 3:**
Financial assets held for trading	**4,506,663**	**11,470,486**	**0**	**3,546,563**	**9,765,657**	**0**
Derivatives	21,119	11,468,681		42,372	9,763,819	
Equity instruments	253,552			250,543		
Debt securities	4,231,992	1,805		3,253,648	1,838	
Financial assets designated at fair value through profit or loss	**2,188,603**			**1,785,804**		
Available-for-sale financial assets	**65,526,705**	**271,988**	**581,349**	**61,072,609**	**1,242,035**	**682,591**
Equity instruments	2,230,428	454	574,302	2,698,296	631	680,346
Debt securities	63,296,277	271,534	7,047	58,374,313	1,241,404	2,245
Loans and receivables	**0**	**372,289**	**238,681,517**	**478,302**	**183,430**	**240,091,175**
Debt securities		372,289	231,502	478,302	183,430	320,854
Loans and advances	0	0	238,450,015	0	0	239,770,321
Credit institutions			*10,052,683*			*7,603,763*
Customers			*228,397,332*			*232,166,558*
Held-to-maturity investments	**1,526,413**	**2,897,646**		**264,168**	**3,431,426**	**165,522**
Derivatives – Hedge accounting		**3,274,888**			**3,917,462**	
Total	**73,748,384**	**18,287,297**	**239,262,866**	**67,147,446**	**18,540,010**	**240,939,288**

Fair value of liabilities

(Thousands of euros)	30.6.2016			31.12.2015		
	Level 1:	**Level 2:**	**Level 3:**	**Level 1:**	**Level 2:**	**Level 3:**
Financial liabilities held for trading	**989,204**	**11,633,625**	**0**	**2,786,572**	**9,413,718**	**0**
Derivatives	171,332	11,633,625		84,889	9,413,718	
Short positions	817,872			2,701,683		
Financial liabilities designated at fair value through profit or loss	**2,850,895**			**2,359,517**		
Financial liabilities measured at amortised	**0**	**0**	**261,405,081**	**0**	**0**	**256,639,379**
Deposits			229,412,023			221,461,813
Central banks			27,098,534			24,025,913
Credit institutions			9,123,940			10,625,051
Customers			193,189,549			186,810,849
Debt securities issued			28,254,378			32,291,729
Other financial liabilities			3,738,680			2,885,837
Derivatives - Hedge accounting		**776,107**			**756,163**	
Total	**3,840,099**	**12,409,732**	**261,405,081**	**5,146,089**	**10,169,881**	**256,639,379**

There were no significant transfers or reclassifications among levels in the first half of 2016.

Movement in the balance of Level 3 financial instruments designated at fair value is as follows:

Level 3 movements - 2016

(Thousands of euros)

	Available-for-sale financial assets	
	Equity instruments	Debt securities
Balance at 31.12.2015	**680,346**	**2,245**
Total gains or losses	**(361,473)**	**(1,208)**
To profit and loss	(392,837)	
To equity valuation adjustments	31,364	(1,208)
Acquisitions	36	6,010
Reclassification to/from Level 3		
Settlements and others	255,393	
Net variation in financial instruments at amortised cost		
Balance at 30.6.2016	**574,302**	**7,047**
Total gains/(losses) in the period for instruments held at the end of the period	**(361,473)**	**(1,208)**

9. Investments in joint ventures and associates

Note 2.1 of the CaixaBank Group's 2015 consolidated financial statements set out the criteria used to determine the classification of companies as subsidiaries, jointly controlled entities, associates or or available-for-sale equity instruments, along with the consolidation and measurement bases used for each for the purpose of preparing the consolidated annual financial statements. Appendices 1, 2 and 3 in the notes thereto provide key information on subsidiaries, joint ventures and associates.

The detail of and changes in investments in joint ventures and associates in the first half of 2016 are as follows:

Investments in associates and joint ventures

(Thousands of euros)

	30.6.2016	**31.12.2015**
Listed	5,465,593	9,039,873
Underlying carrying amount	*5,115,395*	*7,661,298*
Goodwill	*350,198*	*1,378,575*
Non-listed	1,356,005	1,254,812
Underlying carrying amount	*1,031,715*	*953,697*
Goodwill	*324,290*	*301,115*
Subtotal	**6,821,598**	**10,294,685**
Less:		
Impairment allowances	(522,308)	(620,991)
Total	**6,299,290**	**9,673,694**

Movement in Investments in joint ventures and associates

(Thousands of euros)

	Underlying carrying amount	**Goodwill**	**Impairment allowances**	**Total**
Balance at 31.12.2015	**8,614,995**	**1,679,690**	**(620,991)**	**9,673,694**
Acquisitions and capital increases/decreases	115,832	7,354	(12,704)	110,482
Sales	(2,663,213)	(984,608)	110,000	(3,537,821)
Profit for the period	291,635			291,635
Dividends declared	(113,818)			(113,818)
Translation differences	(89,547)	(43,468)		(133,015)
Changes in consolidation method	13,920	15,520		29,440
Valuation adjustments - investees	(90,505)			(90,505)
Reclassifications and others	67,811		1,387	69,198
Balance at 30.6.2016	**6,147,110**	**674,488**	**(522,308)**	**6,299,290**

Investments in jointly controlled entities and associates. Acquisitions and disposals

30.6.2016

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
Acquisitions and capital increases/decreases			
Repsol, SA	61,840		61,840
The Bank of East Asia, Ltd	26,152		26,152
Banco BPI, SA	17,020		17,020
Global Payments Caixa Adquisition Corporation, SARL	7,354	7,354	14,708
Other	3,466		3,466
	115,832	**7,354**	**123,186**

30.6.2016

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
Sales			
The Bank of East Asia, Ltd (*)	(1,525,553)	(711,670)	(2,237,223)
Grupo Financiero Inbursa SA de CV (*)	(561,094)	(272,938)	(834,032)
Repsol, SA	(575,864)		(575,864)
Other	(702)		(702)
	(2,663,213)	**(984,608)**	**(3,647,821)**

(*) See Note 1 – “Swap of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa”.

The main changes occurring in the first half of 2016 were as follows:

Repsol, SA

At 30 June 2016, CaixaBank’s stake in Repsol, SA stood at 10.21% (12.14% at 31 December 2015). The variation in the Repsol stake primarily stems from the delivery of a total of 29,824,636 shares representing 2.069% of Repsol’s capital for the early redemption of the bond convertible into shares in the company (see Note 14). The stake was also diluted by 0.34% due to the scrip dividend in January 2016, while shares representing 0.49% of Repsol’s capital were purchased during the period. These acquisitions resulted in a difference arising on consolidation. CaixaBank also intends to and is capable of exercising significant influence over this company.

BPI

In the first six months of the yearCaixaBank has acquired 15.5 million shares for EUR 17 million, representing 1.06% of BPI’s capital. At 30 June 2016, CaixaBank’s stake in BPI stood at 45.16%.

The Bank of East Asia and Grupo Financiero Inbursa

As commented in Note 1, CaixaBank has transferred to Criteria its stake in BEA, representing 17.24% of the latter’s capital, and in GFI, representing 9.01% of this company’s capital. Meanwhile, Criteria has transferred to CaixaBank a number of CaixaBank treasury shares representing approximately 9.89% of its share capital and a cash amount set at EUR 678 million.

Allowances for impairment of associates and jointly controlled entities

The Group has a methodology in place (described in Note 17 of the CaixaBank Group 2015 consolidated annual financial statements) for assessing the recoverable amounts and potential impairment of its investments in associates and jointly controlled entities.

The Group updated the impairment tests performed at 31 December 2015 to 30 June 2016. To do so, it updated the model's balance sheet and statement of profit and loss projections for investees and the assumptions used, based on new information as of that date on the circumstances and performance of the investees. Sensitivity analyses for key variables were also updated. The main assumptions, with a five-year time horizon, were as follows:

- Discount rates for each activity and country, for banking stakes, ranging from 10.1% and 10.7% and for the remaining significant stakes of between 7.8% and 10%, slightly lower than those used at December 2015 due to the economic backdrop and the expected low interest rates for sovereign debt.
- The growth rates used to calculate residual value beyond the projected period were between 1% and 2.5% for banking investments and 0.5% and 2% for other significant holdings – unchanged from December 2015. These growth rates are below the estimated nominal GDP increase for the countries where the investees conduct their operations and in line with analysts' estimates.

Sensitivity analyses were performed using reasonable changes in key assumptions to ensure that the recoverable amount of the investments continues to exceed the amount to be recovered in more adverse scenarios.

Based on the analyses carried out at 30 June 2016, it is not necessary to recognise additional impairment losses for the first half of the year.

Market value of listed investees

The table below shows the main listed companies classified as associates at 30 June 2016 and 31 December 2015, detailing the percentage of ownership and their market value.

Main listed companies

(Thousands of euros)

	30.6.2016		31.12.2015	
Company	**% stake**	**Market value**	**% stake**	**Market value**
Repsol, SA	10.21%	1,680,082	12.14%	1,720,158
Erste Group Bank AG	9.92%	865,902	9.92%	1,232,556
Banco BPI, SA	45.16%	729,025	44.10%	700,927
The Bank of East Asia, Ltd (*)			17.24%	1,556,516
Grupo Financiero Inbursa, SA de CV (*)			9.01%	987,801
Market value		**3,275,009**		**6,197,958**

(*) See Note 1 – "Swap of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa".

Goodwill

The breakdown of goodwill at 30 June 2016 and 31 December 2015 arising from companies accounted for using the equity method is as follows:

Detail of goodwill
(Thousands of euros)

	30.6.2016	31.12.2015
Banco BPI, SA (*)	350,198	350,198
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros	299,618	299,618
The Bank of East Asia, Ltd (**)		746,167
Grupo Financiero Inbursa, SA de CV (**)		282,210
Other	24,672	1,497
Total	**674,488**	**1,679,690**

(*) Fully impaired
(**) See Note 1 – "Swap of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa".

10. Tangible assets

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

In the first six months of 2016, there were no significant gains or losses on any individual sale.

The CaixaBank Group had no significant commitments to acquire items of tangible assets at 30 June 2016.

In addition, property and equipment for own use are allocated to the banking business cash-generating unit (CGU). At 30 June 2016, the impairment test performed on the net amount of the assets associated with the banking business CGU was updated. Both the assumptions issued and the earnings projections were updated to reflect circumstances at 30 June 2016. The results of the tests carried did not uncover any need to make allowances for the assets included under this heading in the first half of 2016.

11. Intangible assets

Goodwill

At 30 June 2016, the balance of this heading in the accompanying condensed interim consolidated balance sheet was not different from the balance at 31 December 2015. The most significant existing goodwill arose on the acquisitions in previous years of the businesses of Banca Cívica, Morgan Stanley in Spain, VidaCaixa, SA de Seguros y Reaseguros, and Bankpime, SA.

Impairment tests on the CGUs to which this goodwill is associated and the updates of the impairment tests carried out at 31 December 2015 did not uncover the need to recognise any impairment of the goodwill existing at 30 June 2016.

As explained in Note 20 of the 2015 consolidated financial statements, every six months the Group retests the banking business CGU for impairment on the basis of the test carried out at the close of the previous year, by updating projected cash flows to factor in potential deviations from the recoverable amount estimation model. Additionally, assumptions are reviewed and changed accordingly to reflect any developments in a six-month period if necessary and a new sensitivity analysis for key variables is performed.

The recoverable amount of the insurance business CGU is also updated in the same way.

Goodwill
(Thousands of euros)

	CGU	30.6.2016	31.12.2015
Acquisition of Banca Cívica	Banking	2,019,996	2,019,996
Acquisition of Banca Cívica Vida y Pensiones	Insurance	137,180	137,180
Acquisition of Cajasol Vida y Pensiones	Insurance	50,056	50,056
Acquisition of Cajacanarias Vida y Pensiones	Insurance	62,003	62,003
Acquisition of Banca Cívica Gestión de Activos	Banking	9,220	9,220
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance (1)	402,055	402,055
Acquisition of Bankpime, SA	Banking	39,406	39,406
Acquisition of VidaCaixa, SA de Seguros y Reaseguros	Insurance	330,929	330,929
Total		**3,050,845**	**3,050,845**

(1) Of which EUR 3.7 million are allocated to the insurance CGU and the remainder to the banking CGU.

Other intangible assets

The change in this condensed interim consolidated balance sheet heading in the first six months of 2016 is as follows:

Other intangible assets
(Thousands of euros)

	30.6.2016	30.6.2015
Opening balance	**620,743**	**583,721**
Plus:		
Additions for business combination with Barclays Bank, SAU		89,452
Additions of software and other intangible assets	67,816	61,475
Less:		
Sales		(600)
Amortisation recognised in profit or loss	(78,545)	(68,283)
Write-downs and recoveries	151	(45,471)
Closing balance	**610,165**	**620,294**

12. Other assets

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

Details of the main items composing "Other assets" at 30 June 2016 and 31 December 2015 are as follows:

Details of other assets

(Thousands of euros)

	30.6.2016	**31.12.2015**
Inventories	1,166,407	1,135,337
Other assets	1,015,979	1,081,820
Prepayments and accrued income	731,095	627,527
Ongoing transactions	91,867	220,375
Dividends on equity securities accrued and receivable	68,638	150,821
Other	124,379	83,097
Other assets	**2,182,386**	**2,217,157**

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

The breakdown of "Inventories" is as follows:

Changes in inventories

(Thousands of euros)

	30.6.2016		
	Foreclosed assets	**Other assets**	**Total**
Gross cost, inventories			
Opening balance	**2,631,700**	**97,641**	**2,729,341**
Plus:			
Acquisitions	49,287	21,318	70,605
Transfers and other	38,215	14	38,229
Less:			
Sales	(54,288)	(6,175)	(60,463)
Transfers and other		(50,038)	(50,038)
Subtotal	**2,664,914**	**62,760**	**2,727,674**
Impairment allowances, inventories			
Opening balance	**(1,531,755)**	**(62,249)**	**(1,594,004)**
Plus:			
Allowances	(15,587)	33	(15,554)
Transfers and other	(17,113)	(1,415)	(18,528)
Less:			
Amounts used	20,674		20,674
Transfers and other		46,145	46,145
Closing balance	**(1,543,781)**	**(17,486)**	**(1,561,267)**
Total	**1,121,133**	**45,274**	**1,166,407**

Note 3, “Risk management”, provides details on foreclosed assets, classified into “Non-current assets and disposal groups classified as held for sale” (see Note 13) and “Other assets – Inventories” by source and type of property.

13. Non-current assets and disposal groups classified as held for sale

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

The detail of and changes in this condensed interim consolidated balance sheet heading in the first six months of 2016 are as follows:

30.6.2016

(Thousands of euros)

	Foreclosed assets			
	Foreclosure rights(1)	**Other foreclosed assets**	**Other Assets(2)**	**Total**
Cost				
Opening balance	**889,582**	**10,185,722**	**1,353,986**	**12,429,290**
Plus:				
Additions in the period	339,609	116,620	20,695	476,924
Transfers (*)	(535,085)	529,327	(442,029)	(447,787)
Less:				
Disposals		(708,929)	(70,779)	(779,708)
Balance at 30.6.2016	**694,106**	**10,122,740**	**861,873**	**11,678,719**
Impairment allowances				
Opening balance	**(197,899)**	**(4,027,149)**	**(243,579)**	**(4,468,627)**
Net allowances	640	(125,545)	(9,359)	(134,264)
Transfers	45,757	(235,760)	9,889	(180,114)
Amounts used		266,547	197	266,744
Balance at 30.6.2016	**(151,502)**	**(4,121,907)**	**(242,852)**	**(4,516,261)**
Total	**542,604**	**6,000,833**	**619,021**	**7,162,458**

(*) The change in transfers of other assets includes the elimination of advances for transfers with BuildingCenter.

(1) Foreclosure rights are measured initially at the net value at which the asset will be recognised when the definitive foreclosure occurs.

(2) Mostly includes: investments reclassified as non-current assets held for sale, assets deriving from the termination of operating lease agreements and closed branches.

"Other assets" includes prepayments related to bonds placed with courts to participate in auctions, provisions of funds and payments to notaries and administrative agencies for a variety of procedures related to properties, as well as prepayments on unallocated foreclosure rights on properties expected to be allocated in the short term. Also included are the assets from investee Aris Rosen, SAU.

At 30 June 2016, the fair value of non-current assets held for sale did not differ significantly from their carrying amounts.

14. Financial liabilities

The detail of the balance of “Financial liabilities” in the accompanying condensed interim consolidated balance sheet by nature and category of the portfolio for measurement purposes at 30 June 2016 and 31 December 2015 is as follows:

30.6.2016

(Thousands of euros)

	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities measured at amortised cost	TOTAL
Derivatives	11,804,957			11,804,957
Short positions	817,872			817,872
Deposits		2,850,895	227,170,580	230,021,475
Central banks			27,098,534	27,098,534
Credit institutions			9,123,940	9,123,940
Customers		2,850,895	190,948,106	193,799,001
Debt securities issued			27,965,978	27,965,978
Other financial liabilities			3,702,123	3,702,123
Total	**12,622,829**	**2,850,895**	**258,838,681**	**274,312,405**

31.12.2015

(Thousands of euros)

	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities measured at amortised cost	TOTAL
Derivatives	9,498,607			9,498,607
Short positions	2,701,683			2,701,683
Deposits		2,359,517	218,372,716	220,732,233
Central banks			23,753,214	23,753,214
Credit institutions			10,509,238	10,509,238
Customers		2,359,517	184,110,264	186,469,781
Debt securities issued			32,336,159	32,336,159
Other financial liabilities			2,789,945	2,789,945
Total	**12,200,290**	**2,359,517**	**253,498,820**	**268,058,627**

Bonds exchangeable for Repsol, SA shares

In November 2013, CaixaBank issued bonds exchangeable for Repsol shares named “*Unsecured Mandatory Exchangeable Bonds due 2016*” among institutional and qualified investors for a total nominal amount of EUR 594.3 million and maturing on 22 November 2016 (Exchangeable Bonds). This issue included a basket of embedded derivatives to ensure a maximum and minimum exchange price which, pursuant to international accounting standards, was stripped out and valued separately in equity as it comprises a cash flow hedge.

On 10 March 2016, the issue of these bonds was redeemed in full, with the delivery for every EUR 100,000 of principal of:

i) 5,479.45 Repsol shares;
ii) EUR 3,048.90 in cash as Make-whole Amount; and
iii) EUR 1,340.16 in cash as Accrued Interest.

On the same day, the exchangeable bonds were delisted from the Irish Stock Exchange. The bond was cancelled early by CaixaBank delivering 29,824,636 shares representing 2.069% of Repsol's share capital and paying an amount of EUR 23.9 million in cash. The Group recognised a loss on cancelling the bond of EUR 147 million, (gross) which chiefly included the result of delivering the Repsol shares and the result from cancelling the embedded hedging derivative.

Issuances, buy-backs and redemptions of debt securities

In the first six months of 2016, EUR 5,610 million worth of mortgage covered bonds and EUR 1,018 million of plain vanilla bonds matured. In addition, EUR 1,500 million of mortgage covered bonds were issued to institutional investors.

Other issues guaranteed by the Group

At 30 June 2016 and 31 December 2015, there were no debt securities issued by associates or third parties (outside the Group) guaranteed by CaixaBank or any Group company.

15. Provisions

The table below presents the balances at 30 June 2016 and 31 December 2015 and the nature of provisions recognised in the accompanying condensed interim consolidated balance sheet:

Changes in provisions

(Thousands of euros)

	Balance at 31.12.2015	Provisions net of releases charged to income	Other charges (*)	Actuarial (gains)/losses	Amounts used	Transfers and other	Balance at 30.6.2016
Provisions for pensions and other post-employment defined benefit obligations	**1,958,334**		**21,763**	**170,389**	**(59,560)**	**12,495**	**2,103,421**
Provisions for other long term employee benefits	**900,311**	**163,522**	**2,549**		**(98,504)**	**541**	**968,419**
Provisions for pending legal issues and tax litigation	**514,206**	**148,283**	**0**	**0**	**(33,395)**	**344**	**629,438**
Legal contingencies	169,741	103,454			(25,513)	546	248,228
Tax litigation	344,465	44,829			(7,882)	(202)	381,210
Provisions for commitments and guarantees given	**381,477**	**(58,543)**	**0**	**0**	**0**	**(153)**	**322,781**
Country risk allowance	7,278	593					7,871
Allowance for identified losses	374,199	(59,136)				(153)	314,910
Contingent liabilities	*341,513*	*(59,817)*				*(153)*	*281,543*
Contingent commitments	*32,686*	*681*					*33,367*
Allowance for inherent losses							0
Other provisions	**843,412**	**9,318**	**0**	**0**	**(34,971)**	**(26,368)**	**791,391**
Losses from agreements not formalised and other risks	775,218	(8,073)			(15,791)	(26,570)	724,784
Ongoing legal proceedings	19,633	7,416			(6,407)	(143)	20,499
Other	48,561	9,975			(12,773)	345	46,108
Total provisions	**4,597,740**	**262,580**	**24,312**	**170,389**	**(226,430)**	**(13,141)**	**4,815,450**

(*) (*) Interest cost of pension funds	**23,181**
Staff expenses	**1,131**
Total other provisions	**24,312**

Provisions for pensions and other post-employment defined benefit obligations

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

Most of the obligations arise from the “Pensions Caixa 30” Pension Fund, the CaixaBank employee pension plan, which mostly covers its risks in Group entities. The Bank has a duty to oversee the plan, which it exercises through its membership of the plan’s Control Committee. For insurance contracts not taken out by the pension plan, but with third parties outside the Group, CaixaBank is the policyholder, and the contracts are managed by each insurance company, which also assumes the risks.

The value of the obligations at 30 June 2016 was recalculated 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

	30.6.2016	31.12.2015
Long-term discount rate (1)	1.54%	2.24%
Short-term discount rate (1)	0.20%	0.30%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (2)	0% - 2%	0% - 2%
Annual cumulative CPI	1% 2016; 1.5% 2017 and onwards	1.6% 2016; 1.5% 2017 and onwards
Annual salary increase rate	1% 2016; CPI+0.5% 2017 and onwards	1% 2016; CPI+0.5% 2017 and onwards

(1) Rate obtained by using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

(2) Depending on each obligation.

Until 31 December 2015, CaixaBank used the Iboxx Corporate AA 10+ ("iboxx 10+") curve as the benchmark curve for determining the discount rate applicable to pension obligations. Although the curve factors in a very buoyant market in the eurozone for AA-rated corporate bonds with maturities of up to 10 years, the level of activity for those with maturities approaching or exceeding 15 years is lower. The extent to which the curve is representative for the purpose of measuring CaixaBank's pension obligations (which have a maturity of around 15 years) is therefore lower. At 30 June 2016, CaixaBank therefore used a curve developed in house more representative of the reality of the Group's pension obligations. If the Iboxx Corporate AA 10+ curve had been used, the discount rate applied would have been 1.24%, with pension obligations rising by EUR 79 million.

c) The estimated retirement age of each employee is the first at which the employee has the right to retire or the agreed age, as applicable.

Accordingly, actuarial gains/loss were recognised under "Items that will not be reclassified to profit or loss – Actuarial gains or losses on defined benefit pension plans" in equity and immediately reclassified to reserves in application of the amendment to IAS 19 explained in Note 2 to the Group's 2015 consolidated financial statements.

Provisions for other long term employee benefits

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

On 27 March 2013, CaixaBank reached a labour agreement with trade union representatives, which involved reducing staff by 2,600 employees exclusively through voluntary redundancies, paid leave and geographical mobility initiatives with economic compensation. 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 labour agreement was part of the restructuring carried out to improve the efficiency of the Company's resources by rationalising the mergers with Banca Cívica and Banco de Valencia. The associated extraordinary restructuring cost was recognised under this item in 2013 and amounted to EUR 785 million.

On 17 July 2014, a new labour agreement was signed under which CaixaBank could allocate specific amounts in 2014 to the employee restructuring plan. The associated cost of this labour agreement amounted to EUR 182 million, all intended for employees born before 1 January 1958. These retirements got underway in March 2015.

A labour restructuring agreement was reached in the first half of 2015 with trade union representatives. The deal envisages an adjustment in the workforce coming from Barclays Bank, SAU, affecting a total of 968 individuals of the 975 initially covered by the agreement, through voluntary redundancies, repostings and compulsory redundancies. The associated extraordinary restructuring cost was recognised under this item in the first half of 2015 and amounted to EUR 187 million.

On 29 June 2015, CaixaBank and trade union representatives signed a new labour agreement to set out a raft of measures aimed at restructuring and rebalancing the existing geographical distribution of the workforce and the associated costs. The plan affected 700 people (voluntary redundancies). The restructuring cost was EUR 284 million, which was recognised under this Fund at 30 June 2015.

CaixaBank approved a paid early retirement scheme on 16 April 2016. The scheme targets individuals born before 1 January 1959 and has affected 371 people at a cost of EUR 160 million. Practically all these retirements took place on 1 June 2016.

Provisions for pending legal issues and tax litigation

Provisions for pending legal issues and tax litigation at 30 June 2016 and 31 December 2015 are as follows:

Provisions for pending tax litigation

(Thousands of euros)	**30.6.2016**	**31.12.2015**
Income tax assessments for years 2004 to 2006	33,171	33,171
Income tax assessments for years 2007 to 2009	11,264	11,174
Tax on deposits	232,273	202,252
Other	104,502	97,868
Total	**381,210**	**344,465**

A provision for taxes amounting to EUR 30,021 thousand was recognised in the first half of 2016 related to the estimate of the tax on customer deposits at credit institutions for 2016 and in accordance with the terms of Law 18/2014 of 15 October, which establishes a 0.03% tax on deposits. At 31 December 2015, a provision of EUR 202,252 thousand had already been recognised for tax imposed by certain autonomous communities in prior years (subject to appeals) and for the tax on deposits levied by the State in 2014 and 2015. Accordingly, the balance of this provision at 30 June 2016 stood at EUR 232,273 thousand.

Provisions – Other provisions

The main provisions under "Losses from agreements not formalised and other risks" correspond to estimated present obligations that could give rise to a loss which is considered likely to occur. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits is uncertain.

A class action was filed resulting in an injunction on the application of floor causes in certain mortgage loans in the Bank's portfolio.

A judgement was issued on 7 April 2016 rendering null and void the floor clauses in the general terms and conditions of the mortgage loan agreements entered into with consumers that were identical to those affected by the class action, due to a lack of transparency, with banks having to: eliminate said clauses from loan agreements; (ii) stop using them in an non-transparent manner; and (iii) repay to affected consumers the amounts unduly charged as a result of applying the null and void clauses as from the date of the Supreme Court judgement of 9 May 2013, plus any applicable interest payable by law. The Group eliminated these floor clauses in 2015, with an annual impact on net interest income of EUR -220 million.

This judgement is not final, as it has been appealed against by several parties including CaixaBank. In its appeal, the ADICAE consumer association called for reimbursements not to be limited to the amounts collected since 9 May 2013 but include, in each case, all amounts collected since each mortgage loan was arranged. The Public Prosecutor has opposed this request (unless the European Court of Justice rules otherwise). For the CaixaBank Group this means a maximum exposure of approximately €1,250 million.

Further, on 13 July 2016, the Advocate General of the European Union, which issues its opinion prior to the ruling handed down by the Court of Justice of the European Union (CJEU), has decided in favour of the Supreme Court's decision to limit repayments to May 2013 (the doctrine applied by Juzgado Mercantil 11, Spain), and considering that the CJEU usually upholds the reports issued by the General Advocate, a fully retroactive scenario is not currently being considered.

Based on the above, the Group has a total provision of EUR 515 million, which was already set aside at the 2015 year-end, to cover the estimate value of disbursements that could derive from this case, based on what the Bank deems to be the most probable outcome at the current time.

16. Equity

Capital

At 30 June 2016, CaixaBank had 5,910,242,684 shares in issue, all fully subscribed and paid up. All the shares are in book-entry form, with a par value of EUR 1 each.

Changes in share capital in 2016 were as follows:

Share capital increases

Date	Purpose	No. of shares	Date of first listing	Nominal amount (thousands of euros)
Balance at 31.12.2015		**5,823,990,317**		**5,823,990**
22.3.2016	Scrip dividend programme	86,252,367	31.3.2016	86,253
Balance at 30.6.2016		**5,910,242,684**		**5,910,243**

CaixaBank's shares are traded on the four official stock exchanges in Spain and on the continuous electronic trading system, forming part of the Ibex-35. The share price at 30 June 2016 was EUR 1.967 (EUR 3.214 at 31 December 2015).

Treasury shares

At the Annual General Meeting held on 19 April 2012, the shareholders authorised the company's Board of Directors to buy treasury shares by virtue of the provisions in Article 146 of the Corporate Enterprises Act. The unused portion of the authorisation granted at the Annual General Meeting held on 12 May 2011 was thereby revoked. The authorisation is valid for five years.

At the Annual General Meeting on 28 April 2016, the Board of Directors was granted, as provided for in Articles 146 and 509 of the Corporate Enterprises Act, power for the derivative acquisition of treasury shares, directly and indirectly, through subsidiaries, under the following terms:

- The acquisition may be in the form of a trade, swap, dation in payment or any other form allowed by law, in one or more instalments, provided that the nominal amount of the shares acquired do not amount to more than 10% of the share capital when added to those already owned by the Company.

- When the acquisition is for consideration, 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%.

This authorisation is valid for five years from the date of approval at the Company's Annual General Meeting. In addition, shares acquired by virtue of this authorisation may be subsequently disposed of or redeemed, or else extended to employees and directors of the Company or its Group as part of the remuneration systems set out in Article 146, section a, paragraph 3 of the Corporate Enterprise Act.

Changes in treasury shares in the first half of 2016 were as follows:

Treasury shares

	31.12.2015	Acquisitions and other (**)	Disposals and other	30.6.2016
Number of treasury shares	5,150,471	584,912,755	(794,080)	589,269,146
% of share capital (*)	0.088%			9.970%
Cost/sale (thousands of euros)	19,713	2,008,656	(3,929)	2,024,440

(*) Percentage calculated on the basis of the total number of CaixaBank shares at the end of the period.

(**) See Note 1 – "Swap of stakes in Grupo Financiero Inbursa and The Bank of East Asia with CriteriaCaixa".

Treasury share transactions in the first half of 2016 did not generate any gains or losses.

Accumulated other comprehensive income

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

The decrease in valuation adjustments attributable to the Group ("Items that may be reclassified to profit or loss") in the first half of 2016 was EUR 1,296,821 thousand.

This variation reflects a EUR 185,513 thousand reduction in valuation adjustments for fixed income securities classified as available-for-sale, primarily due to the sale of debt and the decrease in value of equity instruments classified under "Available-for-sale financial assets" (EUR -543,186 thousand), the decrease in valuation adjustments attributed to cash flow hedges (EUR -50,347 thousand), the net exchange losses on investees' investments in foreign currencies (EUR -377,786 thousand), and the decrease in valuation adjustments attributable to associates accounted for using the equity method (EUR -139,989 thousand).

17. Tax position

Tax consolidation

Following the entry into force of Law 26/2013, of 27 December, governing savings banks and banking foundations, and given that in 2013 the stake held by ”la Caixa” in CaixaBank was reduced to below 70%, CaixaBank assumed the position of Parent of the tax group and ”la Caixa” (currently ”la Caixa” Banking Foundation) became a subsidiary, with effect from 1 January 2013.

Furthermore, CaixaBank and some of these companies belong to a consolidated tax group for value added tax (VAT) since 2008, whose parent company has been CaixaBank since 1 January 2016.

Deferred tax assets/liabilities

Pursuant to current tax legislation, there are certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The deferred tax assets/liabilities recognised in the balance sheet at 30 June 2016 and 31 December 2015 arose from the following:

Deferred tax assets
(Thousands of euros)

	30.6.2016	31.12.2015
Pension plan contributions	388,941	407,042
Allowances for credit losses (1)	4,018,650	4,035,286
Early retirement obligations	56,503	72,939
Provision for foreclosed property	1,071,066	1,070,595
Origination fees for loans and receivables	29,602	13,308
Unused tax credits	1,356,238	1,429,003
Tax loss carryforwards	1,525,646	1,777,044
Tax assets for adjustments to equity	27,318	31,075
Other deferred tax assets arising on business combinations (2)	443,454	449,043
Other (3)	893,292	807,875
Total	**9,810,710**	**10,093,210**

(1) Includes general and specific provisions, and the assets in this connection from Barclays.

(2) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banca Cívica, Banco de Valencia and Barclays, except those from adjustments to loans and receivables.

(3) Includes, *inter alia*, deferred tax assets deriving from impairment losses on investments, eliminations from intra-group operations and those corresponding to different provisions.

Estimated monetisable deferred tax assets in accordance with Royal Decree-Law 14/2013, of 29 November, amount to EUR 5,535 million.

The Group assesses the recoverable amount of its recognised deferred tax assets. To do so, it has developed a model based on the CaixaBank Group’s projected results. This model was created in collaboration with an independent expert and at 31 December 2015, it indicated that the tax assets should be recovered before the legal recovery period lapses.

The model is updated every six months so that the assumptions used are adjusted continually during the analysis to include any potential deviations. At 30 June 2016, as a result of back test exercise, the Group has sufficient options to recover deferred tax assets.

In the current interest-rate environment, the nominal amount of deferred tax assets does not different significantly from present value.

Deferred tax liabilities

(Thousands of euros)

	30.6.2016	31.12.2015
Revaluation of property on first time application of IFRS	249,706	254,740
Tax liabilities on measurement of available-for-sale financial assets	302,208	381,616
Tax liabilities relating to intangible assets generated in business combinations	67,055	75,033
Tax liabilities relating to an extraordinary allowance to the mathematical provision	271,329	271,329
Other deferred tax liabilities arising on business combinations (1)	271,641	311,181
Other	169,066	261,692
Total	**1,331,005**	**1,555,591**

(1) Includes mainly deferred tax liabilities from positive fair value adjustments to assets and liabilities acquired in business combinations.

18. Related party transactions

Under the provisions of Bank of Spain Circular 4/2004, key management personnel at CaixaBank are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including all members of the Board of Directors (executive or other) and Senior Management. Given their posts, each member of key management personnel is a "related party" of CaixaBank. Therefore, CaixaBank must disclose, among other transactions, the information provided in this Note.

Also considered CaixaBank related parties are family members close to “key management personnel”, understood as being those family members who may influence or be influenced by that person in their dealings with the Bank. These include: (i) that person’s spouse or partner through an analogous relationship; (ii) that person’s parents, children or siblings or the spouses or partners through an analogous relationship of these individuals; (iii) the parents, children or siblings of the person’s spouse or partner through an analogous relationship; and (iv) any individuals under the person’s care or that of the spouse or partner through an analogous relationship. They also include any companies over which key personnel or their close family members exercise control, joint control or significant influence, or have, directly or indirectly, significant voting power.

According to the Regulations of the Board of Directors, transactions between Directors and their related parties must be authorised by the Board of Directors, subject to a report by the Audit and Control Committee, except if they meet the following three conditions: (i) they are performed pursuant to contracts with standardised conditions and applied en masse to a large number of clients; (ii) they are performed at market prices or rates, generally established by the party acting as the provider of the relevant good or service; and (iii) their amount does not exceed one per cent (1%) of the annual revenue of the Company.

Notwithstanding the above, according to prevailing legislation, express authorisation by the Bank of Spain is required for the grant of loans, credits or guarantees to the Chairman, Deputy Chairman, and other Directors and General Managers and similar.

The approval policy for loans to members of the Board of Directors who are employees of CaixaBank and Senior Management is governed by the provisions of the collective bargaining agreement for the savings bank industry and the internal employment regulations which implement this agreement.

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

CaixaBank also has service level agreements with related parties. These agreements form part of its ordinary course of business and are carried out under normal market conditions. None of them individually is for a significant amount.

The most significant balances at 30 June 2016 and 2015 between CaixaBank and jointly controlled entities and associates, and with Directors, Senior Managers and other related parties (relatives and companies with links to members of the Board of Directors and Senior Management, to the best of the Bank’s knowledge), of CaixaBank and ”la Caixa” Banking Foundation and CriteriaCaixa, and those with other related parties such as the employee pension plan, etc., are shown in the table below. Details are also provided of the amounts recognised in the statement of profit and loss 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.

30.6.2016

(Thousands of euros)	With the majority shareholder, "la Caixa" Banking Foundation and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3)	Employment pension plan
ASSETS					
Loans and advances to credit institutions		615			
Loans and advances	2,536,708	432,389	13,352	53,704	0
Reverse repurchase agreement					
Mortgage loans	435,841	14,241	11,703	28,459	
Other (4)	2,100,867	418,148	1,649	25,245	
Of which: Credit loss provisions		*(59,870)*		*(1,730)*	
Equity instruments					
Debt securities	1,426,327	2,128			
Total	**3,963,035**	**435,132**	**13,352**	**53,704**	**0**
LIABILITIES					
Deposits from credit institutions	229	30,429	1,870		
Customer deposits	1,474,727	1,056,073	76,625	34,693	87,990
Debt securities issued					84,569
Off-balance sheet liabilities (5)			31,443		
Total	**1,474,956**	**1,086,502**	**109,938**	**34,693**	**172,559**
PROFIT AND LOSS					
Interest income	19,628	3,858	44	356	
Interest expenses (6)	(548)	(738)	(125)	(43)	(230)
Dividend income					
Fee and commission income	2,908	89,408	10	18	
Fee and commission expenses			(3)		
Total	**21,988**	**92,528**	**(74)**	**331**	**(230)**
OTHER					
Guarantees given – Guarantees and others	214,164	86,471	37	1,443	
Contingent commitments – Drawable by third parties and others (7)	1,747,233	527,389	8,525	19,548	
Accrued post-employment obligations				47,669	
Total	**1,961,397**	**613,860**	**8,562**	**68,660**	**0**

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

(2) Directors and Senior Management of "la Caixa" Banking Foundation, CaixaBank and CriteriaCaixa.

(3) Family members and entities related to members of the Boards of Directors and Senior Management of "la Caixa", CaixaBank and CriteriaCaixa and other related parties.

(4) Includes other loans and receivables.

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

(6) Does not include the finance cost relating to off-balance sheet liabilities.

(7) Includes amounts drawable against commercial risk lines.

30.6.2015

(Thousands of euros)

	With the majority shareholder, "la Caixa" Banking Foundation and its Group (1)	Associates and jointly controlled entities	Directors and Senior Management (2)	Other related parties (3) and employment pension plans
ASSETS				
Loans and advances to credit institutions		264		
Loans and advances	3,419,941	1,090,593	12,141	66,129
Reverse repurchase agreement				
Mortgage loans	*455,578*	*16,314*	*10,941*	*44,741*
Other (4)	*2,964,363*	*1,074,279*	*1,200*	*21,388*
Of which: Credit loss provisions		*(89,844)*		
Total	**3,419,941**	**1,090,857**	**12,141**	**66,129**
LIABILITIES				
Deposits from credit institutions		32,528	17,269	
Customer deposits	2,989,682	1,073,864	50,113	138,688
Off-balance sheet liabilities (5)			15,358	30,652
Total	**2,989,682**	**1,106,392**	**82,740**	**169,340**
PROFIT AND LOSS				
Interest income	20,648	7,363	59	546
Interest expenses (6)	(13,610)	(1,574)	(303)	(883)
Total	**7,038**	**5,789**	**(244)**	**(337)**
OTHER				
Guarantees given – Guarantees and others	290,824	306,308	55	1,712
Contingent commitments – Drawable by third parties and others (7)	1,727,364	318,983	8,632	19,107
Accrued post-employment obligations			44,085	
Total	**2,018,188**	**625,291**	**52,772**	**20,819**

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

(2) Directors and Senior Management of "la Caixa" Banking Foundation, CaixaBank and Criteria.

(3) Family members and entities related to members of the Boards of Directors and Senior Management of "la Caixa", CaixaBank and Criteria and other related parties such as the employee pension plan.

(4) Includes other loans and receivables.

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

(6) Does not include the finance cost relating to off-balance sheet liabilities.

(7) Includes amounts drawable against commercial risk lines.

The most significant balances and transactions in addition to those described in the different notes and not eliminated on consolidation, corresponding to the first six months of 2016 are as follows:

- The balance at 30 June 2016 of financing provided by CaixaBank to "la Caixa" Banking Foundation stood at EUR 86 million (EUR 100 million at 31 December 2015). This loan corresponds to financing provided by the Council of Europe Bank to "la Caixa" Banking Foundation channelled through CaixaBank.

- At 31 December 2015 and 30 June 2016, Criteria had two loans of EUR 650 million and EUR 550 million from CaixaBank. In addition, Criteria has an undrawn credit facility for EUR 750 million.

- Criteria has time and demand deposits at CaixaBank amounting to EUR 300 million at 30 June 2016 (EUR 80 million at 31 December 2015).

- ”la Caixa” Banking Foundation holds demand and deposits with agreed maturity at CaixaBank amounting to EUR 8 million (EUR 7 million at 31 December 2015).

- Criteria held derivatives with CaixaBank to hedge the interest rates on bilateral loans for a nominal amount of EUR 1,900 million at 30 June 2016 and 31 December 2015. The fair value of the outstanding derivatives at 30 June 2016 was a positive EUR 45 million (positive EUR 9 million at 31 December 2015).

- Financing granted by CaixaBank to CriteriaCaixa's real estate subsidiaries totalled EUR 644 million at 30 June 2016 (EUR 657 million at 31 December 2015).

- Gas Natural, a jointly controlled entity of the Criteria Group, holds deposits with agreed maturity and current accounts at CaixaBank for the amount of EUR 530 million (EUR 599 million at 31 December 2015). The amount held by Abertis Infraestructuras, an associate of the Criteria Group, totals EUR 402 million (EUR 283 million at 31 December 2015).

- VidaCaixa has invested in fixed-income securities of Abertis Infraestructuras, a Criteria Group associate, for EUR 840 million (EUR 786 million at 31 December 2015).

- The swap with Criteria involving the stakes in Grupo Financiero Inbursa and The Bank of East Asia also took place in the first half of the year. This transaction is described in Note 1

Transactions between Group companies form part of the ordinary course of business and are carried out under normal market conditions.

At 30 June 2016, there was no evidence of impairment to the value of the financial assets or the guarantees or contingent commitments held with key management personnel.

The balances of loans at 30 June 2016 and 31 December 2015 arranged with Directors and Senior Management at these two dates had an average maturity of 20.69 and 22.70 years, respectively, bearing interest at an average rate of 0.68% and 0.79%, respectively.

Financing provided to Directors and Senior Management in 2016 and in 2015 who were serving at 30 June 2016 and 31 December 2015 amounted to EUR 168 thousand and EUR 3,133 thousand, respectively, with an average maturity period of 1.84 and 4.01 years, earning interest at an average rate of 0.32% and 1.74%, respectively.

Description of the relationship between ”la Caixa” Banking Foundation and CaixaBank

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, ”la Caixa” and CaixaBank signed an internal relations protocol on 1 July 2011. According to the Protocol, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

As a result of its transformation into a banking foundation and the conclusion of the indirect exercise of banking activity through CaixaBank, and in accordance with the provisions of Law 26/2013, of 27 December, governing savings banks and banking foundations, on 24 July 2014, the foundation’s Board of Trustees approved a protocol for managing its ownership interest in the financial corporation which primarily regulates the following aspects:

- The basic strategic lines governing ”la Caixa” Foundation’s management of its stake in CaixaBank.

- Relations between the Board of Trustees and CaixaBank's governing bodies

- The general criteria governing transactions between "la Caixa" Banking Foundation and CaixaBank, and the mechanisms to be introduced to prevent potential conflicts of interest.

- The mechanisms to avoid the emergence of conflicts of interest

- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by "la Caixa" Banking Foundation by CaixaBank and the companies in its Group

- The provision for "la Caixa" Banking Foundation to have a right of pre-emptive acquisition in the event of transfer by CaixaBank of Monte de Piedad, which it owns

- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through "la Caixa" Banking Foundation, and, at the same time (b) "la Caixa" Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means

- The flow of adequate information to allow "la Caixa" Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies

Under the framework of this management Protocol, "la Caixa" and CaixaBank agreed to renew the Internal Relations Protocol between the two under all the terms and conditions that were not affected by the end of the indirect exercise by "la Caixa" as a credit institution through CaixaBank until the new relations protocol is adopted.

Criteria's Board of Directors took note of the aforementioned management protocol at its meeting on 18 December 2014.

On 18 February 2016, the Board of Trustees of "la Caixa" Banking Foundation approved a new protocol for managing the banking stake, pursuant to Bank of Spain Circular 6/2015.

19. Segment information

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

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

Based on these criteria, segment reporting was historically presented for two different businesses: the banking and insurance business and the investments business

During the first half of 2015, the developer loan management model was redefined by setting up a team and centres manned by managers who specialise in developer loans that require special monitoring and management. Based on this model, the results of the non-core real estate business started to be reported separately within the banking and insurance business for 2015.

This model is now fully in place a year after it was introduced. In order to reflect the true nature of management and avail of the information needed to present like-for-like interannual comparisons, the results by business segment are now therefore presented for **three different businesses**:

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

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

Non-core real estate activity: includes the results, net of the related financing charge, of non-core real estate assets, which include:

- Non-core developer lending.
- Foreclosed real estate assets (available for sale and rental) mainly owned by the real estate subsidiary BuildingCenter, SA.
- Other real estate assets and holdings.

Investments: includes the significant holdings in the area of the Group's international diversification or services. It includes the results of the investments in the international banking investee portfolio (Erste Group Bank, and Banco BPI), the investments in Repsol, SA and Telefónica, SA, and other significant stakes in the area of sector diversification following the Group's latest acquisitions.

The gross income of the investments business includes income from the equity accounting of the respective investments and from dividends, net of the related financing charge.

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

In 2016, the allocation of capital to the non-core real estate and investments businesses is in line with the corporate objective of maintaining a Common Equity Tier 1 (CET1) BIS III fully loaded ratio of over 11%. The capital allocated to these businesses takes into account both the consumption of capital by risk-weighted assets of 11% and all applicable deductions. Therefore, as the CaixaBank Group's entire capital is distributed, the difference between shareholders' equity and regulatory capital allocated to these businesses is allocated to the banking and insurance business.

The performance of the CaixaBank Group by business segment in three months ended 30 June 2016 and 2015 is shown below:

Profit/(loss) attributable to the Group

(Thousands of euros)	January – June	
	2016	**2015**
Banking and insurance	943,341	1,160,312
Non-core real estate activity	(355,253)	(850,101)
Investments	49,968	398,001
Total profit/(loss) attributable to reporting segments	**638,056**	**708,212**
Unattributed results		
Elimination of internal results (between segments)		
Plus: Other results (including result attributable to minority interest)	5,973	449
Plus: Income tax and/or gains/(losses) on discontinued operations	243,999	(151,378)
Total profit/(loss) before tax	**888,028**	**557,283**

Consolidated income statement of the CaixaBank Group - By business segment

(Millions of euros)	Banking and insurance (*)		Non-core real estate activity:		Investments	
	January – June		January – June		January – June	
	2016	2015	2016	2015	2016	2015
Net interest income	**2,162**	**2,417**	**(28)**	**(53)**	**(93)**	**(94)**
Dividends and share of the profit or loss of entities accounted for using the equity method	63	56	9	8	328	428
Net fee and commission income	1,010	1,074		2		
Gains/(losses) on financial assets and liabilities and others	593	647				
Income and expenses under insurance and reinsurance contracts	140	101				
Other operating income and expenses	9	103	(144)	(125)		
Gross income/(loss)	**3,977**	**4,398**	**(163)**	**(168)**	**235**	**334**
Administrative expenses	(1,792)	(2,376)	(26)	(25)	(2)	(2)
Depreciation	(152)	(166)	(30)	(25)		
Pre-impairment income/(loss)	**2,033**	**1,856**	**(219)**	**(218)**	**233**	**332**
Impairment losses on financial assets and other provisions	(639)	(869)	(109)	(570)	(164)	
Net operating income/(loss)	**1,394**	**987**	**(328)**	**(788)**	**69**	**332**
Gains/(losses) on disposal of assets and others	11	417	(167)	(429)	(91)	38
Profit/(loss) before tax from continuing operations	**1,405**	**1,404**	**(495)**	**(1,217)**	**(22)**	**370**
Income tax	(455)	(243)	140	367	72	28
Profit/(loss) after tax from continuing operations	**950**	**1,161**	**(355)**	**(850)**	**50**	**398**
Profit/(loss) attributable to minority interest	7	1				
Profit/(loss) attributable to the Group	**943**	**1,160**	**(355)**	**(850)**	**50**	**398**
Equity (**)	*18,382*	*17,908*	*1,538*	*1,692*	*3,402*	*4,204*

(*) Net profit for the insurance business in the first six months of 2016 amounted to EUR 242 million. Key indicators for the insurance group at 30 June 2016 include on-balance sheet assets of EUR 54,664 million, technical provisions of EUR 39,787 million and premiums earned in the period of EUR 4,561 million.

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

The income of the CaixaBank Group for the first half of 2016 and 2015 by segment and geographical area is as follows:

Distribution of interest and similar income by geographical area

(Thousands of euros)	January – June			
	CaixaBank		CaixaBank Group	
	2016	2015	2016	2015
Domestic market	2,342,481	3,095,449	3,341,929	4,569,210
Export	6,078	3,658	6,078	3,655
a) European Union	3,533	1,651	3,533	1,648
b) OECD countries				
c) Other countries	2,545	2,007	2,545	2,007
Total	**2,348,559**	**3,099,107**	**3,348,007**	**4,572,865**

Distribution of ordinary income (*)

(Thousands of euros)	January – June					
	Ordinary income from customers		Ordinary income between segments (**)		Total ordinary income	
	2016	2015	2016	2015	2016	2015
Banking and insurance	5,628,897	6,937,858	0	0	5,628,897	6,937,858
Spain	*5,615,928*	*6,930,189*			*5,615,928*	*6,930,189*
Other countries	*12,969*	*7,669*			*12,969*	*7,669*
Non-core real estate activity	145,495	144,134	0	0	145,495	144,134
Spain	*145,495*	*144,134*			*145,495*	*144,134*
Other countries					*0*	*0*
Investments	327,711	428,347	0	0	327,711	428,347
Spain	*127,825*	*230,598*			*127,825*	*230,598*
Other countries	*199,886*	*197,749*			*199,886*	*197,749*
Total	**6,102,103**	**7,510,339**	**0**	**0**	**6,102,103**	**7,510,339**

(*) Correspond to the following captions of the CaixaBank Group's public statement of profit and loss calculated pursuant to Bank of Spain Circular 5/2014.

1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on financial assets and liabilities
6. Gains/(losses) from hedge accounting
7. Other operating income
8. Income from assets under insurance and reinsurance contracts

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

20. Average number of employees

The following table shows the breakdown of average headcount by gender for the six months ended 30 June 2016 and 2015.

Average number of employees

(Number of employees)	30.6.2016		30.6.2015	
	CaixaBank	CaixaBank Group	CaixaBank	CaixaBank Group
Male	14,197	15,424	14,393	15,505
Female	15,643	16,850	15,289	16,368
Total	**29,840**	**32,274**	**29,682**	**31,873**

21. Guarantees and contingent commitments given

The detail of the balance of this heading in the accompanying condensed interim consolidated balance sheet is as follows:

Off-balance sheet exposures

(Thousands of euros)

	30.6.2016	31.12.2015
Financial guarantees given	4,485,815	3,304,480
Of which: Classified as non-performing	*165,813*	*217,520*
Amount recognised under liabilities	*108,221*	*148,874*
Loan commitments given	56,959,447	54,782,856
Of which: Classified as non-performing	*120,933*	*105,348*
Amount recognised under liabilities	*33,149*	*32,536*
Other commitments given	23,890,532	10,591,668
Of which: Non-performing contingent liabilities	*258,701*	*275,891*
Amount recognised under liabilities	*181,193*	*199,917*
Total	**81,977,868**	**68,679,004**

The change in “Other commitments given” over the first half year of 2016 chiefly derives from the higher number of receipts submitted to the clearing house that could be refunded, because the permitted term for repaying these receipts was extended from 10 to 60 days after file 32 was incorporated into the SEPA system in February 2016.

The specific and general provisions relating to contingent liabilities and commitments are recognised under “Provisions” in the balance sheet (see Note 15).

The Group is only obliged to pay the sum of contingent liabilities if the counterparty guaranteed fails to comply with its obligations at the time of non-compliance. CaixaBank believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, the Group has an undertaking to facilitate funds to customers through drawables on lines of credit and other commitments, whenever it receives a request and subject to compliance with certain conditions by the counterparties. It believes that not all the drawables will be used by customers, and that a large portion of them will fall due prior to drawdown, either because they will not be requested by customers or because the drawdown conditions will not be met.

22. 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:

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 favour of the Bank, without prejudice to liability of the Bank's assets.

The securities include credit rights for holders vis-à-vis the Bank, 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 favour 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 debt and the borrower's income, 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 owed on issued securities.
- Proper procedures for the selection of appraisers.

Information concerning mortgage market issues

The table below shows the nominal amount of mortgage covered bonds issued by CaixaBank and outstanding at 30 June 2016 and 31 December 2015:

Mortgage covered bonds issued
(Thousands of euros)

	30.6.2016	31.12.2015
Mortgage covered bonds issued in public offers (debt securities)	**27,824**	**38,470**
Residual maturity up to 1 year	14,362	18,628
Residual maturity between 1 and 2 years	13,462	19,842
Residual maturity between 2 and 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**38,272,188**	**42,376,724**
Residual maturity up to 1 year	3,752,500	5,850,000
Residual maturity between 1 and 2 years	2,450,000	3,952,500
Residual maturity between 2 and 3 years	4,900,000	3,300,000
Residual maturity between 3 and 5 years	3,850,000	4,775,000
Residual maturity between 5 and 10 years	18,290,000	16,465,000
Residual maturity over 10 years	5,029,688	8,034,224
Deposits	**5,369,367**	**6,233,256**
Residual maturity up to 1 year	750,000	1,213,889
Residual maturity between 1 and 2 years	885,000	1,100,000
Residual maturity between 2 and 3 years	761,323	946,323
Residual maturity between 3 and 5 years	1,107,617	432,617
Residual maturity between 5 and 10 years	845,427	1,520,427
Residual maturity over 10 years	1,020,000	1,020,000
Total	**43,669,379**	**48,648,450**
Of which: Recognised under liabilities	**24,298,370**	**27,744,989**

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 30 June 2016 and 31 December 2015 is as follows:

Mortgage participations issued
(Thousands of euros)

	30.6.2016	31.12.2015
Mortgage participations issued in public offers	**0**	**0**
Mortgage participations not issued in public offers	**6,950,444**	**7,316,683**
Total	**6,950,444**	**7,316,683**

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 30 June 2016 and 31 December 2015, is as follows:

Mortgage transfer certificates issued

(Thousands of euros)

	31.12.2016	31.12.2015
Mortgage transfer certificates issued in public offers	**0**	**0**
Mortgage transfer certificates not issued in public offers	**18,866,542**	**4,938,698**
Total	**18,866,542**	**4,938,698**

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)

	31.12.2016	31.12.2015
Total loans	**131,964,953**	**134,168,382**
Mortgage participations issued	**6,975,744**	**7,346,393**
Of which: On balance sheet loans	*6,950,444*	*7,316,683*
Mortgage transfer certificates issued	**18,875,762**	**4,949,862**
Of which: On balance sheet loans	*18,866,542*	*4,938,698*
Mortgage loans pledged in guarantee for financing received (SAREB)	**0**	**0**
Loans backing mortgage bonds issues and covered bond issues	**106,113,447**	**121,872,127**
Non-eligible loans	42,033,511	57,413,050
Meet eligibility requirements, except for limits established in Article 5.1. of Royal Decree 716/2009, of April 24	*24,278,030*	*39,182,149*
Rest	*17,755,481*	*18,230,901*
Eligible loans	64,079,936	64,459,077
Non-computable amounts	154,136	149,153
Computable amounts	63,925,800	64,309,924
Memorandum items: Loans backing mortgage bond issues	*0*	*0*

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 24 April:

Mortgage loans and credits

(Thousands of euros)

	30.6.2016		31.12.2015	
	Total portfolio of loans and credits	**Total portfolio of eligible loans and credits**	**Total portfolio of loans and credits**	**Total portfolio of eligible loans and credits**
By source	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Originated by the Bank	105,861,842	63,883,075	121,605,774	64,272,230
Assumed from other entities	251,605	196,861	266,353	186,847
By currency	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Euro	104,974,249	63,765,974	120,779,006	64,085,691
Other currencies	1,139,198	313,962	1,093,121	373,386
By payment situation	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Performing	93,982,259	62,587,243	109,129,837	63,010,357
Other situations	12,131,188	1,492,693	12,742,290	1,448,720
By average residual maturity	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Up to 10 years	21,213,253	13,006,586	21,557,951	13,008,642
From 10 to 20 years	47,760,004	33,114,117	48,943,251	31,856,209
From 20 to 30 years	31,851,779	16,377,305	42,234,178	17,523,911
Over 30 years	5,288,411	1,581,928	9,136,747	2,070,315
By type of interest rate	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Fixed	3,279,615	1,523,002	1,781,518	758,927
Floating	101,104,893	61,101,644	118,250,602	62,321,130
Mixed	1,728,939	1,455,290	1,840,007	1,379,020
By holder	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Legal persons and individual entrepreneurs (business activities)	25,050,489	9,618,484	26,431,853	10,199,573
Of which: Real estate construction and development (including land)	5,325,995	1,970,803	5,660,785	2,038,188
Other households	81,062,958	54,461,452	95,440,274	54,259,504
By collateral	**106,113,447**	**64,079,936**	**121,872,127**	**64,459,077**
Assets /completed buildings	**101,485,169**	**62,422,024**	**116,738,295**	**62,774,435**
- Home purchase	86,311,296	56,545,655	101,872,977	56,809,534
Of which: Subsidised housing	3,553,033	1,868,355	4,346,505	1,934,254
- Offices and commercial premises	5,543,462	2,201,511	5,130,928	2,241,053
- Other buildings and constructions	9,630,411	3,674,858	9,734,390	3,723,848
Assets / buildings under construction	**2,331,046**	**1,063,846**	**2,406,425**	**1,055,536**
- Home purchase	1,850,784	946,005	1,890,075	941,593
Of which: Subsidised housing	50,478	13,142	107,187	19,482
- Offices and commercial premises	58,948	13,961	44,642	12,363
- Other buildings and constructions	421,314	103,880	471,708	101,580
Land	**2,297,232**	**594,066**	**2,727,407**	**629,106**
- Consolidated urban land	761,929	99,144	896,822	106,406
- Other land	1,535,303	494,922	1,830,585	522,700

The amounts available (undrawn committed amounts) of the entire portfolio of mortgage loans and credits pending payment at 30 June 2016 and 31 December 2015, are as follows:

Available mortgage loans and credits

(Thousands of euros)

	30.6.2016	31.12.2015
Potentially eligible	15,636,076	15,386,027
Not eligible	3,685,009	4,791,082
Total	**19,321,085**	**20,177,109**

The table below shows the breakdown of eligible mortgage loans and credits tied to CaixaBank's mortgage covered bond issues at 30 June 2016 and 31 December 2015 in accordance with the principal amount receivable on the loans and credits divided by the latest fair value of the corresponding collateral (LTV):

Eligible mortgage loans and credits

(Thousands of euros)

	30.6.2016	31.12.2015
Mortgage on homes	**57,447,992**	**57,708,184**
Transactions with LTV below 40%	24,373,237	24,136,897
Transactions with LTV between 40% and 60%	24,278,633	24,514,159
Transactions with LTV between 60% and 80%	8,796,122	9,057,128
Transactions with LTV over 80%		
Other assets received as collateral	**6,631,944**	**6,750,893**
Transactions with LTV below 40%	4,792,489	4,932,793
Transactions with LTV between 40% and 60%	1,787,913	1,758,736
Transactions with LTV over 60%	51,542	59,364
Total	**64,079,936**	**64,459,077**

Changes in mortgage loans and credits, which back the issue of mortgage covered bonds, are shown below:

Mortgage loans and credits. Changes in nominal value during the period

(Thousands of euros)

	30.6.2016	
	Eligible loans	Non-eligible loans
Opening balance	**64,459,077**	**57,413,050**
Disposals in the year	**3,736,780**	**18,613,885**
Matured principal collected in cash	29,799	26,948
Early cancellation	483,429	510,210
Assumed by other entities	43,609	23,090
Other disposals	3,179,943	18,053,637
Additions in the year	**3,357,639**	**3,234,346**
Originated by the Bank	2,348,736	2,901,772
Assumed by other entities	18,662	4,166
Other additions	990,241	328,408
Closing balance	**64,079,936**	**42,033,511**

The table below shows the degree of collateralisation and overcollateralisation of CaixaBank's mortgage covered bonds at 30 June 2016 and 31 December 2015.

Collateralisation and overcollateralisation

(Thousands of euros)

		30.6.2016	31.12.2015
Non-registered mortgage covered bonds		38,300,012	42,415,195
Registered mortgage covered bonds placed as customer deposits		5,149,367	6,013,255
Registered mortgage covered bonds issued by credit institutions		220,000	220,000
Mortgage covered bonds issued	**(A)**	**43,669,379**	**48,648,450**
Total outstanding mortgage loans and credits (*)		131,964,953	134,168,382
Mortgage participations issued		(6,975,744)	(7,346,393)
Mortgage transfer certificates issued		(18,875,762)	(4,949,862)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**106,113,447**	**121,872,127**
Collateralisation:	**(B)/(A)**	**243%**	**251%**
Overcollateralisation:	**[(B)/(A)]-1**	**143%**	**151%**

(*) Includes on and off balance sheet portfolio

CaixaBank Group

Interim management report

January-June 2016

This report contains the most significant figures and events for the first half of 2016, to reflect the situation of the CaixaBank Group, its business performance and its potential risks and future outlook. The condensed interim consolidated financial statements of the CaixaBank Group for the first half of 2016, which are supplemented by this management report, were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU regulations, and with Bank of Spain Circular 4/2004 and Circular 5/2015 of the Comisión Nacional del Mercado de Valores, and subsequent amendments thereto.

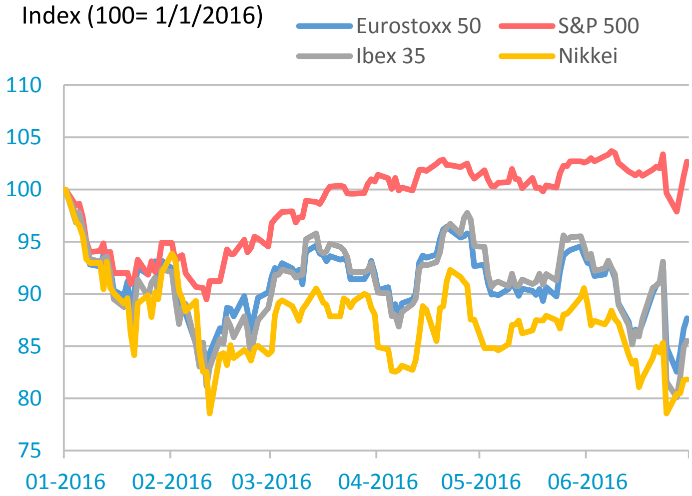
Economic environment

Global growth picked up slightly in the first quarter of 2016, to 3.2% year-on-year from 3.1% in 2015. Available indicators suggest a similar performance in 2Q. There are three main factors underlying growth. First, global monetary policy and funding conditions remain "accommodative". In this respect, noteworthy was the announcement of additional monetary expansion measures in the euro area, China and Japan, and the pause in Fed monetary policy normalisation. Second, the prices for many commodities, in particular oil, are still lower than last year despite rebounding in 2016. Prices for Brent ended 1H at USD 41.6/bbl, down from USD 58.4/bbl a year earlier. Third, the reduction of macroeconomic imbalances being achieved in many countries is favouring global economic recovery. Specifically, developed economies show private sector deleveraging, an adjustment in the real estate market and stronger solvency in banks. However, public accounts in many cases still need to be reined in.

The broad pick-up in activity is particularly noteworthy given the financial backdrop, characterised by major bouts of volatility. This year had a turbulent start, causing prices of risk assets to dwindle and government bond yields to tumble. From February, more favourable macroeconomic indicators, coupled with central bank action as noted above, tempered investors' mood, leading to a gradual, albeit uneven, recovery in the prices of financial assets. However, 1H ended on a sour note, as victory of the Brexit camp caught investors by surprise, causing stock markets and risk assets to plummet and prompting a stampede of capital towards safe haven assets.

Main international stock exchanges

Index (100= 1/1/2016)

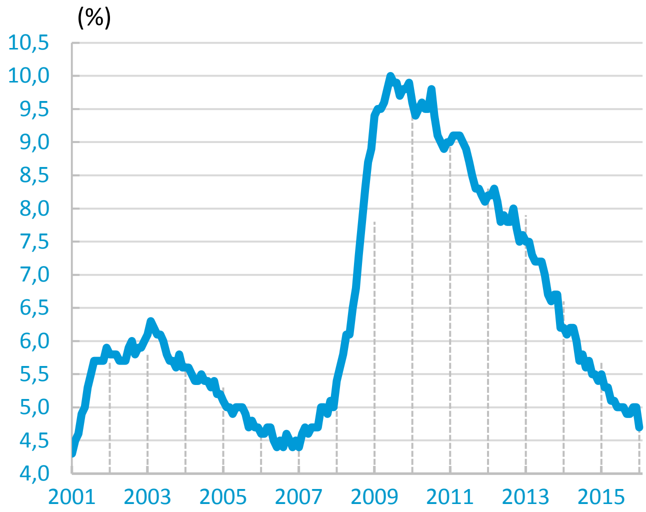


Source: CaixaBank Research, based on Thomson Reuters Datastream data.

This reasonably positive macroeconomic trend includes mixed performances across regions and individual countries. Among emerging markets, China remains on a path towards lower growth. After advancing 6.8% in 2015, Chinese GDP grew 6.7% in both 1Q and 2Q 2016. This performance eased the greatest concerns of a “hard landing”. By contrast, risks in other emerging markets have barely dissipated. 1H confirmed that Brazil remains mired in a serious recession, not to mention a tough political landscape, while other emerging economies such as Turkey and South Africa continue to show macroeconomic imbalances, leading to a situation of external vulnerability. On a more upbeat note, indicators towards the end of 1H suggest that recession in Russia was close to touching bottom.

Turning to advanced economies, the US economic cycle in 1H was in a mature stage. The US economy has been growing above 2% year-on-year since 2Q 2014 and is at full employment, which is beginning to show in stronger wage growth. Against this backdrop, the US should be clearly headed towards monetary policy normalisation. Nonetheless, as noted previously, the Federal Reserve has opted to keep its key interest rate unchanged. For its part, Japan remains stuck in a stage of low growth in activity despite efforts to target nominal growth via monetary policy.

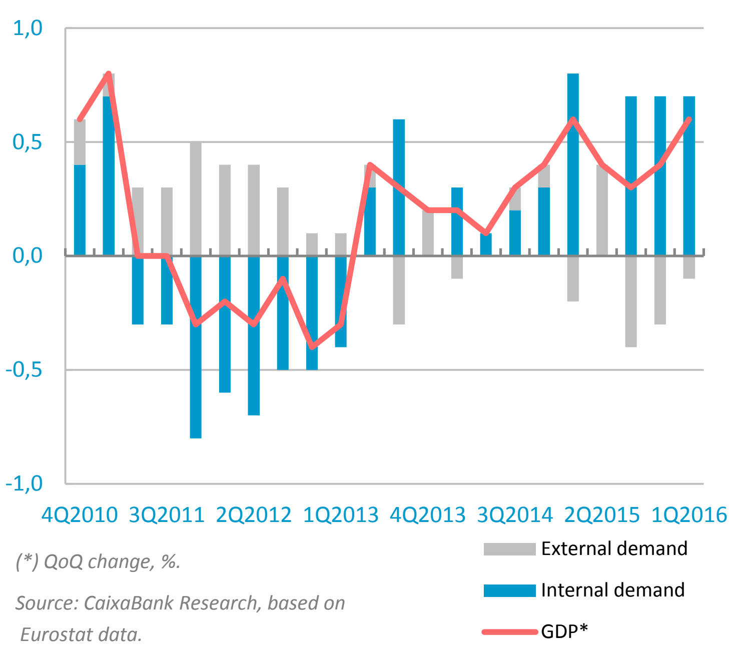
US: jobless rate



The euro area in 1H 2016 showed similar trends to 2015. While the economy is growing (+1.6% year-on-year since mid 2015), inflation remains historically low: average inflation was 0% in both 2015 and 1H 2016.

Eurozone: GDP

Contribution of QoQ growth (pp)



(*) QoQ change, %.

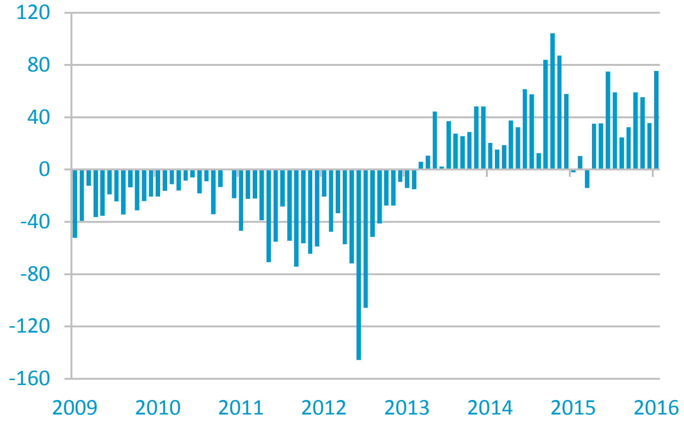
Source: CaixaBank Research, based on Eurostat data.

This situation explains the ECB announcement, noted above, that it was adding to its broad set of monetary expansion measures. In March, the ECB unveiled a new package of measures: further rate cuts (dropping its refi rate to 0.00% and its deposit rate to -0.40%), expanding its bond-buying programme (by a further EUR 20,000 million a month to reach EUR 80,000 million), including corporate debt in its bond-buying programme and four new bank liquidity auctions, which will be at negative rates provided certain conditions are met. Taken together, these actions have stimulated the provision of credit and reinforced expectations of very low rates for a long time to come.

Against this backdrop of global financial uncertainty, but also macroeconomic expansion, Spain stands out positively; Spanish GDP grew 0.8% quarter-on-quarter for the third straight quarter in 1Q and, judging by available indicators, should show hardly any slowdown in 2Q. In this growth stage, the resilience of domestic demand is due above all to the increase in private consumption. Improvement in the labour market and better funding conditions continue to support the financial situation of Spanish households, in turn paving the way for consumption to continue growing at a healthy pace and for the deleveraging process to continue. Meanwhile, investment growth is gradually slowing.

Spain: persons affiliated to the social security system*

MoM change (thousand)



(*) Seasonally adjusted series

Source: CaixaBank Research, based on Ministry of Employment and Social Security data

The pace of job creation remained strong in 2Q, evidencing the positive trend in business vitality seen for several quarters now. According to national accounts, Spain's full-time equivalent employment rate rose by 0.9% quarter-on-quarter in 1Q and was up 3.2% year-on-year. Looking ahead to 2Q, data suggest the favourable performance seen in 1Q will continue. Specifically, the number of works registered with the Spanish Social Security rose by 452k in 1H.

At the same time, public consumption continues to expand, rising a noteworthy 0.8% quarter-on-quarter in 1Q (+2.6% year-on-year).

Although this lends a boost to the growth of the economy in the short term, there are also implications for public debt, which exceeded 100% of GDP at the end of 1Q. This shed light on the warnings issued by the European Commission regarding the proposed fiscal consolidation strategy. Although budget deficit targets have been revised up, to 3.7% of GDP in 2016 and 2.5% in 2017, delaying by one year the correction of the excessive deficit, in July, the Commission proposed, and Board ratified, penalties on Spain for failure to meet the deficit in 2015.

Activity on the real estate front, meanwhile, continues to show a bullish trend. According to national accounts figures, housing investment in 1Q 2016 rebounded further and was up 1.2% quarter-on-quarter (+3.3% year-on-year). Housing demand remains robust, as illustrated by the 14.5% increase in the number of home purchase and sale transactions in May (cumulative last 12 months). Another area of activity that continues to improve is the external sector. Spain's current account balance improved in 1Q, ending the period at 1.4% of GDP, thanks to a reduction in the primary and secondary income deficits.

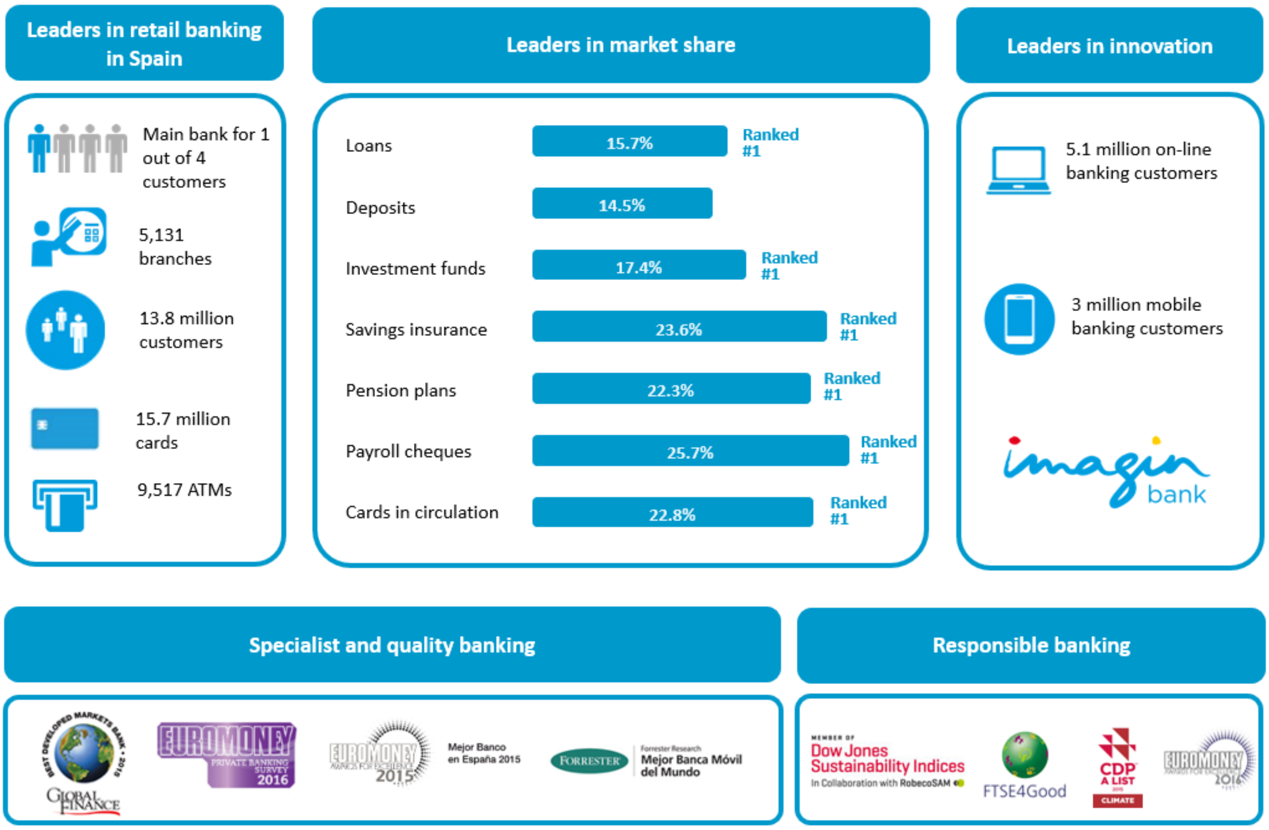
With recovery mostly cemented, inflation is still apparently a note of discord; the June headline rate was still in negative territory (-0.8% year-on-year). On the whole, this situation has much to do with the plummet in fuel prices over the last year and, therefore, subject to a temporary factor.

CaixaBank Group

CaixaBank follows a banking business model geared towards promoting savings and investments that has positioned it as a leader in Spain's retail banking market. The acquisitions and subsequent business combinations with Banca Cívica in 2012, Banco de Valencia in 2013, and Barclays Bank SAU in 2015, have made CaixaBank a leading entity in the Spanish financial system.

The CaixaBank Group has a universal banking model, with an extensive range of products and services tailored to the different needs of customers, and expertise in each business segment. It is characterised by continuous innovation in relations with customers through new devices and features.

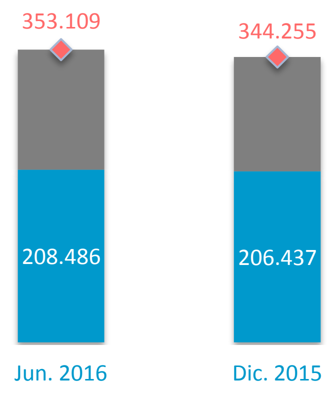
CaixaBank ranks among the best banks in corporate responsibility, featuring in the main sustainability indices.



Business performance

- Asset quality indicators continued to improve:
  - The **performing loan portfolio gained 1.6%** year on year.
  - **Ongoing drop in non-performing loans** (-EUR 4,018 million in the past twelve months).
  - The **NPL ratio fell to 7.3%** (6.0% excluding the real estate developer segment).
  - NPL portfolio coverage ratio of 53% (EUR 8,489 million in provisions).
  - The portfolio of **foreclosed real estate assets available for sale stood at EUR 7,122 million**. Coverage ratio of 58%.
  - Net foreclosed assets held for rent amounted to EUR 3,062 million, with an occupancy ratio of 92%.
  - **Properties rented or sold** over the last twelve months generated **EUR 1,858 million**, with positive results on sales of property since the fourth quarter of 2015.

Total assets
(Millions of euros)



- **Growth of 2.7% in customer funds** in the first half of 2016 to reach EUR 304,245 million.

Results

Attributable profit for the first half of 2016 **amounted to EUR 638 million** (-9.9% year on year), which included one-off impacts associated with the integration of Barclays Bank, SAU and other factors.

- **Gross income of EUR 4,049** million (-11.3%):
  - Net interest income was EUR 2,041 million (-10.1%) in a context of falling interest rates.
  - Fee and commission income stood at EUR 1,010 million, (-6.1%), as a result of the recent market volatility and income from one-off transactions in the first half of 2015.
  - Upward trend in gains on financial assets (+125.0%).
- Operating expenses down 2.5% (stripping out the EUR 541 million in costs associated with the integration of Barclays Bank, SAU and the Labour Agreement, reported in the first half of 2015).
- The cost-to-income ratio stripping out extraordinary expenses was 54.2%.
- **Pre-impairment income totalled EUR 2,047 million** (+3.9%, and -18.5% excluding the extraordinary expenses reported in 2015).
- Less **impairment losses on financial assets and other provisions** (-36.6%) following the improvements made to the quality of the loan portfolio. Ongoing reduction in the cost of risk to 0.45% (-43bp in the last 12 months).
- **Gains/(losses) on disposal of assets and others** includes, among other items, the proceeds from the sale of assets and other write-downs, mostly real estate.
- **Profit from the banking and insurance business in the first half of 2016 amounted to EUR 943 million**, excluding the non-core real estate and equity investment businesses.

Net interest income of EUR 2,041 million, -10.1%, largely driven by:

- Lower financing costs on retail savings, especially maturity deposits, which has brought down costs from 1.02% in the second quarter of 2015 to 0.56% in the same period of 2016 (-46bp), plus the lower cost of institutional financing (lower volume and rate).

- The change in income was down to lower returns on the loan portfolio in response to the drop in market interest rates, the removal of floor clauses from mortgage loan contracts arranged with individual customers in 2015, and more muted institutional activity (fixed income).

Fee and commission income generated a hefty EUR 1,010 million, down 6.1% largely in response to market volatility and the income from one-off transactions recognised in the first half of 2015.

Income from the investee portfolio stood at EUR 400 million (-18.8%)

Gains/(losses) on financial assets and liabilities and other stood at EUR 593 million, including EUR 165 million from the transaction with Visa Europe Ltd.

Gross income of EUR 4,049 million. Year on year change: -11.3%.

CAIXABANK GROUP CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Millions of euros)	January – June		% Change
	2016	2015	
Interest income	3,348	4,573	(26.8)
Interest expenses	(1,307)	(2,303)	(43.2)
Net interest income	**2,041**	**2,270**	**(10.1)**
Dividend income	108	110	(2.2)
Share of profit/(loss) of entities accounted for using the equity method	292	382	(23.6)
Net fee and commission income	1,010	1,076	(6.1)
Gains/(losses) on financial assets and liabilities and others	593	647	(8.1)
Income and expenses under insurance and reinsurance contracts	140	101	38.3
Other operating income and expenses	(135)	(22)	
Gross income/(loss)	**4,049**	**4,564**	**(11.3)**
Administrative expenses and recurring depreciation costs	(2,002)	(2,053)	(2.5)
Extraordinary costs		(541)	
Pre-impairment income/(loss)	**2,047**	**1,970**	**3.9**
Gross income excl. extraordinary expenses	***2,047***	***2,511***	***(18.5)***
Impairment losses on financial assets and other provisions	(912)	(1,439)	(36.6)
Gains/(losses) on disposal of assets and others	(247)	26	
Profit/(loss) before tax	**888**	**557**	**59.4**
Income tax	(243)	152	
Profit/(loss) for the period	**645**	**709**	**(9.1)**
Profit/(loss) attributable to minority interest and other	7	1	
Profit/(loss) attributable to the Group	**638**	**708**	**(9.9)**

Operating expenses down 2.5% after sinergies and cost reduction iniciatives. EUR 541 million in costs associated with the integration of Barclays Bank, SAU and the Labour Agreement, reported in the first half of 2015.

Pre-impairment income totalled EUR 2,047 million, +3.9%, (-18.5% excluding the extraordinary expenses reported in 2015).

Less **impairment losses on financial assets and other provisions,** -36.6%, following the improvements made to the quality of the loan portfolio. Ongoing reduction in the cost of risk to 0.45% (-43bp in the last 12 months).

Gains/losses on disposal of assets and others primarily comprise the results of completed one-off transactions and proceeds on asset sales and write-downs mainly relating to the real estate portfolio.

In 2015, it included the negative goodwill on consolidation of Barclays Bank, SAU (EUR 602 million) and asset impairment due to obsolescence associated with the integration process (EUR 64 million).

Profit/(loss) before tax was up 59.4%.

With respect to **income tax expense**, double taxation avoidance principles are applied to income contributed by investees and to gains or losses on corporate transactions. Significant impact in the first quarter of 2015 following recognition of the negative goodwill on consolidation of Barclays Bank, SAU.

Attributable profit in the first half of 2016 amounted to EUR 638 million.

Liquidity and financing structure

Liquidity management is a key aspect of CaixaBank's strategy. **Bank liquidity stood at EUR 58,322 million** at 30 June 2016. The change seen in the first half of 2016 was largely down to the positive performance of the loan-deposit gap, sound management of contract collateral and the decision not to renew institutional issues on maturity.

An additional EUR 6,000 million available under the ECB policy. The TLTRO financing was repaid early in the second quarter of 2016 (EUR 18,319 million), to be replaced by TLTRO II (EUR 24,319 million), thus pushing forward the maturity date to 2020 and offering more favourable terms and conditions for the loan.

The **loan-to-deposits ratio** added 1.3 percentage points to reach 104.8%, reflecting the solid structure of retail financing.

Institutional financing amounted to EUR 26,354 million, impacted by:

- Maturities totalling EUR 6,738 million.
- Mortgage covered bond issue worth EUR 1,500 million at seven years, with demand exceeding EUR 2,500 million.

Available capacity to issue mortgage and regional public sector covered bonds stands at EUR 9,025 million.

Liquidity coverage ratio (LCR) of 159% in the first half of 2016, well clear of the minimum requirement of 70% from 1 January 2016 onward.

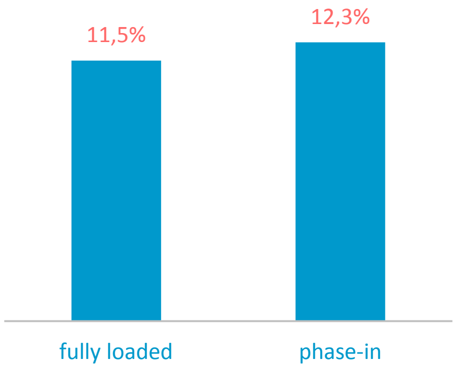
Capital management

At June 2016, CaixaBank had a **fully-loaded Common Equity Tier 1 ratio (CET1) of 11.5%**. In the first half, this increased: 16 basis points on the impact of the asset swap with CriteriaCaixa and a 22 basis points rise in fully-loaded CET1. Market performance and other factors had a negative impact of 46 basis points.

Total capital fully-loaded amounted to 14.7%, while the leverage ratio remained at 4.9%.

According to the criteria in force in 2016 for the phased-in implementation, regulatory capital and leverage were: **12.3% CET1 and 15.5% total capital, with a leverage ratio of 5.3%.**

CET1
(Percentage)



Regulatory risk-weighted assets (RWA) amounted to EUR 135,787 million, down EUR 3,992 million in the quarter, mainly due to the asset swap with CriteriaCaixa.
The European Central Bank (ECB) and the national supervisor require CaixaBank to maintain a regulatory CET1 ratio of 9.3125% at 30 June 2016 (including the phasing-in of capital conservation and systemic risk buffers), which would put this figure at 9.5% fully-loaded. This requirement, compared to the current CET1 ratio, indicates that the requirements applicable to CaixaBank would not give rise to any limitation to those referred to in solvency regulations regarding distributions of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments.

CaixaBank is also subject to minimum capital requirements on a non-consolidated basis. CaixaBank's regulatory CET1 ratio under this perimeter is currently 12.3%.

Ratings

At the date of this management report, CaixaBank holds the following credit ratings:

	Long term	Short term	Outlook	Last review date	Rating of covered bonds programme
Standard & Poor's Credit Market Services Europe Limited	BBB	A-2	Stable	22.4.2016	A+
Fitch Ratings España, SAU	BBB	F2	Positive	26.4.2016	
Moody's Investor Services España, SA	Baa2	P-2	Negative	20.4.2016	Aa2
DBRS	A (low)	R-1 (low)	Stable	13.4.2016	AA (high)

The Bank Share

The CaixaBank share ended trading on 30 June 2016 at EUR 1.967/share (-24.3% in the quarter),

Trading in the second quarter of 2016 was 68.4% up year on year and trading volume has been steadily growing as a result of the progressive increase in the free float and the greater weight of the CaixaBank share within the portfolio of institutional investors. Towards the end of the quarter, we witnessed especially high levels of trading in response to Brexit.

Share price performance

Market capitalisation (€ million)	10,466
Number of outstanding shares (1)	5,320,966
Share price (euros/share) (2)	
Share price at beginning of year (31.12.2015)	3.214
Share price at close of period (30.06.2016)	1.967
Maximum price	3.214
Minimum price	1.894
Trading volume (number of shares, excluding special transactions, in thousands)	
Maximum daily trading volume	76,900
Minimum daily trading volume	5,145
Average daily trading volume	18,602

(1) Number of shares, in thousands, excluding treasury shares.
(2) Share price at close of trading.
(3) Calculated by dividing the yield for the last 12 months (EUR 0.16 /share) by the closing price at the end of the period.

Stock market ratios

Net Profit (€M) (12 months)	744
Average number of shares - fully diluted (1)	5,860,878
Net income attributable per Share (EPS) (€/share)	**0.13**
Equity (€M)	22,161
Number of shares at 30.06.16 - fully diluted (1)	5,320,966
Book value per share (€/share) – fully diluted	**4.16**
Tangible equity (€M)	18,108
Number of shares at 30.06.16 - fully diluted (1)	5,320,966
Tangible book value per share (€/share) – fully diluted	**3.40**
PER (Price / Earnings x)	**15.49**
Price/ Tangible BV (share price / tangible book value) – fully diluted	**0.58**
Dividend yield (3)	**8.1%**

Shareholder returns

CaixaBank has paid shareholders a total of EUR 0.16 per share in the last 12 months, split into quarterly payments; two of which were paid under the scrip dividend programme, while the other two were paid in cash.

A payout of EUR 0.04 per share was made on 1 June 2016 under the scrip dividend programme corresponding to the fourth quarterly payment charged to profit for 2015.

Shareholder returns over the past 12 months

(Thousands of euros)	€/share	Payment (1)
Cash dividend, final dividend 2015	0.04	1.6.2016
Scrip dividend programme (2)	0.04	18.3.2016
Cash dividend, interim 2015	0.04	24.12.2015
Scrip dividend programme (3)	0.04	25.9.2015

(1) Settlement date for rights sold to CaixaBank related to the scrip dividend programme.
(2) Trading start date of the scrip rights. 1.3.2016
(3) Trading start date of the scrip rights. 8.9.2015

On 10 March 2016, the Board of Directors resolved that dividends for 2016 under its shareholder remuneration policy will be paid via three cash payments and one payment under the scrip dividend programme, with shareholder remuneration to remain a quarterly event.

In line with the 2015-2018 Strategic Plan, CaixaBank has reiterated its intention of remunerating shareholders by distributing an amount in cash equal to or greater than 50% of consolidated net profit.

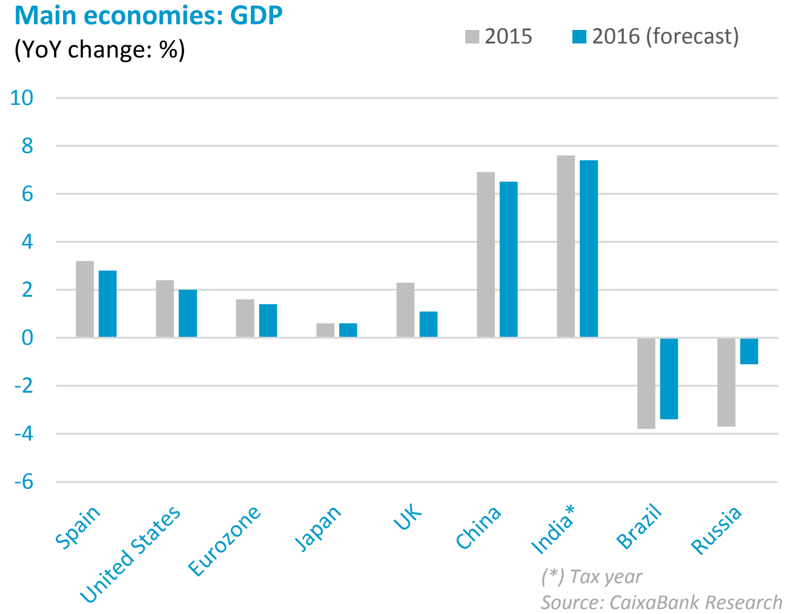
Outlook

Beyond 1H 2016, the global economic outlook is relatively optimistic. World growth is on pace to rise 3.2%, up slightly from 2015, before gathering speed in 2017; according to CaixaBank Research's scenario, global GDP will rise 3.5% next year. This favourable trend is underpinned by the better performance expected in emerging economies, which on the whole should pick up momentum over the rest of 2016 and in 2017. Noteworthy is the case of China. Despite variability in its indicators, the country is still headed for a soft landing. The situations in other, more fragile emerging markets, appear somewhat less complex (Russia is a prime example of this pattern, as it appears to be leaving the worst of its recession behind). Other areas of uncertainty continue to linger, such as the unpredictable political crisis in Brazil (which remains precarious despite the change of president). Doubts also remain in countries showing economic imbalances, such as Turkey and South Africa, which could suffer once the Fed moves to raise interest rates. On balance, the group of emerging economies is on track to meet expected growth of around 4.3% in 2016 and 4.9% in 2017.

Growth in advanced economies should be somewhat more constrained. CaixaBank Research forecasts point to GDP growth of 1.7% in both 2016 and 2017 for advanced economies. However, performance across the various regions should be mixed. The US looks set grow 2.0% in 2016, before picking up slightly to 2.1% in 2017. A driver for the US is the growth seen in domestic demand, fuelled by relaxed funding conditions and a markedly robust job market. As the country is currently going through the mature stage of the cycle, we should see wage pressure heighten over the coming months and consumer prices rise faster. Against this backdrop, the US should be clearly on the path toward monetary policy normalisation. For this reason, we believe that the Fed's current reluctance to act will give way in late 2016 to a new hike in interest rates, with this tightening set to continue into 2017 and 2018.

Japan is another story. Growth of the Japanese economy looks set to accelerate slightly (0.6% in 2016 and 0.9% in 2017), though the absence of inflation is still a problem. After the Japanese CPI rose by 0.4% year-on-year in 2015, yen appreciation is bringing it back in check in 2016. The forecast is for the headline rate to ease to 0.1% this year, before inching up to 1.1% in 2017. In these circumstances, the government will still be forced to turn to monetary expansion (which has yet to yield any meaningful recovery in nominal growth) and fiscal policy (the planned VAT hike has been pushed back to 2019).

Main economies: GDP
(YoY change: %)



(*) Tax year
Source: CaixaBank Research

Meanwhile, Europe is affected more than any other area by Brexit. In particular, the UK's GDP is likely to suffer as the prevailing uncertainty will dampen both investment and consumption. Yet despite the prognosis, we are talking about a fleeting recession that will begin to lift as the negotiations begin, with these slated for late 2016. For the euro area as as whole, the effect will likely be a moderate slowdown in growth, since it is currently at a favourable juncture of the economic cycle. The euro area successfully posted its 13th straight quarter of GPD growth in 1Q 2016 (allowing it to recover real GDP to the level seen just prior to the crisis of 2008). Specifically, in the first three months of the year, GDP grew by 0.6% quarter-on-quarter, slightly up on the 0.4% seen in 4Q 2015. Available indicators also show that European economic growth continued to pick up pace in 2Q. CaixaBank Research forecasts point to GDP growth of 1.4% in 2016 and 1.3% in 2017. On the subject of monetary policy, the ECB is expected to hold off hiking its reference interest rate for the time being, while the Bank of England looks set to lower rates in the coming months.

In this context, Spain should escape relatively unscathed. Aside from tourism (23% of our tourists are British), we have relatively few direct ties with the United Kingdom. On top of this, activity in recent months has seen relatively stagnant and had the growth continued, it would have likely prompted CaixaBank Research to upgrade expected GDP growth for 2016 (i.e. 2.8%). It is worth noting that in 1Q, the Spanish economy made it three straight quarters of 0.8% growth quarter-on-quarter, on the back of robust internal demand (buoyed by the healthy job market, as shown by the marked increase in the number of workers registered with the Spanish Social Security). As it currently stands, the Brexit effect effectively negates this growth bias as we move through 2016, while also warranting a slight downgrade to the 2017 forecast from 2.4% to 2.2%. In summary, the Spanish economy exemplifies like few others how lucky it is to be in shape to weather the uncertainty thanks to a benign economic backdrop.

Outlook for the CaixaBank Group in the second half of the year

During the second half of 2016, CaixaBank will continue to move forward according to the 2015-2018 Strategic Plan. This plan revolves around five strategic priorities: quality of service and reputation; recurrent profitability above the cost of capital; active management of capital; leadership in banking digitalisation; and the best prepared and driven talent. Very significant progress has been made in the first year and a half of the Plan: vast improvements in internal and external service quality and reputation indicators; even higher market-leading sales of retail banking and insurance products in Spain while maintaining very high levels of financial robustness; optimised capital consumption by reducing problematic assets and selling off banking stakes in BEA and GFI at the same time was launched a takeover bid for BPI; stronger leadership in terms of number of digital customers in Spain and continued rollout of Big Data; and a considerable staff training campaign.

A more adverse environment than expected has posted lower than planned profitability: return on equity (ROE) over the last 12 months at the same level in the first half of 2016 as in 2015 (3.4%). Low interest rates, with the twelve-month Euribor in negative territory, and a reduction in the outstanding loan balance at sector level continue to put a lot of pressure on net interest income. On the other hand, heavy competition between banks and instability in the financial markets have dampened growth of assets under management, restricting an increases in fee and commission income. Against this backdrop, cost control becomes even more important. During the second half of 2016, as was always planned right from the start of the Strategic Plan, the plan will be reviewed in light of the current situation and economic and financial forecasts and decisions will be made on the extent to which objectives need adjusting or measures taken to achieve them.

It is foreseen that the trends observed in the first six months will continue into the latter half of the year:

- Core operating income (net interest income and fees and commissions):
    - Net interest income upward trend. The negative impact of extremely low interest rates will continue to drag down interest income. However, the financial costs reduction, the favourable volumes trend with a mix change to high profitability segments might imply positive performance in the net interest income line.
    - Pressure on fees and commissions due to high levels of competition and market uncertainty and volatility, which affect off-balance sheet funds.

- Lower unemployment rate and continued economic recovery impact a reduction in the current cost of risk. Adicionally, higher profits from property sales – reflecting the uptick in house prices.

- Active management of the cost base, implying cost control and rationalisation. The biggest milestone in the first half of the year was the signing of the early retirement agreement in the second quarter.

- The takeover bid for BPI will move ahead during the second half of the year as long as the conditions established at the start are met.

- The challenge of responding early to regulatory developments will continue. In particular, the most noteworthy developments at present are the Circular 4/2016 from Bank of Spain, the IFRS9 implementation, the Basell Committee's plans to revise the methods for calculating risk-weighted assets (review of standardised approaches, setting floors for advanced approaches, potential charge for exposure to sovereign debt) and pending establishment of requirements for eligible liabilities for the internal recapitalisation of banks (MREL).

Lastly, it is planned that on the 29th of July 2016, the European Banking Authority (EBA) will publish the results of its stress tests. These results will be considered during the ECB's supervisory process (SREP, Pillar 2). We expect the publication of these results will once again demonstrate CaixaBank's financial strength.

Appendix – Financial reporting glossary

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the company's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

Alternative Performance Measures

- **Customer spread**. Difference between the yield on loans and receivables and the cost of retail deposits (%).

  - Yield on loans: net income from loans and advances to customers, under management criteria, divided by the average balance for the period (quarterly).
  - Cost of deposits: cost of on-balance sheet retail customer funds, under management criteria, divided by the average balance for the specific period (quarterly), excluding subordinated liabilities.

- **Balance sheet spread**. The difference between the return on assets and the cost of liabilities (in %).

  - Return on assets: interest income for the period (quarter) divided by average total assets on the consolidated balance sheet.
  - Cost of funds: interest expenses for the period (quarter) divided by average total liabilities on the consolidated balance sheet.

- **Cost-to-income ratio (%)**. Administrative expenses, depreciation and amortisation divided by gross income (last 12 months).

- **ROE (Return on Equity)**. Profit attributable to the Group divided by average own funds (last 12 months).

- **ROTE (Return on Tangible Equity).** Profit attributable to the Group divided by average own funds less any intangible assets under management criteria (last 12 months).

  - The value of **intangible assets under management criteria** is the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of impairment allowances, recognised in investments in joint ventures and associates in the public balance sheet.

- **ROA (Return on Assets)**. Net profit divided by average total assets (last 12 months).

- **RORWA (Return on Risk Weighted Assets)**. Net profit divided by regulatory risk-weighted assets (last 12 months).

- **Cost of risk**. Total insolvency allowances recognised in the last 12 months divided by total loans and advances to customers, gross, under management criteria and contingent liabilities at the period-end.

- **Non-performing loan ratio.** Non-performing loans, gross under Loans and advances to customers on the public balance sheet and contingent liabilities divided by total loans and advances to customers, gross, and contingent liabilities.

- **Coverage ratio.** Total impairment allowances on Loans and advances to customers and provisions for contingent liabilities divided by non-performing loans under Loans and advances to customers and non-performing contingent liabilities.

- **Coverage ratio for foreclosed assets held for sale.** Difference between the canceled debt (amount of appropriations canceled by foreclosed assets) and the net value of real estate assets, divided by the debt canceled. It includes write-downs and endowments registered at the time of the award and the provisions recorded in balance after the award of the asset.

- **Loan to deposits**. Net loans and advances to customers under management criteria less brokered loans (funded by Instituto de Crédito Oficial and the European Investment Bank) and customer funds on the balance sheet under management criteria.

Reconciliation of management indicators to public financial statements

Income statement

- **Net fee and commission income.** Fee and commission income less fee and commission expenses.

- **Gains/(losses) on financial assets and liabilities and others** Includes the following line items:

  - Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.
  - Gains/(losses) on financial assets and liabilities held for trading, net.
  - Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net.
  - Gains/(losses) from hedge accounting, net.
  - Exchange differences, gains/(losses), net.

- **Operating expenses**. Administrative expenses, and depreciation and amortisation

- **Pre-impairment income/(loss)**. Gross income less administrative expenses, and depreciation and amortisation.

- **Impairment losses on financial and other provisions.** Includes "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" and "Provisions or reversal of provisions".

  - Insolvency allowances. Includes "Loans and receivables" under "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" and "Provisions for contingent liabilities" recognised in "Provisions or reversal of provisions".

  - Other charges. Includes "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" excluding "Loans and receivables" and "Provisions or reversal of provisions" excluding "Provisions for contingent liabilities".

- **Gains/(losses) on derecognition of assets and others.** Includes the following line items:

  - Impairment or reversal of impairment on investments in joint ventures or associates.
  - Impairment or reversal of impairment on non-financial assets.
  - Negative goodwill recognised in profit or loss.
  - Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.

Activity indicators

Loans and advances to customers, gross under management criteria
(Millions of euros)

	June 2016
Loans and advances to customers (public balance sheet)	**207,618**
Allowance for impairment losses	8,200
Other non-retail financial assets	(746)
Reverse repo (public and private sector)	(6,586)
Loans and advances to customers, gross	**208,486**

Liabilities under insurance contracts
(Millions of euros)

	June 2016
Liabilities under insurance contracts (public balance sheet)	**45,763**
Gains associated with available-for-sale assets under insurance contracts	(11,295)
Unit-linked products (*)	2,851
Liabilities under insurance contracts under management criteria	**37,319**

(*) Recognised under “Financial liabilities designated at fair value through profit or loss” in the public balance sheet.

Customer funds using management criteria
(Millions of euros)

	June 2016
Financial liabilities measured at amortised cost (public balance sheet)	**258,839**
Other non-retail financial liabilities	(71,128)
Central bank deposits	*(27,099)*
Deposits from credit institutions	*(9,124)*
Other financial liabilities	*(3,702)*
Institutional issuances (*)	*(28,287)*
Counterparties and others	*(2,916)*
Liabilities under insurance contracts under management criteria	37,319
On-balance sheet customer funds	**225,030**
Assets under management (pension plans, investment funds, portfolios and SICAVs)	73,708
Other accounts (**)	5,727
Total customer funds	**304,465**

(*) Of those recognised at 30.6.2016: Debt securities issued (23,790) and customer deposits (4,497).
(**) Includes, among others, funds associated with the agreements to distribute insurance products from Barclays Bank, SAU and a subordinate debt issue of ”la Caixa” (currently at CriteriaCaixa).

Institutional issuances for the purpose of managing bank liquidity
(Millions of euros)

	June 2016
Marketable securities (public balance sheet)	**27,966**
Securitisation bonds	(2,516)
Valuation adjustments	*(121)*
Retail	*(3,981)*
Issuances acquired by Group companies	*279*
Customer deposits (public balance sheet) (*)	**4,507**
Deposits from credit institutions (public balance sheet) – BEI mortgage covered bonds	**220**
Institutional financing for the purpose of managing bank liquidity	**26,354**

(*) €4,429 million in multi-issuer covered bonds and €78 million in subordinated deposits.

Market indicators

- **EPS (Earnings per Share)**. Attributable profit of the last 12 months divided by the average number of fully diluted shares outstanding.
  - The **average number of fully diluted shares outstanding** is the sum of the average number of shares issued less the average number of treasury shares held, plus the average number of shares resulting from the hypothetical conversion/exchange of convertible/exchangeable debt instruments issued.
- **Market capitalisation**. The share price multiplied by the number of issued shares minus the number of treasury shares held at the end of the period.
- **UCA (Underlying Carrying Amount)**. Equity divided by the number of fully diluted shares outstanding at a specific date.
- **TUCA (Tangible Underlying Carrying Amount)**. Equity less intangible assets dividend by the number of fully diluted shares outstanding at a specific date.
- **PER (Price-to-earnings Ratio)**. Share price dividend by earnings per share (EPS).
- **P/ UCA and P/Tangible UCA**. Share price divided by book value. Also calculating using tangible book value.
- **Dividend yield**. Dividends paid (in shares or cash) in the last 12 months divided by the period-end share price.