CaixaBank, SA

and companies composing the CaixaBank Group

Condensed interim consolidated financial statements and management report for the six months ended June 30, 2014.

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 half-yearly condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying half-yearly condensed consolidated financial statements ("the half-yearly financial statements") of CaixaBank, S.A. ("CaixaBank") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet at 30 June 2014 and the related condensed consolidated income statement, condensed consolidated statement of recognised income and expense, condensed consolidated statement of changes in total equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The directors of CaixaBank are responsible for the preparation of these half-yearly financial statements in accordance with 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 half-yearly 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 half-yearly 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 believe that the accompanying half-yearly financial statements for the six-month period ended 30 June 2014 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.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of matter paragraph

We draw attention to Note 1 to the accompanying half-yearly condensed consolidated financial statements, which indicates that the aforementioned accompanying half-yearly financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying half-yearly financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2013. 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 2014 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 half-yearly financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the half-yearly financial statements for the six-month period ended 30 June 2014. 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 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 Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Francisco Ignacio Ambrós

30 July 2014

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE CAIXABANK GROUP FOR THE SIX MONTHS ENDED JUNE 30, 2014

- Condensed interim consolidated balance sheet at June 30, 2014 and December 31, 2013
- Condensed interim consolidated income statement for the six months ended June 30, 2014 and 2013
- Condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2014 and 2013
- Condensed interim consolidated statement of total changes in equity for the six months ended June 30, 2014 and 2013
- Condensed interim consolidated statement of cash flows for the six months ended June 30, 2014 and 2013
- Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2014

Condensed interim consolidated financial statements of the CaixaBank Group

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2014 and December 31, 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Assets

	30.06.2014	31.12.2013 (*)
Cash and deposits at central banks	**2,583,057**	**6,967,808**
Financial assets held for trading (Note 7)	**10,146,845**	**10,002,443**
Other financial assets at fair value through profit or loss (Note 7)	**639,484**	**450,206**
Available-for-sale financial assets (Note 7)	**65,496,415**	**56,450,038**
Loans and receivables (Note 7)	**199,496,757**	**206,846,199**
Held-to-maturity investments (Note 7)	**15,808,828**	**17,830,752**
Adjustments to financial assets - macro-hedges	**104,473**	**80,001**
Hedging derivatives	**4,464,170**	**4,572,762**
Non-current assets held for sale (Note 8)	**7,132,907**	**6,214,572**
Investments (Note 10)	**8,790,802**	**8,773,670**
Associates	7,607,965	7,612,488
Jointly controlled entities	1,182,837	1,161,182
Insurance agreements related to pensions	**0**	**0**
Reinsurance assets	**486,905**	**519,312**
Tangible assets (Note 11)	**5,872,020**	**5,517,560**
Property and equipment	3,179,205	3,223,126
Investment properties	2,692,815	2,294,434
Intangible assets (Note 12)	**3,625,771**	**3,629,300**
Goodwill	3,050,845	3,047,216
Other intangible assets	574,926	582,084
Tax assets (Note 17)	**9,695,165**	**9,598,655**
Current	183,557	180,693
Deferred	9,511,608	9,417,962
Other assets (Note 13)	**2,505,000**	**2,737,199**
Total assets	**336,848,599**	**340,190,477**

Memorandum items

Contingent liabilities (Note 21)	**9,714,485**	**10,298,594**
Contingent commitments (Note 21)	**52,263,553**	**53,813,179**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at June 30, 2014.

CONDENSED CONSOLIDATED BALANCE SHEET

at June 30, 2014 and December 31, 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

Liabilities and equity

	30.06.2014	31.12.2013 (*)
Liabilities		
Financial liabilities held for trading (Note 14)	**9,686,693**	**7,890,643**
Other financial liabilities at fair value through profit or loss (Note 14)	**1,225,183**	**1,252,065**
Financial liabilities at amortized cost (Note 14)	**252,923,208**	**262,379,176**
Adjustments to financial liabilities - macro-hedges	**2,760,257**	**2,195,517**
Hedging derivatives	**910,878**	**1,487,432**
Liabilities associated with non-current assets held for sale	**0**	**0**
Liabilities under insurance contracts	**36,407,462**	**32,028,006**
Provisions (Note 15)	**4,098,183**	**4,321,261**
Tax liabilities (Note 17)	**2,538,873**	**2,352,815**
Current	119	27,893
Deferred	2,538,754	2,324,922
Welfare fund	**0**	**0**
Other liabilities	**1,348,662**	**1,949,790**
Capital having the nature of a financial liability	**0**	**0**
Total liabilities	**311,899,399**	**315,856,705**
Equity (Note 16)		
SHAREHOLDERS' EQUITY	**23,668,685**	**23,645,685**
Capital	5,597,501	5,027,610
Share premium	12,032,802	10,583,008
Reserves	5,754,207	5,649,317
Other equity instruments	15,000	1,938,222
Less: Treasury shares	(35,672)	(22,193)
Profit attributable to the Parent	304,847	502,703
Less: Dividends and remuneration **(Note 3)**		(32,982)
VALUATION ADJUSTMENTS	**1,280,814**	**704,013**
Available-for-sale financial assets	1,484,299	994,706
Cash flow hedges	(48,602)	(4,724)
Hedges of net investment in foreign operations		
Exchange differences	(30,120)	(66,421)
Non-current assets held for sale		
Entities accounted for using the equity method	(124,763)	(219,548)
Other valuation adjustments		
EQUITY ATTRIBUTABLE TO THE PARENT	**24,949,499**	**24,349,698**
NON-CONTROLLING INTERESTS	**(299)**	**(15,926)**
Valuation adjustments	488	708
Other	(787)	(16,634)
Total equity	**24,949,200**	**24,333,772**
Total equity and liabilities	**336,848,599**	**340,190,477**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated balance sheet at June 30, 2014.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended June 30, 2014 and 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	2013 (*)
Interest and similar income	**4,350,307**	**4,768,634**
Interest expense and similar charges	**(2,335,012)**	**(2,809,231)**
Remuneration of capital having the nature of a financial liability	**0**	**0**
NET INTEREST INCOME	**2,015,295**	**1,959,403**
Return on equity instruments	**102,042**	**98,919**
Share of profit (loss) of entities accounted for using the equity method	**122,273**	**340,996**
Fee and commission income	**1,005,509**	**963,698**
Fee and commission expense	**(75,292)**	**(73,890)**
Gains/(losses) on financial assets and liabilities (net)	**439,156**	**465,493**
Exchange differences (net)	**73,023**	**(24,840)**
Other operating income	**613,618**	**525,133**
Other operating expenses	**(692,326)**	**(626,053)**
GROSS INCOME	**3,603,298**	**3,628,859**
Administrative expenses	**(1,699,742)**	**(2,631,146)**
Personnel expenses	(1,290,882)	(2,134,040)
Other general administrative expenses	(408,860)	(497,106)
Depreciation and amortization	**(184,353)**	**(208,532)**
Provisions (net)	**(60,766)**	**(138,822)**
Impairment losses on financial assets (net)	**(1,253,144)**	**(2,737,190)**
NET OPERATING INCOME/(LOSS)	**405,293**	**(2,086,831)**
Impairment losses on other assets (net)	**(27,699)**	**(89,738)**
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	**(6,733)**	**44,451**
Negative goodwill in business combinations (Note 9)		**2,365,206**
Gains/(losses) on non-current assets held for sale not classified as discontinued operations	**(67,780)**	**(159,392)**
PROFIT/(LOSS) BEFORE TAX	**303,081**	**73,696**
Income tax	**1,643**	**329,359**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**304,724**	**403,055**
Profit from discontinued operations (net)	**0**	**0**
CONSOLIDATED PROFIT FOR THE PERIOD	**304,724**	**403,055**
Profit attributable to the Parent	**304,847**	**408,241**
Profit attributable to non-controlling interests	**(123)**	**(5,186)**
Earnings per share from continuing and discontinued operations		
Basic earnings per share (euros) (Note 3)	0.05	0.08
Diluted earnings per share (euros) (Note 3)	0.05	0.08

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated income statement for the six months ended June 30, 2014.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2014 and 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	**2013 (*)**
Consolidated profit for the period	**304,724**	**403,055**
Other comprehensive income	**576,581**	**210,694**
Items transferred to the income statement in future periods	**576,581**	**210,694**
Available-for-sale financial assets	759,661	176,275
Revaluation gains/(losses)	*995,571*	*273,341*
Amounts transferred to income statement	*(235,910)*	*(97,066)*
Other reclassifications		
Cash flow hedges	(62,040)	(5,945)
Revaluation gains/(losses)	*(60,539)*	*(4,582)*
Amounts transferred to income statement	*(1,501)*	*(1,363)*
Amount transferred to the initial carrying amount of hedged items		
Other reclassifications		
Hedges of net investment in foreign operations	0	0
Revaluation gains/(losses)		
Amounts transferred to income statement		
Other reclassifications		
Exchange differences	36,431	66,108
Revaluation gains/(losses)	*36,431*	*36,101*
Amounts transferred to income statement		*30,007*
Other reclassifications		
Non-current assets held for sale	0	0
Revaluation gains/(losses)		
Amounts transferred to income statement		
Other reclassifications		
Entities accounted for using the equity method	94,785	39,483
Revaluation gains/(losses)	*94,785*	*39,483*
Amounts transferred to income statement		
Other reclassifications		
Other comprehensive income		
Income tax	(252,256)	(65,227)
Items not transferred to the income statement in future periods	**0**	**0**
Actuarial gains/(losses) on pension plans	0	0
Revaluation gains/(losses)	(132,681)	73,948
Amounts transferred to reserves	132,681	(73,948)
Total comprehensive income/(expense)	**881,305**	**613,749**
Attributable to the Parent	881,648	619,029
Attributable to non-controlling interests	(343)	(5,280)

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of other comprehensive income for the six months ended June 30, 2014.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2014 and 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
CURRENT PERIOD	Capital	Share premium	Accumulated reserves/(losses)	Other equity instruments	Less: Treasury shares	Profit attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at 31.12.2013	**5,027,610**	**10,583,008**	**5,649,317**	**1,938,222**	**(22,193)**	**502,703**	**(32,982)**	**23,645,685**	**704,013**	**(15,926)**	**24,333,772**
Adjustments due to changes in accounting policy								0			0
Adjustments made to correct errors								0			0
Adjusted opening balance	**5,027,610**	**10,583,008**	**5,649,317**	**1,938,222**	**(22,193)**	**502,703**	**(32,982)**	**23,645,685**	**704,013**	**(15,926)**	**24,333,772**
Total comprehensive income						**304,847**		**304,847**	**576,801**	**(343)**	**881,305**
Other changes in equity	**569,891**	**1,449,794**	**104,890**	**(1,923,222)**	**(13,479)**	**(502,703)**	**32,982**	**(281,847)**	**0**	**15,970**	**(265,877)**
Reclassification of financial liabilities to other equity instruments								0			0
Reclassification of other equity instruments to financial liabilities								0			0
Capital increases	97,260		(97,260)								
Payment of dividends			(85,694)					(85,694)			(85,694)
Transactions with own equity instruments (net)			1,498		(13,479)			(11,981)			(11,981)
Costs of other equity instruments			(32,743)					(32,743)			(32,743)
Transfers between equity items	472,631	1,449,794	469,721	(1,922,425)		(502,703)	32,982	0			0
Other increases/(decreases) in equity			(150,632)	(797)				(151,429)		15,970	(135,459)
Final balance at 30.06.2014	**5,597,501**	**12,032,802**	**5,754,207**	**15,000**	**(35,672)**	**304,847**	**0**	**23,668,685**	**1,280,814**	**(299)**	**24,949,200**

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of changes in total equity for the six months ended June 30, 2014.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

for the six months ended June 30, 2014 and 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	Equity attributable to the Parent										
	Shareholders' equity										
			Reserves								
PREVIOUS PERIOD (*)	Capital	Share premium	Accumulated reserves/(losses)	Other equity instruments	Less: Treasury shares	Profit attributable to the Parent	Less: Dividends and remuneration	Total shareholders' equity	Valuation adjustments	Non-controlling interests	Total equity
Opening balance at 31.12.2012	**4,489,749**	**10,125,140**	**5,969,013**	**2,188,279**	**(194,024)**	**229,700**	**(15,211)**	**22,792,646**	**(116,503)**	**35,029**	**22,711,172**
Adjustments due to changes in accounting policy								0			0
Adjustments made to correct errors								0			0
Adjusted opening balance	**4,489,749**	**10,125,140**	**5,969,013**	**2,188,279**	**(194,024)**	**229,700**	**(15,211)**	**22,792,646**	**(116,503)**	**35,029**	**22,711,172**
Total comprehensive income						**408,241**		**408,241**	**210,788**	**(5,280)**	**613,749**
Other changes in equity	**246,610**	**267,610**	**25,660**	**(3,145)**	**160,113**	**(229,700)**	**15,211**	**482,359**	**0**	**(39,921)**	**442,438**
Reclassification of financial liabilities to other equity instruments	163,234	266,268	(10,709)		182,637			601,430			601,430
Payment of dividends			(20,255)					(20,255)			(20,255)
Transactions with own equity instruments (net)			(53,645)	321				(53,324)			(53,324)
Business combination with Banco de Valencia			(17,620)		26,963			9,343			9,343
Transfers between equity items	83,376	1,342	131,898	(3,466)	1,339	(229,700)	15,211	0			0
Other increases/(decreases) in equity			(4,009)		(50,826)			(54,835)		(39,921)	(94,756)
Final balance at 30.06.2013	**4,736,359**	**10,392,750**	**5,994,673**	**2,185,134**	**(33,911)**	**408,241**	**0**	**23,683,246**	**94,285**	**(10,172)**	**23,767,359**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of changes in total equity for the six months ended June 30, 20 14.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

for the six months ended June 30, 2014 and 2013 (Notes 1 to 22), in thousands of euros

CAIXABANK, SA AND COMPANIES COMPOSING THE CAIXABANK GROUP

	2014	2013 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES	**514,684**	**(104,819)**
Consolidated profit for the period	**304,724**	**403,055**
Adjustments to obtain cash flows from operating activities	**2,476,832**	**2,266,401**
Depreciation and amortization	184,353	208,532
Other adjustments	2,292,479	2,057,869
Net increase/(decrease) in operating assets and liabilities	**(2,265,229)**	**(2,444,916)**
Other operating assets	(2,190,122)	2,319,697
Other operating liabilities	(75,107)	(4,764,613)
Income tax (paid)/received	**(1,643)**	**(329,359)**
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**782,625**	**(1,677,901)**
Payments	**2,348,489**	**3,348,783**
Tangible assets	432,095	145,711
Intangible assets	56,983	44,186
Investments	114,294	92,932
Subsidiaries and other business units		266,640
Non-current assets and associated liabilities held for sale	1,745,117	2,799,314
Held-to-maturity investments		
Other payments related to investing activities		
Proceeds	**3,131,114**	**1,670,882**
Tangible assets	188,721	78,633
Intangible assets		
Investments	154,264	1,047,524
Subsidiaries and other business units		
Non-current assets and associated liabilities held for sale	766,205	504,230
Held-to-maturity investments	2,021,924	40,495
Other proceeds related to investing activities		
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(5,682,644)**	**(1,069,984)**
Payments	**6,697,850**	**4,379,675**
Dividends	85,694	20,255
Subordinated liabilities		
Buyback and cancellation of treasury shares	797	
Acquisition of treasury shares	30,216	188,461
Other payments related to financing activities	6,581,143	4,170,959
Proceeds	**1,015,206**	**3,309,691**
Subordinated liabilities		
Issue of own equity instruments		
Disposal of own equity instruments	18,236	309,691
Other proceeds related to financing activities	996,970	3,000,000
D) EFFECT OF EXCHANGE RATE CHANGES	**584**	**(457)**
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(4,384,751)**	**(2,853,161)**
F) CASH AND CASH EQUIVALENTS AT JANUARY 1	**6,967,808**	**7,855,216**
G) CASH AND CASH EQUIVALENTS AT JUNE 30 (E+F)	**2,583,057**	**5,002,055**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT JUNE 30		
Cash	1,248,446	1,181,833
Cash equivalents at central banks	1,334,611	3,820,222
TOTAL CASH AND CASH EQUIVALENTS AT JUNE 30	**2,583,057**	**5,002,055**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the condensed interim consolidated statement of cash flows for the six months ended June 30, 2014.

Notes to the condensed interim consolidated financial statements of the CaixaBank Group for the six months ended June 30, 2014

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Explanatory notes to the condensed interim consolidated financial statements for the six months ended June 30, 2014

CAIXABANK, SA
AND COMPANIES COMPOSING THE CAIXABANK GROUP

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

1. Corporate information, basis of presentation and other information

CaixaBank, SA and its subsidiaries compose the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group"). CaixaBank, SA ("CaixaBank"), with tax identification (NIF) number A08663619 and registered address at Avenida Diagonal 621, Barcelona, was created through the transformation of Criteria CaixaCorp, SA which culminated on June 30, 2011 with the entry of CaixaBank in the Bank of Spain's Registry of Banks and Bankers ("*Registro Especial de Bancos y Banqueros*") and its listing on the Spanish stock markets—as a bank—on July 1, 2011."“

It is the bank through which Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") carries on its business indirectly as a credit institution in accordance with its Bylaws. As a result of the entry into force of Law 26/2013, of December 27, on savings banks and banking foundations, the "la Caixa" General Assembly held on May 22, 2014 approved a motion to transform "la Caixa" into a banking foundation (the "la Caixa" Banking Foundation) effective June 16, 2014 following its registration in the Foundations Registry. As a result, "la Caixa" has curtailed its indirect exercise of financial activity and lost its status as a credit institution. The Group's reorganization was also approved, entailing:

- the dissolution and liquidation of the "la Caixa" Foundation; and
- the transfer (tentatively in the second half of 2014) of the stake in CaixaBank held by "la Caixa" Banking Foundation to Criteria CaixaHolding, SAU, a solely-owned subsidiary of "la Caixa", along with the debt instruments issued by "la Caixa." Accordingly, "la Caixa" Banking Foundation will hold its stake in CaixaBank through Criteria CaixaHolding.

At June 30, 2014, "la Caixa" Banking Foundation was CaixaBank's majority shareholder, with an economic stake of 58.91% after considering the full, mandatory conversion of the Series I/2011 convertible bonds (see Note 16). At December 31, 2013, "la Caixa" held a 64.37% stake in CaixaBank.

In this context, at CaixaBank's Annual General Meeting held April 24, 2014, a resolution was adopted, subject to subsequent approval by the Ordinary General Assembly of "la Caixa" as indicated in the preceding paragraph, to amend the By-laws, eliminating any reference to the indirect exercise of banking activity. Accordingly, CaixaBank was no longer the bank through which "la Caixa" carried on its business indirectly as a credit institution.

In accordance with Transition Provision One of Law 26/2013, of December 27, until its transformation into a banking foundation "la Caixa" shall be governed by Law 31/85, of August 2, regulating the basic rules on governing bodies of savings banks, and the implementing regulations thereto, and, where applicable, by the provisions of Royal-Decree Law 11/2010, of July 9, on the governing bodies and other matters relating to the legal framework for savings banks, including their taxation, and Article 8.3.d) of Law 13/1985, of May 25, on investment ratios, capital and disclosure obligations for financial intermediaries.

The corporate object of CaixaBank mainly entails:

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

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

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

Basis of presentation

On February 27, 2014, the Board of Directors authorized for issue the CaixaBank Group's 2013 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union through EU regulations, complying with Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and subsequent amendments thereto.

In the preparation of the 2013 consolidated financial statements, the consolidation principles, accounting policies and measurement bases described in note 2 therein were applied to give a true and fair view of the consolidated equity and financial position of the CaixaBank Group at December 31, 2013 and of the results of its operations, changes in consolidated equity and cash flows in the year then ended.

The accompanying condensed interim consolidated financial statements of the CaixaBank Group for the first half of 2014 were prepared in accordance with IFRSs, particularly IAS 34 *Interim Financial*

Reporting. They were also drawn up taking into consideration Bank of Spain Circular 4/2004 and subsequent amendments, and the Spanish Securities Market Regulator (CNMV) Circular 1/2008. These condensed consolidated financial statements were authorized for issue by the Board of Directors of CaixaBank at its meeting of July 24, 2014.

According to IAS 34, the interim financial report is intended to provide an update on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. Therefore, for an appropriate understanding of the information contained in the accompanying condensed interim consolidated financial statements, they should be read in conjunction with the CaixaBank Group's 2013 consolidated financial statements.

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

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 2014

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

- IFRS 10 *Consolidated Financial Statements*
This standard was issued in conjunction with IFRS 11, IFRS 12 and the amendments to IAS 27 and IAS 28 (see below), replacing the standards governing the consolidation and recognition of subsidiaries, associates and joint ventures, as well as disclosure requirements.

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

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

Adoption of the new definition of control has not caused any significant changes in the list of entities controlled by the Group.

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

The Entity accounts for joint ventures using the equity method. Therefore, application of the new standard did not have any significant impact.

- IFRS 12 *Disclosure of Interests in Other Entities*

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

The application of this standard requires increasing disclosures regarding associates and jointly controlled entities, especially regarding reconciliations between their contributions to profit or loss and attributable profit or loss.

- IAS 27 *Separate Financial Statements* (Amendment)

This modification reissues the standard, given that from its entry into force its content will only refer to separate financial statements.

- IAS 28 *Investments in Associates* (Amendment)

This modification reissues the standard, which now includes guidance on how to account for joint ventures, indicating that they shall henceforth be accounted for as associates, i.e., using the equity method.

IAS 32 *Financial Instruments:* Presentation (Amendment)

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

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

- IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance

With the amendments, the IASB wanted to clarify certain issues regarding the transition provisions for these standards. It clarified the date of initial application as the beginning of the annual period in which IFRS 10 is applied for the first time. This is the date when investors should assess whether the consolidation conclusions are the same or different.

In addition, regarding comparative data, the amendments note that when the consolidation conclusion is the same at the date of initial application, no adjustments to comparative data are required. If the consolidation conclusion is different, adjustments must be made to comparative data, but only for the immediately preceding period.

- IFRS 10, IFRS 12 and IAS 27: *Investment Entities* (Amendment)

The amendments introduce the definition of “Investment Entity” and exceptions whereby investees defined as an “Investment Entity” are not consolidated, but rather measured at fair value through profit or loss.

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

- IAS 36: *Recoverable Amount Disclosures for Non-Financial Assets* (Amendment)
This amendment proposes restricting current disclosures of the recoverable amount of an individual asset or a cash-generating unit to the reporting periods for which the entity has recognized or reversed an impairment loss.

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

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

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

Standards and interpretations issued by the IASB but not yet effective

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

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

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Approved for use in the EU		
IFRIC 21	Levies	June 17, 2014
Not approved for use in the EU		
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	July 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	Minor corrections	July 1, 2014
Amendment to IAS 16 and IAS 38	Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendment to IFRS 11	Acquisition of an Interest in a Joint Operation	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IFRS 9	Financial Instruments: Classification and Measurement	N/A

- IFRIC 21 Levies

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

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

The Entity is currently analyzing all the future impacts of the application of this interpretation.

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

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

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

- Improvements to IFRSs 2010-2012 Cycle.
This improvements cycle has been completed, with amendments to the following standards:

- IFRS 2 *Share-Based Payment*: Amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition."
- IFRS 3 *Business Combinations*: Contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting period, irrespective of whether it is a financial instruments or a financial asset or financial liability, with the corresponding gain or loss recognized in profit or loss.
- IFRS 8 *Operating Segments:* The amendment requires entities to disclose the factors that are used by Management to identify its reportable segments when operating segments have been aggregated. In addition, the total of the reportable segments' assets must reconcile with the entity's total assets.
- IFRS 13 *Fair Value Measurement*: The basis for conclusions of IFRS 13 is amended to clarify that the issue of IFRS 13 does not remove the ability to measure short-term receivables and payables with no stated interest rate without discounting, when the effect of not discounting is immaterial.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: The amendment clarifies the requirements when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is the difference between the gross and the carrying amount after the revaluation.
- IAS 24 *Related Party Disclosures*: Amounts paid or payable to management entities or entities that provide management personnel services should be disclosed, as these are deemed to be related parties.

- Improvements to IFRSs 2011-2013 Cycle.
This improvements cycle has been completed, with amendments to the following standards:

- IFRS 3 *Business Combinations*: Clarifies that this standard excludes the formation of joint arrangements in the financial statements of the joint venture or joint arrangement itself.
- IFRS 13 *Fair Value Measurement*: Amends the scope exception for measuring the fair value of a group of financial assets and liabilities on a net basis, which includes all contracts that are within the scope of IAS 39 or IFRS 9, even if they do not meet the definitions of financial assets or financial liabilities in IAS 32.
- IAS 40 *Investment Property*: The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive and that both can be applied. Therefore, when an entity acquires investment property, it has to determine whether it acquires investment property as defined in IAS 40 or whether the transaction is the acquisition of a business combination

Amendment to IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortization
The amendment, to be applied prospectively, clarifies that the use of revenue-based methods to calculate depreciation and amortization are not appropriate, because this does not reflect the expected pattern of consumption of the future economic benefits of an asset.

- IFRS 11 *Acquisition of an Interest in a Joint Operation* (Amendment)
The amendment, to be applied prospectively, requires the application of IFRS 3 *Business Combinations* when the joint operation constitutes a business. Until now, this was not treated specifically.

- IFRS 15 *Revenue from Contracts with Customers*

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

The Entity is currently analyzing all the future impacts of the adoption of this amendment and is unable to provide a reasonable estimate of its impact until this analysis has been carried out.

- IFRS 9 *Financial Instruments:* Classification and Measurement.

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

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

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

The date of application of IFRS 9 has not been established until the standard is complete. In this respect, mandatory application is not expected to be before annual periods beginning on or after January 1, 2018.

Responsibility for the information and for the estimates made

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

- Impairment losses on certain financial assets and the fair value of the related guarantees (Note 7)
- The measurement of goodwill and intangible assets (Note 12)
- Impairment losses on non-current assets held for sale (Note 8)
- The useful life of and impairment losses on other intangible assets and tangible assets (Notes 12 and 11)
- The measurement of investments in jointly controlled entities and associates (Note 10)
- Actuarial assumptions used to measure liabilities arising under insurance contracts (Note 15)
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 15)

- The fair value of certain financial assets and liabilities (Notes 7 and 14)
- The measurement of the provisions required to cover labor, legal and tax contingencies (Note 15)
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 9)
- The income tax expense based on the income tax rate expected for the full year and the capitalization and recoverability of tax assets (Note 17)
- Determination of the share of profit (loss) of associates (Note 10).

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

Comparison of information and changes in scope of consolidation

IFRSs require that the information presented in the consolidated financial statements for different periods be consistent. In the first six months of 2014, there were no significant amendments with respect to the accounting regulations applicable that affected the comparability of information (see note 2).

The information related to the first half of 2013 contained in these condensed interim consolidated financial statements is presented solely for purposes of comparison with the six months ended June 30, 2014.

The main changes in the consolidation scope in the first six months of 2014 are detailed in Note 9.

Seasonality and materiality of transactions

The cyclical or seasonal nature of the operations of the companies composing the CaixaBank Group is not significant. Therefore, these explanatory notes to the condensed interim consolidated financial statements for the first six months of 2014 do not include specific disclosures in that regard.

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

Deposit guarantee fund of credit institutions

The total contributions to be made during 2014 amount to €332,329 thousand. The amount accrued as of June 30, 2014 was €165,479 thousand, recognized under “Other operating expenses” in the accompanying consolidated income statement.

Events after the reporting period

Between June 30, 2014 and the date these condensed interim consolidated financial statements were authorized for issue, no events occurred that are not described in the remaining explanatory notes that had a significant effect thereon.

2. Accounting policies and measurement bases

The accompanying condensed interim consolidated financial statements of the CaixaBank Group were prepared using the same accounting principles, policies and criteria as those used in the 2013 consolidated financial statements (see Note 2 to the 2013 consolidated financial statements), taking into consideration new IFRSs, amendments and interpretations that became effective in the first half of 2014 (see Note 1).

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

3. Shareholder remuneration and earnings per share

Shareholder remuneration

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

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

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

This policy entailed the following distribution of dividends over the past few months:

Shareholder remuneration - Distribution of dividends

(thousands of euros)	Euro per share	Amount	Date of announcement	Payment date
Dividends related to 2013				
Optional Scrip Dividend program (*)	0.05	241,055	26.09.2013	18.10.2013
Optional Scrip Dividend program (*)	0.05	244,512	21.11.2013	13.12.2013
Optional Scrip Dividend program (*)	0.05	251,381	27.02.2014	21.03.2014
Optional Scrip Dividend program (*)	0.05	270,074	29.05.2014	20.06.2014
Total distributed	**0.20**	**1,007,022**		
Dividends related to 2012				
Optional Scrip Dividend program (*)	0.06	245,270	06.09.2012	28.09.2012
Optional Scrip Dividend program (*)	0.06	250,063	29.11.2012	27.12.2012
Optional Scrip Dividend program (*)	0.06	269,385	07.03.2013	04.04.2013
Optional Scrip Dividend program (*)	0.05	236,818	25.07.2013	21.08.2013
Total distributed	**0.23**	**1,001,536**		

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

CaixaBank paid its majority shareholder, "la Caixa," €325,386 thousand in dividends in the first half of 2014 (€195,996 thousand in dividends in the first half of 2013). This amount is equivalent to the sum of the amounts received in cash and the market value of the shares received by "la Caixa" under the Optional Scrip Dividend program.

Under this policy, shareholder remuneration in the first half of 2014 and 2013 was as follows:

Dividends paid in the first half of 2014
(Thousands of euros)

	Euro per share	Amount	Date of announcement	Payment date
Optional Scrip Dividend				
Equivalent to the third interim dividend against 2013 results (*)	0.05	251,381	27.02.2014	21.03.2014
Equivalent to the final dividend against 2013 results (*)	0.05	270,074	29.05.2014	20.06.2014

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

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

	Euro per share	Amount	Date of announcement	Payment date
Optional Scrip Dividend				
Equivalent to the third interim dividend against 2012 results (*)	0.06	269,385	07.03.2013	04.04.2013

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

At its meeting of February 27, 2014, CaixaBank's Board of Directors initiated distribution of the dividend included under the Optional Scrip Dividend program, resulting in the cash payment to shareholders opting to sell rights to CaixaBank at a fixed price of €0.05 per right for a total of €18,037 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on March 25, 2014, with the issuance of 50,726,824 shares of €1 par value each with a charge to restricted reserves made at the Annual General Meeting held on April 25, 2013. These shares were admitted to trading on a regulated market on March 31, 2014.

The cash payment was recognized against 2013 profit. The resolution regarding the distribution of 2013 profit approved by the Ordinary Shareholders' Meeting of April 24, 2014, estimated a cash payment of €17,597 thousand and stated that if the final payment in cash post-distribution of profit differed from this estimate, the difference would automatically be applied to increase or decrease the amount earmarked to increase voluntary reserves.

At its meeting of May 29, 2014, CaixaBank's Board of Directors initiated distribution of the dividend included under the Optional Scrip Dividend program, resulting in the cash payment to shareholders opting to sell rights to CaixaBank at a fixed price of €0.05 per right for a total of €67,657 thousand. The remaining shareholders opted to receive shares through the scrip issue, carried out on June 25, 2014, with the issuance of 46,532,670 shares of €1 par value each with a charge to restricted reserves made at the General Shareholders' Meeting held on April 24, 2014. These shares were admitted to trading on a regulated market on July 2, 2014.

The cash payment was recognized against 2013 profit. The resolution regarding the distribution of 2013 profit approved by the Ordinary Shareholders' Meeting of April 24, 2014, estimated a cash payment of €17,812 thousand and stated that if the final payment in cash post-distribution of profit differed from this estimate, the difference would automatically be applied to increase or decrease the amount earmarked to increase voluntary reserves.

At the Ordinary Annual General Meeting of April 24, 2014, shareholders approved four additional capital increases with market values of up to €304,000 thousand, €317,000 thousand, €322,000 thousand and €327,000 thousand, respectively. With these increases, the Board of Directors can decide each quarter whether to remunerate shareholders with the traditional dividend or under the Optional Scrip Dividend program.

Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding less treasury shares after adjusting for dilutive potential ordinary shares (share options, warrants and convertible bonds). At June 30, 2014, there were no transactions involving potential ordinary shares. Therefore, there is no difference between basic and diluted earnings per share.

Calculation of basic and diluted earnings per share:

Calculation of basic earnings per share

	30.06.2014	**30.06.2013**
Numerator		
Profit attributable to the Parent (thousands of euros)	**304,847**	**408,241**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	5,283,723	4,668,750
Adjustment for mandatory convertible instruments	311,212	537,829
Adjusted number of shares (basic earnings per share)	**5,594,935**	**5,206,579**
Basic earnings per share (euro)	**0.05**	**0.08**

(*) Average number of shares outstanding, excluding average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

Calculation of diluted earnings per share

	30.06.2014	30.06.2013
Numerator		
Profit attributable to the Parent (thousands of euros)	**304,847**	**408,241**
Adjustment for conversion of the mandatory convertible bonds		13,486
Profit attributable to the Parent	**304,847**	**421,727**
Denominator (thousands of shares)		
Average number of shares outstanding (*)	5,283,723	4,668,750
Adjustment for mandatory convertible instruments	311,212	537,829
Adjustment for dilutive effect of share options		19,387
Adjustment for conversion of the mandatory convertible bonds		172,450
Adjusted number of shares (diluted earnings per share)	**5,594,935**	**5,398,416**
Diluted earnings per share (euro)	**0.05**	**0.08**

(*) Average number of shares outstanding, excluding average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

4. Risk management

Credit risk

The first half of 2014 featured the following extraordinary events:

- Adaptation to the **new capital requirements regulations**: the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR). Following the publication of the new rules and regulations in June 2013, the Group began making changes to its systems and processes in the second half last year to ensure that the calculation of capital consumption (risk-weighted assets) and direct deductions from capital were fully aligned with the first report sent to the Regulator at the March 2014 close.

- Continuation of the **Comprehensive Assessment** by the European Central Bank (ECB) and the European Banking Authority (EBA) in preparation of the Single Supervisory Mechanism (SSM) assuming full powers from November 2014. The assessment began in November last year and is scheduled to end in October 2014.

  The objectives of the review are:

  - Improve transparency and quality of information available concerning the condition of banks
  - Identify and repair the balance sheets of banks that may have over-valued assets to prevent a threat of systemic risk
  - Rebuild confidence to ensure investors, customers and other stakeholders that euro banks' are fundamentally sound and trustworthy

  For the Group, this has meant intensive and extensive efforts to provide the granular information requested in line with the two main pillars of the Comprehensive Assessment:

  - Asset Quality Review (AQR): qualitative and quantitative analysis of credit risk (processes, assets, collateral and provisions) to identify potential needs for additional provisioning
  - Stress tests: forward-looking -2014-2016- view of stress on financial indicators to detect where capital must be strengthened if minimum capital requirements are not met due to hypothetical impacts in various macroeconomic scenarios and estimated organic capital generation capacity in these scenarios using an *ad hoc* methodology defined by the EBA.

- Completion of the integration of Banca Civica's portfolio (roll-out of customers exclusive to Caja Burgos' and Caja Canarias' integrated franchises) and of Banco de Valencia's portfolio in the first and second quarters of 2014, respectively.

For the most part, NPL ratios of credit institutions remained high in the first half of 2014 due to the struggling economy and the loss in value of real-estate sector assets. However, the Group's NPL ratio (doubtful loans as a percentage of total risk) stood at 10.78% at June 30, 2014 (11.66% at December 31, 2013), although this is still lower than the ratio for the Spanish financial system as a whole (i.e. 13.39% according to the figures for May 2014).

In the first half of 2014, the Group continued to carefully implement measures to recover distressed assets as soon as signs of any deterioration in debtor creditworthiness appeared, with constant monitoring. Meanwhile, the overall uptick in default levels throughout the economy is undermining credit quality, requiring banks to apply rigorous loan acceptance criteria.

Elsewhere, to minimize the impact of the downturn in the highly-cyclical real estate sector, the Group continued to acquire properties from real estate developer and construction customers with current or foreseeable difficulties in carrying out their businesses or remaining solvent, as a means of repaying their debt with CaixaBank. These transactions are approved individually, and prices are based on a valuation, at least by an approved appraiser included in the Bank of Spain's Official Registry in accordance with ministerial order ECO/805/2003, adjusted to reflect current market conditions as appropriate. The Group acquires, develops, manages and sells real estate assets through Servihabitat Servicios Inmobiliarios, a 49%-owned CaixaBank subsidiary that manages the properties of BuildingCenter, SAU, a CaixaBank Group holding company that holds the properties deriving from the lending activity of CaixaBank, as well as through VIP Gestión de Inmuebles, the CaixaBank subsidiary in charge of ownership of the real estate assets deriving from the lending activity of Banco de Valencia, prior to its merger with CaixaBank, and the properties owned by Criteria CaixaHolding, SAU, with a view to efficiently managing the investment, pursuing recovery and adding value and profitability.

In the first half of 2014, the process for updating risk parameters continued and new management models were rolled out to improve the predictive capabilities of the tools.

To determine the price of operations, the pricing tools included in the applications systems (based on appropriate coverage of the risk premium, the cost of liquidity and operating expenses) and data from the RAR (risk-adjusted return) tool are used. A specific commercial action was undertaken, together with the commercial network, to boost returns and optimize the risk/return ratio. The RAR is consolidated in the business and corporate banking network.

In terms of processes, the approval process has been optimized.

Work performed in this respect included:

- Simplification and streamlining of risk policies, gaining efficiency in approval processes with the same degree of risk control. As a result of these measures, more transactions can be approved at office level.

- The launch, at the beginning of the year, of CaixaNegocios to provide financing solutions tailored to the business banking segment. Specific products were created for this, e.g. POS cash advances, loans and facilities under special terms in accordance with the degree of customer loyalty.

- Definition, for the banking for SMEs segment, of a product with set conditions for reverse factoring transactions that taps the existing sales potential and facilitates contracting at branch offices.

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

In line with the Group’s reporting transparency policy and Bank of Spain guidelines, the main data at June 30, 2014 and December 31, 2013 regarding financing for property development, home purchasing and foreclosed assets are discussed below.

The Group’s policy regarding distressed real estate assets and the assets acquired in lieu of payment of debts are described in note 3.1 “Credit risk” to the 2013 consolidated financial statements.

Memorandum items: Data on the CaixaBank Group		
(Thousands of euros)	Carrying amount	
	30.06.2014	31.12.2013
Total loans and advances to customers excluding public sector (businesses in Spain)	179,244,285	187,894,296
Total assets	336,848,599	340,190,477
Impairment and credit risk provisions. General allowance	53,664	48,262

Financing for real estate development

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at June 30, 2014 and December 31, 2013. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004.

30.06.2014

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**16,732,269**	**4,394,393**	**5,482,714**
Of which: Doubtful	9,670,946	3,911,056	5,203,986
Mortgage	*8,433,905*	*3,911,056*	*4,068,794*
Personal	*1,237,041*		*1,135,192*
Of which: Substandard	807,222	95,996	278,729
Mortgage	*730,650*	*95,996*	*250,951*
Personal	*76,572*		*27,778*
Memorandum items:			
Asset write-offs	2,820,924		

31.12.2013

(Thousands of euros)	Gross amount	Excess over value of collateral	Specific allowance
Credit recognized by CaixaBank Group credit institutions	**19,980,018**	**4,955,622**	**6,941,610**
Of which: Doubtful	11,866,069	4,315,068	6,596,846
Mortgage	*10,301,950*	*4,315,068*	*5,102,412*
Personal	*1,564,119*		*1,494,434*
Of which: Substandard	1,055,719	237,061	344,764
Mortgage	*988,099*	*237,061*	*313,053*
Personal	*67,620*		*31,711*
Memorandum items:			
Asset write-offs	2,314,383		

The amounts shown in the preceding tables do not include the loans extended by the CaixaBank Group to the "la Caixa" Group's real estate activity, which at June 30, 2014 and December 31, 2013 amounted to €2,009 million and €2,008 million, respectively. These amounts include the bond issued in 2012 by Servihabitat XXI, SAU (which merged with Criteria CaixaHolding, SAU in 2013) for €1,350 million (see Note 7).

The level of cover for real estate developers and developments considering distressed assets at June 30, 2014 stood at 52.3% (December 31, 2013: 53.7%).

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

By type of collateral

(Thousands of euros)	Carrying amount	
	30.06.2014	**31.12.2013**
Without mortgage collateral	**1,749,176**	**2,097,643**
With mortgage collateral	**14,983,093**	**17,882,375**
Completed buildings	10,314,689	11,801,595
Homes	*7,500,982*	*8,619,101*
Other	*2,813,707*	*3,182,494*
Buildings under construction	1,568,942	2,099,159
Homes	*1,336,042*	*1,813,707*
Other	*232,900*	*285,452*
Land	3,099,462	3,981,621
Built land	*1,145,622*	*1,406,468*
Other	*1,953,840*	*2,575,153*
Total	**16,732,269**	**19,980,018**

Financing for home purchases

The breakdown of home loans for buyers at June 30, 2014 and December 31, 2013 is as follows:

(Thousands of euros)	Gross amount	
	30.06.2014	**31.12.2013**
Without mortgage collateral	806,185	888,022
Of which: Doubtful	*7,527*	*8,340*
With mortgage collateral	85,034,838	86,988,370
Of which: Doubtful	*3,774,794*	*3,976,087*
Total home loans	**85,841,023**	**87,876,392**

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

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

(Thousands of euros)	30.06.2014		31.12.2013	
LTV ranges	**Gross amount**	***Of which: doubtful***	**Gross amount**	***Of which: doubtful***
LTV ≤ 40%	15,877,904	*219,166*	15,602,098	*236,688*
40% < LTV ≤ 60%	28,262,376	*729,329*	27,877,915	*789,137*
60% < LTV ≤ 80%	32,960,120	*1,890,294*	34,750,409	*1,939,162*
80% < LTV ≤ 100%	6,953,933	*696,008*	7,707,240	*740,362*
LTV > 100%	980,505	*239,997*	1,050,708	*270,738*
Total home loans	**85,034,838**	***3,774,794***	**86,988,370**	***3,976,087***

Foreclosed assets

The table below shows foreclosed assets by source and type of property at June 30, 2014 and December 31, 2013.

Foreclosed real-estate assets

(Thousands of euros)	30.06.2014		31.12.2013	
	Net carrying amount	**Of which: Allowances (*)**	**Net carrying amount**	**Of which: Allowances (*)**
Property acquired in loans to real estate developers	**4,867,859**	**(6,044,779)**	**4,465,486**	**(5,584,408)**
Completed buildings	2,647,262	(2,201,337)	2,600,557	(2,209,992)
Homes	*2,064,622*	*(1,718,108)*	*2,047,065*	*(1,755,890)*
Other	*582,640*	*(483,229)*	*553,492*	*(454,102)*
Buildings under construction	298,707	(442,617)	260,532	(390,645)
Homes	*273,176*	*(410,146)*	*203,513*	*(323,087)*
Other	*25,531*	*(32,471)*	*57,019*	*(67,558)*
Land	1,921,890	(3,400,825)	1,604,397	(2,983,771)
Built land	*1,066,294*	*(1,494,392)*	*856,456*	*(1,224,225)*
Other	*855,596*	*(1,906,433)*	*747,941*	*(1,759,546)*
Property acquired in mortgage loans to homebuyers (1)	**1,287,363**	**(1,096,455)**	**1,234,420**	**(1,049,710)**
Other property foreclosures	**591,819**	**(557,602)**	**469,125**	**(481,122)**
Equity instruments, investments and financing granted to unconsolidated companies holding these assets				
Total	**6,747,041**	**(7,698,836)**	**6,169,031**	**(7,115,240)**

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

(1) Does not include foreclosure rights deriving from auctions in the amount of €695 million net (€552 million net at December 31, 2013).

Refinancing policies

Refinancing is the restructuring of customer risks in an attempt to enhance the guarantees available and make it easier for customers to meet their commitments. On October 2, 2012, the Bank of Spain released Circular 6/2012, of September 28, which includes the treatment and classification of refinancing and debt restructuring operations.

On April 30, 2013, the Bank of Spain issued a document containing the criteria for establishing benchmarks, to further reinforce the definition, documentation, monitoring and review of financing policies, and to guarantee consistency in the criteria used by the various financial institutions. There were no significant changes in the regulations of loan refinancing in the first half of 2014.

The table below shows the outstanding balance of refinanced operations carried out at June 30, 2014, by classification of customer insolvency risk:

30.06.2014

(Thousands of euros)	Standard					
	Full mortgage collateral		Other collateral		Uncollateralized	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	137	120,269	32	149,348	81	682,962
Other legal persons and individual entrepreneurs	12,636	3,326,384	312	122,048	5,011	1,201,845
Of which: finance for construction and development	*2,888*	*1,573,374*	*20*	*55,668*	*618*	*482,762*
Other natural persons	81,556	5,141,052	371	11,493	31,232	171,564
Total	**94,329**	**8,587,705**	**715**	**282,889**	**36,324**	**2,056,371**

31.12.2013

(Thousands of euros)	Standard					
	Full mortgage collateral		Other collateral		Uncollateralized	
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount
Public sector	27	48,605	21	49,668	71	579,303
Other legal persons and individual entrepreneurs	12,751	3,312,989	453	125,694	4,824	893,085
Of which: finance for construction and development	*3,156*	*1,452,060*	*34*	*61,922*	*561*	*58,793*
Other natural persons	85,665	5,610,952	434	13,617	25,935	156,356
Total	**98,443**	**8,972,546**	**908**	**188,979**	**30,830**	**1,628,744**

30.06.2014

(Thousands of euros)	Substandard						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	1	13,966			1	4,330	
Other legal persons and individual entrepreneurs	1,577	812,012	9	64,645	109	810,244	399,377
Of which: finance for construction and development	*979*	*444,929*	*3*	*53,805*	*19*	*219,544*	*206,281*
Other natural persons	12,079	817,224	179	24,367	1,378	7,844	125,615
Total	**13,657**	**1,643,202**	**188**	**89,012**	**1,488**	**822,418**	**524,992**

31.12.2013

(Thousands of euros)	Substandard						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector			2	48,144	2	21	4
Other legal persons and individual entrepreneurs	2,019	1,445,658	19	62,317	788	537,820	443,542
Of which: finance for construction and development	*1,108*	*633,586*	*1*	*50,000*	*103*	*47,952*	*217,892*
Other natural persons	12,324	1,254,523	86	8,157	3,050	22,899	148,504
Total	**14,343**	**2,700,181**	**107**	**118,618**	**3,840**	**560,740**	**592,050**

30.06.2014

(Thousands of euros)	Doubtful						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	2	3,336	4	3,124	16	12,592	
Other legal persons and individual entrepreneurs	12,194	4,913,623	131	148,388	2,572	1,059,500	3,184,706
Of which: finance for construction and development	*6,495*	*3,196,369*	*31*	*51,417*	*455*	*769,614*	*2,338,988*
Other natural persons	33,345	2,925,719	496	47,034	13,913	89,259	688,142
Total	**45,541**	**7,842,678**	**631**	**198,546**	**16,501**	**1,161,351**	**3,872,848**

31.12.2013

(Thousands of euros)	Doubtful						
	Full mortgage collateral		Other collateral		Uncollateralized		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific allowance
Public sector	38	32,106	6	3,162	17	12,663	
Other legal persons and individual entrepreneurs	13,457	5,689,399	145	201,984	3,141	1,578,285	4,331,595
Of which: finance for construction and development	*7,471*	*4,061,150*	*49*	*118,736*	*644*	*875,895*	*3,066,089*
Other natural persons	37,439	3,449,513	493	45,249	16,399	93,351	820,636
Total	**50,934**	**9,171,018**	**644**	**250,395**	**19,557**	**1,684,299**	**5,152,231**

30.06.2014

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	274	989,928	
Other legal persons and individual entrepreneurs	34,551	12,458,687	3,584,083
Of which: finance for construction and development	*11,508*	*6,847,481*	*2,545,269*
Other natural persons	174,549	9,235,557	813,757
Total	**209,374**	**22,684,172**	**4,397,840**

31.12.2013

(Thousands of euros)	Total		
	No. of transactions	Gross amount	Specific allowance
Public sector	184	773,672	4
Other legal persons and individual entrepreneurs	37,597	13,847,231	4,775,138
Of which: finance for construction and development	*13,127*	*7,360,094*	*3,283,980*
Other natural persons	181,825	10,654,617	969,139
Total	**219,606**	**25,275,520**	**5,744,281**

Risk associated with debt securities

The balance of debt securities at June 30, 2014 and December 31, 2013, excluding where applicable any impairment allowances recognized, is as follows, broken down by the Standard & Poor's ratings:

30.06.2014

(Thousands of euros)

	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA		539	203,064		203,603
AA+		149,985	485,048	2,000,285	2,635,318
AA		1,168	104,606		105,774
AA-	948,053		180,941		1,128,994
A+	13,028	10,022	2,455,404		2,478,454
A			241,573		241,573
A-	9,376	25,011	925,287	432,981	1,392,655
BBB+		211,104	746,108	555,431	1,512,643
BBB		1,678,200	50,784,348	7,556,458	60,019,006
BBB-		10,638	4,348,195	3,340,482	7,699,315
Investment grade	**970,457**	**2,086,667**	**60,474,574**	**13,885,637**	**77,417,335**
	33.5%	98.0%	98.7%	87.8%	94.3%
BB+	552,763		266,475		819,238
BB		1,756	343,263	1,923,191	2,268,210
BB-		16,732	26,321		43,053
B+		2,311	58,350		60,661
B		6,605	10,380		16,985
B-					0
CCC+					0
CCC	20,379		68,520		88,899
CCC-					0
CC	11,591		820		12,411
C	15,314		172		15,486
D	45,591		294		45,885
No rating	1,281,275	15,713	41,812		1,338,800
Non-investment grade	**1,926,913**	**43,117**	**816,407**	**1,923,191**	**4,709,628**
	66.5%	2.0%	1.3%	12.2%	5.7%
Balance at 30.06.2014	**2,897,370**	**2,129,784**	**61,290,981**	**15,808,828**	**82,126,963**

31.12.2013

(Thousands of euros)

	Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Held-to-maturity investments	TOTAL
AAA		1,558	244,497		246,055
AA+		149,954	538,456	3,250,468	3,938,878
AA		52,705	86,232		138,937
AA-	788,624	10,492	279,491		1,078,607
A+			361,997		361,997
A			243,312		243,312
A-	20,492	13,217	1,141,357		1,175,066
BBB+		49,681	843,918	426,707	1,320,306
BBB	460,974	219,606	2,343,876	555,145	3,579,601
BBB-		3,060,225	44,673,046	10,673,856	58,407,127
Investment grade	**1,270,090**	**3,557,438**	**50,756,182**	**14,906,176**	**70,489,886**
	44.2%	99.0%	97.4%	83.6%	92.2%
BB+			304,990		304,990
BB		494	129,974	2,924,576	3,055,044
BB-		11,210	207,000		218,210
B+		1,994	99,076		101,070
B		4,650	11,628		16,278
B-		6,410			6,410
CCC+			1,311		1,311
CCC	1,373		64,068		65,441
CC	10,002		1,414		11,416
C	23,101		684		23,785
D	16,250		329		16,579
No rating	1,555,311	11,215	540,517		2,107,043
Non-investment grade	**1,606,037**	**35,973**	**1,360,991**	**2,924,576**	**5,927,577**
	55.8%	1.0%	2.6%	16.4%	7.8%
Balance at 31.12.2013	**2,876,127**	**3,593,411**	**52,117,173**	**17,830,752**	**76,417,463**

Standard&Poor's long-term sovereign credit rating on the Kingdom of Spain at June 30, 2014 was BBB (BBB- at December 31, 2013).

Market risk

Average VaR (value at risk or the potential maximum daily loss with a 99% confidence level) in the first half of 2014 in trading activities was €5.2 million.

The highest market risk levels (i.e. €8.3 million) were reached in January, mainly as VaR anticipates a potentially different movement in the daily market value of equity positions (mainly transactions with equity derivatives).

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

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

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
2013	**6,979**	2,213	502	3,185	98	0	1,194	267	39	896
First half 2014	**5,248**	2,592	783	1,859	108	0	1,148	212	83	360

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

Structural balance sheet interest rate risk

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

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

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

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

Information on sovereign risk exposure

In line with the CaixaBank Group's reporting transparency policy, the carrying amounts in the main data regarding exposure to sovereign risk at June 30, 2014 and December 31, 2013 are shown below. The information is presented to distinguish directly between the positions held by CaixaBank and those held by the insurance group, the most important entity of which is VidaCaixa, SA de Seguros y Reaseguros.

Standard&Poor's long-term sovereign credit rating on the Kingdom of Spain at June 30, 2014 was BBB (BBB- at December 31, 2013).

30/06/2014 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months (1)	16,868	(308,890)	687,844	1,037,050	1,073,149
	Between 3 months and 1 year (2)	179,766	(492,718)	6,451,492	2,697,959	6,799,634
	Between 1 and 2 years	84,885	(76,346)	3,944,674	608,558	1,130,332
	Between 2 and 3 years	107,129	(130,778)	895,800	1,199,077	1,028,850
	Between 3 and 5 years	129,667	(78,050)	2,878,054	1,556,491	
	Between 5 and 10 years	520,035	(399,077)	6,981,448	2,480,925	387,638
	Over 10 years	489,689	(309,331)	547,824	1,783,965	
	Total	**1,528,039**	**(1,795,190)**	**22,387,136**	**11,364,025**	**10,419,603**
Belgium	**Total**	**0**	**0**	**0**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Less than 3 months	13,694	(9,187)			
	Between 3 months and 1 year	8,156				
	Between 1 and 2 years	31,275				
	Between 2 and 3 years	7,830	(44,437)			
	Between 3 and 5 years	17,748	(35,537)			
	Between 5 and 10 years	65,392				
	Over 10 years	11,763	(50,901)			
	Total	**155,858**	**(140,062)**	**0**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months			901	21,421	
	Between 3 months and 1 year	149,985				
	Between 2 and 3 years	1,163		425,658		
	Between 5 and 10 years	544				
	Total	**151,692**	**0**	**426,559**	**21,421**	**0**
Total		**1,835,589**	**(1,935,252)**	**22,813,695**	**11,385,446**	**10,419,603**

(1) Loans and receivables includes positions held by CaixaBank and CaixaRenting, SAU (€18 million).

(2) The amount of available-for-sale financial assets included positions held by CaixaBank and InverCaixa Gestión, SGIIC, SA. (€45 million)

30/06/2014 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			42,765		
	Between 3 months and 1 year			233,123		
	Between 1 and 2 years			245,898		
	Between 2 and 3 years			442,191		
	Between 3 and 5 years			696,399		
	Between 5 and 10 years			4,035,235		
	Over 10 years			19,953,090		
	Total	**0**	**0**	**25,648,701**	**0**	**0**
Belgium	Less than 3 months			261		
	Between 1 and 2 years			2,157		
	Between 2 and 3 years			582		
	Between 3 and 5 years			4,075		
	Between 5 and 10 years			10,886		
	Over 10 years			99		
	Total	**0**	**0**	**18,060**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			1,790		
	Total	**0**	**0**	**1,790**	**0**	**0**
Italy	Less than 3 months			61,828		
	Between 3 months and 1 year			110,923		
	Between 1 and 2 years			4,955		
	Between 2 and 3 years			27,855		
	Between 3 and 5 years			22,697		
	Between 5 and 10 years			80,190		
	Over 10 years			1,075,481		
	Total	**0**	**0**	**1,383,929**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months			4,255		
	Between 3 months and 1 year			2,695		
	Between 1 and 2 years			459		
	Between 2 and 3 years			1,118		
	Between 3 and 5 years			5,819		
	Between 5 and 10 years			11,070		
	Over 10 years			57,340		
	Total	**0**	**0**	**82,756**	**0**	**0**
Total countries		**0**	**0**	**27,135,236**	**0**	**0**
Total Group (CaixaBank + Insurance Group)		**1,835,589**	**(1,935,252)**	**49,948,931**	**11,385,446**	**10,419,603**

31.12.2013 (CaixaBank)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months	15,147	(437,155)	824,228	1,259,525	1,000,155
	Between 3 months and 1 year (1)	43,537	(237,586)	1,099,398	1,798,166	4,117,722
	Between 1 and 2 years	406,597	(137,514)	6,462,828	508,938	4,296,813
	Between 2 and 3 years (2)	151,477	(35,709)	1,482,541	746,823	1,131,805
	Between 3 and 5 years	2,035,099	(260,267)	1,662,554	1,893,389	514,460
	Between 5 and 10 years	253,943	(201,322)	4,011,827	2,166,700	137,073
	Over 10 years	305,269	(233,659)	368,373	1,792,179	
	Total	**3,211,069**	**(1,543,212)**	**15,911,749**	**10,165,720**	**11,198,028**
Belgium	Between 3 months and 1 year	9,995				
	Between 5 and 10 years	1				
	Over 10 years	497				
	Total	**10,493**	**0**	**0**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	**Total**	**0**	**0**	**0**	**0**	**0**
Italy	Less than 3 months	3,351				
	Between 3 months and 1 year	35,521	(16,612)			
	Between 1 and 2 years	12,605	(38,282)			
	Between 2 and 3 years	26,735				
	Between 3 and 5 years	11,192	(23,312)			
	Between 5 and 10 years	10,246				
	Over 10 years	557				
	Total	**100,207**	**(78,206)**	**0**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months				31,339	
	Between 3 months and 1 year	200,217		923		
	Between 1 and 2 years	1		421,456		
	Between 3 and 5 years	2,504			7,623	
	Between 5 and 10 years	1,431				
	Over 10 years	63				
	Total	**204,216**	**0**	**422,379**	**38,962**	**0**
Total countries		**3,525,985**	**(1,621,418)**	**16,334,128**	**10,204,682**	**11,198,028**

(1) “Loans and receivables” includes €18 million from CaixaRenting, SA and €0.6 million from Caixa Card 1 EFC, SAU.

(2) “Available-for-sale financial assets” includes €45.1 million from InverCaixa Gestión, SGIIC, SA.

31.12.2013 (Insurance Group)

(Thousands of euros)

Country	Residual maturity	Held for trading - Debt securities	Held for trading - Short positions	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Spain	Less than 3 months			181,816		
	Between 3 months and 1 year			117,062		
	Between 1 and 2 years			203,043		
	Between 2 and 3 years			444,958		
	Between 3 and 5 years			849,133		
	Between 5 and 10 years			2,443,611		
	Over 10 years			18,543,984		
	Total	**0**	**0**	**22,783,607**	**0**	**0**
Belgium	Less than 3 months			129		
	Between 3 months and 1 year			2,259		
	Between 1 and 2 years			2,148		
	Between 2 and 3 years			576		
	Between 3 and 5 years			3,381		
	Between 5 and 10 years			10,817		
	Over 10 years			84		
	Total	**0**	**0**	**19,394**	**0**	**0**
Greece	**Total**	**0**	**0**	**0**	**0**	**0**
Ireland	Between 5 and 10 years			1,689		
	Total	**0**	**0**	**1,689**	**0**	**0**
Italy	Less than 3 months			5,673		
	Between 3 months and 1 year			213,492		
	Between 1 and 2 years			24,975		
	Between 2 and 3 years			16,269		
	Between 3 and 5 years			26,848		
	Between 5 and 10 years			72,003		
	Over 10 years			506,273		
	Total	**0**	**0**	**865,533**	**0**	**0**
Portugal	**Total**	**0**	**0**	**0**	**0**	**0**
Other	Less than 3 months			741		
	Between 3 months and 1 year			5,582		
	Between 1 and 2 years			16,247		
	Between 2 and 3 years			1,567		
	Between 3 and 5 years			2,455		
	Between 5 and 10 years			13,733		
	Over 10 years			53,021		
	Total	**0**	**0**	**93,346**	**0**	**0**
Total countries		**0**	**0**	**23,763,569**	**0**	**0**
Total Group (CaixaBank + Insurance Group)		**3,525,985**	**(1,621,418)**	**40,097,697**	**10,204,682**	**11,198,028**

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.

Actuarial risk

Policies

The Group continues to work on keeping its risk management policies and systems up to date at all times.

For instance, the reinsurance policy and risk map were updated in the first half of 2014.

Work also continued on strengthening the systems for reporting to the various bodies and management committees, in particular the Global Risk Committee, whose main responsibilities are the overall management of risk associated with the insurance business and the implications for solvency and capital, and the monitoring and control of the risk profile and risk management policies.

Tools

The Group has a systems plan in place covering the developments necessary to maintain adequate management and control of risk related to the insurance business at all times. These includes both existing risks and those that could be assumed from execution of the strategic plan.

A case in point are the on-going and planned developments related to adaption to Solvency II before it enters into force on January 1, 2016.

Ministerial Order of the Spanish DGIPF ECC/730/2014, of April 29, on temporary measures to facilitate the gradual adaptation of insurers and reinsurers to the new framework of Director 2009/138/EC of the European Parliament and of the Council of November 25, 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance, requires compliance with all the guidelines issued by the EIOPA by the end of 2013, as well as delivery to the DGIPF of a Board-approved Solvency II implementation timetable for the 2014-2016 period by July 31, 2014.

The Group has included the Solvency II ‘phasing-in’ timetable in its strategic objectives through planning and monitoring of an array of strategic initiatives, such as IT projects related to the roll-out of a Risk and Solvency DataMart (DMS) that covers adaptation to all three pillars of Solvency II (Pillar I, capital requirements; Pillar 2, governance system and ORSA; and Pillar 3, reporting requirements).

Liquidity risk

The CaixaBank Group's liquidity, composed of the net balance of interbank deposits and other monetary assets and liabilities, plus the balance that can be drawn on the credit facility with the European Central Bank (ECB), was €63,478 million and €60,762 million at June 30, 2014 and December 31, 2013, respectively.

The 2011-2014 Strategic Plan approved by the Board of Directors of the “la Caixa” Group calls for a liquidity level of over 10% of CaixaBank's assets. This level was comfortably met in the first half of

2014, with a level of 18.8% at June 30, 2014. At December 31, 2013, the CaixaBank Group had a liquidity level of 17.9%.

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

Issuance capacity is as follows:

Issuance capacity
(Thousands of euros)

	30.06.2014	31.12.2013
Mortgage covered bond issuance capacity **(Note 22)**	4,555,245	885,280
Public sector covered bond issuance capacity	1,367,472	1,217,600

At June 30, 2014, customer deposits accounted for 75% of financing sources (71% at December 31, 2013).

The CaixaBank Group has €81,056 million in liquid assets as defined by the Bank of Spain in its liquidity statements. This amount can be readily converted, as it includes the haircuts required by the ECB.

Liquid assets (1)
(Thousands of euros)

	30.06.2014	31.12.2013
Cash and central banks (*)	2,583,057	6,967,794
Balance drawable on the facility	31,333,740	27,983,572
Eligible assets not included in the facility	37,147,504	33,375,619
Other marketable assets not eligible by the central bank (**)	9,991,565	9,607,335
Total liquid assets	**81,055,866**	**77,934,319**

(*) Includes amounts deposited in the marginal deposit facility (1-day deposit with the ECB)

(**) Fixed-income with an A or higher rating, equities and investments in mutual funds.

(1) Bank of Spain liquidity criteria.

In the first half of 2014, applying a conservative approach to liquidity management, the Group repaid part of the balance raised from the ECB's extraordinary three-year auctions (LTRO) for an amount of €6,480 million.

The existing Promissory Notes Program has a nominal amount of €10,000 million, ensuring the availability of short-term funds. This program expired in July and was rolled over on July 15 with a nominal amount of €5,000 million.

In addition, the securities note for the basic prospectus for non-equity securities (formerly the Fixed-Income Securities Program), which ensures the availability of long-term funding, was renewed and extended. The note amounts to €25,000 million, of which €21,261 million was available at June 30, 2014. This program expired in July and is expected to be rolled over with a new program with a nominal amount of €15,000 million.

There is also a "Euro Medium Term Note" program for €10,000 million for the issue of fixed-income securities.

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

Wholesale financing maturities (net of treasury shares)

(Thousands of euros)

	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Promissory notes	45,200	1,000	300,000			346,200
Mortgage covered bonds	382,000	81,000	2,973,328	18,068,810	9,155,398	30,660,536
Public sector covered bonds				50,000		50,000
Senior debt	25,000		2,122,600	2,411,850	100,000	4,659,450
Subordinated debt and preference shares				237,900	907,756	1,145,656
Convertible bonds				594,300		594,300
Total wholesale issue maturities	**452,200**	**82,000**	**5,395,928**	**21,362,860**	**10,163,154**	**37,456,141**

Financial instruments that include accelerated repayment terms

At June 30, 2014 and December 31, 2013, CaixaBank had instruments containing terms that could trigger accelerated repayment if one or more of the events set out in the agreements occurred. The balance of transactions including accelerated repayment terms stood at €614 million, of which €269 million relates to transactions in which the term had already expired and was not demanded by the counterparty and €345 million to other transactions in which downgrades in credit rating could trigger accelerated repayment. Details of these operations, by nature of the agreement, are as follows:

Instruments with accelerated repayment terms
(Thousands of euros)

	30.06.2014	31.12.2013
Registered mortgage covered bonds (1)	261,000	261,000
Loans received (2)	320,071	321,292
CSA agreements	32,995	25,708

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

Master agreements with financial counterparties for trading in derivatives (*CSA agreements*) had a balance of €33 million at June 30, 2014 subject to accelerated repayment terms.

Instruments that could require the posting of collateral

At June 30, 2014 and 2013, CaixaBank has instruments that require the posting of collateral or receipt of margins in addition to initial margins in its derivatives and debt repo transactions, as is customary practice in the market.

In derivatives, it received €2,270 million of cash margins and €40 million in public debt, and posted collateral in cash of €1,823 million.

In the case of public repos, €66 million of additional cash margins was received for trading in OTC markets, while cash collateral of €216 million was posted for trading in active markets and €346 million in OTC markets.

Instruments subject to master netting agreements.

At June 30, 2014, the Group had master netting agreements for its derivatives operations.

Counterparty risk

In the first half of 2014, following the entry into force of EMIR regulations and the Regulation of the European Parliament on prudential requirements for credit institutions, the risks of trading in OTC derivatives contracts is being mitigated through clearance of positions using Central Counterparties.

5. Capital adequacy management

Regulatory framework

Since January 1, 2014, the capital adequacy of financial institutions has been regulated by Regulation 575/2013 and Directive 2013/36/EU of the European Parliament and of the Council, both dated June 26, 2013. These changes in international regulations will be transposed in Spain in 2014; on June 26, Law 10/2014 was passed.

Bank of Spain Circular 2/2014 sets out the requirements during the transitional period. Among other measures, this Circular repealed the Principal Capital requirement. However, Royal Decree-Law 14/2013 established, as a transitional measure for 2014, the limit on the distribution of the elements of Tier 1 capital to the buffer of Principal Capital above the minimum requirement at December 31, 2013. At June 30, 2014, CaixaBank had a buffer of €5,052 million above the minimum capital requirement. Accordingly, no limits are applicable.

CaixaBank had a Core Tier 1 EBA buffer of €4,857 million above the June 2012 minimum requirement, the absolute floor established by the EBA during the phase-in of Basel III.

Capital adequacy of CaixaBank

At June 30, 2014, CaixaBank had Common Equity Tier 1 (CET1) BIS III and Tier 1 ratios of 12.7%. Total eligible capital amounted to 15.8% of risk-weighted assets, implying a buffer of €11,299 million.

The trend in CET1 is evidence of the ability to generate capital, thanks to both the Group's earnings and prudent risk management, and the impact of the conversion of the series I/2011 and 1/2012 convertible bond issues.

Risk-weighted assets (RWA) totaled €144,019 million at June 30, 2014, a decrease of €7,442 million or 4.9% from December 31, 2013. The drop in RWA remained underpinned by lower lending activity, although the pace of decline eased somewhat in the second quarter.

Applying the criteria expected for the end of the transitional period (fully loaded), CaixaBank had a CET1 ratio of 12.4%, implying a buffer or €7,682 million over the fully loaded minimum of 7%.

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

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

(Thousands of euros)	30.06.2014		01.01.2014 (*)	
	Amount	%	Amount	%
Shareholders' equity	**23,668,685**		**23,645,686**	
Capital or endowment fund	*5,561,829*		*5,005,417*	
Share premium and reserves	*17,787,009*		*16,232,326*	
Other equity instruments	*15,000*		*1,938,222*	
Profit attributable to the Group after dividend payments	*304,847*		*469,721*	
- Expected dividends	(63,125)		(47,791)	
+ Non-controlling interests and valuation adjustments	(198,858)		(195,486)	
- Non-computable elements	(12,519)		(1,935,760)	
Equity instruments	**23,394,183**		**21,466,649**	
- Deductions from CET1	(4,545,768)		(4,509,960)	
- Tier 1 coverage	(569,065)			
CET1	**18,279,350**	**12.7%**	**16,956,689**	**11.2%**
TIER 1 additional instruments			1,885,845	
- Deductions of basic capital	(569,065)		(647,026)	
+ Coverage of Tier 1	569,065			
Basic capital (Tier 1)	**18,279,350**	**12.7%**	**18,195,508**	**12.0%**
+ Subordinated financing	4,447,956		4,246,926	
+ Eligible general provisions	337,901		157,002	
- Deductions of Tier 2 capital	(244,923)		(327,596)	
Tier 2 capital	**4,540,934**	**3.2%**	**4,076,332**	**2.7%**
Total capital (Total Tier)	**22,820,284**	**15.8%**	**22,271,840**	**14.7%**
CET1 buffer	**11,798,476**		**10,140,965**	
Surplus capital	**11,298,730**		**10,154,998**	
Memorandum items: risk-weighted assets	**144,019,428**		**151,460,525**	
Credit risk	*98,438,015*		*105,674,813*	
Shareholder risk	*29,511,067*		*30,355,124*	
Operational risk	*11,502,599*		*11,422,000*	
Market risk	*4,567,747*		*4,008,588*	

(*) Calculated applying Bis III in force from January 1, 2014.

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

Note 10 to the CaixaBank Group's 2013 consolidated financial statements provides details on remuneration and other benefits paid to directors and senior executives in 2013. The table below shows remuneration paid in the six months ended June 30, 2014 and 2013.

Remuneration of the Board of Directors

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body as of June 30, 2014 and 2013 related to the periods in which they belonged to this group are shown below:

Remuneration

(Thousands of euros)	30.06.2014		30.06.2013	
	From the Entity	From Group companies	From the Entity	From Group companies
Total remuneration (*)	3,155	171	3,052	140
Total	**3,155**	**171**	**3,052**	**140**
Number of people	19		19	

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

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

The Board of Directors was composed of 19 members at June 30, 2014 and 2013. At its meeting of June 30, 2014, the Board of Directors resolved to remove the Deputy Chairman and CEO, who received a termination benefit of €15,081 thousand in cash and shares pursuant to a deferral agreement. At the same meeting, a resolution to appoint Gonzalo Gortázar as the new CEO was passed. In addition, Javier Godó stepped down as board member and Antonio Massanell was appointed board member and Deputy Chairman of CaixaBank.

CaixaBank has a group third-party liability insurance policy to cover its Board members and executives. The premiums paid in this connection in the six months ended June 30, 2014 and 2013 were €447 thousand and €290 thousand, respectively.

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

Remuneration received in the first half of 2014 and 2013 by the directors of CaixaBank in connection with their duties as representatives of CaixaBank on the Boards of listed companies and other companies in which CaixaBank has a significant presence or representation and that are CaixaBank consolidated companies, excluding Group companies (shown in the preceding table), amounted to €541 thousand and €548 thousand, respectively, recognized in the companies' respective income statements.

Remuneration of Senior Management

CaixaBank's senior management in the first half of 2014 comprised 12 persons, holding the following positions at the Entity: General Managers (5), Deputy General Managers (4), Executive Directors (2) and General Secretary (1). On June 30, 2014, two General Managers were appointed as directors, as explained in the preceding paragraphs. At June 30, 2013, the senior management of CaixaBank comprised 10 executives.

The total remuneration paid to Senior Management of CaixaBank in the first half of 2014 and 2013 for the periods during which they belonged to this group is set out in the table below. This remuneration is recognized in "Personnel expenses" in CaixaBank's income statement.

(Thousands of euros)	30.06.2014	30.06.2013
Short-term remuneration (*)	6,246	5,284
Post-employment benefits	670	623
Other long-term benefits	371	227
Total	**7,287**	**6,134**
Number of people	12	10

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

Remuneration received by senior executives of CaixaBank in the first half of 2014 and 2013 for representing the Parent on the boards of directors of listed companies and other companies in which the Parent has a significant presence or representation and that are included in CaixaBank's scope of consolidation amounted to €180 thousand and €295 thousand, respectively, recognized in the companies' respective income statements.

7. Financial assets

The breakdown of financial assets at June 30, 2014 and December 31, 2013 by nature and category, excluding “Cash and balances with central banks” and “Hedging derivatives” is shown in the following table. Where applicable, all assets are shown net of impairment provisions:

30.06.2014

(Thousands of euros)

	Financial assets held for trading	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit				5,989,548		5,989,548
Loans and advances to customers				190,609,839		190,609,839
Debt securities	2,129,784	347,634	61,290,981	2,897,370	15,808,828	82,474,597
Equity instruments	66,434	291,850	4,205,434			4,563,718
Trading derivatives	7,950,627					7,950,627
Total	**10,146,845**	**639,484**	**65,496,415**	**199,496,757**	**15,808,828**	**291,588,329**

31.12.2013

(Thousands of euros)

	Financial assets held for trading	Other financial assets at FV through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Loans and advances to credit				5,891,260		5,891,260
Loans and advances to customers				198,078,812		198,078,812
Debt securities	3,593,411	212,118	52,117,173	2,876,127	17,830,752	76,629,581
Equity instruments	95,756	238,088	4,332,865			4,666,709
Trading derivatives	6,313,276					6,313,276
Total	**10,002,443**	**450,206**	**56,450,038**	**206,846,199**	**17,830,752**	**291,579,638**

Financial assets held for trading

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

Available-for-sale financial assets

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

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

(Thousands of euros)	30.06.2014	31.12.2013
Debt securities (*)	**61,290,981**	**52,117,173**
Spanish government debt securities	48,035,938	38,695,356
Treasury bills	*2,164,788*	*249,047*
Government bonds and debentures	*44,188,101*	*37,109,540*
Other issues	*1,683,049*	*1,336,769*
Foreign government debt securities (**)	1,912,993	1,402,341
Issued by credit institutions	8,014,412	8,294,786
Other Spanish issuers	1,869,861	2,355,906
Other foreign issuers	1,457,777	1,368,784
Equity instruments	**4,205,434**	**4,332,865**
Shares in listed companies	2,974,729	3,010,691
Shares in unlisted companies	1,100,886	1,168,829
Ownership interests in investment funds and other	129,819	153,345
Total	**65,496,415**	**56,450,038**

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

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

The changes in “Available-for-sale financial assets – Equity instruments” in the first half of 2014 are as follows:

Thousands of euros)

	Acquisitions and capital increases	Sales	Adjustments to market value	Other	Total
Total balance at 31.12.2013					**4,332,865**
Telefónica, SA		(89,950)	169,860		79,910
Bolsas y Mercados Españoles SHMSF, SA		(123,812)	7,940		(115,872)
Other	5,945	(148,571)	46,357	47,232	(49,037)
Changes in 2014	**5,945**	**(362,333)**	**224,157**	**47,232**	**(84,999)**
Impairment losses					**(42,432)**
Balance at 30.06.2014					**4,205,434**

The main changes in the first half of 2014 are described below. In addition, a number of equity instruments classified as available for sale were sold in the first half, none of which individually was for a significant amount, with no impact on profit or loss.

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA (BME)

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

The share placement amounted to €124 million, at a sale price of €29.60 per share. The consolidated gross capital gain earned on this operation amounted to €47 million and is recognized under “Gains/(losses) on financial assets and liabilities (net)” in the accompanying income statement.

Telefónica

In the first half of 2014, CaixaBank sold a 0.15% stake in Telefónica for €90 million, generating a pre-tax gain of €18 million.

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

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

Dividends received from the investee in the first half of 2014 amounted to €98 million, recognized under “Dividends” in the accompanying income statement.

At June 30, 2014, CaixaBank's stake in Telefónica, SA stood at 5.22%, with a market value of €2,975 million.

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

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

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

The CaixaBank Group tested all the equity instruments classified as available-for-sale financial assets for impairment. In this respect, equity instruments are considered impaired in the event of a continued decline in price over a period of one-and-a-half years or more than 40%.

These tests uncovered the need to charge against profit for the first half of 2014 an amount of €42,432 thousand for its investments (€76,518 thousand in the first half of 2013), recognized under "Impairment losses on financial assets (net)" in the accompanying income statement.

Loans and receivables

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

- Bonds for €1,749 million issued by multi-seller securitization funds to which Banca Cívica contributed covered bonds it issued over the course of several years. These bonds were adjusted to their fair value at the date of the business combination. The covered bonds are recognized under "Financial liabilities at amortized cost – Customer deposits" in the balance sheet.
- €1,350 million to plain vanilla bonds issued by Criteria CaixaHolding, SAU (subsidiary of the "la Caixa" Group) in 2012 and acquired by CaixaBank.

The main line item under this heading is “Loans and advances to customers,” which at June 30, 2014 and December 31, 2013 breaks down as follows:

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

	30.06.2014	31.12.2013
Public sector (1)	11,200,946	9,978,559
Commercial loans	4,481,577	5,204,006
Secured loans	120,173,891	124,210,004
Reverse repurchase agreement (repos)	1,694,172	3,558,606
Other term loans	33,149,617	35,454,786
Finance leases	2,230,520	2,288,682
Receivables on demand and others	8,140,778	7,231,478
Doubtful assets	22,137,855	24,973,392
Total gross	**203,209,356**	**212,899,513**
Impairment allowances	(12,795,897)	(14,982,285)
Other valuation adjustments (2)	196,380	161,584
Total valuation adjustments	**(12,599,517)**	**(14,820,701)**
Total	**190,609,839**	**198,078,812**

(1) Includes €516,272 thousand of reverse repos with the public sector

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

The balance of “Receivables on demand and others” included the asset recognized under the scope of the business combination with Banco de Valencia. As indicated in Note 14.2 of the 2013 consolidated financial statements, within the award to CaixaBank of Banco de Valencia, a protocol of financial support measures implemented through an Asset Protection Scheme was signed, which will see the FROB assuming, over a period of 10 years, 72.5% of any losses from Banco de Valencia’s SME/self-employed professionals portfolio and contingent liabilities, once any existing provisions covering these assets have been used. In the purchase price allocation process, an asset was recognized to reflect the 72.5% of the expected loss for the protected portfolio. At June 30, 2014, the balance of this asset was €891 million. The total expected loss, less provisions, at Banco de Valencia was recognized as an increase in impairment allowances for loans and receivables.

The following table shows the changes in doubtful loans and advances to customers in the first half of 2014:

(Thousands of euros)	30.06.2014	30.06.2013
Balance at January 1	**24,973,392**	**19,989,085**
Plus:		
Business combination with Banco de Valencia		1,705,902
Additions	4,347,837	9,873,872
Less:		
Foreclosed assets	(2,656,287)	(2,120,342)
Standardized and other assets	(3,250,309)	(3,165,318)
Other assets written-off	(1,121,950)	(781,782)
Assets derecognized due to disposal	(154,828)	
Balance at June 30	**22,137,855**	**25,501,417**

(*) Figure for 2013 includes €3,287 million from the reclassification of bases following the review of the criteria applied to refinanced operations (see Note 4).

In June 2014, the Group sold portfolio assets for the amount of €154,828 thousand, gross, classified as doubtful assets, and assets for the amount of €855,543 thousand were removed from the balance sheet because recovery was deemed to be remote. The Group recorded a pre-tax capital gain of €48 million from the transaction, recognized under "Impairment losses on financial assets (net)" on the income statement.

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

(Thousands of euros)	30.06.2014	31.12.2013
Public sector	**135,459**	**187,532**
Private sector	**22,002,396**	**24,785,860**
Mortgage loans	17,034,781	18,978,488
Other loans	2,214,731	2,962,572
Credit accounts	2,125,735	2,168,145
Factoring	19,849	24,192
Commercial loans	76,550	135,089
Other credit	530,750	517,374
Total	**22,137,855**	**24,973,392**

Total doubtful assets including assets classified as doubtful for reasons other than customer arrears totaled €4,676,370 thousand and €6,053,300 thousand at June 30, 2014 and December 31, 2013, respectively.

Doubtful loans amounted to €22,568 million and €25,365 million at June 30, 2014 and December 31, 2013, respectively, including contingent liabilities. The non performing loans ratio (doubtful loans and contingent liabilities as a percentage of total risk) stood at 10.78% at June 30, 2014 (11.66% at December 31, 2013).

Provisions for loans and contingent liabilities at June 30, 2014 amounted to €13,303 million (€15,478 million at December 31, 2013), with a coverage ratio of 59% (61% at December 31, 2013).

The following table shows the movement in the first half of 2014 and 2013 in impairment provisions relating to "Loans and receivables."

(Thousands of euros)	Balance at 31.12.2013	Net allowances	Amounts used	Transfers and other	Balance at 30.06.2014
Credit risk allowance	**14,983,970**	**1,012,885**	**(2,198,448)**	**(1,004,169)**	**12,794,238**
Loans and advances to credit institutions	2,968	142	(107)	(2,992)	11
Loans and advances to customers	14,981,002	1,012,743	(2,198,341)	(1,001,177)	12,794,227
Public sector	*635*	*270*		*5,963*	*6,868*
Other sectors (*)	*14,980,367*	*1,012,473*	*(2,198,341)*	*(1,007,140)*	*12,787,359*
Country risk allowance	**1,283**	**148**	**0**	**239**	**1,670**
Loans and advances to customers	1,283	148		239	1,670
Total	**14,985,253**	**1,013,033**	**(2,198,448)**	**(1,003,930)**	**12,795,908**

(*) At June 30, 2014 and December 31, 2013, includes allowances for other financial assets amounting to €6,420 thousand and €6,558 thousand, respectively.

(Thousands of euros)	Balance at 31.12.2012	Business combination with Banco de Valencia	Net allowances	Amounts used	Transfers and other	Balance 30.06.2013
Credit risk allowance	**12,593,583**	**3,766,959**	**2,198,584**	**(1,572,314)**	**(365,822)**	**16,620,990**
Loans and advances to credit institutions	2,499		314			2,813
Loans and advances to customers	12,561,775	3,722,209	2,217,716	(1,572,314)	(359,412)	16,569,974
Public sector	*953*		*(516)*	*(106)*	*6,430*	*6,761*
Other sectors	*12,560,822*	*3,722,209*	*2,218,232*	*(1,572,208)*	*(365,842)*	*16,563,213*
Debt securities	29,309	44,750	(19,446)		(6,410)	48,203
Country risk allowance	**2,079**	**0**	**169**	**0**	**(3)**	**2,245**
Loans and advances to customers	2,079		169		(3)	2,245
Total	**12,595,662**	**3,766,959**	**2,198,753**	**(1,572,314)**	**(365,825)**	**16,623,235**

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

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

(Thousands of euros)	30.06.2014	31.12.2013
Allowance identified individually	11,232,873	13,623,799
Allowance identified collectively	1,561,365	1,360,171
Total	**12,794,238**	**14,983,970**

The changes in the first half of 2014 and 2013 to items derecognized from the balance sheet because recovery was deemed to be remote are summarized below. These financial assets are recognized under "Suspended assets" in the memorandum accounts supplementing the balance sheet.

(Thousands of euros)	30.06.2014	30.06.2013
Balance at January 1	**10,453,405**	**5,896,422**
Additions:	**2,789,694**	**3,009,104**
Due to business combination with Banco de Valencia		683,594
With a charge to impairment losses	2,198,448	1,572,314
With a direct charge to the income statement	278,361	419,130
Other reasons (1)	312,885	334,066
Disposals:	**(2,135,722)**	**(1,231,058)**
Cash recovery of principal	(189,160)	(121,190)
Cash recovery of past-due receivables	(21,429)	(27,674)
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	(1,069,590)	(1,082,194)
Disposal of written-off assets (2)	(855,543)	
Balance at June 30	**11,107,377**	**7,674,468**

(1) Primarily includes the difference between interest on financial assets at the time of derecognition from the balance sheet and accumulated interest on written-off loans sold in the period.

(2) Corresponds to the sale of doubtful and non-performing assets in June 2014.

The balance of items derecognized from the balance sheet because recovery was deemed to be remote includes €2,878,414 thousand and €2,624,459 thousand at June 30, 2014 and December 31, 2013, respectively, as interest accrued on non-performing loans.

Held-to-maturity investments

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

Debt securities (*)
(Thousands of euros)

	30.06.2014	**31.12.2013**
Spanish government debt securities (**)	10,419,603	11,198,028
Government bonds and debentures	*4,975,585*	*5,008,839*
Other issues	*5,444,018*	*6,189,189*
Issued by credit institutions	1,571,424	1,564,736
Other Spanish issuers	1,817,516	1,817,520
Other foreign issuers	2,000,285	3,250,468
Total	**15,808,828**	**17,830,752**

(*) See ratings classification in Note 4 - "Risk associated with debt securities".
(**) See Note 4 "Information relating to sovereign risk exposure."

"Held to maturity investments" includes, *inter alia,* ESM and SAREB bonds related to the Banco de Valencia integration in 2013, with outstanding balances at June 30, 2014 of €2,000 million and €1,817 million, respectively (€3,250 million and €1,817 million, respectively, at December 31, 2013). The SAREB bonds are backed by an irrevocable guarantee of the Spanish government.

At June 30, 2014 and December 31, 2013, this item 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 €3,322 million and €3,072 million, respectively, with maturities between November 30, 2014 and January 31, 2022.

Fair value of financial assets and financial liabilities

Note 2.2 to the Group's 2013 consolidated financial statements provides a lengthy description of the measurement and recognition criteria for financial instruments. It 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. There were no significant changes in the first half of 2014.

The fair value breakdown by calculation method of the financial instruments held by the Group at June 30, 2014 and December 31, 2013 is as follows:

Assets

(Thousands of euros)	30.06.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held for trading	**1,787,068**	**8,359,777**	**0**	**3,257,215**	**6,745,228**	**0**
Debt securities	1,716,222	413,562		3,153,336	440,075	
Equity instruments	66,434			95,756		
Trading derivatives	4,412	7,946,215		8,123	6,305,153	
Other financial assets at fair value through profit or loss	**639,484**			**450,206**		
Available-for-sale financial assets	**61,315,791**	**2,570,703**	**1,609,921**	**51,479,092**	**3,273,868**	**1,697,078**
Debt securities	58,211,243	2,570,703	509,035	48,295,938	3,273,759	547,476
Equity instruments	3,104,548		1,100,886	3,183,154	109	1,149,602
Loans and receivables	**1,732,869**	**12,825**	**215,459,119**	**1,045,463**	**625,288**	**228,743,502**
Loans and advances to credit institutions			5,989,548			5,891,260
Loans and advances to customers			207,939,138			221,357,323
Debt securities	1,732,869	12,825	1,530,433	1,045,463	625,288	1,494,919
Held-to-maturity investments	**6,649,824**	**9,470,423**		**7,227,049**	**10,867,055**	
Hedging derivatives		**4,464,170**			**4,572,762**	
Total	**72,125,036**	**24,877,898**	**217,069,040**	**63,459,025**	**26,084,201**	**230,440,580**

Liabilities

(Thousands of euros)	30.06.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities held for trading	**1,928,517**	**7,758,176**	**0**	**1,614,651**	**6,275,992**	**0**
Trading derivatives	24,731	7,726,554		16,981	6,252,244	
Short positions	1,903,786	31,622		1,597,670	23,748	
Other financial liabilities at fair value through profit or loss	**1,225,183**			**1,252,065**		
Financial liabilities at amortized cost	**0**	**0**	**257,001,131**	**0**	**0**	**263,118,358**
Deposits from central banks			12,447,594			20,049,617
Deposits from credit institutions			15,384,846			21,182,596
Customer deposits			186,435,336			175,717,305
Marketable debt securities			33,972,229			38,056,299
Subordinated liabilities			4,911,572			4,824,649
Other financial liabilities			3,849,554			3,287,892
Hedging derivatives		**910,878**			**1,487,432**	
Total	**3,153,700**	**8,669,054**	**257,001,131**	**2,866,716**	**7,763,424**	**263,118,358**

There were no significant transfers or reclassifications among levels in the first half of 2014.

Movements in Level 3 balances were as follows:

Level 3 movements - 2014
(Thousands of euros)

	Financial instruments at fair value through profit or loss		Available-for-sale financial assets		Financial instruments at amortized cost	
	Debt securities	Trading derivatives	Debt securities	Equity instruments	Loans and receivables	Financial liabilities
Balance at 31.12.2013	**0**	**0**	**547,476**	**1,149,602**	**228,743,502**	**(263,118,358)**
Addition due to integration of						
Total gains or losses						
To profit and loss			4,122	(40,034)		
To equity valuation adjustments			(38,294)	39,061		
Acquisitions			90	5,124		
Reclassification to/from Level 3			(2,417)			
Settlements and others			(1,942)	(52,867)		
Net variation in financial instruments at amortized cost					(13,284,383)	6,117,227
Balance at 30.06.2014	**0**	**0**	**509,035**	**1,100,886**	**215,459,119**	**(257,001,131)**
Total gains/(losses) in the period for instruments held at the end of the period			**(34,172)**	**(973)**	**0**	**0**

8. Non-current assets held for sale

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

The detail and changes in this condensed interim consolidated balance sheet heading in the first six months of 2014 and 2013 are as follows:

(Thousands of euros)	30.06.2014		30.06.2013	
	Foreclosed assets	**Other assets**	**Foreclosed assets**	**Other assets**
Balance at January 1	**8,409,984**	**685,150**	**6,131,745**	**587,980**
Plus:				
Business combination with Banco de Valencia			290,413	17,929
Additions in the period	1,604,263	140,854	2,604,459	194,855
Transfers	(48,806)	117,774	(751,593)	17,715
Less:				
Disposals	(839,523)	(4,662)	(584,936)	(3,391)
Balance at June 30	**9,125,918**	**939,116**	**7,690,088**	**815,088**
Less:				
Impairment allowances	(2,855,578)	(76,549)	(2,021,485)	(22,512)
Total	**6,270,340**	**862,567**	**5,668,603**	**792,576**

At June 30, 2014 and 2013, “Foreclosed assets” comprises foreclosure rights deriving from auctions in the amount of €695 million and €496 million, net, respectively. Note 4, Risk management, provides details on the remaining foreclosed assets by source and type of property.

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

At June 30, 2014, the fair value of non-current assets held for sale did not differ significantly from their carrying amounts.

Changes in impairment allowances in the first half of 2014 are as follows:

(Thousands of euros)	30.06.2014		30.06.2013	
	Foreclosed assets	**Other assets**	**Foreclosed assets**	**Other assets**
Balance at January 1	**2,864,004**	**16,558**	**1,429,771**	**15,984**
Plus:				
Additions due to integration of Banco de Valencia			171,321	2,716
Net allowances	7,509	151	80,012	
Transfers	147,083	66,233	408,465	3,812
Less:				
Amounts used	(163,018)	(6,393)	(68,084)	
Balance at June 30	**2,855,578**	**76,549**	**2,021,485**	**22,512**

9. Business combinations and ownership interests in subsidiaries

Business combinations

The Group did not engage in any business combinations during the first half of 2014.

Business combinations corresponding to 2013 are shown in the annual financial statements for that year.

Transactions with subsidiaries

BuildingCenter, SAU

On June 19, 2014, the sole partner made a non-refundable cash contribution of €1,900 million. The CaixaBank Group's stake in BuildingCenter is 100%.

VidaCaixa, SA de Seguros y Reaseguros

On March 21, 2014, VidaCaixa agreed to distribute a share premium of €1,000 million, which was collected in full.

10. Investments

Notes 2.1 and 2.2 of the CaixaBank Group's 2013 consolidated financial statements set out the criteria used to determine the classification of companies as subsidiaries, jointly controlled entities, associates or available-for-sale equity instruments, along with the consolidation and measurement bases used for each for the purpose of preparing the consolidated annual financial statements. Appendices 1, 2 and 3 in the notes thereto provide key information on subsidiaries, jointly controlled entities and associates.

For the preparation of these condensed interim consolidated financial statements for the first half of 2014, the same accounting principles, policies and criteria as those used in 2013 were used, taking into consideration, in any event, new IFRSs, interpretations and amendments that became effective in the first half of 2014.

Jointly controlled entities and associates

The detail of and changes in investments in jointly controlled entities and associates in the first half of 2014 are as follows:

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

	30.06.2014	**31.12.2013**
Listed banking investments	4,785,347	4,869,193
Underlying carrying amount	*3,553,242*	*3,588,297*
Goodwill	*1,232,105*	*1,280,896*
Other listed companies	3,159,159	3,210,384
Underlying carrying amount	*3,159,159*	*3,210,384*
Goodwill		
Unlisted	1,509,745	1,338,853
Underlying carrying amount	*1,135,832*	*1,019,701*
Goodwill	*373,913*	*319,152*
Subtotal	**9,454,251**	**9,418,430**
Less:		
Impairment allowances	(663,449)	(644,760)
Total	**8,790,802**	**8,773,670**

Investments in associates and jointly controlled entities.

(Thousands of euros)

	Underlying carrying amount	Goodwill	Impairment allowances	Total
Balance at 31.12.2013	**7,818,382**	**1,600,048**	**(644,760)**	**8,773,670**
Acquisitions and capital increases	199,564	14,633		214,197
Disposals and capital reductions	(45,646)	(13,412)		(59,058)
Profit for the period	122,273			122,273
Dividends declared	(300,666)			(300,666)
Translation differences	23,276	12,464		35,740
Valuation adjustments - investees	117,389			117,389
Reclassifications and others	(86,339)	(7,715)	(18,689)	(112,743)
Balance at 30.06.2014	**7,848,233**	**1,606,018**	**(663,449)**	**8,790,802**

Investments in associates and jointly controlled entities. Acquisitions and

30.06.2014

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
<u>Acquisitions and capital increases</u>			
The Bank of East Asia, Ltd.	82,189	13,830	96,019
Repsol, SA	75,907		75,907
Can Seguros Generales	32,000		32,000
Other	9,468	803	10,271
	199,564	**14,633**	**214,197**

30.06.2014

(Thousands of euros)

	Underlying carrying amount	Goodwill	Total
<u>Disposals and capital reductions</u>			
Can Seguros Generales	(40,289)	(13,412)	(53,701)
Other	(5,357)		(5,357)
	(45,646)	**(13,412)**	**(59,058)**

The main changes occurring in the first half of 2014 were as follows:

Banco BPI, SA (BPI)

On May 27, 2014, Banco BPI, SA presented a public exchange offer of subordinated debt and preference shares issued by the Entity for approximately €127 million. Acceptance of the offer was equivalent to 91% of the total, resulting in the issuance of 66,924,237 new shares. Consequently, as the number of shares of Banco BPI, SA held by CaixaBank did not change, the Group's stake was diluted from 46.22% before the exchange to 44.10%, which it maintained at June 30, 2014.

The Bank of East Asia, LTD (BEA)

In the first half of 2014, CaixaBank acquired shares in BEA for the amount of €72,022 thousand. Further, as part of the scrip dividend program carried out by BEA in March 2014, CaixaBank opted to receive shares for a market value of €23,997 thousand.

Following these transactions, the Group's shareholding in BEA at June 30, 2014 was 17.67%.

Erste Group Bank AG (Erste)

In July 2014, Erste announced that it expected risk costs to rise in 2014 as a result of increased provisions in Hungary and Romania, which will lead to the recognition in the first half of provisions and impairments and, accordingly, undermine its first half earnings. The Group recognized the best estimate of this impact on earnings in proportion to its interest, which stood at 9.12% at June 30, 2014, in "Share of profit (loss) of entities accounted for using the equity method" in the accompanying income statement.

Repsol, SA

CaixaBank's shareholding in Repsol, SA stood at 11.82% at June 30, 2014. CaixaBank elected not to transfer its free allotment rights and receive 4,013,062 shares under the Repsol Flexible Dividend on June 16, 2014. These shares were received at the beginning of July. Bearing in mind this option and the take-up of the offer, CaixaBank's shareholding will amount to 11.89%.

On February 25, 2014, Repsol and the Argentine government reached an agreement on the compensation for the seizure of YPF, under which Repsol has the right to receive $5,000 million. The agreement stipulated that the Argentine government must deliver to Repsol dollar-denominated public debt as payment. As a result of this agreement, Repsol recognized an impairment loss of €1,279 million after tax in its 2013 financial statements. The Group also recognized the impact of the impairment in "Share of profit (loss) of entities accounted for using the equity method" in 2013.

On May 8, 2014, Repsol filed an official notice stating that the agreement had become effective and announcing the delivery of Argentine sovereign debt with a nominal value of $5,317 million. Repsol transferred shares worth $4,997 million between May 9 and 23, 2014, with no impact on the income statement. Also in May, Repsol sold the remaining 12.34% stake in YPF not expropriated for a total amount of $1,312 million, generating an estimated pre-tax gain of $622 million.

Purchase of Zurich Insurance Company Ltd's stake in CAN Seguros Generales and its subsequent sale to SegurCaixa Adeslas, SA de Seguros y Reaseguros

In line with the plan to reorganize Banca Cívica's insurance portfolio, in June 2014, CaixaBank purchased Zurich Insurance Company Ltd's 50% stake in CAN Seguros Generales and as a result wound up the joint venture held by the two companies. The total amount paid was €32,000 thousand, including the penalty for early termination specified in the partnership agreements signed with the Zurich insurance group. Further, as part of the purchase price allocation for Banca Cívica, CaixaBank had previously recognized an accounting provision to cover the aforementioned penalty, which was applied in the transaction (see Note 15).

Immediately after the purchase, and in virtue of the agreements in place between CaixaBank and the Mutua Madrileña Group, the Company sold 100% of CAN Seguros Generales to SegurCaixa Adeslas, SA de Seguros y Reaseguros for €46,700 thousand.

None of these transactions had a significant impact on CaixaBank.

Impairment losses on associates and jointly controlled entities

The Group has a methodology in place (described in Note 18 of the CaixaBank Group 2013 consolidated annual financial statements) for assessing the fair values and potential impairment of its interests in associates and jointly controlled entities.

The Group updated the impairment tests performed at December 31, 2013 to June 30, 2014. To do so, it updated the model's balance sheet and income statement projections for investees and the assumptions used, adjusting them to 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 5-year time horizon, were as follows:

- Discount rates for each activity and country ranging from 9.1% to 12.9% and for the remaining significant holdings of between 8.7% and 10%, slightly lower than those used at December 2013 due to the decline in Spain's country risk and decreased market uncertainty.
- Growth rates to calculate terminal value beyond the forecast period ranging from 2.5% to 4.3%, slightly higher than in December 2013, but below estimated nominal GDP for the countries where the investees conduct their operations and in line with analysts' estimates. Rate of 0.5% to 2% for the remaining significant holdings.

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

The analyses carried out at June 30, 2014 uncovered the need to recognize additional impairment losses of €21 million for insignificant investments.

Market value of listed investees

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

(Thousands of euros)		30.06.2014		31.12.2013	
Company		**% stake**	**Market value**	**% stake**	**Market value**
Telefónica, SA	(AFS)	5.22%	2,974,729	5.37%	2,894,819
Repsol, SA	(ASSOC)	11.82%	3,092,157	12.02%	2,867,253
Grupo Financiero Inbursa	(ASSOC)	9.01%	1,305,153	9.01%	1,227,582
The Bank of East Asia, LTD	(ASSOC)	17.67%	1,249,395	16.51%	1,161,265
Erste Group Bank AG	(ASSOC)	9.12%	925,806	9.12%	992,831
Banco BPI, SA	(ASSOC)	44.10%	982,325	46.22%	781,234
Boursorama, SA (1)	(ASSOC)			20.68%	148,396
Bolsas y Mercados Españoles SHMSF, SA (2)	(AFS)			5.01%	115,872
Market value			**10,529,565**		**10,189,252**

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

(1) Delisted on May 28, 2014, following tender offer by Société Générale

(2) Sold in the first half of 2014

Goodwill

The breakdown of goodwill at June 30, 2014 and December 31, 2013 arising from companies consolidated using the equity method is as follows:

(Thousands of euros)	30.06.2014	31.12.2013
The Bank of East Asia, LTD (1)	580,544	569,044
Banco BPI, SA	350,198	350,198
SegurCaixa Adeslas, SA de Seguros Generales y Reaseguros	299,618	299,618
Grupo Financiero Inbursa (1)	301,363	295,349
Boursorama, SA	66,306	66,306
Can Seguros Generales (2)		13,412
Other	7,989	6,121
Total	**1,606,018**	**1,600,048**

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

(2) Sold in the first half of 2014

11. Tangible assets

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

Changes in the period

No significant changes in tangible assets occurred in the first half of 2014.

In the first six months of 2014, there were no significant gains or losses on any individual sale**.** At June 30, 2014, the CaixaBank Group had no significant commitments to acquire items of property and equipment.

In addition, property and equipment for own use are allocated to the Banking Business CGU. At June 30, 2014, 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 current circumstances. 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 2014 (see Note 12).

12. Intangible assets

Goodwill

At June 30, 2014 the balance of this heading of the condensed interim consolidated balance sheet had not changed significantly compared to December 31, 2013. The most significant existing goodwill derived from the acquisition in previous years of Banca Cívica's businesses, Morgan Stanley's businesses in Spain, VidaCaixa, SA de Seguros y Reaseguros, and Bankpime, SA.

Impairment tests on the cash-generation units (CGUs) to which this goodwill is associated and the updates of the impairment tests carried out at December 31, 2013 show no need to made additional allocations to goodwill existing at June 30, 2014.

As explained in Note 21 of the 2013 consolidated financial statements, every six months the Group retests the banking business CGU for impairment on the basis of the text 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 the six month period if necessary and a new sensitivity analysis for key variables is performed.

The recoverable amount of the Insurance Business CGU was also updated in the same way.

Goodwill
(Thousands of euros)

	CGU	30.06.2014	31.12.2013
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 (1)	Insurance	50,056	48,130
Acquisition of Cajacanarias Vida and Pensiones (1)	Insurance	62,003	60,300
Acquisition of Banca Cívica Gestión de Activos	Banking	9,220	9,220
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance (2)	402,055	402,055
Acquisition of Bankpime, SA	Banking	39,406	39,406
Acquisition of VidaCaixa, SA de Seguros y Reaseguros (VidaCaixa Grupo, SA Group)	Insurance	330,929	330,929
Total		**3,050,845**	**3,047,216**

(1) The increase in goodwill arises from the reclassification from intangible assets
(2) Of which €3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

Other intangible assets

The changes in this condensed interim consolidated balance sheet heading in the first six months of 2014 and 2013 are as follows:

Other intangible assets
(Thousands of euros)

	30.06.2014	30.06.2013
Balance at January 1	**582,084**	**685,324**
Plus:		
Business combination with Banco de Valencia		150,367
Business combination with Cajasol Seguros Generales, Cajasol Vida y Pensiones and Caja Canarias Vida y Pensiones		48,586
Additions of software and others	55,174	43,399
Less:		
Reclassifications and others	(1,820)	(65,349)
Amortization recognized in profit or loss	(60,386)	(85,952)
Write-downs	(126)	(4,396)
Balance at June 30	**574,926**	**771,979**

13. Other assets

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

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

The breakdown of "Inventories" is as follows:

(Thousands of euros)	30.06.2014		31.12.2013	
	Foreclosed assets	**Other assets**	**Foreclosed assets**	**Other assets**
Land and buildings	2,411,423	264,942	2,152,938	464,430
Other		51,844		13,138
Less:				
Impairment allowances	(1,239,606)	(139,881)	(978,215)	(197,135)
Total	**1,171,817**	**176,905**	**1,174,723**	**280,433**

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

Changes in impairment allowances for "Inventories" in the first six months of 2014 is as follows:

Changes in impairment allowances
(Thousands of euros)

	30.06.2014	30.06.2013
Balance at January 1	**1,175,350**	**1,200,012**
Plus:		
Allowances	18	74,089
Transfers	223,480	(21,859)
Less:		
Amounts used	(19,361)	(6,347)
Balance at June 30	**1,379,487**	**1,245,895**

14. Financial liabilities

The detail of the balance of "Financial liabilities" in the accompanying condensed interim consolidated balance sheet by nature and category of the portfolio for measurement purposes at June 30, 2014 and December 31, 2013 is as follows:

30.06.2014

(Thousands of euros)

	Financial liabilities held for trading	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			12,447,594	12,447,594
Deposits from credit institutions			15,384,846	15,384,846
Customer deposits		1,225,183	183,078,678	184,303,861
Marketable debt securities			33,381,687	33,381,687
Trading derivatives	7,751,285			7,751,285
Subordinated liabilities			4,831,506	4,831,506
Short positions	1,935,408			1,935,408
Other financial liabilities			3,798,897	3,798,897
Total	**9,686,693**	**1,225,183**	**252,923,208**	**263,835,084**

31.12.2013

(Thousands of euros)

	Financial liabilities held for trading	Other financial liabilities at FV through profit or loss	Financial liabilities at amortized cost	TOTAL
Deposits from central banks			20,049,617	20,049,617
Deposits from credit institutions			21,182,596	21,182,596
Customer deposits		1,252,065	175,161,631	176,413,696
Marketable debt securities			37,938,304	37,938,304
Trading derivatives	6,269,225			6,269,225
Subordinated liabilities			4,809,149	4,809,149
Short positions	1,621,418			1,621,418
Other financial liabilities			3,237,879	3,237,879
Total	**7,890,643**	**1,252,065**	**262,379,176**	**271,521,884**

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

The table below provides a detail at June 30, 2014 and 2013 of the outstanding balance of debt securities at those dates issued by CaixaBank or any other CaixaBank Group company, along with details of the most significant movements in the first six months of 2014.

30.06.2014

(Thousands of euros)

	Outstanding balance at 31.12.2013	Issues	Buy-backs or redemptions	Adjustments for exchange rates and other (1)	Outstanding balance at 30.06.2014
Debt securities issued by a European Union member state that have required the filing of a prospectus	42,747,453	2,687,986	(6,954,441)	(267,805)	38,213,193
Total	**42,747,453**	**2,687,986**	**(6,954,441)**	**(267,805)**	**38,213,193**

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

30.06.2013

(Thousands of euros)

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

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

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

Other issues guaranteed by the Group

At June 30, 2014 and 2013, there were no debt securities issued by associates or third parties (outside the Group) guaranteed by CaixaBank or any Group company.

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

The main features of the most important issues, buy-backs or redemptions made by CaixaBank Group in the first six months of 2014 are as follows:

CaixaBank Group at 30/06/2014

(1 / 2)

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2014									
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)**	**ISIN code**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount (in thousands euros)**	**Outstanding amount at 30.06.2014**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0440609248	Mortgage covered bonds	Issue	21.03.2014	Eur	1,000,000	1,000,000	2.625%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970527	Mortgage covered bond	Redemption	28.02.2014	Eur	(125,000)	0	E3M+0.650%	AIAF	Entity's capital
						Buy-back	28.02.2014		125,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970634	Mortgage covered bond	Redemption	31.01.2014	Eur	(570,000)	0	4.710%	AIAF	Entity's capital
						Buy-back	31.01.2014		50,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0440609198	Mortgage covered bond	Redemption	28.02.2014	Eur	(325,000)	175,000	E6M+4.700%	AIAF	Entity's capital
						Buy-back	28.02.2014		325,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414965121	Mortgage covered bond	Redemption	28.02.2014	Eur	(50,000)	0	E3M+2.200%	AIAF	Entity's capital
						Buy-back	28.02.2014		50,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0448873010	Mortgage covered bond	Redemption	28.02.2014	Eur	(1,000,000)	0	6.750%	AIAF	Entity's capital
						Buy-back	28.02.2014		1,000,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0448873028	Mortgage covered bond	Redemption	28.02.2014	Eur	(1,500,000)	0	7.000%	AIAF	Entity's capital
						Buy-back	28.02.2014		1,500,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0448873036	Mortgage covered bond	Redemption	28.02.2014	Eur	(1,000,000)	0	7.250%	AIAF	Entity's capital
						Buy-back	28.02.2014		1,000,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0440609206	Mortgage covered bond	Redemption	28.02.2014	Eur	(1,000,000)	1,000,000	3.000%	AIAF	Entity's capital
						Buy-back	28.02.2014		1,000,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0440609040	Mortgage covered bond	Buy-back	28.02.2014	Eur	15,700	0	4.000%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970519	Mortgage covered bond	Redemption	26.05.2014	Eur	(2,000,000)	0	3.750%	AIAF	Entity's capital
						Buy-back	26.05.2014		15,750				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970238	Mortgage covered bond	Redemption	30.06.2014	Eur	(2,500,000)	0	3.380%	AIAF	Entity's capital
						Redemption	30.06.2014		5,750				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970386	Mortgage covered bond	Buy-back	20.06.2014	Eur	(68,000)		E3M+0.010%	AIAF	Entity's capital
						Redemption	20.06.2014		20,000				
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970253	Mortgage covered bond	Buy-back		Eur	(199)	(897)	E3M+0.100 %	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970337	Mortgage covered bond	Buy-back		Eur	(195)	(798)	E3M+0.100 %	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970352	Mortgage covered bond	Buy-back		Eur	(207)	(688)	E3M %	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970295	Mortgage covered bond	Buy-back		Eur	250	(27,100)	4.250%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970402	Mortgage covered bond	Buy-back		Eur	200	(509,450)	4.630%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970394	Mortgage covered bond	Buy-back		Eur	(395)	(1,132)	E3M+0.100 %	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	A1/-/AA-/-	ES0414970576	Mortgage covered bond	Buy-back		Eur	(1,250)	(2,250)	3.500%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain			Promissory notes	Net issue	Various (*)		2,936			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609231	Structured notes/bonds	Issue	11.02.2014	Eur	53,500	53,500	Variable EUROSTOXX 50	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609306	Structured notes/bonds	Issue	13.06.2014	Eur	38,000	38,000	Variable EUROSTOXX 50	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609314	Structured notes/bonds	Issue	13.06.2014	Eur	28,300	28,300	Variable Euro/dollar exch.	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0314970189	Structured notes/bonds	Redemption	17.02.2014	Eur	(2,000)			AIAF	Entity's capital

Entity	Relationship with entity	Country of residence	Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)	ISIN code	Type of security	Type of transaction	Issue or redemption date	Currency	Amount (in thousands euros)	Outstanding amount at 30.06.2014	Interest rates	Market in which it is listed	Collateral
CaixaBank	Subsidiary	Spain	-	ES0340609082	Structured notes/bonds	Redemption	17.02.2014	Eur	(16,400)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609074	Structured notes/bonds	Redemption	05.03.2014	Eur	(75,000)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609108	Structured notes/bonds	Redemption	12.05.2014	Eur	(1,950)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609116	Structured notes/bonds	Redemption	20.06.2014	Eur	(1,850)			AIAF	Entity's capital
						Buy-back	Various (*)		(4,500)				
CaixaBank	Subsidiary	Spain	A1/-/-/-	ES0440609255	Public sector covered bonds	Issue	26.03.2014	Eur	1,500,000		1.375%	AIAF	Entity's capital
						Buy-back	26.03.2014		(1,500,000)				
CaixaBank	Subsidiary	Spain	A1/-/-/-	ES0440609016	Public sector covered bonds	Redemption	20.03.2014	Eur	(1,500,000)		3.875%	AIAF	Entity's capital
						Buy-back	20.03.2014		1,500,000				
CaixaBank	Subsidiary	Spain	-	ES0340609249	Plain vanilla bonds	Issue	10.03.2014	Eur	3,350	3,350	2.684%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609256	Plain vanilla bonds	Issue	10.04.2014	Eur	5,650	5,650	2.726%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609264	Plain vanilla bonds	Issue	10.04.2014	Eur	3,175	3,175	4.400%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609272	Plain vanilla bonds	Issue	10.04.2014	Eur	5,525	5,525	3.926%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609280	Plain vanilla bonds	Issue	12.05.2014	Eur	7,975	7,975		AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609298	Plain vanilla bonds	Issue	12.05.2014	Eur	7,875	7,875	3.938%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609322	Plain vanilla bonds	Issue	10.06.2014	Eur	4,200	4,200	2.310%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609330	Plain vanilla bonds	Issue	10.06.2014	Eur	9,575	9,575	2.207%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609348	Plain vanilla bonds	Issue	10.06.2014	Eur	3,375	3,375	2.457%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609355	Plain vanilla bonds	Issue	10.06.2014	Eur	3,325	3,325	3.630%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609371	Plain vanilla bonds	Issue	10.06.2014	Eur	4,400	4,400	3.357%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0340609363	Plain vanilla bonds	Issue	10.06.2014	Eur	6,825	6,825	3.107%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	- / BBB / - / -	ES0314981103	Plain vanilla bonds	Redemption	06.04.2014	Eur	(135,000)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	- / BBB / - / -	ES0314965114	Plain vanilla bonds	Redemption	07.02.2014	Eur	(50,000)			AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	- / BBB / - / -	ES0314965130	Plain vanilla bonds	Redemption	31.03.2014	Eur	(10,000)			-	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0314965155	Plain vanilla bonds	Redemption	31.03.2014	Eur	(11,000)			AIAF	Entity's capital
						Buy-back	Various (*)		19,950				
FonCaixa FTGENCAT 3, FTA	Subsidiary	Spain	A3(sf) / AA+ sf / - / -	ES0337937017	Securitization funds	Redemption		Eur	(10,820)	90,195	E3M+0.03%	Barcelona Stock Exchange	Entity's capital
FonCaixa FTGENCAT 4, FTA	Subsidiary	Spain	A3(sf) / BBB sf/ - / -	ES0338013016	Securitization funds	Redemption		Eur	(12,371)	139,856	E3M+0.04%	Barcelona Stock Exchange	Entity's capital
FonCaixa FTGENCAT 5, FTA	Subsidiary	Spain	Baa2 (sf)/ BBB- (sf) / - / -	ES0337782017	Securitization funds	Redemption		Eur	(31,575)	373,764	E3M+0.10%	Barcelona Stock Exchange	Entity's capital
FonCaixa FTGENCAT 6, FTA	Subsidiary	Spain	-/-/ BB(sf) / -	ES0337773016	Securitization funds	Redemption		Eur	(17,239)	273,961	E3M+0.37%	Barcelona Stock Exchange	Entity's capital
Valencia Hipotecario 1, FTA (serie A)	Subsidiary	Spain	Baa1 / AA-(sf) / - / -	ES0382744003	Securitization funds	Redemption		Eur	(8,485)	94,949	E3M+0.185%	AIAF	Entity's capital
Valencia Hipotecario 1, FTA (series B)	Subsidiary	Spain	Ba2 / AA- / - / -	ES0382744011	Securitization funds	Redemption		Eur	(457)	5,377	E3M+0.53%	AIAF	Entity's capital
Valencia Hipotecario 1, FTA (series C)	Subsidiary	Spain	B1/ BBB+ / - / -	ES0382744029	Securitization funds	Redemption		Eur	(228)	2,689	E3M+1.05%	AIAF	Entity's capital
Valencia Hipotecario 2, FTA (serie A)	Subsidiary	Spain	Baa1 / AA-sf / - / -	ES0382745000	Securitization funds	Redemption		Eur	(20,637)	276,573	E3M+0.14%	AIAF	Entity's capital
Valencia Hipotecario 3, FTA (series A2)	Subsidiary	Spain	Baa2 / AA-sf / - / -	ES0382746016	Securitization funds	Redemption		Eur	(18,622)	309,665	E3M+0.15%	AIAF	Entity's capital
PYME valencia 1, FTA (series A2)	Subsidiary	Spain	A3 / AA+sf / - / -	ES0372241010	Securitization funds	Redemption		Eur	(13,551)	34,248	E3M+0.24%	AIAF	Entity's capital
									(4,266,345)				

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

Debt securities

Partial early redemption of various issues

On February 28, 2014, pursuant to Article 82 of Securities Market Law 24/1988, of July 28, CaixaBank, in accordance with the terms of Article 39 of Mortgage Royal Decree 716/2009, of April 24, (establishing that the Issuer may redeem early its own mortgage issues provided that these are in the legal possession of the issuer) carried out the early redemption of the following issues:

- Full early redemption of "la Caixa" Mortgage covered bond issue number 64, with ISIN code ES0414970527, and a nominal amount of €125 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on July 9, 2009 .

- Full early redemption of the Mortgage covered bond issue made by Caja Navarra dated July 2010, with ISIN code ES0414965121, and a nominal amount of €50 million, issued within the framework of the Issue Prospectus filed with the Comisión Nacional del Mercado de Valores on July 15, 2010.

- Full early redemption of the Second Banca Cívica Mortgage covered bond issue, with ISIN code ES0448873010, and a nominal amount of €1,000 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on April 7, 2011.

- Full early redemption of the Third Banca Cívica Mortgage covered bond issue, with ISIN code ES0448873028, and a nominal amount of €1,500 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on April 7, 2011.

- Full early redemption of the Fourth Banca Cívica Mortgage covered bond issue, with ISIN code ES0448873036, and a nominal amount of €1,000 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on April 7, 2011.

- Partial early redemption for the amount of €1,000 million of the 18th CaixaBank Mortgage covered bond issue, with ISIN code ES0440609206, and an initial nominal issue amount of €2,000 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on June 28, 2012. The outstanding balance of the issue following this redemption is €1,000 million.

- Partial early redemption for the amount of €325 million of the 16th CaixaBank Mortgage covered bond issue, with ISIN code ES0440609198, and an initial nominal issue amount of €500 million, issued within the framework of the Base Prospectus for Non-Participating Securities filed with the Comisión Nacional del Mercado de Valores on June 28, 2012. The outstanding balance of the issue following this redemption is €175 million.

The redemption value was at a par.

Issue of €1,000 million in 10Y mortgage covered bonds

On March 21, 2014, CaixaBank placed €1,000 million in 10Y mortgage covered bonds with a coupon of 2.625% on the institutional market.

Issue of €1,500 million in 6Y public sector covered bonds

On March 26, 2014, CaixaBank issued €1,500 million of 6Y public sector bonds with a variable coupon linked to the 6-month Euribor plus a spread of 0.95 bp, payable half-yearly. The Group repurchased all of these bonds.

Individual details of certain issues of subordinated liabilities

The main movements in subordinated liabilities issued by the CaixaBank Group in the first six months of 2014 are as follows:

CaixaBank Group at 30/06/2014

Details of the issuing entity				Details of issues, buy-backs or redemptions made in the first six months of 2014									
Entity	**Relationship with entity**	**Country of residence**	**Credit rating of issue or issuer (Moody's/Fitch/S&P/DBRS)**	**ISIN code**	**Type of security**	**Type of transaction**	**Issue or redemption date**	**Currency**	**Amount (in thousands euros)**	**Outstanding amount at 30.06.2014**	**Interest rates**	**Market in which it is listed**	**Collateral**
CaixaBank	Subsidiary	Spain	B2/B+/BB-/-	ES0114970009	Preference shares	Buy-back		Eur	(98)	(36,098)	E3M+3.500%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0115009005	Preference shares	Buy-backs		Eur	(6)	(673)	E3M+5.85%	AIAF	Entity's capital
CaixaBank	Subsidiary	Spain	-	ES0848873008	Preference shares	Buy-backs		Eur	(6)	(1,216)	Fixed	AIAF	Entity's capital
									(110)				

15. Provisions

The table below presents the balances at June 30, 2014 and December 31, 2013 and the nature of provisions recognized in the accompanying condensed interim consolidated balance sheet:

(Thousands of euros)

	Balance at 31.12.2013	Provisions net of releases charged to income	Other charges	Actuarial (gains)/losses	Amounts used	Transfers and other	Balance at 30.06.2014
Provisions for pensions and similar obligations	**2,788,010**	**5,243**	**32,099**	**132,681**	**(312,598)**	**(46)**	**2,645,389**
Defined benefit post-employment plans	1,621,862		27,620	132,681	(57,647)	(6)	1,724,510
Other long-term defined employee benefits	1,166,148	5,243	4,479		(254,951)	(40)	920,879
Provisions for taxes and other legal contingencies	**461,317**	**19,131**	**0**	**0**	**(27,064)**	**(345)**	**453,039**
Provisions for taxes	230,425	44,775			(19,795)	29	255,434
Other legal contingencies	230,892	(25,644)			(7,269)	(374)	197,605
Provision for contingent liabilities and commitments	**528,990**	**18,375**	**0**	**0**	**0**	**(86)**	**547,279**
Country risk allowance	1,356	(62)				(239)	1,055
Allowance for identified losses	527,633	18,437	0	0	0	154	546,224
Contingent liabilities	*500,627*	*10,697*				*157*	*511,481*
Contingent commitments	*27,006*	*7,740*				*(3)*	*34,743*
Allowance for inherent losses	1					(1)	0
Other provisions	**542,944**	**18,017**	**0**	**0**	**(108,036)**	**(449)**	**452,476**
Losses from agreements not formalized and other risks	406,587	(5,068)			(82,955)	(3,507)	315,057
Ongoing legal proceedings	109,577	2,001			(12,653)		98,925
Other	26,780	21,084			(12,428)	3,058	38,494
Total provisions	**4,321,261**	**60,766**	**32,099**	**132,681**	**(447,698)**	**(926)**	**4,098,183**

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

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

12% of the Company's defined-benefit post-employment benefit obligations with serving and former employees is covered with insurance contracts covering the obligations. These obligations are covered with insurance policies and the Entity is not exposed to unusual market risks, nor does it need to apply asset-liability matching strategies or longevity swaps. The fair value of plan assets at the year-end corresponds to the aforementioned insurance policies of companies not belonging to the Group. Asset-liability matching techniques are not applied to the rest of the Entity's defined-benefit post-employment benefit obligations as there are no qualifying plan assets for them.

The fair value of insurance policies associated with defined-benefit obligations assured through policies arranged with entities not considered related parties and eligible to be considered plan assets after deducting the present value of the obligations amounted to €13,678 thousand, recognized under "Other assets" in the balance sheet.

The value of the obligations at June 30, 2014, 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

	2014	**2013**
Discount rate	2,77%	3,47%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (1)	0% - 2%	0% - 2%
Annual cumulative CPI	1,5%	1,5%
Annual salary increase rate	2%	2%

(1) Depending on each obligation.

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

Accordingly, actuarial gains/loss were recognized under "Valuation adjustments" in equity and immediately reclassified to reserves in application of the amendment to IAS 19 explained in Note 2 to the Group's 2013 consolidated financial statements.

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

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

On June 18, 2012, CaixaBank, "la Caixa" and workers' representatives signed an agreement to establish an extraordinary pre-retirement program valid until December 31, 2012 for CaixaBank and "la Caixa" staff. According to this agreement, staff at each entity complying with a series of requirements could choose to adhere to the early retirement program. There were no early retirements in the first half of 2014. As a result, the Group did not recognize any allocation to the early retirement fund.

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

This labor agreement is part of the restructuring carried out to improve the efficiency of the Company's resources by rationalizing the mergers with Banca Cívica and Banco de Valencia. The extraordinary restructuring cost was recognized in 2013 and amounted to €785 million. At June 30, 2014, the Fund has a balance of €262,343 thousand, and in the first half of 2014 €131,559 thousand were used to finance redundancies during this period.

Provisions for taxes and other legal contingencies

A provision for taxes amounting to €28,000 thousand was recognized in the first half of 2014 related to the estimate of the tax on customer deposits at credit institutions and the provisions of Royal Decree-Law 8/2014 of July 4, which establishes a 0.03% tax on deposits at December 31, 2013. At December 31, 2013, a provision for €85,400 had already been recognized for the tax on deposits already imposed in certain regions of Spain. Accordingly, the balance of this provision at June 30, 2014 stood at €113,400 thousand.

Other provisions

In the first half of 2014, the most significant movements were as follows:

- €6,248 thousand of provisions were used to cancel the insurance contracts that Banca Cívica had held as part of the transaction to acquire 50% of the shares held by CAN Seguros Generales (see Note 10).

- €9,680 thousand of provisions were used under the framework of the business combination with Banco de Valencia for €85 million to carry out repurchases and set up deposits related to the subordinated liabilities of Banco de Valencia exchanged during execution of the Resolution Plan (see Note 16).

16. Equity

Share capital

At June 30, 2014 CaixaBank had 5,597,501,111 shares in issue, of which 149,484,999 had yet to be placed on record with the Companies Register. On July 7, 2014, the shares from the capital increase carried out for the mandatory and full conversion of Series I/2011 convertible bonds were registered.

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

Share capital increases

Date	Purpose	No. of shares	Date of first listing	Nominal amount (€ thousand)
Balance at 31.12.2013		**5,027,610,282**		**5,027,610**
25.03.2014	Optional Scrip Dividend	50,726,824	31.03.2014	50,727
30.03.2014	Early redemption of Series I/2012 mandatory convertible and/or exchangeable subordinated bonds	323,146,336	14.04.2014	323,146
25.06.2014	Optional Scrip Dividend	46,532,670	02.07.2014	46,533
30.06.2014	Early redemption of Series I/2011 mandatory convertible subordinated bonds	149,484,999	14.07.2014	149,485
Balance at 30.06.2014		**5,597,501,111**		**5,597,501**

Share premium

The balance of this heading at June 30, 2014 stood at €12,032,802 thousand. The changes in the first half of 2014 are as follows:

(Thousands of euros)		
Balance at 31.12.2013		**10,583,008**
30.03.2014	Capital increase resulting from the mandatory conversion and exchange of Series I/2012 mandatory convertible and/or exchangeable subordinated bonds	856,338
30.06.2014	Capital increase resulting from the mandatory conversion and exchange of Series I/2011 mandatory convertible subordinated bonds	593,456
Balance at 30.06.2014		**12,032,802**

Reserves

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

(Thousands of euros)	30.06.2014	31.12.2013
Reserves attributable to the parent company of the CaixaBank Group	7,167,727	4,484,603
Legal Reserve (*)	*1,005,522*	*783,671*
Restricted reserves related to the Optional Scrip Dividend program	*209,916*	*100,747*
Restricted reserves for financing the acquisition of treasury shares	*25,795*	*38,787*
Other restricted reserves	*270,408*	*149,921*
Unrestricted reserves	*3,742,644*	*2,631,997*
Other consolidation reserves assigned to the Parent	*1,913,442*	*779,480*
Reserves of fully-consolidated subsidiaries (*)	(2,556,716)	(153,217)
Reserves of subsidiaries accounted for using the equity method (***)	1,143,196	1,317,931
Total	**5,754,207**	**5,649,317**

(*) Approval was given at the Ordinary General Meeting of April 24, 2014 to appropriate €221,851 thousand of 2013 profit to the legal reserve.

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

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

In the first half of 2014, “Transactions with own equity instruments” in the statement of total changes in equity show a decrease of €32,743 thousand related to the payment of the coupon on the issues of mandatory convertible bonds.

“Unrestricted reserves” increased in the first half of 2014, due mainly to the Group’s retained earnings.

“Other decreases in equity” in the same statement of changes in equity showed a decrease of €151,429 thousand. These entailed mainly actuarial losses recognized on pension plans, for €132,681 thousand (see Note 15). Also included is the impact of changes in the period in equity of associates or jointly controlled entities consolidated by the CaixaBank Group using the equity method.

Other equity instruments

The detail of "Equity - Other equity instruments" at June 30, 2014 is as follows:

Mandatory Convertible Subordinated Bonds

(Thousands of euros)

Date	Series	Initial nominal amount of the issue	Nominal interest rate	Exchange price	Redemption date	Outstanding amount at 30.06.2014	Outstanding amount at 31.12.2013
10.06.2011	I/2011	1,500,000 €	7.00%	4.970	30.06.2015		743,634
09.02.2012	I/2012	1,445,942 €	7,00%	3.650	30.12.2015		1,179,588
15.02.2013(*)	BdV	15,000 €	2.50%	4.720	15.12.2014	15,000	15,000
Total		**2,960,942**				**15,000**	**1,938,222**

(*) See section on "Treasury shares."

Mandatory Convertible Series I/2012 Subordinated Bonds

On February 27, 2014, the Board of Directors of CaixaBank agreed on the mandatory conversion and/or exchange of all the bonds. The conversion and/or exchange mandatory for all bondholders took place on March 30, 2014.

The reference prices for CaixaBank for the conversion was €3.65 per share. CaixaBank covered the conversion through the issue of 323,146,336 new shares.

Mandatory Convertible Series I/2011 Subordinated Bonds

On May 29, 2014, the Board of Directors of CaixaBank agreed the mandatory conversion of all the bonds. The conversion mandatory for all bondholders took place on June 30, 2014.

The reference price for CaixaBank shares in the conversion was €4.97 per share. CaixaBank covered the conversion through the issue of 149,484,999 new shares in a capital increase filed at the Companies Register on July 7, 2014. These shares were admitted to trading on July 14, 2014.

Mandatory convertible and/or exchangeable subordinated bonds into CaixaBank shares for the amount of €15,000 thousand from Banco de Valencia

Note 26 to the CaixaBank Group's consolidated financial statements provided a detailed explanation of the source of these bonds and actions taken by CaixaBank.

At June 30, 2014, the outstanding amount of this mandatory convertible bond issue was €239 thousand. The amount repurchased, which totaled €14,761 thousand, is recognized under "Treasury shares."

During the purchase price allocation process for the business combination with Banco de Valencia, CaixaBank identified a contingent liability for this concept, considering that the real market value of the issue made by Banco de Valencia was its nominal value, and that this was the amount that should be repaid to retail investors. Therefore, a provision of €85 million was recognized to cover these repurchases and set up the deposits in favor of bondholders. In the first half of 2014, an amount of €9,680 thousand was drawn on this provision for the payment made on May 13, 2014 of 10% of the nominal amount (see Note 15).

Treasury shares

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

Movement in treasury shares during the first half of 2014 is as follows:

	31.12.2013	Acquisition and other	Disposals and other	30.06.2014
Number of treasury shares	2,190,809	6,833,499	(4,142,622)	4,881,686
% of share capital (*)	0.039%	0.122%	-0.074%	0.087%
Cost/sale (thousands of euros)	7,452	30,197	(16,738)	20,911

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

This heading also includes equity of €14,761 thousand of mandatory convertible and/or exchangeable subordinated bonds acquired as a result of the offer to Banco de Valencia bondholders to purchase the issue.

Net gains on transactions involving treasury shares in the first half of 2014 amounted to €1,498 thousand, recognized under "Unrestricted Reserves."

Valuation adjustments

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

The increase in valuation adjustment attributable to the Group in the first half of 2014 was €576,801 thousand and corresponds mainly to the increase in value caused by the share price performances of equity instruments classified as "Available-for-sale financial assets."

17. Tax position

Tax consolidation

Following the entry into force of Law 26/2013, of December 27, governing savings banks and banking foundations, and given that in 2013 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 January 1, 2013.

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

Deferred tax assets/liabilities

Pursuant to current tax legislation, there are certain temporary differences which must be taken into account when quantifying the corresponding income tax expenditure. The deferred tax assets/liabilities recognized in the consolidated balance sheet at June 30, 2014 and December 31, 2013 arose from the following:

Deferred tax assets

(Thousands of euros)

	30.06.2014	31.12.2013
Pension plan contributions	113,428	112,457
Credit loss provisions (1)	1,138,449	1,243,802
Early retirement obligations	144,858	172,812
Provision for foreclosed property	645,197	560,210
Origination fees for loans and receivables	15,104	15,104
Unused tax credits	1,704,887	1,504,911
Tax loss carryforwards	4,274,366	4,304,708
Tax assets for adjustments to equity	36,081	16,018
Other tax assets arising on business combinations (2)	564,071	597,915
Other (3)	875,167	890,025
Total	**9,511,608**	**9,417,962**

(1) Includes general and specific allowances, and the assets in this connection from Banco de Valencia.

(2) Includes deferred tax assets from negative fair value adjustments to assets and liabilities of Banco Cívica and Banco de Valencia, 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 state-backed deferred tax assets in accordance with Royal Decree-Law 14/2013, of 29 November, amount to €4,594,548 thousand.

The Group assesses the recoverable amount of its recognized tax assets every six months. To do this, it has developed a model based on the CaixaBank Group’s projected results. This model was created in collaboration with an independent expert and at June 30, 2014, 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.

Deferred tax liabilities

(Thousands of euros)

	30.06.2014	31.12.2013
Revaluation of property on 1st time application of IFRS	260,526	261,636
Tax liabilities on measurement of available-for-sale financial assets	687,097	408,569
Tax liabilities relating to intangible assets generated in business combinations	50,658	50,127
Tax liabilities relating to an extraordinary allowance to the mathematical provision	271,329	271,329
Tax liabilities corresponding to gains from the sale of a stake to the “la Caixa” Group	578,430	415,112
Other deferred tax liabilities arising on business combinations (1)	470,335	491,305
Other	220,379	426,844
Total	**2,538,754**	**2,324,922**

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

18. Related-party transactions

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

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

The approval policy for loans to members of the Board of Directors who are employees 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 the CaixaBank Group with key management personnel and executives (Board of Directors of CaixaBank, Board of Trustees of “la Caixa” Banking Foundation 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 condensed interim consolidated financial statements.

Transactions between the Entity and group companies take place in the ordinary course of business and are carried out on an arm’s length basis. Group companies also have service level agreements with related parties. These agreements form part of its ordinary course of business and none of them individually is for a significant amount.

All material inter-company balances held by the consolidated entities at June 30, 2014 and 2013 and the effect of inter-company transactions were eliminated on consolidation. The details of the most significant balances between the Group and associates, jointly controlled entities in relation to the portion not eliminated on consolidation, Directors, Senior Management and other related parties (relatives and companies with links to members of the Board of Directors, the Board of Trustees and Senior Management, to the best of the Entity’s knowledge), of CaixaBank, “la Caixa” and Criteria CaixaHolding, and those held with other related parties such as the employee pension plan, are provided below. The table also shows the amounts recognized in the consolidated income statement as a result of the transactions carried out.

30.06.2014

(Thousands of euros)

	With majority shareholder "la Caixa" and the "la Caixa" Group	Associates and jointly controlled entities	Directors and Senior Management (1)	Other related parties (2)
ASSETS				
Loans and advances to credit institutions		76,374		
Loans and receivables	4,305,354	1,137,133	8,977	69,256
Reverse repurchase agreement (repos)				
Mortgage loans	*475,464*	*59,661*	*7,977*	*29,216*
Other (3)	*3,829,890*	*1,077,472*	*1,000*	*40,040*
Total	**4,305,354**	**1,213,507**	**8,977**	**69,256**
LIABILITIES				
Deposits from credit institutions (4)	57	1,253,689	73,820	
Customer deposits (4)	4,024,609	966,234	32,904	194,635
Off-balance sheet liabilities (5)			18,688	37,124
Total	**4,024,666**	**2,219,923**	**125,412**	**231,759**
PROFIT AND LOSS				
Interest expense and similar charges	(17,106)	(8,907)	(731)	(1,467)
Interest and similar income	34,037	17,120	48	1,625
Total	**16,931**	**8,213**	**(683)**	**158**
OTHER				
Contingent liabilities - Guarantees and other	348,455	105,869	3,589	60,450
Contingent commitments - Drawable by third parties and others (6)	1,253,587	378,780	5,993	82,012
Accrued post-employment benefits			37,413	
Total	**1,602,042**	**484,649**	**46,995**	**142,462**

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

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

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

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

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

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

30.06.2013

(Thousands of euros)

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

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

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

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

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

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

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

The most significant balances and transactions in the first half of 2014, in addition to those described in the different notes and not eliminated on consolidation, are as follows:

- The balance at June 30, 2014 of financing provided by CaixaBank to "la Caixa" stood at €720 million (€70 million at December 31, 2013), of which €650 million was provided in the first half of 2014. In addition, the securities loan, on which there was collateral of €61 million at December 31, 2013, was cancelled.

- Demand and time deposits held by "la Caixa" at CaixaBank, for an amount of €276,335 thousand (€878,206 thousand at December 31, 2013).

- "la Caixa" had arranged derivatives arranged with CaixaBank to hedge its bond and subordinated debt issues, with a net balance of €450 million December 31, 2013. These derivatives were canceled at June 30, 2014.

- In December 2013, CaixaBank granted Criteria CaixaHolding, SAU a credit facility of €750 million, on which no amount had been drawn down at June 30, 2014. Additionally, in 2012, CaixaBank acquired plain vanilla bonds issued by Servihabitat XXI, SAU, now Criteria CaixaHolding, SAU, for €1,350 million for partial repayment of a loan.
- Gas Natural has demand and time deposits at CaixaBank for a total amount of €2,714 million (€1,533 million at December 31, 2013).
- Abertis Infraestructuras has demand and time deposits at CaixaBank for a total amount of €211 million (€682 million at December 31, 2013).

At June 30, 2014 and 2013, there was no evidence of impairment to the value of the financial assets or the guarantees or contingent commitments held with key management personnel and executives.

The balances of loans at June 30, 2014 and December 31, 2013 arranged with serving Directors and Senior Management at these two dates have an average maturity of 24.13 and 25.24 years, respectively, bearing interest at an average rate of 1.11% and 1.83%, respectively.

Financing provided in the first half of 2014 and in 2013 to serving directors and Senior Management at June 30, 2014 and December 31, 2013 amounted to €75 thousand and €2,545 thousand, respectively, with an average maturity period 0.14 and 0.96 years, earning interest at an average rate of 2.05% and 2.17%, respectively.

Description of the relationship between “la Caixa” and CaixaBank

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, “la Caixa” and CaixaBank signed an internal relations protocol on July 1, 2011. The main lines of this protocol were as follows:

(i) to develop the basic principles that should govern relations between “la Caixa” and CaixaBank, in that the latter is the instrument through which the former indirectly carries on its financial activities;

(ii) to delimit CaixaBank’s main fields of activities, taking into account its nature as the bank through which “la Caixa” indirectly carries on its financial activities;

(iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with “la Caixa” Group companies; as well as

(iv) to govern the proper flow of information to permit “la Caixa” -and, insofar as is necessary, CaixaBank as well- to draw up its financial statements and to meet its period reporting and oversight duties with regard to the Bank of Spain, the CNMV and other regulatory bodies.

According to the Protocol, 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 December 27, governing savings banks and banking foundations, on July 24, 2014, the foundation’s Board of Trustees approved a protocol for managing its ownership interest in the financial institution which primarily regulates the following aspects:

- The basic strategic lines governing the “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 the “la Caixa” Foundation and CaixaBank, and the mechanisms to be introduced to prevent potential conflicts of interest.

Under the scope of these new management protocol, a new relations protocol will be drawn up. “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.

19. Segment information

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

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

CaixaBank's business segments are:

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

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.

Investments: includes the significant holdings in the area of the Group's international diversification or services. This segment includes the results of investments in the international banking investee portfolio (G.F. Inbursa, The Bank of East Asia, Erste Group Bank, Banco BPI and Boursorama) and the investments in Repsol, SA and Telefónica, SA, as well as other significant investments in the area of sector diversification included after the Group's latest acquisitions. Gross income of this business includes dividend income and income from the equity accounting of the respective investments, net of the related financing charge, equivalent to the opportunity cost of holding the investment over the long term.

The allocation of capital to the investments businesses has been adapted to the entry into force of the new Basle III capital regulations and is determined based on Common Equity Tier 1 (CET1) BIS III fully loaded regulatory capital use. The allocation to this segment takes into account both the consumption of capital by risk-weighted assets, with an internal target of 10% in line with market standards, and the all applicable deductions. Therefore, as the CaixaBank Group's entire capital is distributed, the excess of the difference between book equity and regulatory capital allocated to the investments business is allocated to the banking and insurance business.

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

Segment results of the CaixaBank Group for the six months ended June 30, 2014 and 2013 are shown below. The information for 2013, presented for comparison purposes only, has been restated to include the changes in criteria adopted in 2014.

Consolidated income statement of the CaixaBank Group - By business segment

(Millions of euros)

	Banking and insurance (*)		Investments		TOTAL CAIXABANK GROUP	
	January-June		January-June		January-June	
	2014	2013	2014	2013	2014	2013
Net interest income	**2,170**	**2,196**	**(155)**	**(237)**	**2,015**	**1,959**
Dividends and profits due to application of the equity method	56	29	168	411	224	440
Net fee and commission income	930	890			930	890
Gains/(losses) on financial assets and liabilities and	387	332	47	8	434	340
Gross income	**3,543**	**3,447**	**60**	**182**	**3,603**	**3,629**
Administrative expenses	(1,699)	(2,630)	(1)	(1)	(1,700)	(2,631)
Depreciation and amortization	(184)	(209)			(184)	(209)
Pre-impairment income	**1,660**	**608**	**59**	**181**	**1,719**	**789**
Impairment of financial and other assets	(1,314)	(2,876)			(1,314)	(2,876)
Net operating income/(loss)	**346**	**(2,268)**	**59**	**181**	**405**	**(2,087)**
Gains/(losses) on disposal of assets and others	(120)	2,101	18	60	(102)	2,161
Profit before tax	**226**	**(167)**	**77**	**241**	**303**	**74**
Income tax	(29)	252	31	77	2	329
Profit/(loss) for the year	**197**	**85**	**108**	**318**	**305**	**403**
Profit attributable to non-controlling interests		(5)			0	(5)
Profit attributable to the Group	**197**	**90**	**108**	**318**	**305**	**408**
Equity (**)	*20,583*	*19,043*	*3,065*	*4,072*	*23,648*	*23,115*

(*) Net profit for the insurance business in the first half of 2014 amounted to €247 million. Key indicators for the insurance group at June 30, 2014 include on-balance sheet assets of €57,338 million, mathematical provisions of €39,376 million and premiums earned in the period of €2,451 million.

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

Profit attributable to the Group

(Thousands of euros)

	January-June	
	2014	2013
Banking and insurance	196,755	90,462
Investments	108,092	317,779
Total profit attributable to reporting segments	**304,847**	**408,241**
Unattributed results		
Elimination of internal results (between segments)		
Plus: other results (including result attributable to non-controlling interests)	(123)	(5,186)
Plus: income tax and/or gains/(losses) on discontinued operations	(1,643)	(329,359)
Total profit before tax	**303,081**	**73,696**

As additional information, the real estate activity is shown separately from the banking and insurance business in 2014 due to the special management of the segment's assets.

The real estate business encompasses the loans managed by a business unit that operates mainly through centers specializing in the management of real estate loans; foreclosed real estate assets (available for sale or lease) owned, mainly of the Building Center real estate subsidiary; and other real estate-related assets and subsidiaries.

Segment results for the banking and insurance business for the six months ended June 30, 2014 are as follows:

Consolidated income statement – Banking and insurance business

(Millions of euros)

	Banking and insurance business (excl. real estate)	Real estate business	Total banking and insurance
	January-June 2014	January-June 2014	January-June 2014
Net interest income	**2,167**	**3**	**2,170**
Dividends and profits due to application of the equity method	55	1	56
Net fee and commission income	926	4	930
Gains/(losses) on financial assets and liabilities and other	461	(74)	387
Gross income	**3,609**	**(66)**	**3,543**
Administrative expenses	(1,670)	(29)	(1,699)
Depreciation and amortization	(160)	(24)	(184)
Pre-impairment income	**1,779**	**(119)**	**1,660**
Impairment on financial and other assets	(883)	(431)	(1,314)
Net operating income/(loss)	**896**	**(550)**	**346**
Gains/(losses) on disposal of assets and others		(120)	(120)
Profit before tax	**896**	**(670)**	**226**
Income tax	(231)	202	(29)
Profit/(loss) for the period	**665**	**(468)**	**197**
Profit attributable to non-controlling interests			0
Profit attributable to the Group	**665**	**(468)**	**197**
Equity (**)	*18,731*	*1,852*	*20,583*

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

The income of the CaixaBank Group for the six months ended June 30, 2014 and 2013 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	
	2014	2013	2014	2013
Domestic market	3,526,333	3,966,259	4,346,390	4,761,087
Export	3,901	7,546	3,917	7,547
a) European Union	2,161	6,179	2,177	6,180
b) OECD countries				
c) Other countries	1,740	1,367	1,740	1,367
Total	**3,530,234**	**3,973,805**	**4,350,307**	**4,768,634**

Ordinary income – CaixaBank Group (*)

(Thousands of euros)	January-June					
	Ordinary income from customers		Ordinary income between segments (**)		Total ordinary income	
	2014	2013	2014	2013	2014	2013
Banking and insurance	6,417,846	6,744,131	0	0	6,417,846	6,744,131
Spain	*6,411,413*	*6,735,709*			*6,411,413*	*6,735,709*
Other countries	*6,433*	*8,422*			*6,433*	*8,422*
Investments	215,056	418,742	0	0	215,056	418,742
Spain	*312,503*	*210,539*			*312,503*	*210,539*
Other countries	*(97,447)*	*208,203*			*(97,447)*	*208,203*
Total	**6,632,902**	**7,162,873**	**0**	**0**	**6,632,902**	**7,162,873**

The information shown for 2013, presented comparison purposes only, has been restated to include the changes in criteria adopted in 2014.

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

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

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

20. Average number of employees

The following table shows the breakdown of average headcount by gender for the six months ended June 30, 2014 and 2013.

Average number of employees

(Number of employees)	30.06.2014		30.06.2013	
	CaixaBank	**CaixaBank Group**	**CaixaBank**	**CaixaBank Group**
Male	14,441	15,546	15,254	16,909
Female	15,040	16,222	15,005	16,808
Total	**29,481**	**31,768**	**30,259**	**33,717**

21. Contingent liabilities and commitments

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

Contingent liabilities
(Thousands of euros)

	30.06.2014	31.12.2013
Bank guarantees and other collateral deposited	8,241,113	8,629,684
Documentary credits	1,463,339	1,658,876
Assets assigned to third-party obligations	10,033	10,034
Total	**9,714,485**	**10,298,594**

Contingent commitments
(Thousands of euros)

	30.06.2014		31.12.2013	
	Limit	Drawable	Limit	Drawable
Drawable by third parties	109,994,921	49,318,745	112,131,894	49,118,139
Credit institutions	*64,921*	*44,893*	*1,763,344*	*69,620*
Public sector	*5,017,141*	*3,296,444*	*3,706,065*	*2,576,180*
Other sectors	*104,912,859*	*45,977,408*	*106,662,485*	*46,472,339*
Of which: conditionally drawable		*2,798,883*		*3,009,398*
Other contingent commitments		2,944,808		4,695,040
Total	**109,994,921**	**52,263,553**	**112,131,894**	**53,813,179**

The doubtful balances of contingent liabilities were €430,185 and €392,261 thousand at June 30, 2014 and December 31, 2013, respectively.

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

22. Other disclosure requirements

Disclosures required under the Mortgage Market Law

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

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

   CaixaBank is the Group entity that issues mortgage covered bonds.

   Mortgage covered bonds are securities in which the principal and interest are especially secured, with no need for registration, by mortgages on all the bonds registered in favor of the Entity, without prejudice to liability of the Entity's assets.

   The securities include credit rights for holders vis-à-vis the Entity, guaranteed as stated in the preceding paragraph, and entail execution to claim payment for the issuer after they mature. The holders of these securities are considered to be creditors with special preference, as stipulated in section 3 of Article 1,923 of the Civil Code, vis-à-vis any other creditor, in relation to the total mortgage credits and loans registered in favor of the issuer. All holders of bonds, irrespective of their date of issue, have the same seniority over the loans and credits which guarantee the bonds.

   The members of the Board of Directors certify that CaixaBank has express policies and procedures in place covering all activities carried on within the scope of its mortgage market issues, and that they guarantee strict compliance with the mortgage market regulations applicable to such activities. These policies and procedures cover issues such as:

   - Relationship between the sum of loans and credits and the appraisal value of the mortgaged asset.
   - Relationship between the borrower's debt and the income of the borrower, and verification of the information provided by the borrower and its solvency.
   - Prevention of mismatches between flows from the hedging portfolio and those arising from payments owned on the securities issued.
   - Proper procedures for the selection of appraisers.

2. Information concerning mortgage market issues

The table below shows the nominal value of mortgage covered bonds issued by CaixaBank and outstanding at June 30, 2014 and December 31, 2013:

Mortgage covered bonds issued
(Thousands of euros)

	30.06.2014	31.12.2013
Mortgage covered bonds issued in public offers (debt securities)	**38,470**	**38,470**
Residual maturity up to 1 year		
Residual maturity between 1 and 2 years	10,646	
Residual maturity between 2 and 3 years	14,362	18,628
Residual maturity between 3 and 5 years	13,462	19,842
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage covered bonds not issued in public offers (debt securities)	**41,084,502**	**50,206,245**
Residual maturity up to 1 year	1,546,000	5,318,000
Residual maturity between 1 and 2 years	7,499,297	4,250,841
Residual maturity between 2 and 3 years	3,752,500	4,850,000
Residual maturity between 3 and 5 years	6,050,000	9,077,500
Residual maturity between 5 and 10 years	10,750,000	12,325,000
Residual maturity over 10 years	11,486,705	14,384,904
Deposits	**9,593,435**	**11,063,434**
Residual maturity up to 1 year	2,230,179	2,297,342
Residual maturity between 1 and 2 years	1,993,889	2,532,836
Residual maturity between 2 and 3 years	750,000	1,213,889
Residual maturity between 3 and 5 years	1,646,323	2,046,323
Residual maturity between 5 and 10 years	1,824,839	1,824,839
Residual maturity over 10 years	1,148,205	1,148,205
Total	**50,716,407**	**61,308,149**
Of which: not recognized under liabilities	**16,538,365**	**21,643,768**

The nominal value of mortgage participations issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2014 and December 31, 2013 is as follows:

Mortgage participations issued
(Thousands of euros)

	30.06.2014	31.12.2013
Mortgage participations issued in public offers	**0**	**0**
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage participations not issued in public offers	**472,980**	**513,253**
Residual maturity up to 3 years	14,894	23,661
Residual maturity between 3 and 5 years	24,487	27,448
Residual maturity between 5 and 10 years	123,416	118,611
Residual maturity over 10 years	310,183	343,533
Total	**472,980**	**513,253**

The nominal value of mortgage transfer certificates issued by CaixaBank, corresponding exclusively to the mortgage credits and loans on the asset side of the balance sheet, and outstanding at June 30, 2014 and December 31, 2013, is as follows:

Mortgage transfer certificates issued
(Thousands of euros)

	30.06.2014	31.12.2013
Mortgage transfer certificates issued in public offers	**0**	**0**
Residual maturity up to 3 years		
Residual maturity between 3 and 5 years		
Residual maturity between 5 and 10 years		
Residual maturity over 10 years		
Mortgage transfer certificates not issued in public offers	**4,751,573**	**4,996,095**
Residual maturity up to 3 years	110,195	113,797
Residual maturity between 3 and 5 years	179,874	194,553
Residual maturity between 5 and 10 years	787,687	827,685
Residual maturity over 10 years	3,673,817	3,860,060
Total	**4,751,573**	**4,996,095**

3. Information on mortgage loans and credits

The nominal value of all CaixaBank's mortgage loans and credits as well as those which are eligible, pursuant to applicable regulations, for the purposes calculating the mortgage covered bonds issue limit, is as follows:

Mortgage loans. Eligibility and accountability in relation to the mortgage market
(Thousands of euros)

	30.06.2014	31.12.2013
Total loans	**136,806,266**	**142,741,670**
Mortgage participations issued	**531,316**	**577,625**
Of which: On balance sheet loans	*472,980*	*513,253*
Mortgage transfer certificates issued	**4,765,878**	**5,011,470**
Of which: On balance sheet loans	*4,751,573*	*4,996,095*
Mortgage loans pledged in guarantee for financing received (SAREB)	**0**	**0**
Loans backing mortgage bonds issues and covered bond issues	**131,509,072**	**137,152,575**
Non-eligible loans	62,211,283	59,103,049
Meet eligibility requirements, except for limits established in article 5.1. of Royal Decree 716/2009 of April 24	*41,409,120*	*35,744,379*
Other	*20,802,163*	*23,358,670*
Eligible loans	69,297,789	78,049,526
Non-computable amounts	208,226	307,741
Computable amounts	69,089,563	77,741,785
Loans backing mortgage bond issues		
Loans suitable for backing mortgage bond issues	*69,089,563*	*77,741,785*

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

Mortgage loans and credits

(Thousands of euros)

	30.06.2014		31.12.2013	
	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	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Originated by the entity	131,267,016	69,133,050	136,881,497	77,842,746
Assumed from other entities	242,056	164,739	271,078	206,780
By currency	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Euro	131,093,545	69,095,248	136,730,392	77,881,873
Other	415,527	202,541	422,183	167,653
By payment situation	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Normal	112,580,725	66,916,562	116,063,038	75,020,163
Past-due	18,928,347	2,381,227	21,089,537	3,029,363
By average residual maturity	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Up to 10 years	23,587,125	12,244,823	24,243,183	12,563,693
From 10 to 20 years	43,273,163	28,248,809	42,940,980	28,405,364
From 20 to 30 years	52,753,830	25,142,313	57,086,681	31,892,770
Over 30 years	11,894,954	3,661,844	12,881,731	5,187,699
By type of interest rate	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Fixed	1,726,338	556,099	1,936,027	575,769
Floating	128,535,353	67,823,270	134,245,463	76,757,217
Mixed	1,247,381	918,420	971,085	716,540
By holder	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Natural persons and business entities	34,493,217	11,012,806	44,093,991	16,500,180
Of which: Real estate developers	*10,270,937*	*2,894,311*	12,408,006	4,095,486
Other individuals and not-for-profit institutions	97,015,855	58,284,983	93,058,584	61,549,346
By collateral	**131,509,072**	**69,297,789**	**137,152,575**	**78,049,526**
Assets /completed buildings	**123,551,550**	**67,380,714**	**127,481,274**	**75,677,166**
- Residential	106,588,093	61,438,343	110,136,022	69,143,357
Of which: Subsidized housing	*4,911,145*	2,629,149	4,988,796	3,293,095
- Commercial	6,173,521	2,356,101	5,930,171	2,518,224
- Other	10,789,936	3,586,270	11,415,081	4,015,585
Assets / buildings under construction	**3,503,830**	**1,172,036**	**4,078,193**	**1,394,234**
- Residential	2,799,467	1,084,480	3,333,655	1,276,465
Of which: Subsidized housing	*165,347*	*19,031*	288,296	63,058
- Commercial	118,053	12,043	122,829	12,891
- Other	586,310	75,513	621,709	104,878
Land	**4,453,692**	**745,039**	**5,593,108**	**978,126**
- Built	1,505,858	166,884	2,080,384	224,996
- Other	2,947,834	578,155	3,512,724	753,130

CaixaBank's portfolio of eligible loans and credits for the purposes calculating the limit for issues of mortgage covered bonds at June 30, 2013 and December 31, 2013 totaled €69,090 million and €77,741 million, respectively.

The amounts available (undrawn committed amounts) of the entire portfolio of mortgage loans and credits pending payment at June 30, 2014 and December 31, 2013, are as follows:

Available mortgage loans and credits
(Thousands of euros)

	30.06.2014	31.12.2013
Potentially eligible	14,661,165	14,869,458
Other	4,452,092	4,488,613
Total	**19,113,257**	**19,358,071**

The nominal amount all non-eligible mortgage loans and credits pending repayment is provided below, along with an indication of those loans and credits that are not eligible because they do not comply with the limits set out in Article 5.1 of Royal Decree 716/2009 but otherwise comply with the remaining requirements for eligible mortgage loans and securities, set out in Article 4 of the aforementioned Royal Decree.

Non eligible mortgage loans and credits
(Thousands of euros)

	30.06.2014	31.12.2013
Not eligible: Meet eligibility requirements, except for limits established in Article 5.1. of Royal Decree 716/2009	41,409,120	35,744,379
Not eligible: Other	20,802,163	23,358,670
Total	**62,211,283**	**59,103,049**

The table below shows the breakdown of eligible mortgage loans and credits tied to CaixaBank's mortgage covered bond issues at June 30, 2014 and December 31, 2013 in accordance with the principal amount receivable on the loans and credits divided by the latest fair value of the corresponding collateral (LTV):

Eligible mortgage loans and credits
(Thousands of euros)

	30.06.2014	31.12.2013
Mortgage on homes	**62,452,903**	**70,339,545**
Transactions with LTV below 40%	22,162,228	21,993,065
Transactions with LTV between 40% and 60%	26,476,159	28,528,597
Transactions with LTV between 60% and 80%	13,814,516	19,817,883
Other assets received as collateral	**6,844,886**	**7,709,981**
Transactions with LTV below 40%	4,838,709	5,116,824
Transactions with LTV between 40% and 60%	1,945,554	2,506,870
Transactions with LTV over 60%	60,623	86,287
Total	**69,297,789**	**78,049,526**

At June 30, 2014 and December 31, 2013, there were no replacement assets assigned to mortgage covered bond issues.

Changes in mortgage loans and credits, which back the issue of mortgage covered bonds, broken down into additions and reductions in the first half of 2014 and 2013, are shown below:

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

(Thousands of euros)

	30.06.2014	
	Eligible loans	**Non-eligible loans**
Balance at January 1	**78,049,526**	**59,103,049**
Reductions in the period	**10,244,618**	**6,063,071**
Cancellations on maturity	39,463	58,053
Early cancellation	325,749	915,621
Assumed by other entities	9,761	2,441
Other	9,869,645	5,086,956
Additions in the period	**1,492,881**	**9,171,305**
Originated by the entity	1,361,832	2,462,910
Assumed by other entities	356	215
Other	130,693	6,708,180
Balance at June 30	**69,297,789**	**62,211,283**

The calculation of the collateralization and overcollateralization of CaixaBank's mortgage covered bonds issued at June 30, 2014 and December 31, 2013 is as follows:

Collateralization and overcollateralization

(Thousands of euros)

		30.06.2014	**31.12.2013**
Non-registered mortgage covered bonds		41,122,972	50,244,715
Registered mortgage covered bonds placed as customer deposits		8,973,435	10,243,434
Registered mortgage covered bonds issued by credit institutions		620,000	820,000
Mortgage covered bonds issued	**(A)**	**50,716,407**	**61,308,149**
Total outstanding mortgage loans and credits (*)		136,806,266	142,741,670
Mortgage participations issued		(531,316)	(577,625)
Mortgage transfer certificates issued		(4,765,878)	(5,011,470)
Mortgage bonds issued			
Portfolio of loan and credit collateral for mortgage covered bonds	**(B)**	**131,509,072**	**137,152,575**
Collateralization:	**(B)/(A)**	**259%**	**224%**
Overcollateralization:	**[(B)/(A)]-1**	**159%**	**124%**

(*) Includes on and off balance sheet portfolio

The degree of collateralization of the mortgage bonds issued by CaixaBank at June 30, 2014 reflects the prudent measures adopted to strengthen its liquidity position in order to face potential pressures or market crises.

CAIXABANK GROUP INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF 2014

This report describes the key data and events of the first half of 2014 shaping the financial position of the CaixaBank Group ("the Group") and the evolution of its businesses, risks and outlook. The condensed interim consolidated financial statements for the first half of 2014 which this Management Report supplements were prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the criteria set forth in Bank of Spain Circular 4/2004 of December 22 and subsequent amendments.

CaixaBank, SA ("CaixaBank") is a listed bank whose majority shareholder is Caixa d'Estalvis i Pensions de Barcelona Banking Foundation ("la Caixa"), with a 58.91% stake at June 30, 2014. Note 1 to the condensed interim consolidated financial statements for the first half of 2014 describes the restructuring process initiated at the "la Caixa" Group following the entry into force of Law 26/2013 of December 27, as a result of which "la Caixa" has transformed into a Banking Foundation and CaixaBank ceased to be the bank through which "la Caixa" carried on indirectly its activity as a credit institution.

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, and Banco de Valencia, in 2013, have made CaixaBank a leading entity in the Spanish financial system.

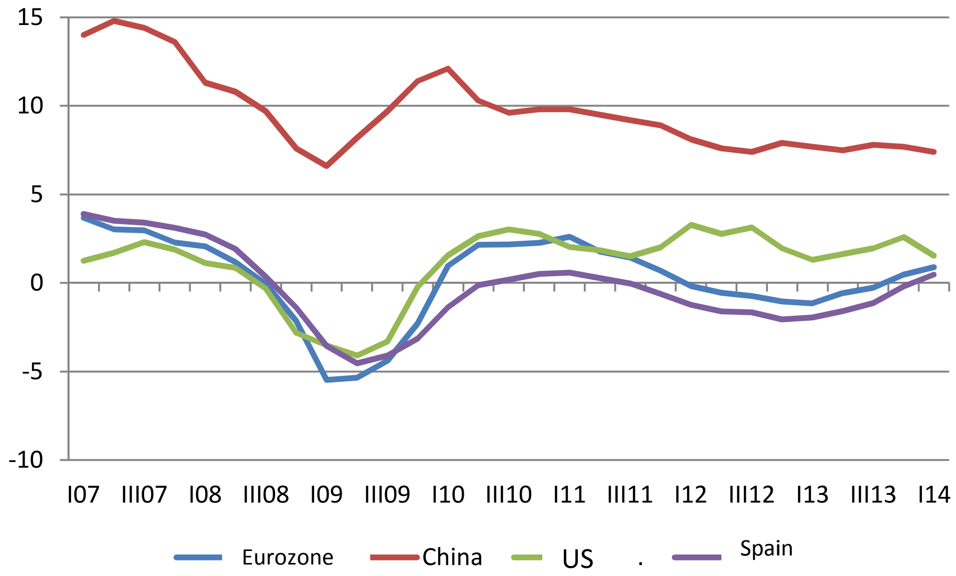
Economic landscape

At the halfway mark of 2014, the global economic climate is progressing as expected: after a weak first quarter, activity indicators have improved materially in 2Q and look set to go from strength to strength. Against the backdrop of an improving global economy, there is a certain degree of disparity between different countries and regions. The uncertainty facing some emerging markets at the start of the year appears to be diminishing. Among the developed economies, US growth is firming while in the eurozone, always one step behind, economic recovery is consolidating albeit at an uneven pace.

China stands out among the emerging markets. After a shaky start to the year, the Chinese economy now appears to be picking up the pace, and the latest indicators point to an upturn in activity in 2Q which is likely to continue. This improvement is partially thanks to the positive impact of the fiscal and monetary stimulus measures taken over recent months. As for the other major emerging economies, the general consensus is that the Asian countries are recovering, whilst Brazil and Turkey are in a much weaker position, evidencing significant economic imbalances.

GDP growth

Year-on-year change (%)



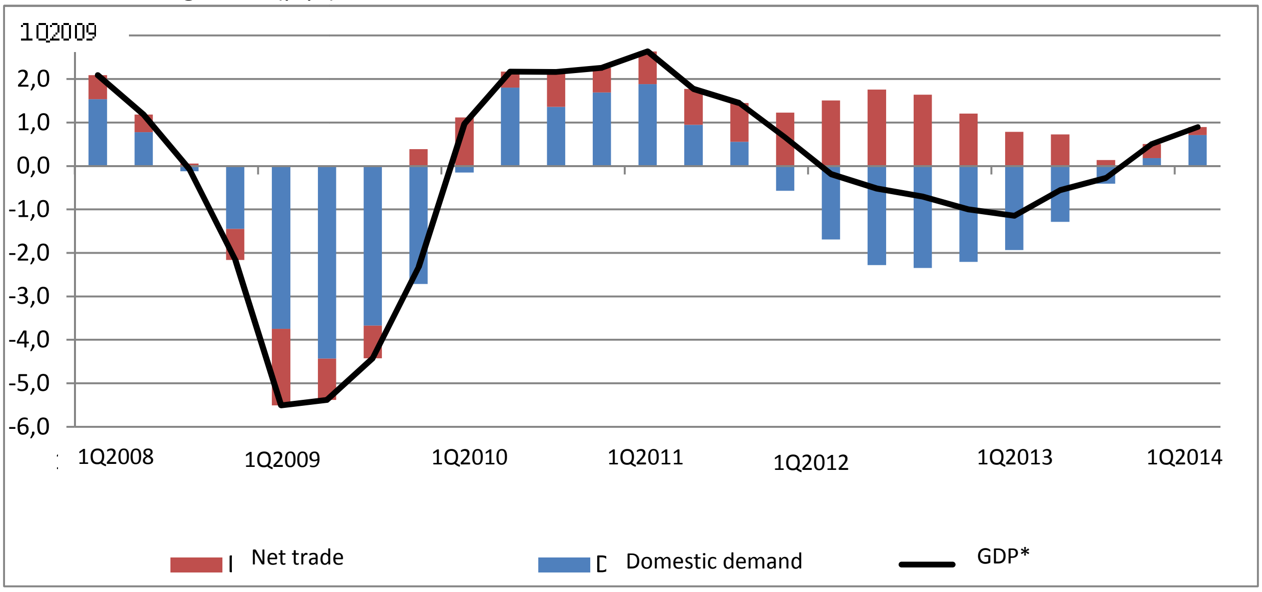
Source: "la Caixa Research", based on data from the Bureau of Economic Analysis, Eurostat and the Chinese Statistics Office.

The US economy picked up in the second quarter after a sharp, unexpected dip in 1Q due mainly to temporary factors, including inclement weather conditions and a delay in the rollout of Obamacare. Recent economic indicators suggest the recovery is robust, thanks to resilient consumer spending and positive business sentiment. This upturn in activity is flanked by two more positive trends: a solid 2Q labor market data, especially in terms of job creation, and prices which – for the moment – appear not to be coming under excessive upside pressure. Although no worrying inflationary pressure is yet emerging despite the higher than expected CPI figures reported in April and May, but should inflation fluctuate further, misgivings could arise over the slow monetary policy normalization strategy advocated by the Fed.

The situation in Europe is different: the economic recovery is progressing more slowly and there are major imbalances between countries. The most recent advanced activity and confidence indicators suggest that the rise in eurozone GDP could be slightly more pronounced in 2Q than in 1Q. However, there are still two causes for concern. First, the substantial differences in the speed of the economic recovery. Germany leads the group with increasingly solid, balanced growth, followed by some of the periphery countries where the economic recovery is now well-established, such as Spain, Ireland and Portugal. The figures for France and Italy, on the other hand, continue to underperform expectations. The second cause for concern is the unexpectedly moderate growth in prices despite the gradual improvement in domestic demand and normalization of the labor markets. On the back of this situation, the ECB has acted to create a laxer monetary environment.

Eurozone: Breakdown of GDP growth by components

Contribution to growth (p.p.)

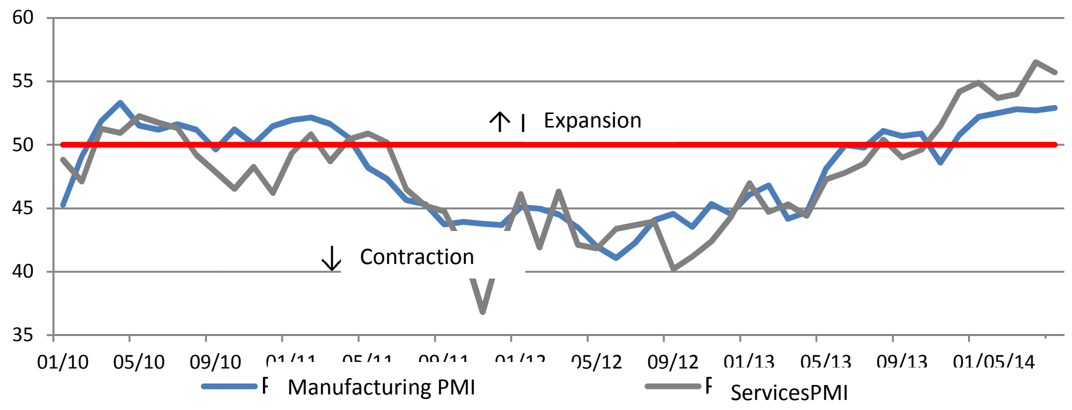


Note: Year-on-year change (%)
Source: "la Caixa" Research, based on Eurostat data.

From an international perspective, the second quarter saw considerable fluctuations in the monetary policies of the main advanced economies. Both the Fed and the ECB have opted to maintain an accommodative stance, unlike the posture adopted recently by the Bank of England. (BoE). The ECB in particular has implemented a broad, diverse package of monetary stimulus measures, including cuts to official interest rates and a further LTRO which targets lending to SMEs. These measures are aimed at relaxing monetary conditions, reactivating bank lending and mitigating the risk of deflation, in order to cement economic recovery in the eurozone. Across the pond, the Fed has chosen to maintain its strategy of slow monetary policy normalization, gradually tapering bond purchases and maintaining official interest rates well into 2015. The BoE, on the other hand, has already hinted that a turning point in its monetary policy could be more imminent than the market expects.

In Spain, economic recovery picked up the pace in 1H14 on the back of domestic demand. The improvement in recent consumer spending, investment and employment indicators show that domestic demand continues to be the main driver behind the growing strength of the Spanish economy. This progress in domestic demand has led to a significant rise in imports, which has hampered the correction of the trade deficit. Exports are expected to recover stronger growth rates over the coming months thanks to the robust performance of the tourism sector. In the face of this economic reactivation and tax revenues, the government presented a tax reform to ease the tax burden on companies and households and create a more transparent, efficient taxation system to help adjust the fiscal deficit and stimulate growth.

Spain: Activity indicators



***Note: Values over** 50 usually related with positive growth*

Source: "la Caixa" Research, from Markit data

The Spanish banking sector is still operating in an adverse environment but this is gradually improving thanks to the consolidation of the economic recovery and the successful restructuring of the sector. Both of these factors have already had an influence on reactivating lending. This revived lending is expected to gain a foothold in the coming months, backed by greater confidence in the Spanish economy's growth prospects and in the solvency of its banking sector following the ECB's Asset Quality Review and stress tests. The refinancing transactions conditional on increasing lending carried out by the ECB will also underpin the aforementioned improvement in bank credit flows.

Business performance

The CaixaBank Group's commercial strength, with 31,574 employees, the largest network in the Spanish financial system, with 5,695 branches, 9,661 ATMs and a leading position in online and electronic banking, in addition to 13.6 million customers has allowed the Group to maintain its leadership position in the Spanish retail banking sector, with a universal banking model, which is accessible, innovative, specialized and of the highest quality.

CaixaBank's commercial focus remains to attract and forge links with customers, prioritizing quality of service and its diversified range of specialized value proposals to respond to the needs of the various business segments.

Its broad customer base and intense commercial activity underpin strong market shares in the main product and services.

- Market share customer penetration of 27.4% among individual customers; for 22.7%, CaixaBank is their preferred bank[1].
- Market share rose to 22.2% in payroll deposits and 20.0% in pension deposits[1].
- Total lending market share stands at 14.9% and total deposits market share is 14.7%; market shares for insurance savings products and pension plans are 21.2% and 19.0% respectively[1].

CaixaBank is sector leader in multi-channel management, with 9.6 million online banking clients, 4.2 million mobile banking clients and 13.3 million total cards issued, up 2.5% year on year.

In 1H14, CaixaBank launched its ***CaixaNegocio* commercial strategy**, which seeks to attract and forge links with clients in this segment[2]. A total of 140,972 new clients were secured during the period.

Total funds reached €309,337 million, up 5,733m or 1.9% in 1H14.

Retail customer funds stood at €270,209 million, up €10,965 million or 4.2% versus 2013. Demand deposits rose materially and off-balance sheet funds grew substantially by €3,091 million versus 2013.

Gross customer loans stand at €199,572 million. The 3.7% drop registered in 1H14 was largely attributable to the 16.3% reduction in exposure to the real estate development sector and was also impacted by the broad-based deleveraging process, which is showing signs of stabilizing. The reduction in the performing portfolio is a mere 2.6%.

In 1H14, various agreements were signed to open credit lines for Spain's production sector and a commercial strategy was implemented to promote consumer lending, evidence of CaixaBank's steadfast commitment to backing its clients' projects.

NPLs fell for the fourth consecutive quarter, with a reduction of €2,797 million in the first half of 2014, putting the NPL ratio at 10.78%, down 0.88 pp in the year and throwing up a coverage ratio of 59%. The significant reduction in NPLs offsets the impact of deleveraging.

At the end of the first half 2014, the foreclosed real estate assets available for sale amounted to €6,747 million, with a coverage ratio of 53%. Total properties sold or rented totaled €1,213 million, an increase of 10% on the same period in 2013.

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[1] *Latest available information. Prepared in-house. Source: Bank of Spain, Social Security, INVERCO and ICEA. Loans and deposits shares corresponding to other resident sectors. Pensions plans include PPIs+PPAs. Market share: Source: FRS Inmark.*

[2] *Retail establishments, self-employed and freelance professionals, micro-companies and farmers.*

Results

Attributable profit stood at €305 million in 1H14. Highlights include the increase in core income in the banking business, with net interest income rising 2.9% and fees and commissions up 4.5%, lower expenses and the 6.8% growth in pre-impairment income (excluding non-recurring expenses from 2013). 1H13 profit (€408 million) included the impact of non-recurring income on different income statement items.

Gross income was €3,603 million:

- Net interest income rose +2.9% year on year, to €2,015 million. The proactive move to reduce funding costs offset the impact of deleveraging.
- Lower income from investees caused by the non-recurring impact of the contribution by Erste Group Bank.
- Fees and commissions grew 4.5% year on year to €930 million, mainly due to higher sales of off-balance sheet products.

The CaixaBank Group's condensed consolidated income statement for the first half of 2014 and 2013 is shown in the table below:

Condensed consolidated income statement of the CaixaBank Group - Management report

(Millions of euros)	January-June		
	2014	**2013**	**% change**
Financial income	4,350	4,769	(8.8)
Finance costs	(2,335)	(2,810)	(16.9)
Net interest income	**2,015**	**1,959**	**2.9**
Dividends	102	99	3.2
Share of profit (loss) of entities accounted for using the equity method	122	341	(64.1)
Net fee and commission income	930	890	4.5
Gains on financial assets and liabilities and exchange differences	513	441	16.2
Other operating income and expense	(79)	(101)	(22.0)
Gross income	**3,603**	**3,629**	**(0.7)**
Recurring operating expenses	*(1,884)*	*(2,019)*	(6.7)
Non-recurring operating expenses		*(821)*	
Total operating expenses	(1,884)	(2,840)	(33.7)
Pre-impairment income	**1,719**	**789**	**117.8**
Pre-impairment income excluding non-recurring items	**1,719**	**1,610**	**6.8**
Impairment losses on financial and other assets (net)	(1,314)	(2,876)	(54.3)
Gains/(losses) on disposal of assets and others	(102)	2,161	
Profit before tax	**303**	**74**	**311.3**
Income tax	2	329	(99.5)
Profit/(loss) for the year	**305**	**403**	**(24.4)**
Profit attributable to non-controlling interests		(5)	
Profit attributable to the Group	**305**	**408**	**(25.3)**

Net interest income stood at €2,015 million, up 2.9%, impacted by:

- The sharp drop in financial expenses; retail savings management, with a reduction of 38bp over the past 12 months.
- Decreased institutional issuances.
- Higher margins on new loans. The impact of mortgage portfolio repricing is no longer negative as of 2Q14.
- Reduction in income due to deleveraging of the loan portfolio.

There was solid 4.5% growth in fee and commission income to €930 million, driven mainly by growth in mutual fund assets under management and an increase in life-risk insurance volumes.

The contribution of investee earnings fell to €224 million. Performance (-49.0%) was affected by a non-recurring impact of the contribution by Erste Group Bank.

Gains on financial assets and foreign exchange amounted to €513 million.

Other operating income and expenses were impacted mainly by the rise in income from the insurance business and the larger contribution to the Deposit Guarantee Fund.

As a result of this increase in income, gross income stood at €3,603 million.

Recurring expenses dropped 6.7% thanks to efforts undertaken to optimize the Group's structure and harness synergies. Total expenses in 1H13 included €821 million in non-recurring expenses, largely from the CaixaBank employee restructuring agreement.

Pre-impairment income grew by 6.8% (excluding the impact of non-recurring expenses from 1H13) to €1,719 million.

Impairment losses on financial assets and others fell by 54.3%. In 2013 this included recognition of the €902 million to fully comply with the provisioning requirements set out under Royal Decree Law 18/2012.

Gains/(losses) on the disposal of assets and other gains and losses includes gains and losses on the sale of assets and other write-downs. In 1H13 it included the impact of the negative goodwill generated through the Banco de Valencia acquisition.

With respect to income tax, virtually all income from investees has already been taxed within the investee company and is therefore net of taxes, as well as any deductions provided for in Spanish tax law, where applicable for the income tax expense.

The attributable profit obtained by CaixaBank in 1H14 therefore stood at €305 million (€408 million in 1H13).

Capital management and liquidity

CaixaBank had a Common Equity Tier 1 (CET1) BIS III of 12.7% at June 30, 2014, according to the phase-in criteria for this year. Capital generation over the half increased 150bp, of which 61bp was organic capital generation and 89bp related to the conversion of Series I/2012 and Series I/2011 mandatory convertible bonds in March and June 2014, respectively.

Total eligible equity (Tier Total) was 15.8%, up 114bp from 1 January 2014.

Under the new Basel III standards, the CRR sets out a minimum CET1 ratio of 4.5% in 2014 and maintains the Tier Total at 8%. At the close of 1H14, CaixaBank boasts a surplus over the minimum requirement of €11,798 million in Tier 1 capital (CET1) and of €11,299 million in Tier Total (up 11.3% since the beginning of the year).

Risk-weighted assets (RWA) amounted to €144,019 million, a €7,441 million reduction, mainly as a result of the drop in lending activity although this impact was reduced in the second quarter.

Applying the criteria expected for the end of the transitional period (fully loaded), CaixaBank had a **CET1 ratio of 12.4%**, implying a buffer or €7,683 million over the fully loaded minimum requirement of 7%.

CaixaBank's leverage ratio, a capital requirement introduced by the CRR, stood at 5.6% (5.5% fully loaded) at June 30, taking into account the modifications proposed by the Basel Committee on Banking Supervision (BCBS) in January 2014.

Liquidity management is a strategic cornerstone at CaixaBank. Liquidity was up €2,716 million in 1H14, thanks to the optimization of liquid assets and organic generation of balance sheet liquidity. The balance available on the ECB facility fell by €286 million following the early redemption of retained mortgage-covered bonds for €5,000 million in order to boost the entity’s issuance capacity. Liquidity increased despite wholesale maturities of €6,548 million versus new issuances of €1,000 million and the early repayment to the ECB of €6,480 million.

CaixaBank successfully placed €1,000 million in 10-year mortgage covered bonds with a resounding response from institutional investors (88% foreign), generating demand of over €2,600 million. This was the first 10Y mortgage covered bond issue made since 2007. It had a coupon of 2.625% and the issuance cost was 80bp over midswap. CaixaBank raised finance at 67bp below the 10Y Spanish treasury bond.

Early repayment of €6,480 million was made to the European Central Bank in 1H14. . Since the beginning of 2013, taking into account the inclusion of Banco de Valencia, a total of €25,084 million has been repaid.

On June 30, 2014, balance sheet liquidity (€32,145 million) was over three times higher than the amount drawn on the ECB facility (€9,000 million). Wholesale maturities in 2014 stand at €1,752 million. Available issuance capacity of mortgage and public-sector covered bonds stands at €5,923 million.

The CaixaBank share

Stock markets continued to climb in the first half of 2014, fuelled by improved economic outlooks, the ECB's expansionary monetary policy and increased demand for risk assets. The EURO STOXX 50 gained 3.8% over the period, whilst the Ibex 35 rose by 10.2%. The Spanish index benefited from the economic upturn, the restructuring of the country's banking system and the tightening of the sovereign credit spread.

CaixaBank shares gained 19.0% in 1H14, closing at €4.507 per share on June 30, 2014. CaixaBank shares rallied faster than the Spanish financial sector average[1], which gained 14.1% during the period, and also outperformed the STOXX Europe Banks sector index, which fell 1.0%.

2014 has seen a consolidation of the significant increase in trading volumes registered since November 2013 as a result of increased free float and stronger investor interest in the shares.

In the second quarter, investor sentiment remained buoyed by the now well-established economic recovery and forecasts of a long-term lax monetary scenario, though with less conviction and remarkably low levels of stock market volatility.

1 Internally-prepared peer share price index (Bankia, Bankinter, BBVA, Popular, Sabadell and Santander), weighted by daily market capitalization.

	30.06.2014
Market capitalization (Millions of euros)	24,554
Number of shares outstanding (excluding treasury shares) (1)	5,592,619
Share price (€/share)	
Share price at the beginning of the period	3.788
Share price at the close of June 30, 2014	4.507
High price (2)	4.836
Low price (2)	3.757
Trading volume (*number of shares, excluding special transactions*)	
Highest daily trading volume	29,377,775
Lowest daily trading volume	4,472,184
Average daily trading volume	11,694,956
Market ratios	
Net profit (€ million) *(12 months)*	399
Average number of shares in circulation - fully diluted (3)	5,594,935
Earnings per share (EPS) (€/share)	**0.07**
Equity (€ million)	24,950
Number of shares in circulation at June 30, 2014 - fully diluted (4)	5,592,674
Book value per share (€/share) – fully diluted	**4.46**
P/E ratio	**64.39%**
P/B ratio – fully diluted	**1.01%**
Dividend yield (5)	**4.40%**

(1) Number of shares excluding treasury shares Includes the 149,484,999 new shares issued to cover the conversion of Series 1/2011 mandatory convertible subordinated bonds. These shares were listed for trading on the continuous market on July 14, 2014.

(2) Trading session closing price.

(3) Includes the weighted number of shares issued on conversion of all mandatory convertible and/or exchangeable bonds and excludes the average number of treasury shares held in the year.

(4) The quantity of shares is calculated including the shares resulting from the conversion of all mandatory convertible and/or exchangeable bonds. Treasury shares held at June 30, 2014 at deducted.

(5) Calculated by dividing the return for the past 12 months (€0.20/shares) by the closing price at the end of the period (€4.507/share).

Shareholder remuneration

The CaixaBank Optional Scrip Dividend program entails remunerating shareholders through a bonus issue. Under the scheme, shareholders can choose to receive newly-issued bonus shares, receive cash by selling their subscription rights on the market, or receive cash by selling their rights to CaixaBank at a price to be determined by the latter. Shareholders may also choose to combine these three options in any way.

CaixaBank paid shareholders a total of €0.20 per share for the last 12 months, split into quarterly payments through this program.

On June 20, 2014, the payout of €0.05 per share for 1H14 was made effective.

In this latest Optional Scrip Dividend program, the bonus shares had a take-up of 75%.

Shareholder remuneration for the past 12 months is as follows:

Item	€/share	Approval date	Payment date
CaixaBank Optional Scrip Dividend	0.05	26.09.2013	18.10.2013
CaixaBank Optional Scrip Dividend	0.05	21.11.2013	13.12.2013
CaixaBank Optional Scrip Dividend	0.05	27.02.2014	21.03.2014
CaixaBank Optional Scrip Dividend	0.05	29.05.2014	20.06.2014

Ratings

The ratings assigned to the CaixaBank Group are shown in the table below:

Agency	Long-term	Short term	Outlook
Standard & Poor's (1)	BBB-	A-3	Positive
Fitch (2)	BBB	F2	Positive
Moody's (3)	Baa3	P-3	Stable
DBRS	A (low)	R-1 (low)	Negative

(1) On June 4, 2014 Standard & Poor's confirmed its rating and revised its outlook from stable to positive.

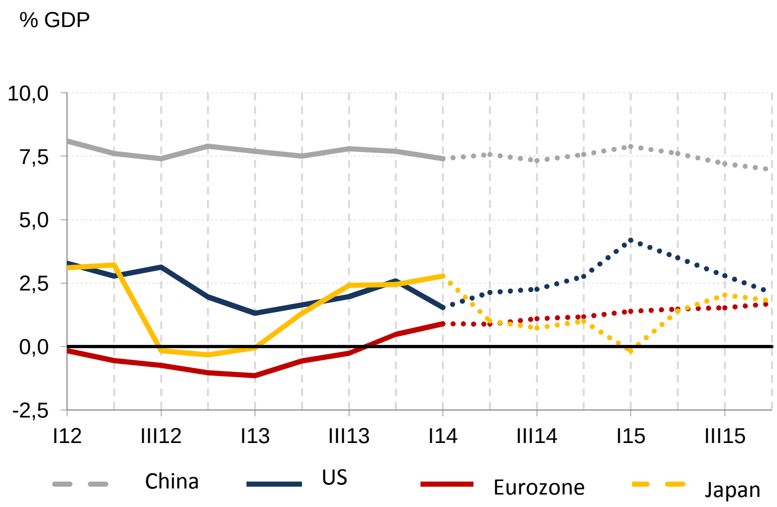
(2) On July 1, 2014 Fitch confirmed its rating and revised its outlook from negative to positive.

(3) On May 29, 2014 Moody's confirmed its rating and outlook.

Outlook

The overall balance for the first half of 2014 is positive. Although global economic activity was disappointing at the start of the year, the first activity data published suggest a notable improvement in the second quarter, and advance indicators confirm that the pace of growth is set to pick up as the year progresses. In the US, a growth rate of 2.2% is projected for 2014 close to the long-term potential growth rate, while in the eurozone and Spain forecasts are for 1.0% and 1.2%, respectively. Growth rates are expected to stabilize in the emerging markets although significant differences between countries are likely to emerge. China, for instance, is forecast to achieve a GDP increase of around 7.5%, compared to 1.7% in Brazil. Global economic growth is forecast to reach 3.4% this year, the best figure since 2011. In 2015, global activity is expected to pick up, reaching 3.9%.

This more dynamic outlook is primarily underpinned by three factors. Firstly, the improvement in macroeconomic conditions, solidly in the US and Japan, tentatively in emerging economies, and incipient in the eurozone. In Europe, Germany has confirmed its position as the driver of economic growth, although aided by the recovery underway in peripheral nations.

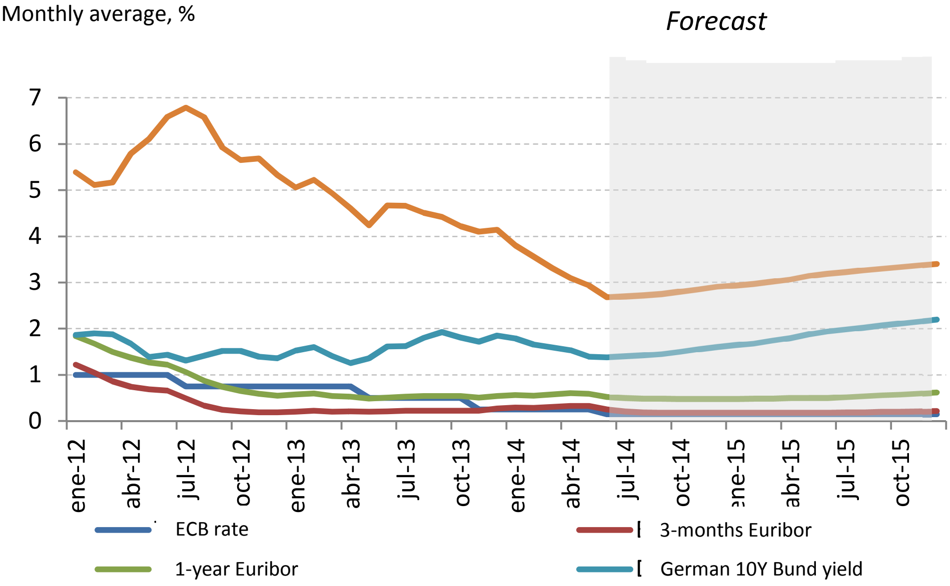


Source: "la Caixa Research", based on data from the Bureau of Economic Analysis, Eurostat and the Chinese Statistics Office.

The second factor heralding higher growth in 2014 is the lax monetary policy adopted by central banks in most developed economies with interest rates close to zero and non-conventional monetary policies (such as Fed's quantitative easing strategy or the ECB's TLTRO program). Given the ultra expansive message being issued by the central banks, interest rates are expected to remain low until the end of the year. Lastly, the increase in both consumer and business confidence is also likely to boost the economic outlook. This improvement is the result of the risk map moving into less hostile territory since the middle of last year, but it should be noted that the road ahead is not free from hardships.

Eurozone: Interbank and public debt interest rates

Monthly average, %



Source: "la Caixa" Research, based on Bloomberg data

There are three specific risks that could undermine global growth. The first relates to the recent geopolitical conflicts in Iraq and the Ukraine. Until now these have triggered moderate increases in oil prices especially compared with previous episodes of instability in the Middle East but if the situation persists or gets worse volatility could rise. Therefore, the role played by Saudi Arabia and the US as regulators of the supply of this raw material will be crucial.

The second factor relates closely to how developed countries manage their monetary policy. Over the past few months both the Fed and the ECB have been defining their short- and medium-term strategies through forward guidance. However, uncertainty remains high. The Fed continues to implement its tapering program as planned, but when the authority will start to raise interest rates and how fast it will do this remains a subject of heated debate, even among members of the Fed Governance Committee itself. In her latest speeches, Janet Yellen has indicated that official rates will remain at low levels “for a considerable time”. These statements suggest that the Fed’s strategy continues to revolve around the concept that it is preferable to over stimulate than under stimulate but if macroeconomic data continue to improve, rates could start to go up earlier than expected. On the other side of the Atlantic, the ECB has defined a laxer scenario with an extensive raft of monetary stimulus measures, suggesting that monetary policy will not start to normalize until 2016. The different monetary policy strategies adopted by the two central banks could cause volatility spikes on the leading stock market indexes and the bond markets, especially in segments where the risk-return ratio is more unbalanced.

The third risk that could affect economic recovery relates to the eurozone. The difference between growth patterns seen in the region’s main economic powers, especially between Germany and France, could fuel variances in monetary and fiscal policy criteria. This in turn could hamper the process of institutional restructuring in the eurozone. A great deal of progress in the areas of banking, fiscal and economic unity is expected over the next few years.

In short, although the risks afflicting global economic recovery are not small, they are expected to remain contained in the short and medium term and therefore should not hinder economic growth. Therefore, we look ahead to the coming year with optimism as US economic activity is expected to pick up the pace, recovery firms in the eurozone and the Spanish economy (currently on a comfortable growth path although further reforms are needed) starts to expand.

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

Just as 2013 saw the consolidation its leadership in retail banking, the achievement of restructuring plans and extraction of synergies following the integration of Banca Cívica and Banco de Valencia, a higher free float at CaixaBank and greater liquidity, more robust financial strength, and a key focus on solvency, the Group looks to 2014 as another year of transition toward enhanced returns, underpinned by:

- Sustained market share gains, continuing the trend seen in the first half.
- Improved outlook for net interest income, spurred by the reduction in term deposit spreads, a move toward positive repricing in the mortgage portfolio, and lower wholesale funding costs
- Strict cost control, as evidenced in the first half
- Potential generation of revenue synergies, thanks to its 13.6 million customers
- Potential higher returns on the investee portfolio, if macroeconomic recovery takes firm hold and investees lock in higher earnings
- Potential reduction in the cost of risk, depending largely on macroeconomic performance throughout the second half.

Capital and liquidity will continue to be top priorities for the Group. Moreover, one of the key aspects for the CaixaBank Group in 2014, as with the other large European banks, is the new European regulatory framework, entailing the unified supervision of large financial groups by the ECB. Following the publication of the new regulation governing capital requirements, in the second half of 2013 the Group started to implement the requisite changes in processes and systems to achieve full alignment with the first report submitted to the regulator. In the second half, the Comprehensive Assessment by the European Central Bank (ECB) and the European Banking Authority (EBA) will continue, in preparation of the Single Supervisory Mechanism (SSM) assuming full powers from November 2014. For the Group this year has involved intense and extensive work in regard to the Asset Quality Review (AQR) and the stress test, the results of which are expected to be published in October 2014. The Group has prepared to achieve good results in the stress test and successfully take on the new supervisory mechanism from November 2014.