



**Integrated Corporate Report
2011**

Making the difference





The UN Global Compact Principles

CaixaBank is a member of the United Nations Global Compact. The Principles of the Global Compact covered in the text are presented at the beginning of each section of this Integrated Corporate Report, which also serves as a Communication on Progress Report.

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Principle 6	Businesses should support the elimination of discrimination in respect of employment and occupation.
Principle 2	Business should make sure that they are not complicit in human rights abuses.	Principle 7	Businesses should take a precautionary approach to environmental challenges.
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 4	Businesses should support the elimination of all forms of forced and compulsory labor.	Principle 9	Business should encourage the development and diffusion of environmentally friendly technologies.
Principle 5	Businesses should support the effective abolition of child labor.	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

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KEY INDICATORS OF THE CAIXABANK GROUP

€ million	2011	2010 ^(*)	CHANGE
Recurring results			
Net interest income	3,170	3,418	(7.3%)
Gross income	6,272	6,379	(1.7%)
Pre-impairment income	3,040	3,013	0.9%
Profit before tax	1,291	1,558	(17.1%)
Net profit	1,185	1,359	(12.8%)
Total result			
Net non-recurring income	(132)	(147)	–
Profit attributable to the CaixaBank Group	1,053	1,212	(13.1%)
Balance sheet			
Total Assets	270,425	273,067	(1.0%)
Book Value	20,751	18,163	14.2%
Total banking business volume	427,252	428,019	(0.2%)
<i>Customer loans and advances (gross)</i>	<i>186,049</i>	<i>189,389</i>	<i>(1.8%)</i>
<i>Total customer funds</i>	<i>241,203</i>	<i>238,630</i>	<i>1.1%</i>
Unrealized gains on industrial investments	1,030	2,489	(58.6%)
Efficiency and Profitability			
Recurring cost-to-income ratio (Total operating expenses/Gross income)	51.5%	52.8%	(1.3)
ROE Recurring (Recurring attributable profit/Average equity)	5.9%	7.5%	(1.6)
ROE Total (Profit attributed to the Group/Average equity)	5.2%	6.7%	(1.5)
ROA (Recurring net profit/Average total assets)	0.4%	0.5%	(0.1)
RORWA (Net recurring profit/Risk-weighted assets)	1.1%	1.2%	(0.1)

(*) Combined financial reporting of the CaixaBank Group included for comparison purposes only.

KEY INDICATORS OF THE CAIXABANK GROUP (continuation)

	2011	2010 ^(*)	CHANGE
Risk Management			
Non-performing loans (NPL) ratio	4.90%	3.65%	1.25
Allowances for non-performing loans	5,745	5,063	682
<i>Specific</i>	3,910	3,228	682
<i>General</i>	1,835	1,835	0
NPL coverage ratio	60%	70%	(10)
NPL coverage ratio including collateral	137%	141%	(4)
Foreclosed real-estate assets coverage ratio	36%	N/A	
<i>Of which: land cover</i>	62%	N/A	
Liquidity	20,948	19,638	1,310
Solvency - BIS II			
Core Capital	12.5%	8.9%	3.6
Tier 1	12.8%	8.9%	3.9
Total Tier	12.8%	8.9%	3.9
Eligible capital	17,581	13,417	4,164
Risk-Weighted Assets (RWA)	137,355	150,419	(13,064)
Surplus eligible capital	6,592	1,384	5,208
Data per share			
Book Value per share (€/share)	5.11	4.75	0.36
Number of shares outstanding at 12/31 – fully diluted (thousands)	4,064,203	3,827,547	236,656
Earnings per share (EPS) (€/share)	0.27	0.32	(0.05)
Average number of shares outstanding – fully diluted (thousands)	3,964,337	3,825,248	139,089

(*) Combined financial reporting of the CaixaBank Group included for comparison purposes only.

KEY INDICATORS OF THE CAIXABANK GROUP (continuation)

	2011	2010 (*)	CHANGE
Resources (number)			
Employees: – CaixaBank Individual	24,915	25,280	(365)
– CaixaBank Group	26,993	28,391	(1,398)
Employee satisfaction index (1-10)	8,8	N/A	–
Diversity: % men/women on the staff	51/49	52/48	–
Number of participants in the Corporate Volunteer program	4,032	3,286	746
Branches	5,196	5,409	(213)
ATMs	8,011	8,181	(170)
Cards issued (millions)	10.5	10.3	0.2
Commercial activity			
Customers (million)	10.4	10.5	(0.1)
Private customer satisfaction index (1-10)	8.4	8.3	0.1
Corporate customer satisfaction index (1-10)	8.1	8.2	(0.1)
Number of investment projects financed in line with the Equator Principles	30	55	(25)
Number of microcredits granted	34,307	36,845	(2,538)

(*) Combined financial reporting of the CaixaBank Group included for comparison purposes only.

Letter from the Chairman



CaixaBank's incorporation in July 2011 as a result of the reorganization of the "la Caixa" Group was a milestone in the 100-year history of our Company, and will enable us to grow while preserving what is core to our business: our commitment to the people, companies and geographical areas that we serve. CaixaBank is tackling the challenges of the international financial climate by remaining true to our values of leadership, trust and social commitment, which we have adhered to since the beginning to create value for our shareholders, customers, employees and society at large.

We have begun to roll out the CaixaBank 2011-2014 Strategic Plan in line with the "la Caixa" Group Strategic Plan for the same period. Under the slogan "Make the difference", our goal is to consolidate CaixaBank's leadership in retail banking in Spain, diversify the business, consolidate international operations, and maintain a firm commitment to business and society.

During the first year of the plan, and despite the high level of economic and financial uncertainty and volatility CaixaBank achieved robust results, securing a position of leadership in retail banking, solvency and liquidity, thanks to the efforts of all our staff. In 2011, we continued to increase our main market shares (in the direct salary and pension deposits, self-employed and retail customer segments), the bank's capital and liquidity was bolstered, and a significant effort made to manage margins and improve quality. All this was possible thanks to CaixaBank's great commercial

prowess, active risk management, and an ongoing effort to innovate.

Dividends obtained by "la Caixa" from the financial activity of CaixaBank and its subsidiary Critería CaixaHolding will contribute €500 million to the "la Caixa" Foundation in 2012, underlining our willingness to offer opportunities to the most disadvantaged members of society, while striving to be close to people. CaixaBank and its subsidiaries also ratified their commitment to adhere with the ten principles of the United Nations Global Compact, and in 2011 encouraged their stakeholders to adopt the same principles.

This report provides information on CaixaBank's economic, social, environmental and corporate governance performance during 2011. This new method of presenting results highlights the Company's sustainable strategy, the aim of which is to create shared value through the day-to-day management of the business.

Lastly, I would like to show my gratitude to everyone who has placed their trust in CaixaBank, and hope that this report allows them to better understand our Company's position.



Isidro Fainé Casas

Letter from the Deputy Chairman and C.E.O.



The reorganization of “la Caixa” Group was completed on July 1 with the incorporation and flotation of CaixaBank, the listed bank through which “la Caixa” conducts its financial activity.

Despite the challenging economic and financial environment in 2011, CaixaBank consolidated relations with its close to 10.4 million customers, providing an innovative, quality service tailored to their needs. The objective is to strengthen CaixaBank’s leadership in banking for private individuals, complemented by a specialized service aimed at specific segments: business banking, corporate banking, banking for SMEs, investment banking, personal banking and private banking. This effort saw customer funds total €241,203 million and customer loans reach €186,049 million at December 31, 2011.

The company has the largest branch network in the Spanish financial system with 5,196 branches and 8,011 ATMs, and is leader in online banking, mobile banking and electronic banking.

Turning to results obtained, the balance between intense sales and marketing activity and strict risk control enabled CaixaBank to achieve solid recurring net profit attributable to the Group of €1,185 million in 2011, 12.8% less than in 2010.

Higher income and lower costs, enabled the company to report recurring pre-impairment income of €3,040 million and a cost-to-income ratio of 51.5%, while recognizing major allowances to ensure the quality of the balance sheet. The general loan-loss provision was also kept at €1,835 million, providing a high degree of

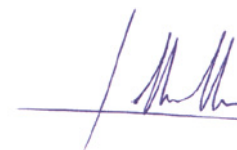
flexibility and financial robustness in the event of possible future contingencies.

Net gains of €907 million were reported, after net, non-recurring write-downs totaling €1,039 million were recognized to offshore up the balance sheet. Net profit attributable to the CaixaBank Group therefore stood at €1,053 million, down 13.1% on the 2010 figure.

The quality of CaixaBank’s assets continues to stand out in the sector. The NPL ratio was 4.90% and remains well below the sector average of 7.61% at December 2011. The NPL coverage ratio was 60% at year-end 2011 (137% factoring in mortgage collateral).

CaixaBank also bolstered its Core Capital ratio, which stands at 12.5% –the highest solvency ratio in the sector– reinforced by excellent liquidity of €20,948 million, i.e. 7.7% of total assets. CaixaBank is the seventh largest bank in the eurozone in terms of market capitalization.

We continue to manage operations in a unique and innovative manner, with the overriding purpose of generating value for society and the rest of our stakeholders. We therefore remain true to the “la Caixa” Group’s values of leadership, trust and social commitment, enabling us to face future challenges with optimism.



Juan María Nin Génova



Scope of report

The Integrated Corporate Report refers to the CaixaBank Group, the scope of consolidation of which varies depending on the nature of the information provided:

· Economic and financial information is based on the consolidated financial statements of "the CaixaBank Group and Subsidiaries". The consolidated financial statements and management report for 2011, together with the auditors' report dated February 29, 2012, which is unqualified, may be consulted on the website of the Spanish National Securities Market Commission (CNMV). <http://www.cnmv.es/>

For more information on the scope and materiality of the report and the GRI content and indicators see "[Summary of GRI indicators in the 2011 CaixaBank Integrated Corporate Report](#)", which forms part of this report.

1. About us

- 1.1 Mission, vision and values
- 1.2 CaixaBank and the "la Caixa" Group
- 1.3 Shareholder structure
- 1.4 Changes in CaixaBank share price
- 1.5 Awards and distinctions

An integrated financial group operating a banking business, and insurance activity and investments in international banks



1. About us

CaixaBank is an integrated financial group operating a banking business, conducting insurance activities and holding stakes in international banks. It also has interests in leading service sector companies. The company, through which Caja de Ahorros y Pensiones de Barcelona, "la Caixa", carries on its business indirectly as a credit institution, is a leader in most retail banking segments in the Spanish market, and committed to growth, both nationally and internationally.

The Group strives to offer the best and most complete service to the greatest possible number of customers, and to foster savings and investments. It also shares the commitment of its leading shareholder, "la Caixa", to people and the environment, while showing a willingness to create value for its shareholders and make a clear contribution to society in general.

CaixaBank is listed in the top sustainability indexes worldwide: Dow Jones Sustainability Index (DJSI), FTSE4Good and Advanced Sustainable Performance Indexes (ASPI).

Key indicators of CaixaBank at December 31, 2011

A benchmark institution	<ul style="list-style-type: none"> • Third largest financial group in Spain. • Total assets: €270,425 M. • Total banking business volume: €427,252 M. • €186,049 M of gross customer loans + €241,203 M of total customer resources. • MicroBank its social bank, dedicated exclusively to financing business and family projects through microcredits.
Number 1 retail bank in Spain	<ul style="list-style-type: none"> • 10.4 million customers. Specialized management model. • Multi-channel management: 5,196 branches; 8,011 ATMs; online and mobile banking. • Customer service excellence and best brand reputation.
Revenue and market diversification	<ul style="list-style-type: none"> • Diversification into attractive markets: stakes in international banks. • Revenue diversification: stakes in Repsol and Telefónica.
Enviably risk profile	<ul style="list-style-type: none"> • Diversified, high quality loans. • NPL ratio: 4.90% and NPL coverage ratio: 60% (137% factoring in mortgage collateral). • General provision of €1,835 M, none of which has been drawn down.
Financial strength	<ul style="list-style-type: none"> • Strong profit-generation capacity. Attributable profit of €1,053 million. • Excellent liquidity position: €20,948 M. • Robust solvency: Core capital ratio of 12.5% (BIS II).



Leadership, trust and social commitment are CaixaBank's values and underpin present and future activities



1.1 Mission, vision and values

CaixaBank has the same mission and values as the "la Caixa" Group:

Mission statement

To encourage saving and investment by offering the best and most comprehensive range of financial services to the greatest number of customers, and to make a decisive contribution to society to cover basic financial and social needs flexibly and appropriately.

Vision

To be the leading financial group in the Spanish market, with an international focus and committed to generating value for shareholders, customers, employees and society at large.

Values

CaixaBank implements its strategy in line with the Group's three corporate values, which influence current and future performance:

- Leadership: commitment, integrity, and team work.
- Trust: of customers and society, gained through a management approach that

gives priority to solvency and providing the highest quality service possible.

- Social commitment: ultimate goal of its activity.

These values shape the way in which the company is managed, on the basis of transparency principles and corporate governance best practices. This gives rise to an efficient and sustainable management system from an economic, environmental and social perspective.

The management model was developed along the lines of the European Commission's definition of Corporate Social Responsibility, which stipulates that enterprises are responsible for their impact on society. This definition states that enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- Maximizing the creation of shared value.
- Identifying, preventing and mitigating their possible adverse impacts.

"la Caixa" indirectly performs its banking activity through CaixaBank

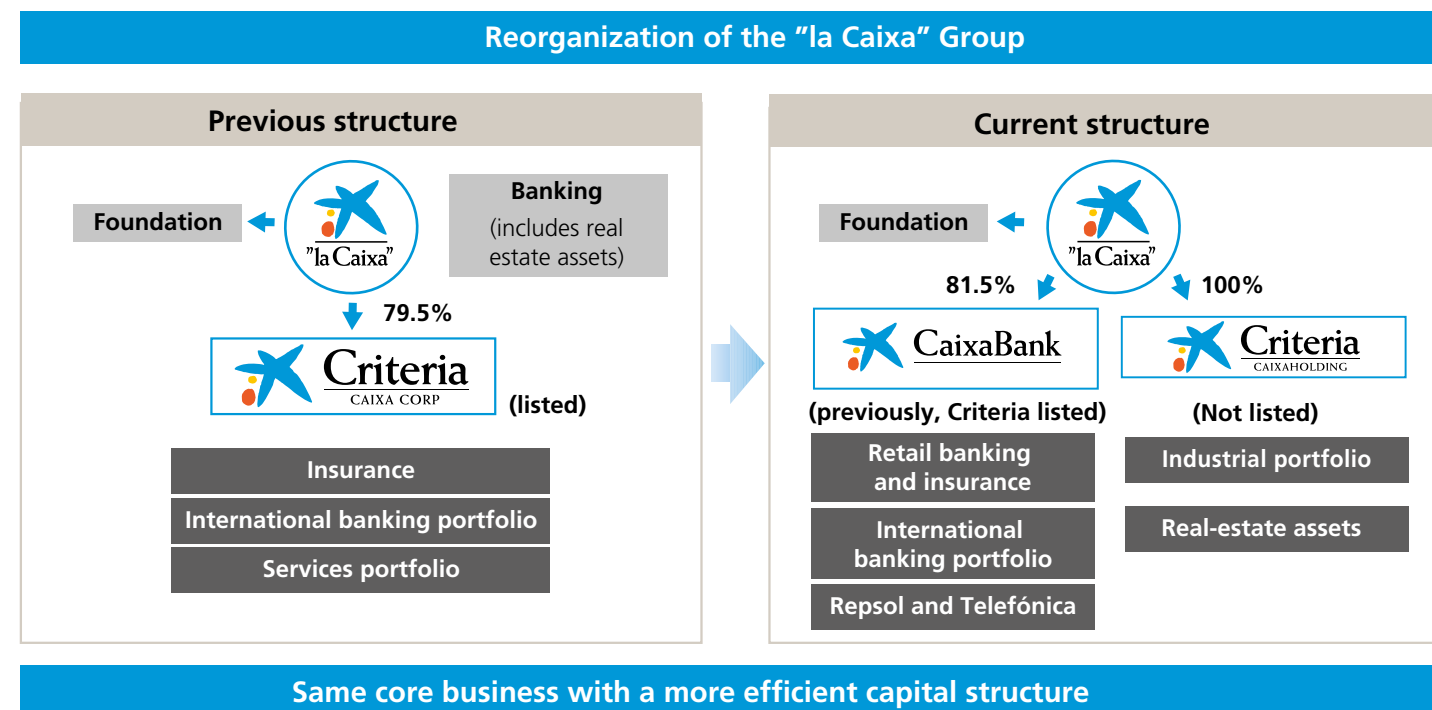
1.2 CaixaBank and the "la Caixa" Group

In January 2011, the boards of directors of Caja de Ahorros y Pensiones de Barcelona, "la Caixa", and of Criteria CaixaCorp resolved to enter a framework agreement to reorganize the "la Caixa" Group, pursuant to which "la Caixa", as laid down in the Savings Bank Act (LORCA), shall indirectly perform its banking activity through CaixaBank.

In February 2011, the boards of directors approved the final terms of the reorganization, which were subsequently approved by the General Assembly of "la Caixa" in April and the General Shareholders Meeting of Criteria CaixaCorp in May.

As a result of this reorganization, completed on June 30, 2011, "la Caixa" transferred its banking business (excluding

certain assets, basically real estate assets, and certain liabilities) to Criteria CaixaCorp, which was transformed into a banking group called CaixaBank. In turn, this group transferred to "la Caixa" part of its industrial holdings (Abertis, Gas Natural Fenosa, Aguas de Barcelona, PortAventura Entertainment and Mediterránea Beach & Golf Community), and newly issued shares totaling €2,044 million.



1.3 Shareholder structure

At December 31, 2011, CaixaBank's share capital stood at 3,840,103,475 shares, with a par value of €1.00 each.

CaixaBank's controlling shareholder is Caja de Ahorros y Pensiones de Barcelona, "la Caixa". At December 31, 2011, it held a stake of 81.52%.

At December 31, 2011, CaixaBank held 61,451,283 treasury shares (including shares from the right of withdrawal), representing 1.6% of its share capital.

The Company's free float (taken as the percentage of share capital not held by the majority shareholder) stood at 18.48% at December 31, 2011. This share is distributed among more than 350,000 shareholders.

CaixaBank has not been informed of any shareholders' agreements between its shareholders for the concerted exercise of voting rights, or which could constrain the free transfer of shares.

Change in number of CaixaBank shares

31/12/2010	30/06/2011	22/07/2011	21/10/2011	31/12/2011
Number of shares at December 31, 2010	Capital increase and non-monetary contribution	Scrip dividend through issuance of ordinary shares	Scrip dividend through issuance of ordinary shares	Number of shares at December 31, 2011
3,362,889,837	+374,403,908	+34,249,244	+68,560,486	3,840,103,475

Treasury share policy

Pursuant to prevailing Regulations, the Board of Directors is responsible for approving CaixaBank's treasury share policy, especially, the limits therein.

According to the CaixaBank Code of Conduct on Matters Relating to the Securities Market, the Board is responsible for issuing instructions on acquiring or disposing of marketable securities or financial instruments and, in general, any special transactions involving the Company's treasury shares.

These transactions are always for legitimate purposes that comply with prevailing

legislation, such as to contribute to the market liquidity of such shares or to smooth out share price fluctuations. In any event, the transactions shall not respond to a purpose of intervention in the free process of formation of prices in the market or favoring of certain shareholders of CaixaBank.

At its meeting held on March 8, 2012, CaixaBank's Board of Directors approved the acquisition of treasury shares until the net balance reaches a maximum of 75 million shares, subject to prevailing market conditions. This authorization also included the disposal of the treasury shares acquired,

based on prevailing market conditions at any given time.

This limit does not include shares from exercising the right of withdrawal as a result of the resolutions concerning the merger by absorption of MicroBank de "la Caixa", S.A., Sociedad Unipersonal, by the Company, and subsequent change in Criteria CaixaCorp's corporate purpose, approved by the General Shareholders Meeting on May 12, 2011, as part of the reorganization of the "la Caixa" Group. On June 17, 2011, the Board therefore resolved to dispose of these shares by any means permitted by Law.



Caja de Ahorros y Pensiones de Barcelona is CaixaBank's controlling shareholder



Caja de Ahorros y Pensiones de Barcelona

CaixaBank's controlling shareholders, Caja de Ahorros y Pensiones de Barcelona, "la Caixa", was incorporated through the merger in 1990 of Caixa de Pensions, founded in 1904, and Caixa de Barcelona, founded in 1844.

Initially, it focused on household savings and offering its customers pension

insurance, when this type of social benefit was not available in Spain.

Since then and throughout its history, the "la Caixa" Group has been firmly committed to society through its financial activity and welfare projects.

At year-end 2011, "la Caixa" was the leading savings bank in Spain, and third largest financial institution in the country in terms of results.

Internal Relations Protocol.

The Internal Protocol is designed to regulate the basic principles of relations between the "la Caixa" Group, CaixaBank and their respective groups; principles that set forth in a transparent manner the way in which the Group's financial activity is carried on indirectly through CaixaBank.

These principles delimit CaixaBank's main areas of activity, define business and service relations between the Entity and the "la Caixa" Group and its companies, and regulate the flow of information needed to prepare all financial statements and to comply with the reporting and oversight obligations with the Bank of Spain, the CNMV, and other regulatory bodies.

The Protocol sets forth all the activities that CaixaBank can perform in accordance

with prevailing legislation governing credit institutions, investments in and divestments of shareholdings in all types of Spanish and foreign enterprises, and the possibility of making joint investments with the "la Caixa" Group.

CaixaBank's Board of Directors ensures that the annual reports prepared by CaixaBank's Control and Audit Commission are published through the Entity's website, to allow the general public and, especially, CaixaBank shareholders not holding stakes in the "la Caixa" Group to obtain information on the extent to which the principles set forth in the Protocol are complied with.

► [Access to Internal Relations Protocol between "la Caixa" and CaixaBank](#)

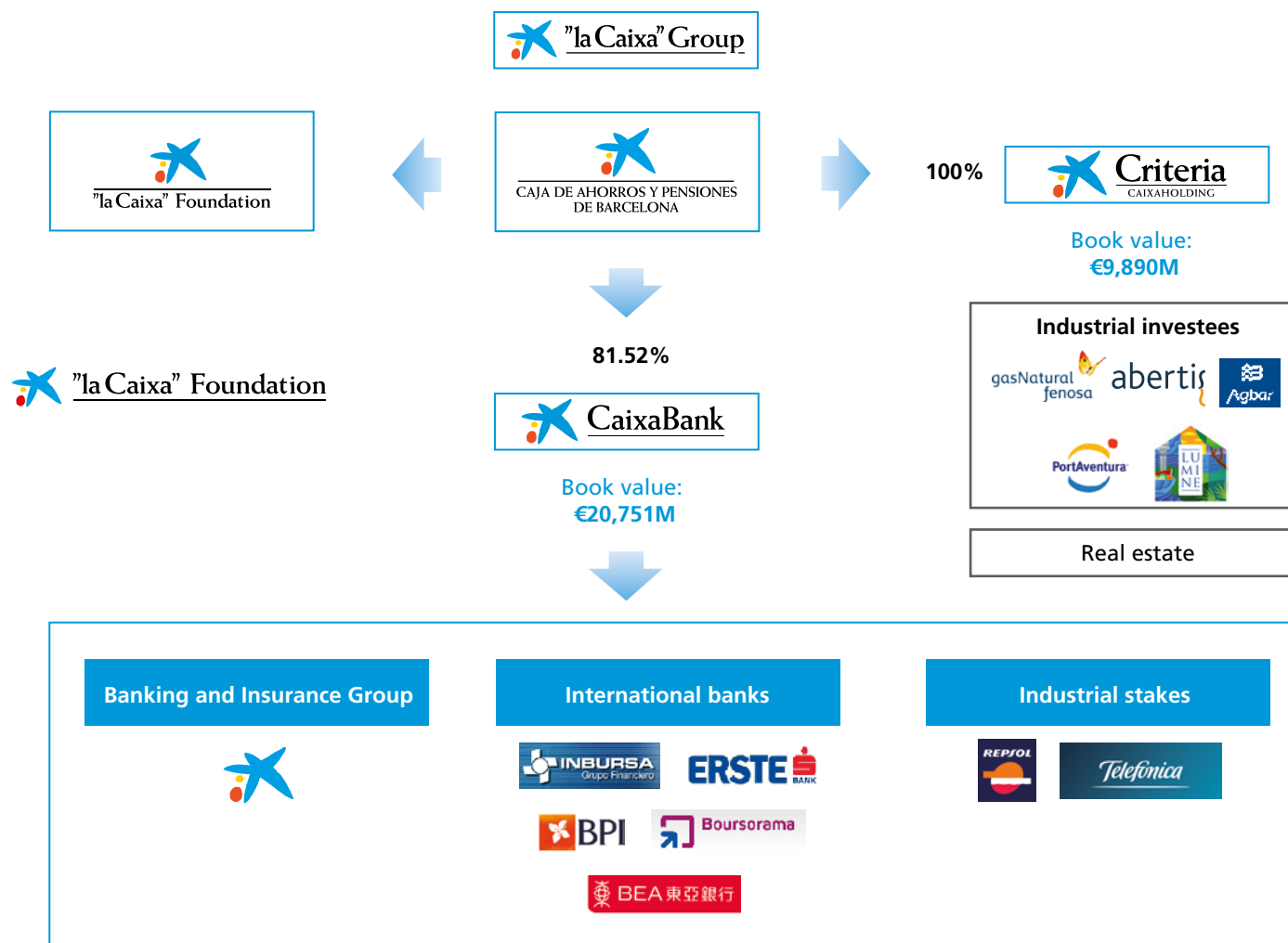
Since CaixaBank was incorporated, it has indirectly carried on its financial activity. Furthermore, in order to diversify revenues and in an effort to participate in the development of companies providing basic services to society, "la Caixa" implements through Criteria CaixaHolding (a solely-owned company), a strategy of acquiring shareholdings in various sectors, such as: Abertis (infrastructure, transport and communications management), Gas Natural Fenosa (energy distribution), Aguas de Barcelona (water distribution), PortAventura (theme park operations) and Servihabitat XXI (real-estate services).

► Access to "la Caixa" website

Subsequent to its reorganization, the "la Caixa" Group's legal form remains unchanged, as do the values of its savings bank model, its businesses, and the working conditions of its staff.

"la Caixa" Foundation

The reorganization also bolstered the Group's financial structure, allowing it to guarantee its social commitment through the "la Caixa" Foundation, which channels and manages all the Group's work in society. "la Caixa" Foundation contributes to transforming society

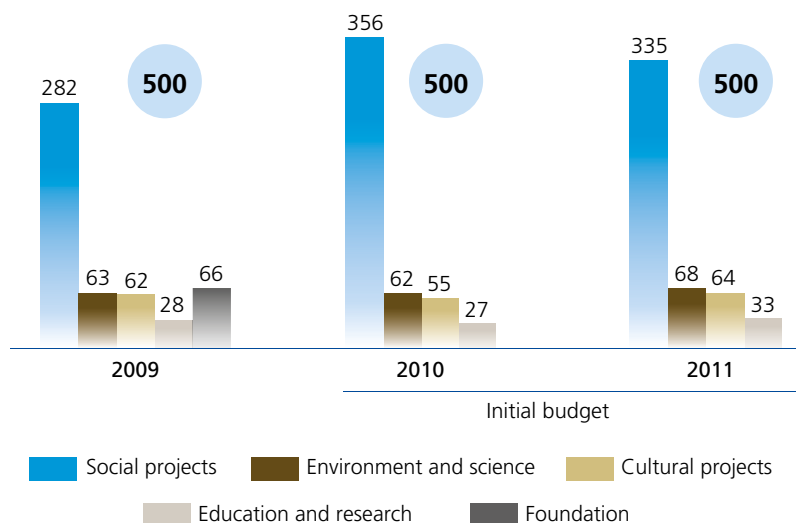


Budget of €500 million for "la Caixa" Foundation in 2012

in a sustainable manner and creating opportunities for individuals.

In 2011, the Foundation had a budget of €500 million for the fourth consecutive year, a figure that makes it the leading private foundation in Spain and one of the largest in the world in terms of budget.

Change in budget of "la Caixa" Foundation



Its social initiatives are predicated on two principles: Anticipation, to resolve deficiencies not covered by other institutions, and Flexibility, to find an answer to new demands arising in a rapidly transforming society.

Throughout 2011, in response to social needs in the current economic environment, "la Caixa"'s Foundation initiatives focused on programs aimed at eradicating child poverty in Spain (CaixaProinfancia project); boosting employment among disadvantaged groups (Integration into work); helping young people, the elderly and families with economic difficulties to find housing (Affordable Housing) and supporting active aging and the full integration of the elderly into society (Older People programme).

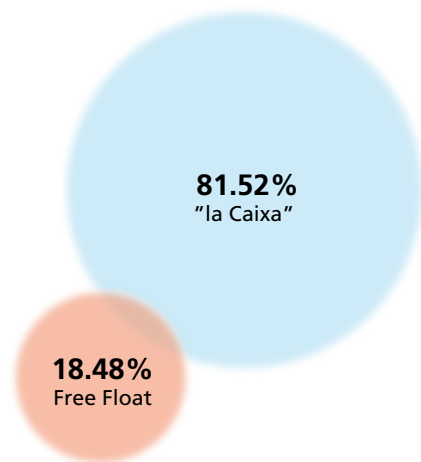
Numerous projects were also developed in other spheres such as science and research, the environment, culture and education.

► For additional information on the various programs



Shareholder structure

At December 31, 2011



~57% Non-controlling interests, employees
~34% Institutional
~9% Treasury shares and held by Board

Shareholder structure

Non-controlling interests (including employees) held approximately 57% of floating capital (18.48% of share capital), while 34% was held by institutional investors and 9% was held as treasury shares or by members of the Board of Directors. In 2010, 67% and 31% of the free float was held by retail shareholders and institutional investors, respectively, while 2% was held as treasury shares and by the Board of Directors.

► [Interests in CaixaBank held by members of the Board of Directors. Link to Corporate Governance Report](#)

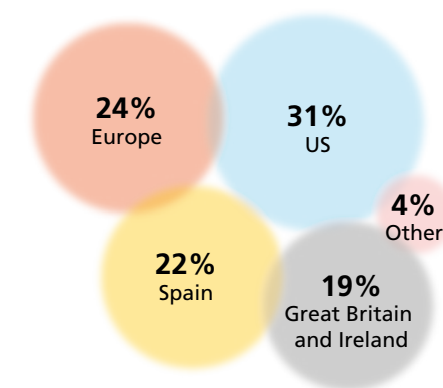
Studies carried out by external consultancy firms offer additional information about the breakdown of CaixaBank's floating capital. At December 31, 2011, international investors

accounted for 78% of CaixaBank's institutional shareholder base, while Spanish investors represented the remaining 22%. The distribution of foreign and Spanish investors therefore remains stable year-on-year, since international investors and national investors accounted for 79% and 21%, respectively, of the shareholder base at year-end 2010.

The largest portion, 31%, of institutional shareholders is located in North America, up from 25% in 2010, while 24% of institutional shareholders are located in continental Europe, down from 31% the previous year. In continental Europe, a significant number of investors are in Norway, Germany and France. Investors in the United Kingdom and Ireland account for 19% of the total, which is unchanged from the previous year.

Geographic distribution of the institutional shareholder base

At December 31, 2011



1.4 Changes in CaixaBank share price

CaixaBank's shares closed 2011 at €3.795 per share, having dropped by 4.7% compared to year-end 2010. Factoring in the dividends paid during the year (€0.311 per share), CaixaBank generated a return of 3.11% in 2011.

The market's positive opinion of the Group's announced reorganization was reflected in its share price performance,

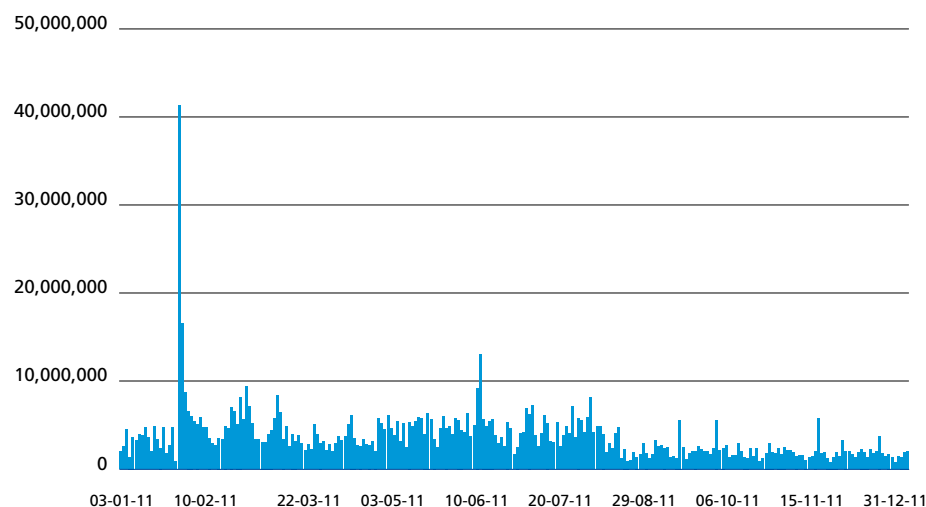
rising to over €5 in the weeks following the announcement and reaching a high of €5.245 per share on February 28, 2011.

CaixaBank's average daily trading volume, excluding special operations, was 3.7 million shares.

► [Further disclosures on returns on CaixaBank shares provided in section 3.5](#)

Daily trading volume

Number of shares



CaixaBank shares: key performance data

	31/12/11
Market capitalization (€ million) ⁽¹⁾	14,573
Number of shares ⁽¹⁾	3,840,103,475
Share price (€/share)	
Share price at the beginning of the period (21/12/10)	3.982
Share price at the end of the period (31/12/11)	3.795
Maximum price (28/2/11) ⁽²⁾	5.245
Minimum price (12/9/11) ⁽²⁾	3.087
Trading volume (number of shares, excluding special transactions)	
Maximum daily trading volume (28/1/11)	41,254,172
Minimum daily trading volume (23/12/11)	750,364
Average daily trading volume	3,695,893
Stock market ratios	
Net Income attributable per Share (EPS) (€/share) (last 12 months) ⁽³⁾	0.27
P/E ratio	14.1
Book Value per Share (€/share) ⁽⁴⁾	5.11
P/B (Market value / book value)	0.74
Dividend Yield	6.1%

(1) Without including shares of the convertible bonds.

(2) Trading session closing price.

(3) Includes the weighted number of shares to be issued on conversion of the mandatorily convertible bonds issued in June 2011 and excludes the average number of treasury shares held in the year.

(4) Includes shares outstanding on conversion of all the mandatorily convertible bonds issued in June 2011 and excludes treasury shares at December 31, 2011.

CaixaBank stock outperformed the main benchmark indexes in 2011

Criteria CaixaCorp share price vs. main benchmark indexes

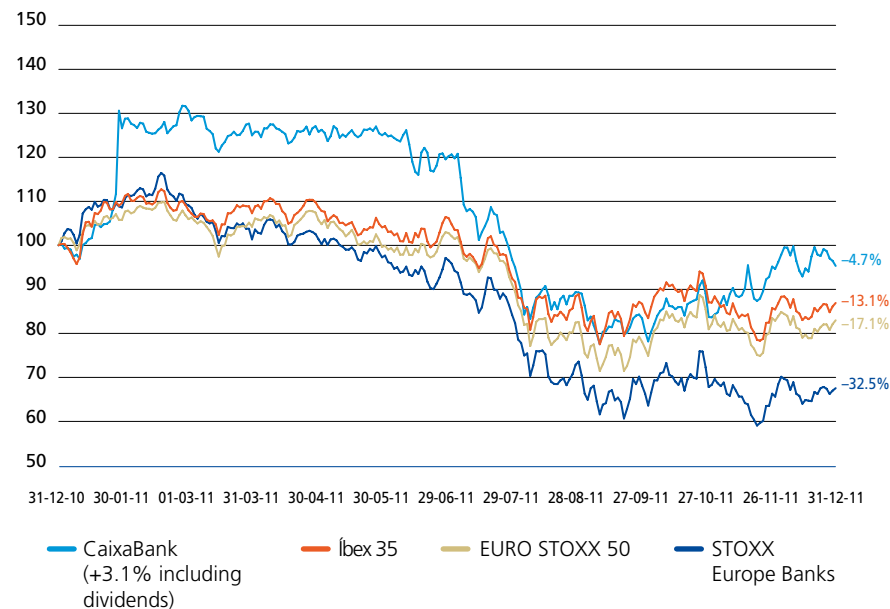
At year-end 2011, CaixaBank's share price lost 4.7% compared to year-end 2010 (including dividends, the return would have been 3.11%). The shares outperformed the main benchmark indexes, the IBEX 35 (losing 13.1%) and the EURO STOXX 50 (down 17.1%), in the same period. CaixaBank's share price was therefore 8 percentage points higher than the IBEX 35 and 12 percentage points higher than the EURO STOXX 50.

CaixaBank's share price performance is even more laudable when looking at the sector as a whole. CaixaBank outperformed the STOXX Europe Banks index (down 32.5% in 2011) by 28 percentage points.

CaixaBank's stock performed especially well in the last quarter of the year, during which shares rose 14.3%, compared to a 0.2% advance in the Ibex 35 index, a 6.3% uptick in the EURO STOXX 50 index, and a drop of 0.9% in the STOXX Europe Banks index.



Share price performance





CaixaBank is included in the leading sustainability indexes: DJSI, FTSE4Good and ASPI

Coverage

The analyst community reacted very positively to the announcement of the Group's reorganization and Criteria's transformation into CaixaBank. The new classification of the Company in the banking sector also led to increased coverage by analysts, with 23 national and international analysts covering CaixaBank at year-end 2011 compared to 15 at year-end 2010.

"Buy" and "Hold" recommendations accounted for 52% of the total. The average target price of analysts stood at €4.30 per share in December 2011, implying a 13% uptick in the December 31, 2011 share price (€3.795 per share).

Analyst opinions provide CaixaBank shareholders with an independent, external source to help them understand market opinion on the shares and to obtain a better overview of their trends and potential upside or downside.

Analysts highlight CaixaBank's strength as a leader in the Spanish retail banking

sector and its comfortable liquidity position, solid capital ratios, and higher quality assets compared to the sector.

Position in sustainability indexes

CaixaBank's unwavering commitment to a management model that is sustainable in the long-term is reflected by its inclusion in the world's leading sustainability indexes: Dow Jones Sustainability Index (DJSI), FTSE4Good and Advanced Sustainable Performance Indexes (ASPI).

The DJSI includes companies, selected from among the 2,500 largest companies in the world ranked in the Dow Jones indexes, that regularly fulfill a series of economic, environmental and social requirements.

At year-end 2011, CaixaBank was included in the DJSI World and DJSI STOXX indexes. Since the assessment was made in May 2011, before the reorganization of the "la Caixa" Group,

CaixaBank was listed in the financial services sector to which Criteria CaixaCorp had belonged.

► Additional information

CaixaBank is also ranked in the FTSE4Good index in the FTSE Global, FTSE Europe and FTSE Ibex-35 categories. This index covers companies listed in the FTSE indexes that adhere to globally-accepted corporate social responsibility criteria.

► Additional information

CaixaBank is also ranked in the ASPI, comprising the top 120 companies in the DJ EURO STOXX index in terms of sustainable development performance (human and worker rights, environment, corporate governance, community commitment and business performance), as per assessments performed by the European agency, Vigeo.

► Additional information

1.5 Awards and distinctions

- **Eighth Merco Marcas Financieras study:** for the eighth consecutive year, "la Caixa" ranked as the financial brand in Spain with best reputation.
- **Award for Most Innovative Bank in the World** in the Finacle Global Banking Innovation Awards conferred by the Bank Administration Institute for its ongoing innovation in the retail banking sector. CaixaBank was also a finalist in the most innovative services category for its new Línea Abierta.
- **Banking Technology award** for the Mobile Shopping Sitges 2010 project, the best international mobile banking project of the year.
- **Award for Best Minority Shareholder Initiative** of the Spanish Association of Minority Shareholders of Listed Companies (AEMEC) given to CaixaBank for its policy on communication and forging closer ties with shareholders.
- **2011 Publi-News Award** for Innovation for the best European electronic payment system and the first contactless ATM in the world.
- **"One of the top 100 ideas in 2011"** was the "CaixaEmpresa Online Community", CaixaBank's business network, according to the magazine "Actualidad Económica".
- **Award for Best Distributor of Structured Products in the Spanish market** for CaixaBank in the first year of the Structured Retail Products Awards 2011 conferred by the British magazine "Euromoney Magazine".
- One of the best practices in the **Cegos/ Equipos & Talento Awards** in the training and development category for Virt@ula. Also received the "Extraordinary distinction in Web 2.0 technologies".
- **Discapnet 2011 Award** presented by the ONCE Foundation to CaixaBank for improvements to accessibility of ICT.
- CaixaBank, **Special Financial Communications Award** at the 8th annual "Los Mejores de PR" (best in PR) awards.
- **Titanes de las Finanzas Award for MicroBank**, in the *Financing and Financial Services* category, presented by the Association of Lending Managers (AGC) and Ecofin magazine.
- **Social Commitment and Innovation Award**, presented by the SERES Foundation to MicroBank.
- **"Financier of the Year"** Award by the ECOFIN Forum to Isidro Fainé, Chairman of "la Caixa" and CaixaBank.
- **Premio Tintero 2011**, awarded to Isidro Fainé by the Association of

Economic Journalists (APIE), in recognition of executives who assist the work of journalists through transparency and cooperation with the media.

- The Catalanian employers' association, Fomento del Trabajo, presented Isidro Fainé with the **Businessman of the year** medal of honor. The Institute for Financial Studies (IEF) gave him one of its Financial Excellence awards.

Chairman Isidro Fainé was the winner of the "Financier of the year" award at the ECOFIN Forum





2. Corporate Governance

- 2.1 Organizational structure
- 2.2 Corporate ethics



The main objective is to guarantee the transparency, independence and good governance of the company

2. Corporate Governance

CaixaBank's corporate governance comprises a series of principles and regulations which govern the design, composition and functioning of the Entity's governing bodies: the Annual General Meeting, the Board of Directors and the Board Committees.

2.1 Organizational structure

One of CaixaBank's main objectives is to guarantee the transparency, independence and good governance of the company in order to safeguard the interests of all its stakeholders. A corporate governance policy which is both transparent and compliant with the recommendations of the Unified Good Governance Code is essential to ensure the trust of our investors, Spanish and foreign alike.

Management and control of CaixaBank are divided between the shareholders at their Annual Meeting, the Board of Directors and the Board Committees (Executive Committee, Audit and Control Committee, and Appointments and Remuneration Committee).

► For more information see the [CaixaBank Annual Corporate Governance Report](#)

Governing bodies

Annual General Meeting

The Annual General Meeting is CaixaBank's governing body where its partners, in accordance with the majorities required by law and the company's by-laws, make decisions on matters within their competence.

The General Shareholders' Meeting will be convened by the Board of Directors by means of a notice published at least one month prior to the date of the meeting. From the date on which the notice of the General Meeting is published, shareholders will be entitled to receive the proposed motions, reports and other documents, at their registered address, immediately and free of charge. These documents will also be made available to shareholders through CaixaBank's website. Furthermore, shareholders may, in relation to the items included on the agenda, request from the Company's directors any information or clarification they deem necessary, or raise any questions they deem salient. They may likewise request information or clarifications or send written questions in relation to any public information that the Company may have disclosed to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, or CNMV) since the date of the immediately

preceding General Meeting. During the meeting itself, shareholders may verbally request any information or clarification they deem appropriate concerning the items included on the agenda.

Shareholders who own at least one thousand (1,000) shares, whether individually or when pooled with other shareholders, will be entitled to attend, insofar as they have such shares recorded in the appropriate register of dematerialized shares at least five days ahead of the scheduled date for the meeting. Any shareholder entitled to attend may grant a proxy authorizing another person, whether or not a shareholder, to represent them at the General Meeting.

In accordance with the provisions of the by-laws, the exercise of voting rights on motions pertaining to items included on the agenda may be delegated or exercised by the shareholder by regular post, electronic mail or any other means of absentee voting, provided that, for such cases, the Company has procedures in place that duly guarantee the identity of the party exercising its right to vote, and record the identity and status (shareholder or proxy holder) of the voters, along with the number of shares with which they are voting, the direction of their vote or, as the case may be, any abstention.

► More information on the [Annual General Meeting](#)

Board of Directors



Isidro Fainé Casas
Chairman



**Mª Teresa
Bartolomé Gil**
Director (*)



**Javier
Godó Muntañola**
Director



**Maria Dolors
Llobet Maria**
Director



**John S.
Reed**
Director



**Alejandro García-
Bragado Dalmau**
General Secretary and to
the Board of Directors
(non-director)



Juan María Nin Génova
Deputy Chairman and C.E.O.



**Isabel
Estapé Tous**
Director



**Immaculada
Juan Franch**
Director



**Jordi
Mercader Miró**
Director



**Leopoldo
Rodés Castañé**
Director



Oscar Calderón de Oya
First Deputy Secretary
(non-director)



**Salvador
Gabarró Serra**
Director



**David
K. P. Li**
Director



**Alain
Minc**
Director



**Juan
Rosell Lastortras**
Director



Adolfo Feijóo Rey
Second Deputy Secretary
(non-director)



**Susana
Gallardo Torrededía**
Director



**Juan José
López Burniol**
Director



**Miquel
Noguer Planas**
Director



**Xavier
Vives Torrents**
Director

(*) Appointed by co-option on January 26, 2012.



Organization

The Board of Directors is the representative body of the General Shareholders' Meetings, and with the exception of issues reserved to this function, it is also CaixaBank's highest decision-making body.

It should ensure that CaixaBank abides by current law in its dealings with stakeholders; fulfills its explicit and implicit contracts and obligations in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles the Company has subscribed to voluntarily.

The Board of Directors in full should approve CaixaBank strategy, control the organization of the Company to implement this strategy and supervise and control the Company's management to ensure that it meets its stated targets and respects its corporate purpose and interest.

The Board shall endeavor to ensure that external Directors or non-executive

Directors represent a majority over executive Directors and that the latter should be the minimum.

Directors will remain in their posts for a term of six (6) years, notwithstanding their reappointment or removal by the Annual General Meeting at any time, in accordance with the Company's by-laws and prevailing legislation.

Functioning

The Board of Directors shall meet in ordinary session at least six (6) times a year and, at the Chairman's initiative, whenever he considers it necessary for the smooth running of the Company. The Board of Directors must also meet when requested to do so by at least two (2) of its members or one of the independent Directors.

In 2011, the Board met on 15 occasions.

Remuneration

Pursuant to CaixaBank's by-laws, the Board of Directors will receive remuneration of 4% of consolidated

profit, net of general expenses, interest, tax and other amounts allocated to writedowns and D&A, unless the Board itself decides to reduce its compensation in years in which it deems such a reduction to be appropriate. The resulting amount will be distributed among the Board of Directors and its delegate committees, and also to members who have executive duties.

Directors carrying out executive duties, at the Company, whatever the nature of their legal relationship, will be entitled to receive remuneration for these duties, which may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In the event of departure not caused by breach of their functions, directors may be entitled to compensation.

The amount payable to members of the Board in accordance with the above may only be disbursed after a minimum 4% dividend has been paid out to shareholders.

Additionally, within the limits specified in the paragraphs above, directors may receive compensation in the form of CaixaBank shares or shares in another publicly traded group company, options or other share-based instruments. This remuneration must be ratified by the General Shareholders' Meeting.

On the basis of a proposal by the Appointments and Remuneration Committee, at the meeting held on February 24, 2011, the Board of Directors resolved to set 2011 remuneration for supervisory and joint decision-making duties at a fixed amount not based on attendance at Board meetings or Board committee meetings. In recognition of his duties, additional remuneration was approved for the Chairman of the Board.

► For more information on the Board of Directors

► More information can be found in the CaixaBank Board of Director's Remuneration Policy Report in the section regarding the Annual General Meeting on the Company's website

Board committees

1) Executive Committee

The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in law and in the Company's by-laws. In terms of procedure, the Executive Committee is subject to the limitations set forth under article 4 of the Regulations of the Board of Directors.

2) Audit and Control Committee

The main functions of the Audit and Control Committee are:

- to propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external auditors.
- to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies.
- to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles.

Members of the Executive Committee

Name	Position
Isidro Fainé Casas	Chairman
Juan María Nin Génova	Member
Isabel Estapé Tous	Member
Susana Gallardo Torrededia	Member
Juan José López Burniol	Member
Maria Dolors Llobet Maria	Member
Jordi Mercader Miró	Member
Alejandro García-Bragado Dalmau	Non-director Secretary
Óscar Calderón de Oya	First Deputy Secretary (non-director)
Adolfo Feijóo Rey	Second Deputy Secretary (non-director)

Members of the Audit and Control Committee

Name	Position
Xavier Vives Torrents	Chairman
Salvador Gabarró Serra	Member
Alain Minc	Member
Alejandro García-Bragado Dalmau	Non-director Secretary
Óscar Calderón de Oya	First Deputy Secretary (non-director)
Adolfo Feijóo Rey	Second Deputy Secretary (non-director)

- to supervise the internal auditing services and compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely; and ensure the independence of said auditors.
- to supervise the compliance with the Internal Rules of Conduct on Matters relating to the Securities Market and, in general of the rules of corporate governance.
- to supervise compliance with regulations with respect to Related Party Transactions; in particular to report on transactions which imply or may imply conflicts of interests.
- to supervise compliance with the internal protocol governing the relationship between "la Caixa" and CaixaBank and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty and, any others attributed thereto by Law and other regulations applicable to the Company.

3) *Appointments and Remuneration Committee*

The main functions of the Appointments and Remuneration Committee are as follows:

- to bring before the Board of Directors the proposals for appointment of independent directors in order that the Board may proceed to appoint them (co-option) or take on such proposals for submission to the decision of the General Meeting, and to report on the appointments of the other types of directors.
- to propose to the Board of Directors a) the system and amount of the annual remuneration of Directors and Senior Executives, b) the individual remuneration of executive directors and further conditions of their contracts, and c) the basic conditions of Senior Executive contracts.
- to consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of CaixaBank.

Members of the Appointments and Remuneration Committee

Name	Position
Juan Rosell Lastortras	Chairman
Isabel Estapé Tous	Member
Javier Godó Muntañola	Member
Alejandro García-Bragado Dalmau	Non-director Secretary
Óscar Calderón de Oya	First Deputy Secretary (non-director)
Adolfo Feijóo Rey	Second Deputy Secretary (non-director)



Management Committee



Isidro Fainé Casas
Chairman



Juan María Nin Génova
Deputy Chairman and C.E.O.

General Managers



Antonio Massanell Lavilla
Media



Marcelino Armenter Vidal
Risk



Tomás Muniesa Arantegui
Insurance and Asset
Management



**Juan Antonio Alcaraz
García**
Business



**Gonzalo Gortázar
Rotaèche**
Finance

Deputy General Managers



Joaquim Vilar Barrabeig
Audit, Internal Control and
Compliance



Xavier Coll Escursell
Human Resources



Jaume Giró Ribas
Communication, Institutional
Relations, Brand and CSR



**Ignacio
Álvarez-Rendueles Villar**
International Division



Pablo Forero Calderón
Capital Market
and Treasury

General Secretary and to the Board of Directors



**Alejandro García-Bragado
Dalmau**
General Secretary and
to the Board of Directors

"la Caixa" Foundation Representative (*)



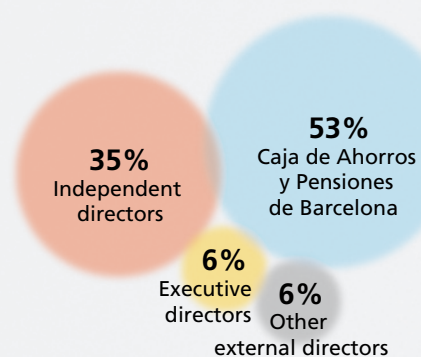
Jaime Lanaspá Gatnau
C.E.O. of "la Caixa"
Foundation

(*) He attends as a guest.

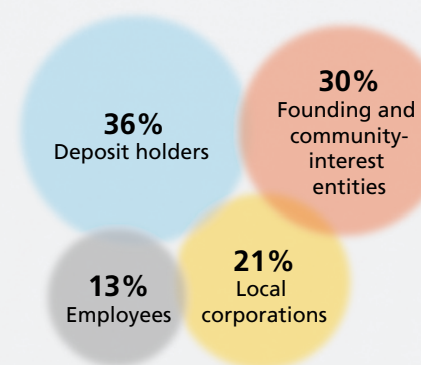


Stakeholder representation in the Governing Bodies

Board of Directors of CaixaBank



Board of Directors of "la Caixa"



CaixaBank's Board of Directors is made up of proprietary directors (representing its majority shareholder, "la Caixa"), in addition to independent, executive and other external directors.

In relation to the representation of CaixaBank's majority shareholders on its Board of Directors, the board of "la Caixa" proposes from among its members and Managing Director, the appointment of CaixaBank directors. In doing so, the Board must take into account the various groups represented on its own Board so that they will be represented on the CaixaBank Board.

Minority groups are represented on the CaixaBank Board by through a significant number of independent directors.

The representation of each stakeholder segment within the General Assembly of "la Caixa" is mapped onto all its governing bodies in similar percentages.

Other relevant information

This section covers Principles 1, 2 and 10 of the UN Global Compact.

The CaixaBank Annual Corporate Governance Report contains detailed information on transactions between the Company and "la Caixa" carried out in 2011 as well as information on transactions between the Company and its Board members and executives.

CaixaBank complies with the majority of the Recommendations contained in the Unified Good Governance Code.

Related Party Transactions

The CaixaBank Board of Directors in full approves transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (Related Party

Transactions). This article stipulates that the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions:

- They are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients.
- 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
- The amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the Group.

Furthermore, the Audit and Control Committee supervises compliance with regulations with respect to related-party transactions.

► [Access to Annual Corporate Governance Report](#)



At December 31, 2011, independent directors represented one third of all board members

Adherence to Corporate Governance Recommendations

This section covers Principles 1, 2, 6 and 10 of the UN Global Compact.

CaixaBank complies with the majority of the Corporate Governance Recommendations contained in the Unified Good Governance Code issued by the Special Working Group on May 19, 2006.

In this regard, we would note that at the close of the year, 15 out of the 17 CaixaBank Board Members are External directors, as per Recommendation 10 of the Unified Code which stipulates that External directors, proprietary and independent, should occupy an ample majority of board places.

CaixaBank also complies with Recommendation 13 as, at December 31, 2011, independent directors represented one third of all board members. We would also note that the number of

independent directors more than complies with the strict proportionality between shareholder participation and representation on the Board of minority shareholders, bearing in mind that CaixaBank has a controlling shareholder which holds over 80% of the share capital.

Furthermore, the Audit and Control and the Appointments and Remuneration Committees are formed in their majority by external directors and chaired by independent directors.

With regard to women directors, in accordance with Recommendation 15, the process of filling board vacancies has no bias against women candidates. In fact, the CaixaBank Board has one of the highest percentages of women directors of all the IBEX 35 companies.

► For more information please consult the Company's Annual Corporate Governance Report which is available on www.CaixaBank.com www.cnmv.es





***The Code is available,
in eight languages,
on the CaixaBank website***

***In 2011, CaixaBank issued
a set of criteria concerning
the acceptance of gifts or
benefits from third parties,
customers or suppliers.
This is available on the
intranet***

2.2 Corporate ethics

CaixaBank's conduct is based upon the principles of good faith, behavioral integrity and common sense.

As part of this pledge, the Company has its own ethics code and is a signatory to the UN Global Compact.

CaixaBank's Code of Business Conduct and Ethics

This section covers Principles 1, 2, 3, 4, 5, 6, 7, 8 and 10 of the UN Global Compact.

In September 2011, CaixaBank approved its Code of Business Conduct and Ethics which guide the conduct and govern the actions of all employees, executives and officers. This document was based on the code of "la Caixa", its main shareholder, and adapted to the requirements of a listed company and taking into consideration recent legislative changes.

The Code promotes the following principles of conduct:

- By conducting ourselves with integrity, we generate trust, a core value for CaixaBank.
- Compliance with prevailing laws, rules and regulations. The Code updates the anti-corruption and anti-bribery policies at "la Caixa".
- CaixaBank respects people, their dignity and core values. CaixaBank respects the cultures of the regions and countries where it operates. CaixaBank respects the environment and institutions.
- We safeguard the confidentiality of the information entrusted to us by our shareholders and customers.
- Customer and shareholder satisfaction guide our professional conduct.
- Social responsibility and adherence to international covenants.

In order to ensure compliance with the Code, a confidential channel has been set up to handle notifications of any potential breaches of the Code. Likewise, any uncertainties about its interpretation or application are handled through the customer service channels established by CaixaBank.

The Code states that any employee notifications (one in 2011) are taken before the Regulatory Compliance Unit, which shall receive them, study them and arrive at a solution while safeguarding the confidentiality of the sender. Notifications from customers

Common ethical commitment

CaixaBank's ethical commitment is all encompassing and includes its subsidiaries and investees. It therefore encourages these companies to adhere to a similar code of conduct.

In 2010 MicroBank published its own Code of Business Conduct and Ethics. In 2011, Group subsidiaries GDS-Cusa and InverCaixa both stated that one of their objectives for 2012 was to publish their own codes based on CaixaBank's principles, which will include the standards and values of both companies.



Preventing money laundering is a priority and an obligation for all CaixaBank employees

will be handled through the customer service channels established by CaixaBank.

The Telematic Code of Conduct was also revised in 2011 and published on the intranet. A specific channel will be set up in 2012 to deal with notifications concerning this issue.

► Access to Code of Business Conduct and Ethics

Code of Conduct on Matters relating to the Securities Market

This section covers Principle 10 of the UN Global Compact.

The CaixaBank, S.A. Code of Conduct on Matters relating to the Securities Market is intended to ensure internal compliance with prevailing securities market legislation, and sets out the rules governing CaixaBank's actions and those of its governing bodies, employees and representatives when carrying out activities related to the securities market.

The overall purpose is to promote transparency in markets and to protect, at all times, the legitimate interests of investors by promoting diligence among CaixaBank's governing bodies, employees and representatives, avoiding or managing conflicts of interest and ensuring investors receive correct information.

► Access to Code of Conduct on Matters relating to the Securities Market

Money laundering prevention

This section covers Principle 10 of the UN Global Compact.

For CaixaBank, combating money laundering, in addition to being a legal obligation, is a priority objective for all employees, executives and officers, in keeping with its corporate values and Code of Business Conduct and Ethics. The Internal Control Body has delegated to the Money Laundering Prevention Operating Unit the duty of ensuring compliance with prevailing

internal legislation. Its functions include:

- Receive notifications by employees and analyze the relevant information.
- Present within the time limit and the manner stipulated the regular statements required by money laundering prevention regulations.
- Comply promptly, safely and efficiently with requirements to report to the competent authorities on matters of money laundering prevention.

The EU directive on money laundering and the financing of terrorism which was drawn up based on the recommendations of the Financial Action Task Force (FATF), was transposed into Spanish law through Ley 10/2010. It includes the concept of the due diligence measures stipulated in Recommendation 5 and additional due diligence measures for politically exposed persons as per Recommendation 6. CaixaBank's internal regulations include guidelines regarding the prevention of money laundering and terrorist financing and have been adapted to the above-mentioned regulations.



A new customer-approval policy was approved to assess the potential risk of new customers

CaixaBank assumes the principles of the UN Global Compact as a commitment

In 2011, CaixaBank rolled out a training plan which incorporated the legal changes in this regard. The course was offered to all branch employees, with particular emphasis on those activities posing the greatest risk of money laundering.

In 2011 a new customer-approval policy was approved. This was introduced in December and is applicable to all work centers. This policy is intended to assess the potential risk of new customers although the diligence measures are also applicable to existing customers. This policy is available on the Company's intranet.

► [More information on prevention of money-laundering and the financing of terrorism](#)

The UN Global Compact

CaixaBank, as part of the "la Caixa" Group, shares the Group's commitment to the principles of the UN Global Compact. Adhesion to these ten principles in the areas of human rights, labor, the environment and anti-corruption, entails a wide-ranging commitment to social responsibility and sustainability. In this regard, CaixaBank and the other Group companies, include a clause in contracts with suppliers requiring them to be cognizant of and adhere to these principles.

In 2009 and 2010 the following CaixaBank subsidiaries which are covered in this report also adhered to the Global Compact: Caixa Capital Risc, e-laCaixa, GDS-Cusa, MicroBank, PromoCaixa, Silk,

Sumasa and TradeCaixa. During 2011, work continued at all of these subsidiaries on implementing the Ten Principles. All have submitted Communication on Progress (COP) reports outlining new challenges for the future.

InverCaixa and FinConsum also became signatories to the Global Compact in 2011. For its part, GDS-Cusa participated in an initiative promoted by the Spanish Global Compact Network and the Instituto de Crédito Oficial (ICO). This online and in-person training course focused on introducing measures in the day-to-day management of the company to make it more sustainable and responsible.

► [Access to Communication on Progress reports](#)

► [More information on the Global Compact](#)



3. Shared value creation

- 3.1 Strategic keys
- 3.2 Business model
- 3.3 Risks and opportunities
- 3.4 Resources
- 3.5 Value creation for stakeholders

In the sections, "Natural Resources", "Customers" and "Employees", 2009 and 2010 figures correspond to "la Caixa", within CaixaBank's consolidation scope, and are included for comparison purposes only. All figures correspond to individual entities.

3. Shared value creation

CaixaBank strives to create sustained value for its stakeholders –customers, shareholders, employees and community at large– by considering the short, medium and long term when defining and implementing its strategy.

The Company combines its commitment to leadership and growth with investing in competitiveness and wealth creation, as the foundations for making a clear contribution to the wider society.

It therefore adopts the values of leadership, trust and social commitment when conducting its activity, and integrates economic, financial, social, environmental and corporate governance objectives into its strategic and day-to-day management.

It also boasts a range of differentiating resources and capabilities:

- A universal banking business model designed to offer service excellence and tailored to the needs of its almost 10.4 million customers.
- A commercial network with strong regional ties and highly qualified personnel.
- A commitment to continuous innovation.
- A consolidated banking and insurance business that is managed responsibly and in a sustainable manner.
- A growing international presence through branches and representation offices, and through shareholdings in several international banks.
- A diversified business with shareholdings in solvent service companies.
- Responsible management and active control over economic, social and environmental risks to which its activity could be exposed.





The Group's reorganization laid the foundations for future growth and fulfilment of the objectives set forth in its 2011-2014 Strategic Plan

3.1 Strategic keys

CaixaBank's day-to-day management and current and future strategy are closely linked to the environment in which it conducts its activity.

Against a backdrop of rising competitiveness, the Company must therefore remain committed to **innovation** as a means of generating a competitive advantage and a tool that allows it to continuously improve its products and services. Furthermore, **internationalization ranks among its strategic challenges**, in terms of accessing new and larger markets and supporting corporate customers in the development of their businesses abroad.

In 2011, in an environment of market instability and challenging financial and economic conditions, to the Company further strengthened its universal banking model and worked to optimize economic, financial and environmental efficiency.

Over recent months, it remained true to its philosophy and strategic vision, underlining its **dedication to leadership and growth** against a backdrop of a stagnant market undergoing restructuring. It also reinforced the **social commitment** of the "la Caixa" Group,

once again including **financial inclusion** and **support for entrepreneurs** among its future goals.

In this context, the most outstanding challenge was the reorganization of the "la Caixa" Group through the incorporation of CaixaBank, which enhanced access to capital markets in order to achieve the required capitalization in the most efficient way. The Group's reorganization laid the foundations for future growth and fulfillment of the objectives set forth in its 2011-2014 Strategic Plan.

Economic and social backdrop

In 2011, the macroeconomic situation in Spain worsened, while the prospect of a recovery shrunk as a result of the sovereign debt crisis that emerged in the eurozone.

On many occasions, the Spanish risk premium clearly exceeded 400 basis points; a sign of the significant pressures building up in the financial markets. At year-end 2011, unemployment also reached 22.9% of the working-age population, further worsening the situation.

Economic, social and environmental backdrop

Throughout 2011, it became clear that recovery in the main developed economies would be slower and more uneven than expected. According to the latest forecasts of the International Monetary Fund (IMF), emerging economies experienced a slight slowdown in growth from 7.3% in 2010 to 6.4% in 2011. In contrast, developed economies suffered a major downturn in growth from 3.1% in 2010 to 1.6% in 2011.

The poorer performance of developed economies stemmed from the financial crisis and recession in 2008 and 2009, and from the policies applied to overcome them. The combination of excessive debt on the one hand and the progressive withdrawal of fiscal, monetary and financial policies to tackle the worst recession in recent decades, on the other, hampered growth.

The economic recovery in the euro zone in 2010 and early 2011, was limited and a recession forecast for the end of 2011, which could last until the beginning of 2012.

Developed economies did not perform as forecast in 2011

Economic recovery in Spain weakened during the year, during which GDP grew up 0.4% in the first quarter and 0.2% in the second, leveled off in the third quarter, and entered negative figures in the fourth quarter. This downturn was spurred by a notable dip in domestic demand. Household consumption remained depressed during the year, while public spending fell and corporate investments remained stable. House purchases also decreased yet again as a result of the depression in the real estate market.

Meanwhile, exports, with tourism at the helm, partially offset the drop in domestic demand, driven by an upturn in goods exports well above the rise in imports.

The economic situation was further aggravated by dashed hopes for new job creation. Although the job loss rate slowed in early 2011, it regained speed in the second half of the year, with unemployment hitting over five million. Inflation climbed to almost 4% in early 2011, spurred by rising commodity prices, although it eased back to 2.4%

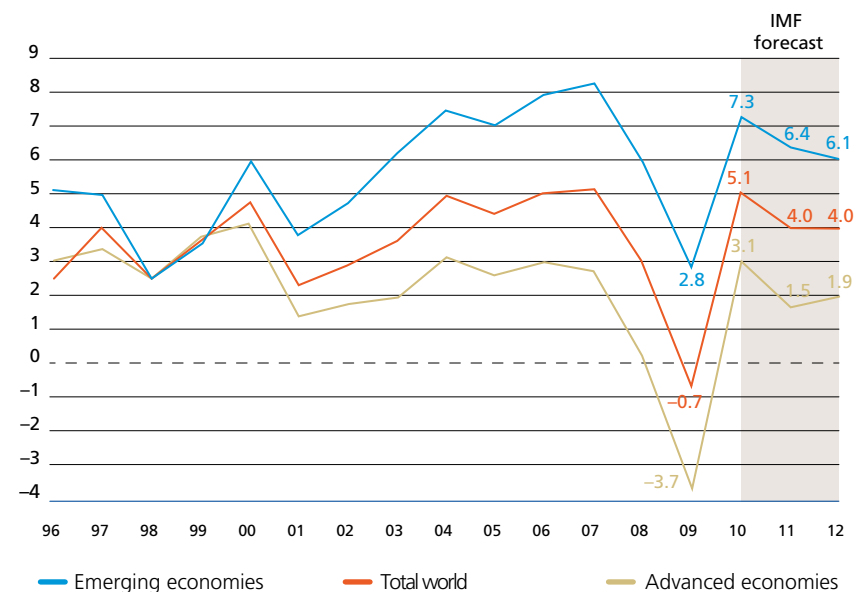
by year end. The trade deficit also shrank slightly, driven by a favorable non-energy trade balance and a strong tourism season, although borrowings accounted for more than 3% of GDP. In terms of public deficit, the frailty of income and the insufficient efforts to curb spending meant that the

Government could not meet its commitment to reduce the burden to 6% of GDP.

One of the milestones in 2011 was the 17th UN Climate Conference in Durban at the end of the year, during which member countries resolved to extend the

World growth

YoY % change





Kyoto Protocol beyond 2012 and establish a roadmap for reaching a global accord on curbing greenhouse gas emissions. Russia, Japan and Canada opted out of the second period for greenhouse gas emission reductions, which is only binding for signatory states. The agreement on which most of the 120 member states concurred concerned the commitment to begin a period of negotiation to develop a global climate pact before 2015.

Financial market performance

Financial markets remained relatively calm until around mid-2011. Halfway through the year, the worsening European sovereign debt crisis, the lack of political agreement regarding the debt and deficit in the United States (leading to S&P downgrading its AAA rating), and concerns about a slowdown in activity and even a slip back into recession, spurred considerable instability, driving up market volatility to the detriment of risk assets.

As in 2010, the main factor triggering this market turbulence was undoubtedly the European sovereign debt crisis. The main rating agencies placed Greek public debt at the highest possible risk level, which had a massive

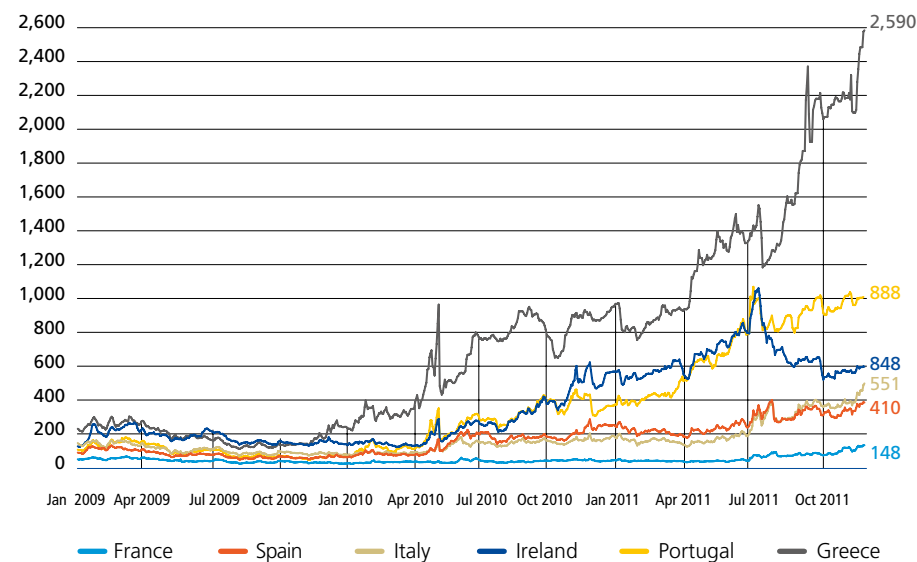
knock-on effect in Portugal and Ireland, and eventually Italy and Spain.

The European Central Bank proceeded to purchase the debt of these two countries in the secondary market, in addition to the purchases of the debt of countries receiving bail-outs. The European summit in December helped ease tensions, although the decisions taken did not

offer the much called for definitive solution to the crisis. The ECB also announced two three-year liquidity auctions, the acceptance of new collateral for bank loans, and a reduction in the reserve requirement from 2% to 1%. Following these developments, risk premiums for those countries under scrutiny, i.e., Italy and Spain, relaxed somewhat.

Sovereign bond spread with German bonds

Ten-year bonds, basis points





Uncertainty caused by the sovereign debt crisis in and outside the euro zone, and the decline in investor confidence negatively impacted risk assets, causing volatility and losses in the majority of the world's stock markets, especially among banking stocks. In contrast, US and German public debt became a safe-haven asset, driving their respective interest rates to record lows.

► For additional information

Strategic Plan

This section covers Principles 1 to 10 of the UN Global Compact.

2011 saw the launch of the CaixaBank 2011-2014 Strategic Plan, which is fully in line with the "la Caixa" Group's Strategic Plan for the same period. Under the slogan "Make the difference", its goals include consolidating CaixaBank's leadership in retail banking in Spain, diversifying the business, consolidating international operations, and maintaining a firm commitment to business and society.

CaixaBank boasts and aims to maintain a unique management model that stands out because of its:

- Prudence and a long-term vision
- Proximity to customers
- Service excellence
- Qualified and motivated workforce
- Technological innovation

The 2011-2014 Strategic Plan sets out 10 Strategic Challenges. In the first year after its launch, and despite the high levels of economic and financial

uncertainty and volatility, it has already had an impact thanks to the efforts of all the Company's employees. In 2011, productivity and market shares rose, capital and liquidity had been shored up, and notable headway was made with margins and quality. Furthermore, the eight Transversal Strategic Projects, designed to help meet these challenges and including the Branch Management, Individual Banking, Added Value Analysis and Quality Analysis projects, were being rolled out at year end.

► For additional information, see Chapter 5. Challenges for 2012



CaixaBank's 10 major challenges for 2011-2014

1. Strengthen leadership in retail banking.
2. Diversify the business towards enterprises.
3. Balance regional presence.
4. Grow through internationalization.
5. Maintain financial strength.
6. Improve profitability.
7. Boost organizational efficiency and flexibility.
8. Foster and motivate talent.
9. Assume the "la Caixa" Group's social commitment.
10. Communicate the institution's objectives internally and externally.

**At year-end 2011,
CaixaBank boasted close
to 10.4 million customers**

3.2 Business model

CaixaBank provides a universal banking financial service, based on a personalized, quality service, tailored to the needs of the greatest number of individuals possible, and focusing on innovation.

This model encompasses both the banking and the insurance businesses, and has an international reach. In order to diversify the Group's revenues, CaixaBank also holds interests in Repsol YPF and Telefónica.

Insurance and financial services

This section covers Principles 1, 2, 7 and 10 of the UN Global Compact.

CaixaBank aims to provide a quality service, founded on trust and a distinctive edge, to reach the largest number of customers possible and offer them the best and most complete service possible.

To this end, it conducts its financial and insurance activity by tailoring its services

to the different customer groups, drawing on the support of a range of subsidiaries providing both financial and support services. These subsidiaries back up and complement CaixaBank's operations and contribute to boosting customer service excellence.

A universal banking model

At year-end 2011, CaixaBank boasted close to 10.4 million customers, having also gained market share in a highly competitive environment for the Spanish financial sector. It has also consolidated its leadership in retail banking, and occupies third place in the corporate and business banking segment.

This extensive customer base is the Group's principal asset, providing stability and spurring growth in business volumes, assets managed, and lending. CaixaBank offers these retail banking customers, comprising both individuals and enterprises, specialized value proposals, operating under the "la Caixa" brand.

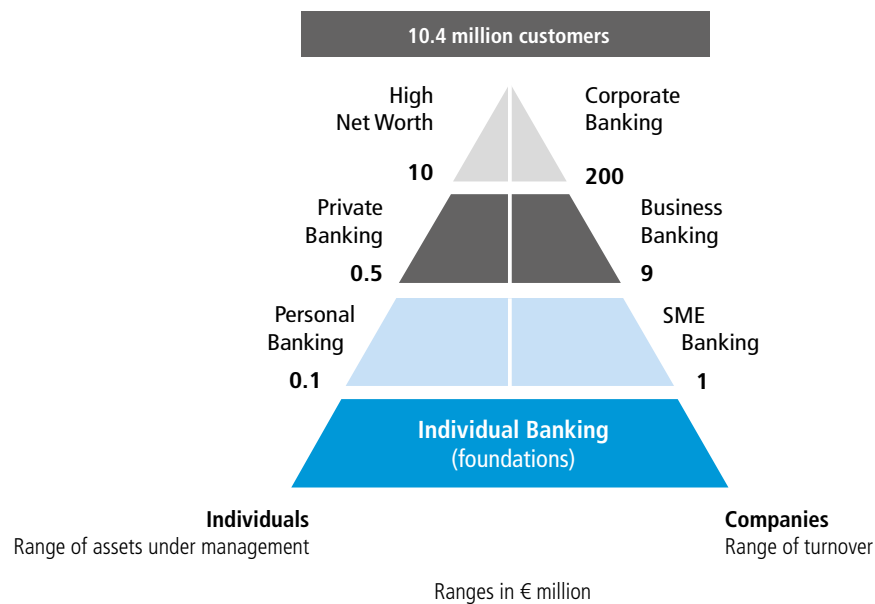


As part of the 2007-2010 Strategic Plan, and with the aim of offering a service adapted to its customers' various requirements, an effort was made to compartmentalize the business according to the various target segments. At the end of 2011, CaixaBank had six main customer business lines: individual banking, personal banking and private banking for individual customers and

banking for SMEs, business banking, and corporate banking for enterprises.

All these businesses are run by professionals with specialist training, offering a catalog of financial and non-financial solutions adapted to the needs of the target public and, when this target's particular needs so require, a specific branch network.

Specialized business model





Key activities targeting individuals in 2011 included capturing revenues and aggregating insurance

CaixaBank also has two business units –investment banking and transactional banking– the mission of which is to offer the best financial solutions to corporate customers for both project finance and corporate finance (investment banking) and covering the day-to-day financial needs of businesses (transactional banking).

Individual Banking

Individual banking is CaixaBank's value proposal for individuals with deposits of up to €100 thousand and for the self-employed, freelance professionals and microenterprises with an annual turnover of up to €1 million.

This business is the Group's most traditional, and the foundation for the rest of its specialized value proposals. With around 9.6 million customers and practically €170,000 million in assets managed, this segment represents 45% of all customer business.

One of the challenges set forth in the "la Caixa" and CaixaBank 2011-2014 Strategic Plans is to reinforce leadership in the Individual Banking segment. To this end, the Company works every day to provide a personalized service of the highest quality and offering innovative products. It also furnishes its customers with the cutting-edge technology at its

disposal to enable them to securely make a range of consultations and financial transactions 24 hours a day. All this has given rise to gains in market shares among individuals, retailers, micro-entrepreneurs, the self-employed, professionals and associations, thereby bolstering CaixaBank's position as a leader and benchmark in Spain, with a 21.0% market share. This leadership is most pronounced in Catalonia and the Balearic Islands, the Group's traditional area of activity, where its market share is 50.8%. This enviable market position is also reflected in its role as a leading provider of the main products in the segment such as direct salary deposits, pensions and cards.



CaixaBank, leading position in individual banking

According to the "FRS Inmark 2011 - Particulares" study, CaixaBank has reinforced its position as a leader in terms of reputation and commitment to customers. It is also highly ranked in

terms of customer retention and specialization in the corporate segment (in this instance, as per the "FRS Inmark 2011 - Empresas" report).

CaixaBank, market leader

In 2011, CaixaBank worked to retain its status as its customers' main financial provider and capture their recurring income, given that this is the best way in to managing the rest of their financial requirements: payment management and savings and investment flows. Sales and marketing activity therefore focused on informing customers of the added value of contracting products in CaixaBank and, the multiEstrella customer loyalty program –salary, pension and professionals– was reinforced, which aims to best adapt products and services to customers' financial cycles, tailoring them to the specific revenues, age and expectations of each customer. This program will continue throughout 2012.

The sales and marketing strategy has also been geared towards identifying customer needs and the solutions that best meet them, while guaranteeing the best possible service quality. To this end, during 2011 several sales and marketing campaigns were run highlighting the Company's status as a bank that is close to its customers and offers an innovative approach. These campaigns included a drive to capture revenues, leading to an increase in the market share of direct deposits of salaries, pensions and the self-employed, and the campaign to aggregate customers' insurance policies. An effort was also made to boost the

Market shares and place in the ranking

Ranking	December 2011	Market share
1	Direct salary deposits	15.9%
	Direct pension deposits	13.8%
	Card turnover	17.7%
	Merchant business (POSs)	21.2%
	Life-savings insurance	17.4%
	Demand deposits	12.3%
	Deposits (private residential sector)	10.3%
	SNCE (*)	12.5%
2	Mortgage loans	11.1%
	Loans (private residential sector)	10.6%
	Pension plans	16.3%
	Commercial loans	10.4%
3	Mutual funds	12.2%
	Factoring and Reverse Factoring	15.4%

(*) National electronic settlement system.

Club Ahora

In 2012, Club Ahora will be launched for CaixaBank customers aged 65 or over, which draws on CaixaBank's commercial experience and that of the "la Caixa" Foundation.

This club aims to become a benchmark among older people,

responding to their needs, motivations and concerns. This group will therefore be provided with financial offers, as well as health, training, cultural, and leisure offers, and will be able to access an exclusive website providing information on the program and associated offers.



The number of specialized consultants and training provided were stepped up in the Personal Banking segment

penetration rate in pension plans, by increasing the range of plans, adapted to customers' specific needs and preferences.

In a challenging environment, with limited access to credit, several campaigns were launched to provide credit for retail customers both through loans and revolving Visa Gold credit cards, which gave rise to more than 500,000 transactions, driving up market share to 11.5%.

Personal Banking

This value proposal, for customers with €100,000 to €500,000 of equity, is based on providing a personalized and accessible service and tailor-made products and services, to respond to the needs related to these customers' financial life cycles. At year end, CaixaBank had reinforced its position as one of the top two Spanish entities, with a volume of customer funds and securities of €64,007 million.

During 2011, the Personal Banking management model was further reinforced in the branch network. The 1,090 specialized consultants were therefore given further training, and

additional training was given on using innovative tools to provide customers with financial planning advice in a simple way but with the rigor demanded of MiFID. Various portfolio analysis reports were also developed, such as the equity position report, providing data on asset distribution, profitability and portfolio risk, to allow customers to better monitor their investments.

Sales and marketing also focused on developing and launching specific deposit products, as well as various campaigns promoting lending products and services. Special attention was given to the range of risk and savings insurance products. In this regard, the launch of a premium insurance range with specific cover and a gamut of exclusive benefits for insured parties is especially noteworthy.





In 2011, CaixaBank handled the second largest amount of equity on behalf of private banking customers

Private Banking

CaixaBank's private banking products and services are available for customers with over €500,000 of equity under management, and are sold through 376 consultants, with the support of 33 specialized centers included in the branch network. In 2011, customer funds and securities managed totaled €39,405 million, up 15% year-on-year, thereby strengthening CaixaBank's position as the second largest Spanish financial institution in terms of total private banking equity handled, and one of the leading firms in the high net worth segment in Spain.

For customers with over €10 million in equity, CaixaBank also has a specialized team, the "Altium" team, which works alongside Private Banking consultants to offer a global service proposal to high net worth customers requiring a significant level of sophistication when managing their assets.

Growth in this segment has been driven by the launch of a new methodology, TIME, for designing portfolios that respond to objectives regarding provisions, savings, growth and security within a financial planning

Private banking and social responsibility

CaixaBank encourages its employees and private banking customers to get involved in various corporate social responsibility projects:

- The publication Autor, exclusive to this group, has included features on MicroBank's Ethical Fund and the SAM Sustainable Climate Fund, as well as several programs of the "la Caixa" Foundation.
- Fashion workshops with famous designers held to encourage the employment of individuals at risk of social exclusion, in conjunction with the Spanish Association of Fashion Designers and the Incorpora Program of the "la Caixa" Foundation.
- Corporate volunteering during the division's convention, which led to 80 employees performing voluntary work.

process. This method aims to design an action framework that guides the consultation process, and which comprises various investment proposals that give priority to security and common sense.

During 2011, sales of investment funds remained stable, while sales and marketing campaigns were performed to offer attractive, tailor-made alternatives through structured products, which led to an 8% rise compared to 2010. Savings insurance was also in the spotlight, achieving

growth of 62% thanks to the attractive rates offered by government debt underlyings. These mainly provided a solution to customers' portfolios of provisions. The launch of the premium risk insurance range also reinforced the value proposal of specific products and exclusive services for private banking customers.

Innovation is crucial in Private Banking. A new Infinite card was therefore issued, exclusively for private banking customers, which offers operational and insurance benefits and value added services. An



online Puntos Estrella gift catalog was also developed for this group.

Exclusivity is also underlined by the number of training, cultural and corporate social responsibility meetings and events held throughout the year.

CaixaBank also has several projects aimed at analyzing the challenges faced by the financial sector. These include the launch of the “Banca Privada Reset” study, performed jointly with Accenture and Analistas Financieros Internacionales, aimed at improving the understanding of the changes taking place in the sector and how these are affecting the industry.

Banking for SMEs

Banking for SMEs is the specialist business serving business customers with a turnover of less than €9 million. In order to offer these customers an excellent service, CaixaBank provides consultants specialized in small- and medium-sized enterprises (SMEs) in branches with a critical mass of

customers in this segment, who are dedicated to managing and providing advice to these customers. These consultants are also supported by a multi-disciplinary network of specialists to work more closely with enterprises in their daily transactions and provide them with made-to-measure solutions. This enabled the Company to close 2011 as a leader in the SMEs market in Spain, with a 34.3% market share and a business volume exceeding €22,600 million.

Sales and marketing efforts during the year focused, inter alia, on the foreign trade business, which grew 11% year-on-year thanks to international transfers and subsequent financing thereof through trade risk lines. Other work included managing existing risk lines, the competitive advantages of services and payment methods provided, and financing for SMEs through (ICO) official credit lines.

The provision of products and services for SMEs was also bolstered through the new dossier of products entitled “Financial

solutions for your business”, the most noteworthy features of which are advice to provide further added value by creating personalized solutions, and a heightened commitment to online banking.

Business Banking

In its third year of operations providing the new value proposal, Business Banking has become an important pillar of CaixaBank’s business. At year-end 2011, this segment had its own network of 83 business centers comprising 872 specialized professionals, which are managed in a flexible, decentralized manner and are integrated into the regional structure, in order to optimize synergies with the other businesses.

Business Banking increased its sales and marketing activity during 2011, despite limited market dynamism. In this respect, over the last 12 months the segment experienced a 7% rise in lending to €18,407 million. Throughout 2011, the number of enterprises managed rose 17% to approximately 34,000.

CaixaBank has launched new value proposals for SMEs

Business Banking served 17% more customers compared to 2010

Business Banking consultants help to contribute to achieving the Group's CSR objectives

In 2011, Corporate Banking revenues were raised by 10%

In 2011, efforts were made to encourage business customers to join the Business Alliance for Child Vaccination (AEVI), of which Business Banking is also a member. It also raised awareness of the Incorpora Program for workforce integration, which forms part of the "la Caixa" Foundation, disseminating information to business customers through publications and information sessions and through CaixaBank consultants.

Corporate Banking

Corporate Banking manages business groups with a turnover exceeding €200 million. To achieve this, it has the Madrid, Barcelona and International Market centers and a team of 131 specialized professionals who manage relations with around 600 national and international business groups, comprising almost 5,000 enterprises.

The wide range of products offered and service excellence allowed this segment to meet its targets in 2011, with 12% growth in revenues compared to 2010.

A total of over €35,000 million in assets were managed (up 33%), over €21,500 million of which comprise investments (+18%). Customer funds managed total €10,500 million, down 3% year-on-year.





***Institutional Banking
was established in 2011
to manage public sector
customers***

Institutional Banking

This business, established in 2011 to unify the management of public entities, has a team of 90 professionals and handles approximately 4,000 customers. While this team mainly operates nationally, it also serves national and international customers operating in certain countries (investment grade) where basically project finance is provided.

Institutional Banking was established at the height of market tensions, where legislative changes in Europe, the high debts of many administrations, and the need to rapidly find solutions called for

a specialized team which is close to customers and anticipates their needs; finding innovative solutions and, as always, exercising strict discipline in terms of controlling business.

Investment Banking

Investment Banking is the proposal of syndicated financing and financial projects and advice, including corporate transactions involving sales and acquisitions for enterprises. CaixaBank's decision to support enterprises in conducting their business gave rise to a 13% increase in assets in this portfolio during what was a difficult year in 2011,

with particularly notable growth of 28% in the SME transactions portfolio, 16% in energy projects, 15% in infrastructures, and 7% in corporate finance and acquisitions in both Spain and abroad (Poland, Romania, Italy, Mexico and the United States).

CaixaBank conducts this activity in accordance with the Equator Principles, and since 2011, has followed a procedure for evaluating syndicated operations involving a total investment of over €7 million based on social and environmental criteria.

► For additional information, see section on Sustainability of the financial activity



Good management of Transaction Banking has driven a 23% rise in investment volume

Transaction Banking

Transactional Banking encompasses financial solutions for enterprises' daily operations:

- Foreign trade: Offers financial solutions facilitating customers' exports and imports.
- National services: Provides collection and payment solutions for enterprises.
- Treasury: Controls market fluctuations in interest rates and enables budgets and the stability of cash flows to be controlled.
- Specialized finance: Offers solutions that provide working capital financing.

In 2011, specialized treatment by product and the consolidation of one of the strongest commercial networks in the market, comprising over 200 specialists covering the entire country, enabled the Company to focus its sales and marketing activity, spurring high growth and boosting market shares in a challenging environment.

In terms of financing solutions, CaixaBank leads the group of entities with the highest rates of growth in the factoring and reverse factoring business, enjoying a

rise of 243 basis points, taking its market share to 14.9%. It was therefore ranked third place for three years running.

In terms of solutions to optimize enterprises' cash, it has a wide range of cover mitigating against fluctuations in interest rates, exchange rates, commodity prices, etc.

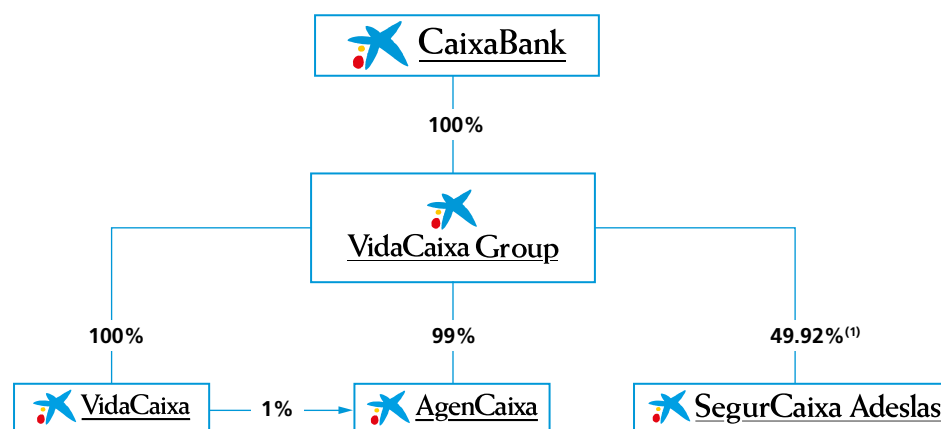
The innovative foreign trade solutions offered have enabled the Group to increase its position in the foreign trade

market by 172 basis points, taking its market share to 15.1%.

Insurance business

CaixaBank rounds out its portfolio of banking products and services with the specialized services of its pension and life insurance business.

The insurance group, through VidaCaixa Group, which comprises a range of brands in the different areas in which it operates, offers an extensive array of



(1) 0.08% held by non-controlling interests.



VidaCaixa Group serves close to 3 million individual customers and managing equity of over €38,000 million

pension plans and life insurance products. These are tailored to customers' needs and supplied through a multi-channel bancassurance distribution strategy.

In addition to savings products, VidaCaixa also sells risk-life insurance for individuals and businesses. Close to 3 million individual customers and over 50,000 enterprises and groups have contracted pension plans and insurance (retirement plans, life annuities and other products).

In 2011, organic growth in this segment was bolstered by the takeover of Caixa de Barcelona Seguros de Vida, another CaixaBank Group company dedicated to life insurance. Subsequent to the takeover, VidaCaixa has become established as the benchmark entity in the Spanish complementary pensions market, handling more than €38,000 million of customer savings.

This company's investments are managed in line with the corporate values of trust, quality, dynamism and customer proximity. Under this regime, in 2009 VidaCaixa became the first Spanish insurer and pension fund manager to subscribe to the United Nations Principles for Responsible Investment (PRI), underlining its firm commitment to responsibly managing all its investments.

As well as offering savings products, VidaCaixa also sells risk-life insurance to individuals and businesses, a line that has more than 1 million individual customers, and numerous groups and enterprises insured through its subsidiary specializing in this customer segment, VidaCaixa Previsión Social.

SegurCaixa Adeslas is the non-life insurance company resulting from the 2010 merger of SegurCaixa and Adeslas,

a market leader in medical insurance in Spain. At year-end 2011, 49.99% of its share capital was held by VidaCaixa Group and 50% by Mutua Madrileña, through a strategic alliance. SegurCaixa Adeslas tops the medical insurance market in Spain and is also well placed in the home and automobile insurance segments, and has a notable range of products for SMEs and the self-employed.

Specialized financial services and support companies

This section covers Principles 1, 2, 3, 4, 6, 7, 8, 9 and 10 of the UN Global Compact.

CaixaBank's subsidiaries provided operational support to the banking activity, thereby contributing to achieving the Company's commercial targets, while also ensuring a high level of customer service excellence.

Specialized financial services

CaixaBank has a group of companies offering a plethora of complementary fund management services and specialized finance products.

Corporate responsibility in the VidaCaixa Group

The VidaCaixa Group conducts its insurance business in a responsible manner; a staunch commitment transmitted through its values of trust, quality, dynamism and proximity to

customers, which underpin its activity and that of all its professionals.

► Access to the corporate responsibility section of the VidaCaixa website

InverCaixa Gestión (100%)

InverCaixa is the Collective Investment Schemes (CIS) management company, overseeing a wide range of products: investment funds, SICAVs, and portfolios. At December 31, the company handled €16,566 million, with an investment fund market share of 12.2%.

GestiCaixa (100%)

This company manages asset securitization, handling 39 securitization funds at December 31, 2011, with a volume of bonds in circulation of approximately €30,600 million.

FinConsum (100%)

Offers consumer financing products, mainly through points of sale (goods and services distributors as well as auto dealers).

CaixaRenting (100%)

CaixaRenting arranges equipment lease financing. It conducts its activity through the branch network, although in recent years it has boosted activity through the main business channel, achieving a business volume in 2011 of €145 million through equipment and property leasing. Through the agreement entered into with Arval in 2010, CaixaBank continues to offer vehicle lease financing under the

CaixaRenting brand through the Company's branch network.

Bolsas y Mercados Españoles (BME) (5.01%)

This company integrates all the securities registration, clearing and settlement systems and the Spanish secondary markets.

Support companies

The CaixaBank Group encompasses a number of subsidiaries whose main objective is to provide support services to the Company.

BuildingCenter (100%)

This company performs property investments and sells, administrates and manages properties linked to CaixaBank's activity and its own properties.

e-la Caixa (100%)

This company is responsible for managing and developing CaixaBank's multichannel, providing customers with electronic channels. It researches and rolls out new functionalities and solutions to ensure the channels form an integral part of the relations between the Company and its customers. It is also in charge of the commercial management of remote channels, remaining in constant contact

with the branch network. It provides direct customer support in relation to using the channels, email, online tools and social media. e-laCaixa also provides its services to other group companies.

GDS-Cusa (100%)

This company renders services related to the management of outstanding debts and the centralized management of specific CaixaBank operational tasks.

PromoCaixa (100%)

This company is responsible for managing promotional and customer loyalty programs, and performing other marketing activities.

Silk Aplicaciones (100%)

Responsible for managing the Group's technology architecture and providing IT services to CaixaBank and its subsidiaries, and for the international expansion of this architecture. Its subsidiary, Silc Inmobles, also manages the construction of new data processing centers, which will shortly house the Group's data processing equipment and infrastructure. Silk Aplicaciones is the result of the spin-off from SILK of the company owned by IBM (51%) and CaixaBank (49%) responsible for managing the technological infrastructure of CaixaBank and its subsidiaries.

SUPPORT COMPANIES		BUSINESS ACTIVITY
100%	BUILDINGCENTER	Property services
100%	E-LA CAIXA	Multi-channel management
100%	GDS-CUSA	NPL management
100%	SILK APLICACIONES	Software-based technological support
100%	SILC IMMOBLES	Development and leasing of DPCs
100%	SUMASA	Works and maintenance
100%	PROMOCAIXA	Marketing
100%	TRADECAIXA	Administrative services

Sumasa (100%)

This company manages on behalf of CaixaBank and the "la Caixa" Group companies services relating to the construction and maintenance of buildings and premises, and their facilities, certain supplies, and operating a marketplace through an in-house IT platform.

TradeCaixa (100%)

This company provides administrative and accounting services to some of the Group's support companies and participates in the management of the reporting process and controlling the securities portfolio of CaixaBank.



In 2011, CaixaBank was selected as the most innovative bank in the world in the Global Banking Innovation Awards organized by the Bank Administration Institute and Finacle (BAI)

Innovation

This section covers Principles 1, 2 and 9 of the UN Global Compact.

In an adverse economic climate with greater competition, the Company's ability to achieve sustained growth is dependent on it continuing to drive up efficiency. Innovation is therefore critical to ensuring CaixaBank can meet the

changing needs of its customers and the business environment, offer the highest quality service, and grow competitively while having the smallest possible impact on the environment. Since CaixaBank is committed to the people and regions it serves, innovation also has a social component, insofar as it aims to identify new social needs which it can meet through its business and the "la Caixa" Foundation, part of the "la Caixa" Group.

The Company strives to remain at the forefront of innovation in the financial sector. It therefore focuses on two areas: ongoing technological innovation to remain close to customers, and in-house innovation to maximize the talents of its personnel.

In 2011, total investments in technology reached €182 million, €33.6 million in R&D and innovation.

50 YEARS OF INNOVATION	1961 Teleprocessing	1967 Automated teller machines	2000 CaixaMóvil	2007 Specialized business model	2010 Virtualization
	Launch of first teleprocessing system linking branches to the central server.	First ATM that could be used with just credit cards. Account books, initially without pin numbers, were launched later.	Secure mobile-based system for buying online and in traditional outlets.	2007-2010 Strategic Plan rolled out the complementary businesses by segment.	The growth in social networks gives rise to a different way of relating with customers.
	EXPANSION	MULTI-CHANNEL APPROACH	NEW TECHNOLOGIES	SPECIALIZATION	PERSONALIZATION

In 2011, total investments in technology reached €182 million, €33.6 million in R&D and innovation

Innovation through in-house talent

CaixaBank innovates to improve working processes and systems in order to boost operating and commercial efficiency and accelerate reaching the objectives of the 2011-2014 Strategic Plan.

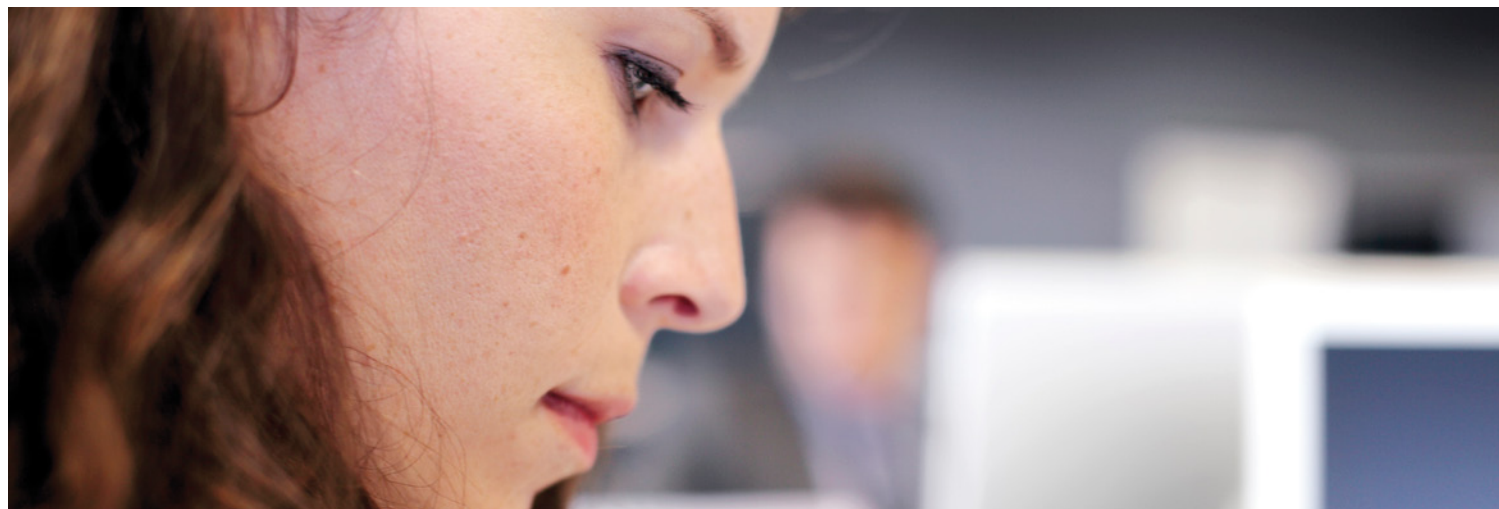
An attitude that promotes change and ongoing improvement is therefore encouraged through strengthening synergies between businesses, the Virt@ula online learning center –a corporate learning platform available throughout the business–, or the Value Added Analysis (VAA) Project, which aims to achieve better

Number of recommendations per annum	2009	2010	2011
Received	9,708	7,287	6,926
Under study	1,242	154	480
Completed	5,522	4,262	3,692
Dismissed	2,352	2,057	2,017

results at the lowest possible costs by rethinking how to do things.

An in-house social network has also been established, which facilitates transversal collaboration, and boosts the involvement and participative innovation of all employees.

The Company also has a suggestions box open to all staff, which received 6,926 recommendations from 3,199 workers during 2011. Over half these recommendations were implemented, while the remainder will be rolled out in the near to mid-term.



***Innovation in the
multichannel approach
brings CaixaBank ever
closer to its customers***

Multiple channels at customers' disposal

CaixaBank's continuous commitment to innovation enables it to develop and provide a better response to the changing needs of its customers.

CaixaBank strives to become closer to its customers and ensure the best quality bank is available to them anywhere, anytime. To this end, CaixaBank offers its customers the choice of several channels to access its products and services, paving the way towards building a lasting, quality relationship between them.

Remote banking represents both an opportunity and a two-fold advantage for CaixaBank. On the one hand, the branches can focus on "added" value tasks. While on the other, it helps to expand the customer base and acts as a tool for strengthening customer loyalty.

In this regard, CaixaBank strives to roll out efficient solutions in its branch network and existing electronic channels –ATMs, mobile (CaixaMóvil) and Internet (Línea Abierta)–, as well as through new devices –tablets, online television, social networks.





New work stations and operational improvements will give rise to electricity savings of 15%

CaixaBank's ATM network is the largest in Spain and second biggest in Europe

The most extensive branch network in the country

CaixaBank has close to 10.4 million customers and the largest branch network in the country.

In 2011, it continued to pursue its policy to improve technological resources at all branches, to help staff in their work, allowing them to provide the best possible service to customers.

Work continued to improve the financial terminals used in the branch network, while work stations were replaced with new hardware (PCs and screens) and a new operating system was introduced. This change boosted the mobility of work stations and the virtualization of applications. It also gave rise to an improvement in energy efficiency, which will lead to energy savings of 15% compared to the previous equipment;

reaffirming CaixaBank's commitment to the environment.

The leading network of self-service terminals in Spain

CaixaBank has the largest self-service terminal network in the Spanish financial system. It also has the second largest network in Europe.

In 2011, CaixaBank continued to improve the simplicity, security and accessibility of its ATMs.

CaixaBank is heading up the APSIS4all project in Spain to improve access to ATMs.

In 2012, Barcelona will become the first city in the world to have a contactless ATM. The plan is to install one of these ATMs in each branch. This technology speeds up transactions and makes them easier, as money can be taken out by just putting a contactless card or mobile near the teller machine. The user recognition processes is activated and the usual operations commence. The

Accessibility of CaixaBank branches

During 2011, CaixaBank continue to eliminate physical barriers and barriers for people with sensory impairment, which could represent an obstacle for disabled people wishing to access its buildings, products or services.

A "Zero Level" target was established for the branch network, which is

intended to eliminate barriers to access to branches for people with reduced mobility. As part of this program, 24 branches have been adapted, which involved installing access ramps in some cases. Currently, 4,028 branches are barrier-free, representing 78% of all branches.



In 2011:

- **8,011 ATMs**
- **Over 200 different operations, available in 15 languages**
- **More than 520 transactions performed**

CaixaBank was awarded the "Publi-News 2011 Innovation" prize in France for developing the first contactless ATM

contactless system allows cash withdrawals to be made around 30% more easily than using usual methods. The teller machine is also accessible, offering Braille instructions and keyboard, and enabling visually-impaired individuals to use headphones. This ATM (*Punt Groc* or yellow point) has been designed with the aid of more than 2,000 customers.

In 2011, CaixaBank collaborated with the ATM Industry Association (ATMIA Europe) to organize the first European ATM Innovation Forum, a platform for

developing and sharing cutting-edge practices.

Efforts were also ongoing during 2011 to optimize ATM navigability and usability, involving the redesign of certain operations to make them easier and more intuitive. ATM menus may also be personalized, e.g. to show the operations a customer wishes to visualize, change the size of the buttons, etc. This personalization can also be carried out through Línea Abierta.

ATMs for all

CaixaBank was the first financial institution in Spain to provide information videos with sign language to help deaf people perform financial transactions using ATMs.

Self-service terminals are constantly being upgraded to improve accessibility and increase the options to personalize the service. In 2011, work continued to ensure they are easy to use, taking into account the elderly, people with reduced mobility or with hearing or sight impediments, and those individuals that are least familiar with

using new technologies. The self-service terminals therefore include keyboards that are adapted for use by visually-impaired individuals, videos with sign language that are subtitled in Spanish and Catalan, and the option to personalize the service by pressing "1111" for visually-impaired individuals and "2222" for the hard of hearing.

CaixaBank is also involved in defining, developing and launching pilot projects aimed at improving the accessibility of ATMs in conjunction with entities in various European Union countries.





Línea Abierta was a finalist in the BAI-Finacle Global Banking Innovation Awards, in the most innovative services category

CaixaBank self-service terminals boast technology that transforms them into an additional sales and marketing channel. Customers can use them to contract other products and services, such as loans, Línea Abierta, CaixaMóvil and Cybertarjeta. Furthermore, 7,065 terminals (88% of the total) can also be used to buy tickets, making it easier to access a wide range of shows and events across the country.

Línea Abierta, the user takes center stage

Línea Abierta is CaixaBank's online bank. It is available in 19 languages and offers over 850 different operations.

It was redesigned in 2011 to make it simpler and easier to navigate around, thereby bringing customers, branches and the channel closer together. This involved rolling out new applications that boost user interaction and participation in a Web 2.0 environment. Services can also be personalized, allowing customers to design their own online bank.

During the redesign, several user tests were conducted, and the opinions and

recommendations of over 400 customers were considered. A further 10,000 customers also evaluated 20 products and services.

CaixaBank is committed to strengthening Línea Abierta as a sales channel. In this sense, in 2011 work carried on to optimize the processes to commercialize and contract insurance, cards, pension plans and investment funds in order to simplify them. Branches now prepare transactions, and customers merely have to authorize the operations through Línea Abierta. The Línea Abierta Shop was also launched: an innovative experience providing customers with access to the main financial products, which they can contract in just two clicks.

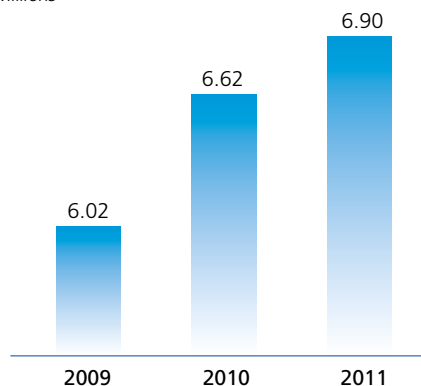
In 2011, CaixaBank was leader in online banking services in Spain for another year, ranked first in terms of market share (30.8%, Nielsen Net Ratings) and Internet service quality (national and international). In the business segment, the high absorption rates of the main transactions, with an average of 71%, also evidences the wide acceptance of this service.

Using Línea Abierta, customers can contract the main financial products in just two clicks

At year-end 2011, over 6.9 million CaixaBank customers had signed up to Línea Abierta

Línea Abierta customers

Millions





The “CaixaEmpresa Online Community”, created in 2010 as the first business social network, was recognized as “one of the best 100 ideas in 2011” by the magazine Actualidad Económica

CaixaBank bolsters its presence on social networks

The Company's presence on social networks enables it to multiply its sales and marketing activity and change the relationship between consultants and customers.

In 2011 CaixaBank became fully involved in social networking. The Company is active on Facebook and Twitter –through which it disseminates the “la Caixa” blog, press room and branch finder, YouTube and Flickr. Member-Get-Member campaigns to attract new customers have also been launched on Facebook.

- ▶ [Access to the corporate blog \(in Spanish\)](#)
- ▶ [Access to the press room](#)
- ▶ [Access to Facebook](#)
- ▶ [Access to Twitter](#)

LKXA is the latest to post its profile on Facebook, thereby completing its presence on the main social networks.

Other initiatives related to social networks also stand out, such as the «Online Community CaixaEmpresa» business

network and Club Ahora, a social network aimed at older people.

All this effort sees CaixaBank being ranked the best placed Spanish financial entity on social networks according to the SoMes ranking.

Mobile services: CaixaMóvil

CaixaMóvil covers all the products and services the Company offers through mobile. As evidenced by its top slot in the AQMetrix ranking, CaixaBank is one of the leading entities worldwide in developing this type of banking. For yet another year, it has led the sector in Spain in 2011 with over 2 million users, more than 159 million transactions performed and a wide range of quality services offered. In 2011, CaixaMóvil received the Banking Technology Award for the best international mobile payment initiative of the year.

CaixaMóvil, under the “la Caixa” brand, offers the Shareholder, Private Banking, MicroBank, ServiHabitat XXI, LKXA and multiEstrella mobile portals. Since, tablets came onto the market, it has also developed the Línea Abierta Tablet portal, with specifications for the Apple iPad and Blackberry Playbook.

CaixaMóvil comes top in the AQMetrix ranking, which evaluates online financial channels

CaixaBank is the only financial entity in the world to have its own apps store, CaixaMóvil Store



Through the shareholders portal, CaixaBank offers stakeholders various online services including real-time information on share prices, data on the composition of the investee portfolio, and the latest offers and discounts included in the Azul Program.

In 2011, Línea Abierta Móvil continued to develop new innovation projects that universalize the mobile as a sales and payment channel. All these projects are at the disposal of customers through the “CaixaMóvil Store”, the first mobile apps and services store provided by a bank, offering over 40 different apps, all of which are free and available for the various mobile operating systems. Customers can easily download them – more than 1.5 million downloads were made during 2011– and can send in their proposals for new mobile apps and services. Highlights also include the launch of the first financial application for television in collaboration with Samsung.

Furthermore, the Alerts Caixa-Móvil service enables the Company to send customers any type of information by text message or email. In 2011, more than

24.2 million messages were sent to the mobile of CaixaBank customers.

The Group’s leadership in mobile banking has permitted it to join several international working groups, including the Mobey Forum, an association of the world’s leading companies that strives to develop this type of banking. CaixaBank also organized the first International Congress on Mobile Applications and the FinApps Party, the first marathon to develop wireless applications for financial services.

Ongoing innovation in Línea Abierta Móvil

During 2011, a pioneering app that is unique in the world was launched among others, which enables prices in one currency to be converted into another currency using a mobile camera. New mobile apps were also launched to operate on the stock market in real time, manage and request cards, set up direct salary deposits, pay in checks and take out loans or insurance. CaixaEmpresa

and Online Community mobile apps were also developed for the self-employed and SMEs. Meanwhile, the LKXA program for the youngest customers now boasts geo-localization, a system that informs users of offers and discounts near where they located. Overall, augmented reality technology now allows any user to locate ATMs and branches.



The ONCE Foundation gave CaixaBank the Discapnet Award for its commitment to improving ITC accessibility

The CaixaBank Group is the leading issuer of cards in the Spanish market

Payment methods: a service with a difference

At the end of 2011, CaixaBank had issued 10.5 million cards, which along with the 0.29 FinConsum cards, made the Group the leading issuer in the Spanish market. During 2011, these cards were used to perform a total of 608 million transactions and generated turnover in retail outlets and cash withdrawals from ATMs of €35,855 million, €35,609 million of which derived from CaixaBank cards, 2.5% more year-on-year. Adding the business volume generated through cards from other issuers used in retail stores and ATMs, the Group manages €1,702 every second.

At the end of 2010, CaixaBank entered a collaborative agreement with the North American company Global Payments, a world leader in payments processing, to establish Comercia, which renders payment management services to retailers; boosting innovation and service quality, and providing customers with businesses outside Europe with a better service. During 2011, Comercia Global Payments handled over 595 million transactions with a volume of €22,989 million.

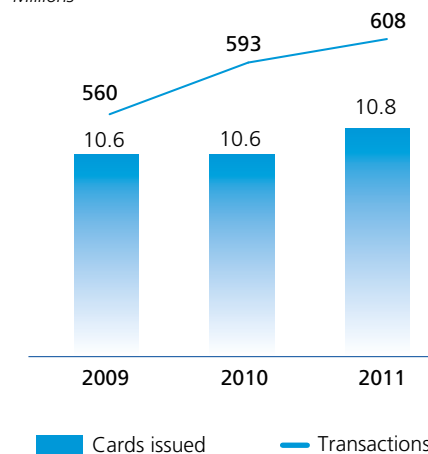
Multi-channel banking, accessible banking for all

CaixaBank aims to ensure everyone can enjoy access to quality banking. It has therefore adopted Level "A" Web Accessibility Initiative (WAI) standards. Its Línea Abierta portal and service must be accessible, irrespective of the type of hardware, software, network infrastructure, language, culture, geographical location, and abilities of a user, and therefore it follows the Level AA Web Content Accessibility Guidelines (WCAG 1.0).

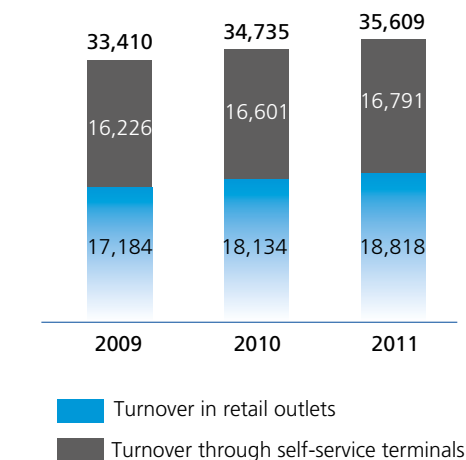
CaixaBank participates in the INREDIS Project to develop technologies that create new channels for communicating and interacting with people with some form of disability and that help to improve their lives. In recognition of this work, in 2011, the ONCE Foundation gave CaixaBank the Discapnet Award for its commitment to improving ITC accessibility.

CaixaBank Group cards

Millions



CaixaBank turnover



Thanks to the contactless system, no PIN is required for transactions under €20

CaixaBank occupies the top slot in the ranking of financial institutions with a market share of card turnover of 17.7%. Overall, the Group boasts a share of 17.8%. In terms of the turnover of cards used in stores by CaixaBank's retail customers, where it is also a leader, market share stands at 21.2%. Customers therefore have access to the widest range of payment methods available in Spain, including all card types and brands.

Of all cards in circulation at year-end 2011, 35.4% were credit cards (3.6% comprising revolving credit cards), 55.8% were debit cards, and the remaining 8.8% were private and wallet cards. Turning to POS terminals (Point-of-sale Terminals), 170,887 units had been issued at year-end 2011, all of which are chip and pin compatible.

On the Internet, 3.1 million CaixaBank customers performed a total of 26 million transactions using CaixaBank cards, representing an increase of 9% year-on-year. Meanwhile, CaixaBank's virtual stores totaled 8,100, 22% more than in 2010, generating a total of 24 million transactions (up 11% year-on-year).

Innovating payment methods

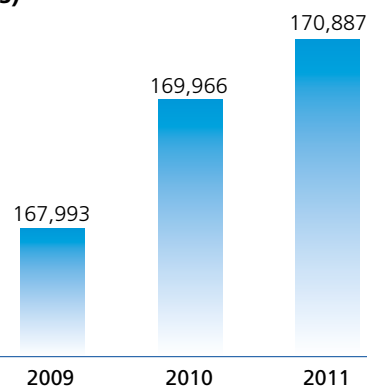
The development of contactless technologies and other applications, combined with the launch of web-connected mobiles, has opened up a world of opportunities in the area of payment methods.

In 2011, CaixaBank commercially launched contactless cards in the Balearic Islands. This area is the first in Europe to

offer this product in retail stores, at ATMs and on public transport, with 4,000 points of sale accepting this type of payment and more than 70,000 chip and pin and contactless cards activated. At year end, over 40% of transactions performed were contactless.

These cards are especially designed to enable customers to make quick payments easily and safely.

Point-of-sale terminals (POS)





The new CaixaProtect Emergency service was awarded the “Publi-News 2011 Innovation” award in France

CaixaProtect Emergency

We give maximum priority to protecting customer transactions. In 2011, CaixaBank therefore established CaixaProtect Emergency, a free service through which cardholders can receive emergency cash if they are abroad and have been involved in an incident whereby they lose or are unable to use their cards. This service enables customers to obtain, in a few hours,

cash from over 450,000 collection points in more than 200 countries.

Customers can also avail themselves of the free CaixaProtect service which, notifies them by text message of any significant card transactions that have been performed.

e-wallet: CaixaWallet

CaixaBank, as a leader in e-commerce, launched CaixaWallet in 2011. This is a new payment method through which customers can make payments on the Internet using any of their cards or accounts without having to provide card or account details. This service is the Company's first “e-wallet” project, an area of innovation that has huge potential given that it offers the possibility of combining new contactless payment methods and smart phones.

CaixaWallet, which can be contracted through Línea Abierta, is a free service

that can be linked to any customer's card (issued by any financial entity) or current account. In this way, users can make payments by inputting their CaixaWallet number instead of the number of their normal card or bank account. Their card and account details are therefore protected.

CaixaBank has also signed an exclusive agreement with PayPal for the Spanish financial market. It relates to a new Internet-based payment system using credit and debit cards, current accounts or PayPal balances, without needing to reveal card or bank account details to sellers.

Visa Code card: a pioneer in the Spanish market

In 2011, CaixaBank also entered into a collaborative agreement with Visa to launch the Visa Code card. This card, which is being piloted, facilitates the authentication of transactions, such as web purchases or the authorization of transactions through Línea Abierta when the cardholder is not present. This card stands out from others because it has a keypad and eight-digit alphanumeric screen, allowing high-security dynamic passwords to be created.

IT systems innovation and leadership

The financial sector is undergoing a technological transformation, and CaixaBank is working to stay ahead of this change, investing in technology that provides added value and a better service to customers in an efficient and sustainable manner.

In 2011, CaixaBank signed a strategic agreement with IBM to jointly manage the Group's technological infrastructure, which has involved IBM becoming a technology partner through its majority shareholding in the IT services company

The new data processing center, boasting the most cutting-edge equipment on the market, will meet the future business requirements

SILK, a company in which CaixaBank holds a 49% stake. The agreement will see capacity increasing from 2012 to efficiently handle greater business volumes. It will also spur the joint development of innovative strategic projects that encourage the uptake of new technologies. It is estimated that the agreement could give rise to savings of over €400 million for CaixaBank in the next ten years.

Fostering e-billing in Spain

CaixaBank is a benchmark in the management of e-billing, handling a million e-bills per annum sent between more than 35,000 companies using CaixaFactura, a service that is integrated into other services that are highly attractive to these parties, such as collection and payment management and financing.

e-bills are an operational equivalent to paper bills, and involve sending invoices from issuers to recipients by electronic and remote means, which are signed digitally using recognized certificates. This boosts security, and increases productivity due to the time savings made, reduced administrative errors and, above all, considerable paper savings.



It also involves IBM collaborating with CaixaBank's Innovation Center in Barcelona through IBM's Technology and Innovation Lab in New York and the Innovation Centers serving the banking sector in Silicon Valley and New York.

Construction of a new cutting-edge data processing center (DPC) was also completed in 2011. Thanks to its design and construction, this DPC has been classified as a Tier 3 facility in terms of reliability by the Uptime Institute. It is

equipped with the most advanced technological infrastructures for data processing and storage. The most innovative aspects of the new DPC include its greater energy efficiency as it encompasses dynamic uninterrupted supply systems that do not require batteries. LEED certification from the Green Building Certification Institute has also been applied for, allowing the new center to be classified as a sustainable building at the beginning of 2012.



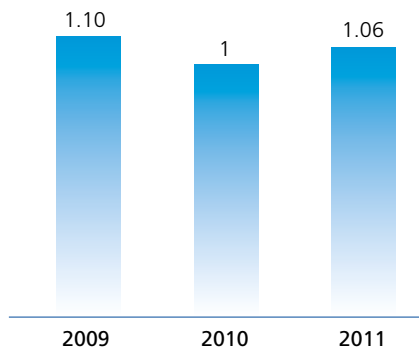
The 2011-2014 IT Security Management Strategic Plan aimed at reducing information leaks

Security

CaixaBank pays special attention to in-branch security, customer transaction security, and confidentiality with regard to personal data.

The physical safety of customers and employees is also a top priority. Its branch network is therefore prepared to mitigate the risk of robberies and hold-ups, especially in areas that are deemed to be high risk. In 2011, there were 1.06 hold-ups per 100 branches.

Trend in hold-ups
Per 100 branches



In order to find out about and share best information security practices, CaixaBank is involved in several working groups in Spain and around the world. These include the Card Fraud and Information Security Group of the Interbank Cooperation Center (CCI), the Security Working Group (GTS) and the Security Working Group of the Spanish Business Continuity Consortium (CECON). Between October 2011 and September 2013, the Company will also represent the Spanish chapter of the Internet Security Forum (ISF).

CaixaBank's business continuity management system is BS 25999 certified

Business continuity is an essential process for corporations, setting out the procedures a company must follow to ensure critical business functions can continue during and after an unusual, high-impact contingency or incident, such as a fire, earthquake, flood, epidemic, etc.

This certification provides assurance to stakeholders that the Company is able

to respond to events that could affect business operations. CaixaBank also complies with the requirement to be flexible and adjust its operations in a constantly evolving environment, having adopted international certification programs, such as ISO 27011 and BS 25999, to ensure regulatory compliance and the quality of security management and continuity of the business.

Plan to mitigate information leaks

In 2011, the Company continued to implement its 2011-2014 IT Security Management Strategic Plan, aimed at mitigating information leaks. During the year, the most outstanding projects were as follows:

- The successful launch of new, cutting-edge technical tools needed to detect and minimize the risk of information leaks, thereby protecting customer and business data.
- The reinforcement of information protection measures in ATMs to avoid the theft of customer data.
- The preparation of guides to disseminate best practices concerning information

security among branch and Central Services personnel, technical users and service providers, among others.

- A review of in-house information security rules to make them clearer and encourage all staff to follow them.
- Further staff training on data protection via online Virt@ula courses and informative articles in the CanalCaixa in-house magazine.
- The renewal of ISO 27001 certification for the Information Security Management System, which also included a review of the "la Caixa" Group's websites.



In 2011, CaixaBank opened new representative offices in Singapore, Dubai and Delhi

International diversification

This section covers Principles 1, 2, 3, 7, 8 and 9 of the UN Global Compact.

As stipulated in the Group's Strategic Plan, one of the Company's strategic challenges is international growth.

This challenge has a two-fold objective: firstly, to offer shareholders, employees and investors preferential access to new opportunities in high-growth regions with a balanced risk profile. In recent years, stakes have therefore been acquired in leading banks with sound core shareholders and excellent management quality, which also operate in markets that meet appropriate growth and risk criteria.

The Company's organic growth therefore reflects a commitment to service, enabling it to accompany and provide specialized support to customers with

interests and trade relations outside Spain. This approach also encompasses exporting the business model and welfare work that underpin the entire "la Caixa" Group.

To achieve this two-fold goal, CaixaBank has different ways for operating abroad, which vary from one country to another: strategic alliances, operational branches and representative offices.

Operational branches

CaixaBank runs operational branches in Warsaw (Poland), Bucharest (Romania) and Casablanca (Morocco). These branches offer finance and basic services and target Spanish companies with interests and operations in these countries. They also provide services to local companies with significant trade links with Spain.

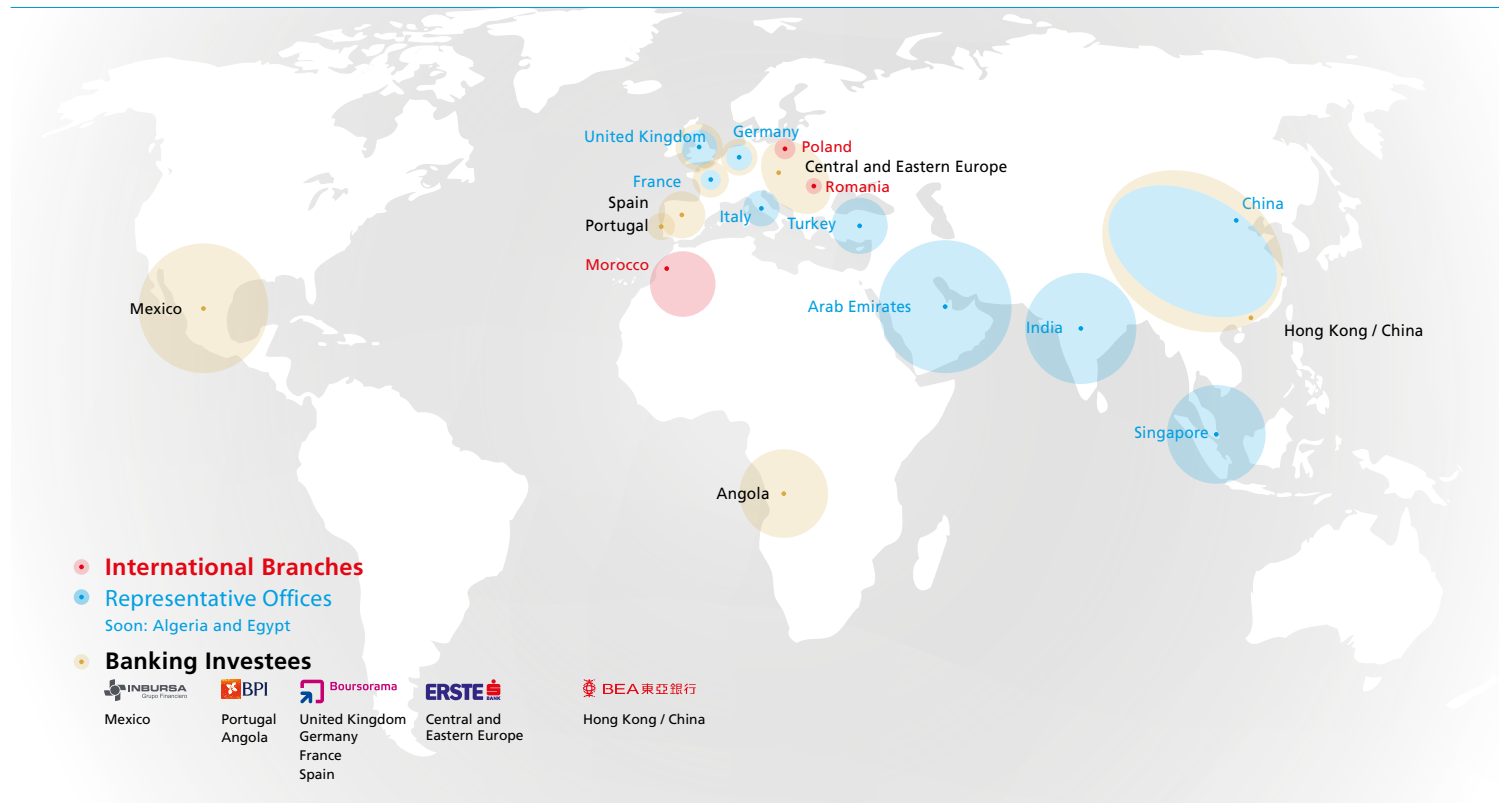
Representative offices

Located in Italy (Milan), Great Britain (London), France (Paris) and Germany

(Stuttgart and Frankfurt), these offices serve major Spanish corporations, the parent companies of multinationals with subsidiaries in Spain and local SMEs in these countries with operations in Spain.

CaixaBank also has representative offices in China (Beijing and Shanghai), Turkey (Istanbul), Singapore, the United Arab Emirates (Dubai) and India (Delhi), having the latter three initiated the full activity in 2011. Representative offices offer support to Spanish enterprises with projects abroad, furnishing them with information on tendering and the procedures for presenting bids. They also act as a link with local financial institutions, offer advice to customers on their activities in the country, and are a point of support for the sales and marketing activities performed by the CaixaBank's branch network, targeting subsidiaries or parent companies in these countries. In 2012, offices are scheduled to open in Algeria (Algiers) and Egypt (Cairo).

CaixaBank's international presence



Strategic alliances

CaixaBank provides its customers with access to the commercial networks of its partner banks, to help them trade abroad. Inbursa provides services in Mexico, Banco BPI in Portugal, Erste Group Bank in Central and Eastern Europe, The Bank of East Asia in Hong Kong and China, and Boursorama in

France, the United Kingdom and Germany.

Agreements and special terms have also been established with Banco BPI, ("Iberian Business Solutions") and Erste Group Bank ("Central and Eastern European Solutions") to provide business customers with a fuller service.

Lastly, agreements have been entered into with branches of banks in countries in which the Group is not active. At year-end 2011, CaixaBank had relations with over 2,900 correspondent banks, in order to support customers with foreign trade and investment projects in any country in the world.



Banco BPI, Boursorama, Grupo Financiero Inbursa, Bank of East Asia and Erste Group Bank comprise CaixaBank's financial investee portfolio

Holdings

CaixaBank has a portfolio of holdings in various leading banks, all of which are supported by strong core shareholders and boast excellent management quality.

These acquisitions provide the Group with a means to expand internationally and offer CaixaBank's shareholders, employees and customers preferential access to new opportunities in regions with growth potential and a balanced risk profile.



Banco BPI (30.1%)

Founded in 1981, BPI is a universal banking group that focuses on retail banking for entrepreneurs, institutions and individuals. It is the third-largest private financial group in Portugal in terms of business volume.

It has total assets of about €43,000 million and a branch network of more than 740 offices in Portugal and over 150 in Angola.

► [For additional information on Bank BPI](#)



Boursorama (20.73%)

Founded in 1995, with total assets of over €4 billion, Boursorama is a French financial company specialized in the online distribution of savings products, forming part of the Société Générale Group (its main shareholder, with a 56% stake).

It operates in four countries, and is a key player in France's online banking market and a leading distributor of financial information through this channel. In the UK and Spain, it is one of the top online *brokers*. Since 2009, Boursorama has also provided online banking in Spain through SelfBank (a joint venture with CaixaBank), and in Germany with On Vista Bank.

► [For additional information on Boursorama](#)

Collaboration with BPI

CaixaBank and Banco BPI provide a specialized service to major groups on the Iberian Peninsula through a center in Madrid and another in Lisbon, both staffed by personnel from both entities. Commercial activity also extends to their respective Business Banking networks, creating the largest specialized banking network in this market (83 CaixaBank centers and 54 Banco BPI centers).

The "Iberian Business Solutions" service also provides business customers with preferential collection and payment

services and conditions, enabling them to operate between Portugal and Spain as if they were domestic transactions. This commercial alliance has been extended to encompass both entities' international operations, to benefit from synergies and provide customers with a better service.

In parallel, a plethora of initiatives to tap into synergies and share knowledge in specialized businesses and support areas have also been instigated, fostering innovation and the development of new technologies.



Collaboration with GFI

In 2011, CaixaBank supported Inbursa in its retail banking expansion plan, providing it with know-how and best practices in managing its own commercial branch network, using commercial tools and instilling a quality-focused culture, which creates value for customers and encourage their loyalty. Other key priorities in this collaboration have been the design of products, development of electronic channels (Internet, ATMs, POSs and mobile banking), and increasing organizational efficiency.

In the wholesale banking segment, there is also a constant flow of transactions through which the two groups are jointly financing infrastructure construction projects in Mexico.

The Inbursa Foundation established by Inbursa and "la Caixa" also forms the backbone of a collaboration to roll out welfare programs to address issues such as drug addiction.



Grupo Financiero Inbursa –GFI– (20%)

Founded in Mexico in 1965, GF Inbursa is a leading provider of services in commercial and retail banking, asset management, life and non-life insurance, and pension plans. It also provides securities brokerage and asset custody services. It is the leading financial group in the country in terms of asset management and custody services, sixth in terms of total assets, and one of the top companies in the insurance and pension fund market. It also has one of the highest market capitalizations in Latin America.

It has total assets exceeding €18,000 million, a network of more than 270 branches, 6,800 employees and 13,000 financial advisors.

► [For additional information on Grupo Financiero Inbursa](#)



Bank of East Asia –BEA– (16.9%)

Founded in 1918, BEA has over €60,000 million in assets, more than 220 branches and over 12,200 employees. It is the leading independent private bank in Hong Kong and one of the best positioned foreign banks in China; where it has been operating through its subsidiary BEA China since 1920 with a network of more than 100 branches that is currently undergoing expansion.

BEA offers retail, personal, business, and investment banking to its customers in Hong Kong and China. It also serves the Chinese community abroad through its branches in other countries in Southeast Asia, North America and the United Kingdom.

► [For additional information on Bank of East Asia](#)

Collaboration with BEA

CaixaBank and BEA signed an agreement through which both entities provide financial services to their partner's customers through their own commercial networks.

The collaboration with BEA also includes co-financing projects led by Spanish and Chinese groups, and fostering the exchange of know-how in e-banking, foreign trade and microcredits.

In 2011, the agreement made in 2010 by "la Caixa" Foundation, The Bank of East Asia Charitable Foundation and The Salvation Army Hong Kong and Macau Command to develop a palliative care program for terminally ill patients in Hong Kong was maintained.



Relations with state and multilateral bodies allow the Company to expand internationally



Erste Group Bank (9.77%)

Founded in 1819 as the first savings bank in Austria, in 1997 it was floated on the stock market in order to develop the retail banking business in Central and Eastern Europe. At year-end 2011, it was the second largest banking group in Austria, and one of the leaders in Central and Eastern Europe, with assets totaling approximately €210,000 million.

As well as operating in Austria, it controls banks in seven countries (the Czech Republic, Romania, Slovakia, Hungary, Croatia, Serbia and the Ukraine) and is a market leader in the Czech Republic, Romania and Slovakia, providing services to 16.9 million customers through 3,190 branches.

► [For additional information on Erste Group Bank](#)

State and multilateral bodies

CaixaBank is committed to developing global relations with these institutions as

Collaboration with Erste Group Bank

CaixaBank has collaborated with Erste Group Bank to co-finance Spanish groups and develop security and technological innovations. Several projects have also been implemented to tap into synergies and collaborate in various areas of business (treasury, transactional banking, private banking, etc.).

In 2011, the “Central and Eastern European Solutions” platform was fully operational, and agreements were also in place between CaixaBank and Erste to provide services to each partner’s customers in their local markets.

one way of growing its business model internationally and boosting its customer base.

Multilateral entities, whose areas of influence coincide with the areas CaixaBank has targeted for international growth, are ideal partners to strengthen its international growth, its investees and its customers. Long-term strategic relations are therefore forged to help compete at a global level.

During 2011, and with the collaboration of the entire “la Caixa” Group, efforts

continued to reinforce what is an innovative, proactive and profitable model. CaixaBank is a leader in the Spanish market and a privileged intermediary of the European Investment Bank (EIB), Council of Europe Development Bank (CEB), and the International Finance Corporation (IFC), and also operates with other multilateral bodies such as the European Bank for Reconstruction and Development (EBRD) in Romania.

In 2011, several operations were entered into with the European Investment Bank

(EIB) totaling €486 million, the most noteworthy being a loan of €200 million to finance projects undertaken by local entities. This new line of finance complements those available to CaixaBank for SMEs, renewable energies and social housing for long-term rent, enabling it to cover all segments of activity. All these projects implement the “Europe 2020” (employment, productivity and R&D and innovation) strategy, address climate change, and support the European Union’s foreign initiatives.

Meanwhile, MicroBank has received a €100 million loan from the CEB to finance microcredits for entrepreneurs, while CaixaBank has established two loans of €25 million under the auspices of the EBRD in Romania.

CaixaBank also collaborates with the Union for the Mediterranean (UfM) to develop the instruments financing the Mediterranean Solar Plan, and has signed a guarantee with the European Investment Fund (EIF) securing micro venture capital totaling €8 million.

Revenue diversification

This section covers Principle 10 of the UN Global Compact.

CaixaBank holds stakes in Repsol and Telefónica, two of Spain’s leading corporations measured by market capitalization and profits. Both companies are leaders in their sector, highly internationalized, with scope for growth and value creation and an attractive shareholder remuneration policy. They also contribute to diversifying CaixaBank’s revenues. Both are also noted for their commitments to corporate social responsibility and sustainable development, which is underlined by the fact that both are listed on the main sustainable stock indexes.



Repsol YPF (12.8%)

Repsol YPF is an international company operating in the hydrocarbons sector

(exploration and production, refining and marketing) in more than 35 countries and a market leader in Spain and Argentina.

It is one of the ten largest private oil companies in the world and the largest private energy company in Latin America, in terms of assets. Repsol YPF has assets worth over €68,600 million.

► [For additional information on Repsol YPF](#)



Telefónica (5.4%)

Telefónica is one of the world’s leading integrated telecommunications operators, with operations in 25 countries in Africa, Europe and Latin America. It is a benchmark in Spanish and Portuguese-speaking markets.

Total assets exceed €125,000 million. It has more than 300 customer accesses, and a substantial international dimension with more than 60% of its revenues generated outside Spain.

► [For additional information on Telefónica](#)

3.3 Risks and opportunities

CaixaBank operates in an environmental, financial and socioeconomic climate that presents both risks and new business opportunities.

There are also risks inherent to the Group's activity as a financial institution, which are managed to protect its financial strength and optimize the risk-return ratio.

The environment is equally a source of risk, not only environmental risk but also social and economic, which represent a risk factor for individuals and enterprises. CaixaBank aims to offer solutions to its customers to enable them to adapt

and benefit from the opportunities that arise in relation to growing a low carbon economy, and integrating environmental and social factors into their financing and investment activity.

The Company considers and integrates these risks into both its day-to-day operations and its Strategic Plan, and aims to identify and benefit from new opportunities to achieve its growth and shared value creation goals.

► For additional information see sections:
– Strategic Plan
– Innovation
– Value creation for stakeholders
– Challenges in 2012





Active risk management

This section covers principles 1, 2 and 10 of the UN Global Compact.

Managing business risk is an essential part of the Group's strategy to achieve a balance between risks and return.

Global risk management is essential to the business of any credit institution. At the CaixaBank Group, global risk management aims to optimize the return/risk ratio by identifying, measuring and assessing risks, and ensuring that they are always taken into account in the business decision-making process, without losing sight of the need to enhance customer service quality. Likewise, it aims to ensure the Company's robust risk profile and preserve capital adequacy and security mechanisms to strengthen its position as one of the soundest entities on the Spanish market.

The risks it incurs as a result of Group activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes

structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, and regulatory compliance risk.

Risk management is geared towards establishing a risk profile aligned with the Group's strategic objectives. It helps develop a system of authorization levels based on all fundamental risk variables and transaction amounts, and enables the Group to quantify risks using scenarios based on capital use and expected loss.

Structure and organization

The Board of Directors of CaixaBank is the Group's highest risk-policy setting body. Acting in line with the duties assigned by the Board, the Senior Executives are members of the following risk management committees:

- Global Risk Committee.
- Approval Policies Committee.
- Lending Committee.
- Refinancing Committee.
- Asset-Liability Committee (ALCO).
- Real Estate Acquisition and Appraisal Committee.

General Risk Management Principles

These Board-approved General Risk Management Principles provide risk management guidelines for the CaixaBank Group, which may be summarized as follows:

Risk is inherent to the financial business and risk management is a function that corresponds to the entire organization. The following are also important: independence from the risk management function, joint decision-making, approval of transactions based on a borrower's repayment ability, monitoring of transactions until final repayment, and achieving an appropriate return for the risk assumed.

Other, more specific principles underlying the risk management model in CaixaBank are as follows: risk measurement and management using advanced approaches; swift, customer-centric decision-making through decentralization; the use of standard criteria and tools; and ensuring there are sufficient resources to perform the tasks at hand.



CaixaBank has a General Manager in charge of all Group risks. The Global Risk Management Division, which reports directly to this individual, is the global oversight unit that fulfills the independence criteria established under Basel II, and is responsible for ensuring appropriate asset quality and capital adequacy and collateral mechanisms. Its objectives are the identification, assessment and integration of exposure and risk-adjusted return for each activity from the global perspective of the CaixaBank Group and in accordance with its business strategy.

Procedures, tools and strategies

For several years the CaixaBank Group has been using a set of control tools and techniques based on the specific nature of each type of risk. These include probability of default calculations obtained through rating and scoring tools, loss given default and expected loss calculations in connection with the various portfolios, and risk-adjusted return tools, both at customer and branch level.

Value at Risk (VaR) calculations are also performed on the portfolios as a method for controlling and setting market risk

thresholds, and qualitative identification of the various operational risks relating to each Group activity.

Internal Audit

The CaixaBank Group's internal audit function is the responsibility of the Senior Vice President of Audit, Internal Control and Compliance, which is part of the Entity's Management Committee. This unit reports systematically to the Deputy Chairman and C.E.O., and to the Audit and Control Committee, the supervisory body of the internal audit function.

Its mission is to guarantee effective supervision, with ongoing assessment of the internal control system, and management of the organization's risks. The Internal Audit unit performs an independent corporate function, contributing to good corporate governance. Furthermore, in addition to CaixaBank's audit teams, investees VidaCaixa and FinConsum have their own audit departments.

CaixaBank's internal audit function and that of its parent is currently the responsibility of the same individual, without prejudice to each audit team's

responsibilities for reporting to the respective control and supervisory bodies in each company.

Audit is strategically focused on detecting, supervising and monitoring the Group's main risks. Its purpose is to maintain at reasonable levels the possible impact of risks on the achievement of the Group's goals and to provide added value through its actions.

Its organization and work methods are focussed on achieving these goals.

It uses methods based on identifying the main risks inherent to the Group, the processes in which they may arise, and the controls to deal with them. The list of risks, processes and controls, which is updated annually, is used for assessing the Group's internal control system and for producing a Residual Risk Map in the ongoing audit engagements.

Internal Audit also verifies compliance with the regulations and controls, and issues recommendations in cases where weaknesses are detected. It is also responsible for internal supervision within the global risk management framework



of Basel: pillar I (credit risk, operational risk and market risk), Pillar II (SRP – the supervisory review process and other risks) and Pillar III (prudent management of enhanced disclosure).

Credit risk management

Credit approval processes and organization

Tools for measuring returns against risk by business and customer were further developed during 2011.

Due to the economic climate, special attention has been given to reviewing and adjusting the tools and policies used to award loans based on the specific circumstances of each customer.

In the last quarter of the year, a Risk-Adjusted Return (RAR) approach was implemented at customer level in the business banking network.

An approvals system is now in place to award loans, which is a highly effective tool for delegating powers to manage risk. Risk parameters and other policies based on the creditworthiness of

borrowers are all taken into consideration when establishing approval powers.

In 2011, the system for approving expected losses was extended to the real estate developer segment, which establishes maximum limits per guarantee and customer.

The pricing tools, which are based on risk premiums, integrated into the loan application system are critical to pricing operations. Furthermore, information on benchmark spreads and risk-adjusted spreads calculated monthly are also critical.

The approvals system is based on the electronic file, a component that is critical to the efficiency of the process, as it eliminates the need to physically handle files.

At the end of the first quarter of 2011, a new measurement model was rolled out for awarding non-mortgage loans to individuals. This model updates the previous model and is better tuned to the current economic climate.

During 2011, a new platform was also launched to generate analytical reports on enterprises, which is used across the

entire network for both the acceptance and control of risk.

Recoveries management

The Group's risk management policy focuses on dealing with the rise in NPLs and diligently adopting measures to effectively collect debts that are difficult to recover, from the first signs of deterioration in debtor solvency, by constantly monitoring their performance and that of the mortgaged assets offered as collateral. Without prejudice to the ongoing controls over the loan book, CaixaBank has taken steps to mitigate the impact of the recession on its individual customers.

After careful risk analysis, in certain cases, CaixaBank therefore tailors installments falling due in the short term to the income available to debtors, confiding in the belief that delaying collections will help ensure the loans are repaid in full. The options available to ensure this objective is achieved are analyzed along with the customer to identify the method best suited to his/her needs, always ensuring that the final objective of recovering the loan is achieved and internal risk approval procedures are followed.



Credit Risk Analysis and Control

The Credit Risk Analysis and Monitoring Division of the CaixaBank Group, which reports to the Global Risk Management Division remains independent from the Executive Risk Analysis and Approval Division. Its function is two-fold: to prepare follow-up reports on individual borrowers or economic groups with higher risk levels, and to monitor risk holders whose creditworthiness shows signs of deteriorating, using a scoring system based on risk alerts for each borrower.

The risk alerts and scoring system for borrowers based on their risk performance plays a key role in informing the loan approval system and any follow-up. Therefore, borrowers who are more likely to default in the short term are analyzed more thoroughly and more frequently.

Another feature of the alert system is that it is fully integrated with the customer information systems, as alerts are

assigned to each borrower and included in the rest of the information pertaining to said borrower.

The outcome of the monitoring process is the establishment of “Action Plans” for each of the borrowers analyzed, which aim to complement the alert-based scoring system while helping to shape the approvals policy for future loans.

CaixaBank has a risk prevention system for individuals, SMEs, and microenterprises which enable the Company to use creditworthiness levels obtained from the scoring and rating tools to detect and manage in advance any customers with a high default potential.

Credit risk measurement and rating

The mission of the Credit Risk Methodology and Models Division, which reports to the Corporate Risk Models Division, is to build, maintain and monitor the credit risk management systems. It is also in charge of

guaranteeing and advising on the use of these systems, while seeking to ensure that the decisions based on these measurements take their quality into account. This division is kept independent from the other business divisions to ensure that risk rating policies are not affected by commercial considerations.

CaixaBank is authorized by the Bank of Spain to use methods based on internal rating-based (IRB) models to calculate the minimum capital requirements for credit risk.

To achieve the Division’s aims, periodic reviews are performed of all the models, to detect any deterioration in the quality of the measurements, and of the estimates made, for the purpose of including any fluctuations in the economic cycle. Practically the entire retail banking portfolio, which includes the individual and SME segments, is assessed on a monthly basis, enabling the knowledge base for these customers and their portfolios to be continually updated.



Risk assessment in CaixaBank

Measurement of risk is based on two concepts: expected loss and unexpected loss.

A. Expected loss

Expected loss is the result of multiplying three factors: exposure to default, probability of default, and loss given default. These three factors provide an estimate of the expected loss through credit risk from each loan, customer or portfolio.

1. Exposure at default

Exposure at default (EAD) provides an estimate of the outstanding debt in the event of default by the customer. This

measurement is particularly significant for financial instruments with a repayment structure that varies according to customer drawdowns (credit accounts, credit cards and, in general, any revolving credit product).

The estimate is based on the Entity's internal default experience, relating to drawdown levels upon default to drawdown levels over the 12 preceding months.

2. Probability of default

CaixaBank uses management tools covering virtually all of its lending business

to help estimate the probability of default (PD) associated with each borrower.

The tools are either product-orientated or customer-orientated. Product-orientated tools take account of the debtor's specific characteristics in relation to the product concerned, and are used basically in connection with the approval of new retail banking transactions.

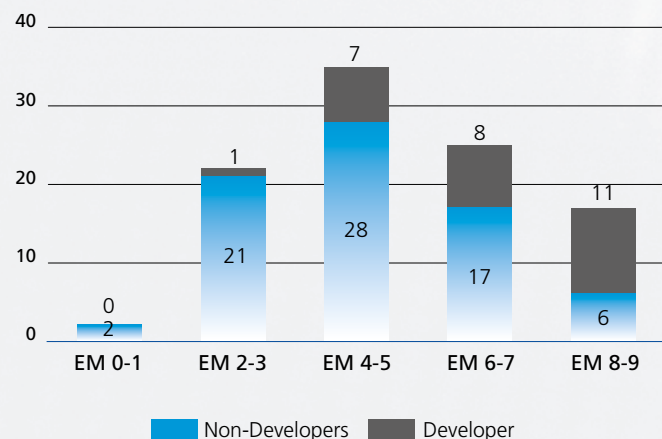
Customer-orientated tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. Customer-

orientated tools include behavioral "scoring" models for individuals and ratings for companies, and are implemented throughout the branch network as part of the ordinary credit approval tools. The following charts show the distribution by rating scale of the entire portfolio, distinguishing between legal entities (business and SME) and retail segments (mortgage, consumer and credit card).

The credit risk rating tools were developed on the basis of the Company's NPL experience and include the measurements required to fine-tune the results to the

Distribution of exposure

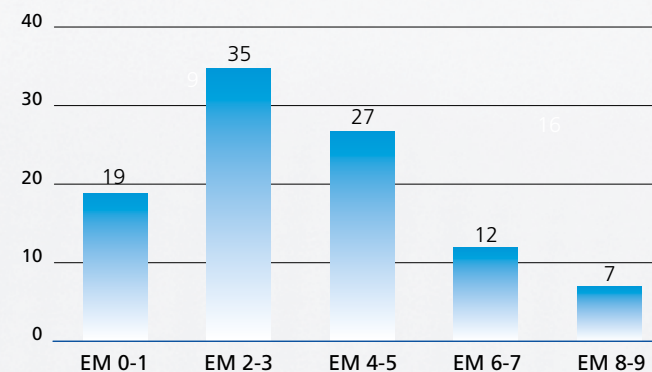
Legal entities (%)



EM: Risk master scale, from highest to lowest creditworthiness.

Distribution of exposure

Retail (%)



EM: Risk master scale, from highest to lowest creditworthiness.



business cycle and the projections for the next cycle, with a view to securing relatively stable measures in the long term, which may differ from the incidences of default observed at any given time.

All rating tools for companies are customer-orientated and vary considerably according to the customer segment. The rating process for microenterprises and SMEs is very similar to that used for individuals.

In this case a modular algorithm was developed, which rates three different sets of data: financial statements, information drawn from dealings with customers, and certain qualitative factors. The rating results are also adjusted to the business cycle.

The Corporate Rating function, which is the responsibility of the Credit Risk Analysis and Monitoring Division, has internal models in place to obtain ratings for the large companies segment.

These are “expert” models which lend greater weight to the analysts’ qualitative judgments, and were built in line with

the Standard & Poor’s methodology. Therefore, the global default rates published by the rating agency could be used, making the methodology much more reliable.

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

3. Loss Given Default

Loss given default (LGD) is the percentage of debt that cannot be recovered in the event of customer default.

The Company reviews the default recovery and default remedial procedures on an ongoing basis to minimize the impact of potential default.

Historic LGD rates are calculated using internal information at CaixaBank, taking into consideration all the cash flows associated with the contracts from the moment of default until the situation is either remedied or a default is finally declared.

This calculation also includes an estimate of the indirect expenses (office staff, infrastructure costs and similar) associated with the process.

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

B. Risk-adjusted return

CaixaBank has a number of tools in place to assess the rate of return that may be expected from a contract/customer based on coverage of expected losses and an adequate return on the capital retained to meet the unexpected losses which may arise from the risks undertaken.

The benchmark spread for companies details the cost of the risk undertaken in each customer’s outstanding loans over the last year-on-year period. This cost is compared with the risk-adjusted spread, which details the customer’s overall rate of return, net of financial and operating costs,

and ultimately determines the customer’s added value.

C. Unexpected loss and economic capital

Measuring the expected loss guarantees proper control of credit risk under “normal” market conditions. The expected loss may be considered as an additional business cost. However, at times real losses can exceed the expected losses due to sudden changes in the cycle or variations in the specific risk factors of each portfolio and the natural correlation between the various debtors’ credit risk. Pillar I of Basel II establishes minimum capital requirements precisely to mitigate against potential unexpected losses. If a methodology is adopted based on internal scorings, as is the case in CaixaBank, it is necessary to use the pertinent formula in function of each business segment, which takes into account the probability of default, the proportional impact of the loss given default, the adjustment for the outstanding term to maturity of the loan, and various established correlations that are fixed or inversely proportional to the probability of default, depending on the business segment concerned.



The variability of the expected losses from the portfolio constitutes unexpected losses, which represent potential unforeseen losses. They are calculated as the loss associated with a sufficiently high level of confidence in the distribution of losses, less the expected losses. The aim is to avail of sufficient equity or capital to cover these unexpected losses.

Traditionally, two concepts have been distinguished:

- Economic capital, that which an entity should have to cover any unexpected

losses that may arise and jeopardize its continuity. It is the entity's own estimate, adjusted according to the level of tolerance to risk, volume and type of activity.

- Regulatory capital, that which an entity must maintain to cover the requirements of the supervisory body.

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

The level of capitalization of an entity (not necessarily in statutory terms) and the risk profile undertaken, measured in terms of capital requirements, define an entity's capital adequacy and its credit quality.

Appropriate capital management is and will always be a factor that sets the most advanced and competitive entities apart. A management approach that measures economic capital enables risks to be measured and managed, and the highest risk transactions or business lines to be

identified. It also allows those transactions or business lines that generate the most economic value to be identified by measuring return on capital.

CaixaBank therefore has an integrated model that measures the intrinsic risk of the loan book and of the investment portfolio using in-house criteria. Thus, the in-house economic capital model is constantly being improved to ensure that the best sector practices in this area are incorporated, and that it covers the entity's risk profiles as accurately as possible.

Internal validation

The New Basel Capital Accord focuses on determining the minimum capital requirements for each entity in accordance with its risk profile. With regard to credit risk, entities are allowed to use internal rating models and their own estimates of risk parameters to determine capital requirements.

The importance of the process for determining capital requires the utilization of suitable control features to ensure the estimates are reliable. The Bank of Spain establishes internal validation as a mandatory pre-requisite

for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity. It must also be carried out on a continuous basis at the entities, as a complementary feature to traditional control functions (internal audit and supervision).

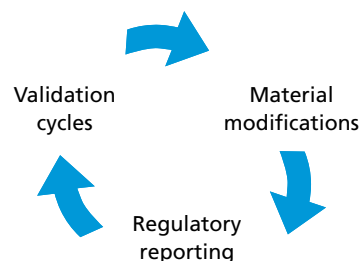
The validation function at CaixaBank is carried out by the Internal Validation Unit as part of the General Secretariat and Validation Subdivision, which reports directly to the General Risk Division, guaranteeing the independence of the teams developing and implementing internal models.

The main goals of Internal Validation are to issue an opinion as to whether the internal models are suitable for management and regulatory purposes, identifying all their relevant uses, and to assess whether the risk management and control procedures are in line with the Company's risk profile and strategy.

The function must also support Senior Executives (especially the Global Risk Management Committee) in their responsibilities regarding approval of the use of the internal models, and coordinate the supervisory validation process with the Bank of Spain.



Validation cycles



The Internal Validation unit's working methodology is based on the preparation of annual plans, with a distinction made between tasks relating to regulatory compliance and the specific reviews planned.

Regulatory compliance activities comprise:

- Validation cycles, a set of regular reviews used to conduct an annual analysis on each IRB approach in terms of its performance and integration within the risk management processes. This guarantees an updated opinion on the state of the internal models and their uses.
- Exhaustive reviews following major modifications to IRB models that require a preliminary opinion by Internal Validation.
- Regulatory reporting (IRB Monitoring Dossier, Internal Validation Report).

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned.

In 2010, the scope of Internal Validation was broadened to include market risk.

The validation framework for market risk was set up in the course of 2010, and the first validation report concerning a major modification to the internal market risk model was issued during the first quarter of 2011.

Investee portfolio

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

The Global Risk Management Executive Division measures the risk to which these positions are exposed from the standpoint of both the underlying risk in terms of market price volatility, using VaR models (a statistical estimate of the maximum potential losses through reference to historical data on changes in prices) and from the standpoint of the likelihood of default, using models based

on the PD/LGD approach, following the guidelines set out in Basel II.

These indicators are monitored on an ongoing basis to ensure that the most appropriate decisions are always taken on the basis of the market performance observed and predicted and of the CaixaBank Group's strategy. These measures and their implementation are necessary to monitor management of the investee portfolio and enable strategic decisions to be made on its composition by Senior Executives at CaixaBank.

The Corporate Risk Models Division has an Investee Risk Control Unit, the principal objective of which is to optimize the return-risk ratio of this portfolio, and monitor and control the current positions held by CaixaBank in investees. Analyzing these positions provides a dynamic vision of the diversification and concentration effects of the Group's portfolio.

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



Management of risk associated with balance sheet positions

Management of balance sheet interest rate risk

CaixaBank has a prudent and conservative balance sheet interest rate risk management framework, which, in accordance with its strategic objectives, is in line with best market practices and recommendations and guidelines put forward by supervisory agencies.

In accordance with current regulations, CaixaBank does not avail itself of its own funds for the structural interest rate risk assumed, in view of the low risk profile of its balance sheet. Although the balance sheet interest rate risk is substantially below levels considered significant (outliers), in keeping with the proposals of Basel II, the implements a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

Structural balance sheet interest rate risk, inherent in all banking activity, arises when changes in the structure of the market rate curve affect assets and liabilities and cause them to be renewed at rates other than those set previously, thereby affecting the Company's economic value and net interest income.

Management of balance sheet interest rate risk

CaixaBank manages this risk using a two-fold strategy: 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 managed on an active basis 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 deposits and lending transactions arranged with customers.

The Asset and Liability Management (ALM) Division, which reports to

the Deputy General Manager of the Treasury and Capital Markets Division, is responsible for analyzing this risk and proposing hedging transactions to the Assets and Liabilities Committee (ALCO) in accordance with the objectives established to manage this risk.

Various assessment measures are in place to analyze this risk and propose hedging transactions to the Assets and Liabilities Committee (ALCO) in accordance with the objectives established to manage this risk:

- The static gap reveals the spread of interest rate due dates and reviews, on

a specific date, for sensitive items on the balance sheet. For those items without a contractual maturity date (such as demand accounts), on the basis of past experience of customer behavior, including the possibility that the customer may withdraw the funds in these types of products. For other products, in order to define the assumptions for early termination, internal models are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

- The sensitivity of net interest income shows the impact on the review of

balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates. In addition, interest rate scenarios of unparallel interest rate movements are analyzed to include the impact of curve flattening or steepening on sensitivity.

- The sensitivity of equity to interest rates measures the potential effect on the



present value of the balance sheet in the event of interest rate fluctuations. The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of structural risk, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

- VaR measurements in accordance with treasury-specific methodology.
- Earnings at risk (EaR) measurements are taken in order to establish with a certain level of confidence (99%) the maximum loss of net interest income over the next two years, assuming a certain amount of balance sheet growth. This analysis

also identifies the potential worst and best cases of all the simulated scenarios, thereby showing maximum levels of risk.

Balance sheet interest rate risk at December 31, 2011 was as follows:

- The one-year sensitivity of net interest income to sensitive balance sheet assets

and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each, is approximately 1.40% on the rising scenario and -1.24% on the falling scenario; well below established limits.

- The matrix of maturities and revaluations of the sensitive balance (static gap) is as follows:

Matrix of maturities and revaluations of the sensitive balance sheet at December 31, 2011

<i>(Thousands of Euros)</i>	1 year	2 years	3 years	4 years	5 years	> 5 years
ASSETS						
Mortgage collateral	96,888,704	12,566,545	91,907	73,544	80,923	568,090
Other guarantees	56,283,642	1,787,057	1,147,715	755,230	580,378	2,001,881
Money market	0	0	0	0	0	0
Debt instruments	3,388,053	1,677,345	4,676,091	3,985,199	544,761	611,669
Total assets	156,560,399	16,030,947	5,915,713	4,813,973	1,206,062	3,181,640
LIABILITIES						
Customer funds	81,361,162	14,077,384	12,470,137	2,682,721	1,972,449	9,337,342
Issues	19,304,936	5,148,887	6,242,763	3,948,083	4,369,396	12,515,617
Money market, net	14,260,081	0	0	3,000	0	14,774
Total liabilities	114,926,179	19,226,272	18,712,900	6,633,804	6,341,845	21,867,733
Assets less liabilities	41,634,220	(3,195,325)	(12,797,187)	(1,819,831)	(5,135,783)	(18,686,093)
Hedges	(35,286,868)	5,345,618	7,856,123	4,136,954	4,263,958	13,684,215
Total difference	6,347,352	2,150,293	(4,941,064)	2,317,123	(871,825)	(5,001,878)

Market risk of treasury positions

CaixaBank measures market risk following the most advanced methodologies recommended by the Basel Committee, which have been reviewed and validated by the Bank of Spain. It has also developed a robust limit authorization and control structure ensuring that market positions are taken that are in line with the objective of achieving returns while assuming a level of risk that is deemed acceptable.

The levels of market risk assumed were moderate in 2011, with an annual average VaR of €4.5 million.

Market risk refers to the potential loss in value of financial assets as a result of adverse fluctuations in market rates or prices. Through the Front Office's involvement in financial markets, the Group is exposed to market risk due to unfavorable movements in the following risk factors: interest and currency rates, share and commodities prices, inflation,

volatility and changes in the credit spread of private fixed-income positions.

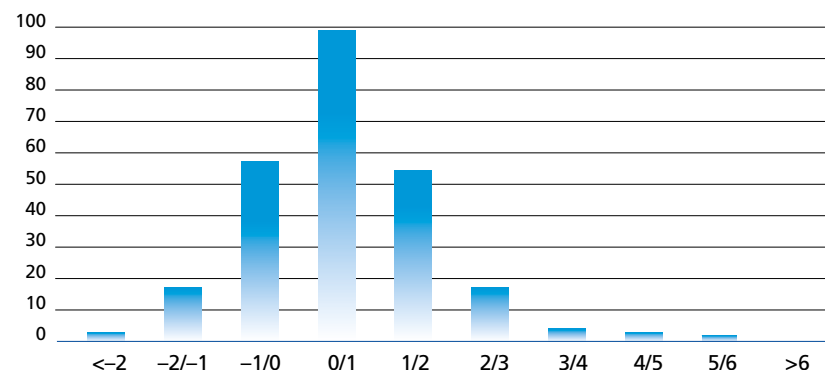
The Corporate Risk Models Division is responsible for valuing financial instruments; measuring, monitoring and following up on associated risks; as well as estimating the counterparty risk and operational risk associated with activities on finance markets. To perform its functions, the Division monitors contracts traded on a daily basis, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with thresholds, and analyzes the ratio of actual returns to the assumed risk.

Measuring, monitoring and reporting on the results of risk management on a daily basis provides valuable insight on the impact of changes in financial variables on the treasury activity. This therefore provides an initial estimate of the market risk to which the portfolio is exposed.



Distribution of result of Front Office trading business in 2011

Frequency, days. Millions of euros





Management of market risk in the portfolio

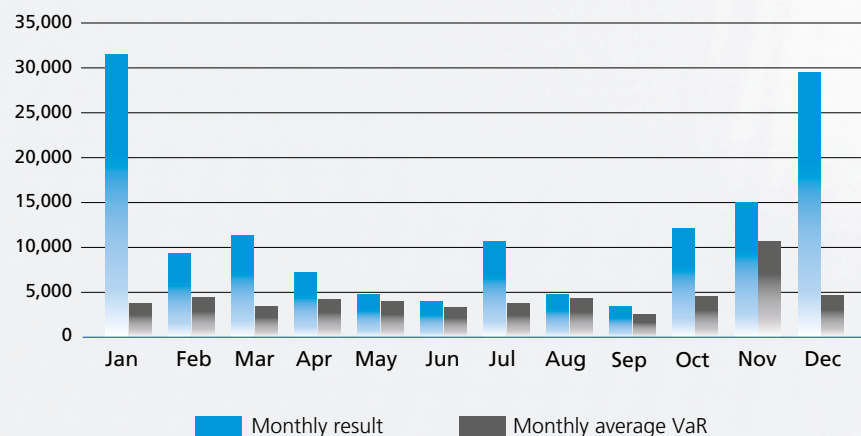
Tools used to measure risk include sensitivity analysis, VaR (Value at Risk) and analysis of theoretical and historical scenarios (stress testing).

Sensitivity analyses calculate risk as the impact on the value of positions of a minor change in risk factors. It is calculated as follows:

- Interest rate and inflation: variations of one basis point (0.01%).
- Exchange rate, share price and commodity price risk: variations of one percentage point (1%).
- Volatility risk (variations in rates and prices): variations of the volatilities listed on all sections of the curve.
- For share correlation risk (dependence between prices): change in the correlation of one per cent (1%).

Monthly trend in result and average VaR in 2011

Thousands of euros



Trend in Front Office trading business risk exposure in 2011

Daily trend in VaR. Thousands of euros



These sensitivity analyses provide information about the impact of an increase in interest rates, foreign exchange rates, prices and volatilities on the economic value of the positions held, but they do not provide information on the probability of such movements occurring. In order to standardize risk measurement across the entire portfolio, and to produce certain assumptions regarding the extent

of changes in market risk factors, Value at Risk methodology is used (VaR: statistical estimate of potential losses from historical data on price fluctuations) using a one-day time horizon and a statistical confidence level of 99%. In other words, 99 times out of 100 the actual losses sustained will be less than the losses estimated under the VaR method.



Two methodologies are used to obtain this measurement:

- **Parametric VaR:** The parametric VaR technique is based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio and is applied, in accordance with the recommendations of the Basel Committee on Banking Supervision, using two time horizons: 75 days, using an exponential decay rate that gives more weight to

recent observations, and 250 days, giving equal weight to all observations.

- **Historical VaR:** this technique calculates the impact on the value of the current portfolio of historical changes in risk factors. Changes over the last 250 days are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

For the purposes risk thresholds applied by the Front Office, the reported VaR

is the maximum obtained through the application of two methodologies. Both the consumption measurement and the risk reports are prepared for the greatest level of aggregation to the individual business unit or risk factor, to ensure they are useful to the Division at the maximum level of aggregation for the controls it performs and for defining and monitoring general risk policies, and to supervisors at more disaggregated levels. A breakdown of estimated average VaRs attributable to the various risk factors is provided in the table entitled "VaR by risk factor". As can be observed, the consumption levels are of moderate significance and are mainly concentrated on the interest rate curve and the assumed credit spread risks. The risk in relation to volatility, correlation, commodity prices and inflation are extremely insignificant.

In 2011, the average VaR for Front Office trading was €4.5 million. The highest market risk levels (i.e. €15.1 million) were reached in November, mainly as VaR anticipates a potentially different movement in daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

A drop in the credit rating of asset issuers can also give rise to adverse changes in quoted market prices. Accordingly, the quantification of market risk is completed with an estimate of the losses arising from

VaR by risk factors in 2011

(Thousands of Euros)

	Minimum	Average	Maximum
Interest rate	936	3,092	7,448
Exchange rate	81	409	1,085
Share price	47	499	1,434
Inflation	29	44	90
Commodity price	0	2	10
Interest rate volatility	54	140	304
Exchange rate volatility	10	40	104
Credit spread volatility	1,102	1,539	2,366
Share price volatility	38	139	246
Commodity price volatility	0	0	2
Share price correlation	8	27	54



changes in the volatility of the credit spread on private fixed-income positions (Spread VaR), which constitutes an estimate of the specific risk attributable to issuers of securities. This calculation is made taking into account a certain stress component and assumes that the daily fluctuation in credit spreads may result in a movement equivalent to the historical movement over a week (which, by following this method, considers the potentially lower liquidity of these assets), and a confidence level of 99%.

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

At December 31, 2011, structured credit exposure at the CaixaBank Group (including the trading portfolio) was residual and is measured at market prices.

In addition to VaR methodology, two stress testing techniques are used to assess the value of treasury positions to calculate the possible losses on the portfolio in situations of extreme stress:

1. Systematic stress testing: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling), changes at various points of

the slope of the interest rate curve (steepening and flattening), increased and decreased spreads between the instruments subject to credit risk and government debt securities (bond-swap spread), parallel shifts in the dollar and euro curves, higher and lower volatility of interest rates, appreciation and depreciation of the euro with respect to the dollar, the yen and sterling, increases and decreases in exchange rate volatility; increases and decreases in share prices, and higher and lower volatility of shares and commodities.

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

All the historical scenarios considered include changes in the risk factors since the start of the crisis until it was stabilized, and could therefore cover periods spanning several days. However, following the strictest of prudence criteria, they are applied as an instant shock on our portfolio.

To complete these analyses of risk under extreme situations, the “worst-case scenario” is determined as the state of the risk factors in the last year that would cause the heaviest losses in the current portfolio. This is followed by an analysis of the “distribution tail”, i.e. the size of the losses that would ensue if the market factor movement were calculated on the basis of a 99.9% confidence level, as per the Extreme Value Theory.

The suitability of the stress scenarios is evaluated periodically, while any new material risk scenarios or factors are included as soon as they are detected in the movement of market variables.

These stress analyses and the aforementioned measurements of risk, sensitivity and VaR are supported by an in-depth understanding of CaixaBank Group’s market risk profile.

Lastly, to confirm the suitability of the risk estimates used, daily results are compared against the losses estimated under the VaR technique (backtesting). As required by bank regulators, the risk estimate model is checked in two ways:



- a) Net backtesting, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology used to quantify risk.
- b) Gross backtesting, which compares the total result obtained during the day (therefore including any intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

As part of the required monitoring and control of the market risks taken, Management approves a structure of overall VaR and sensitivity thresholds for Front Office activity. The risk factors are managed by the Deputy General Manager of the Treasury and Capital Markets Division on the basis of the return/risk ratio determined by market conditions and expectations. The Corporate Risk Models Division is in charge of monitoring compliance with these thresholds and the

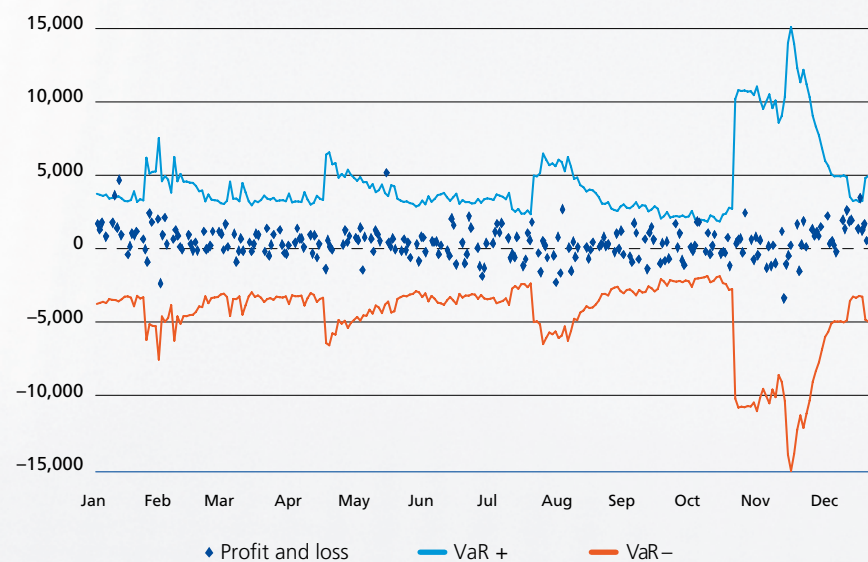
risks undertaken, and produces a daily report on position, risk quantification and the utilization of risk thresholds, which is distributed to Management, Front Office executives and the Internal Audit division. In this regard, any risk that is not duly authorized shall require either immediate

restructuring or closure of the corresponding positions.

Therefore, management of market risk in relation to treasury operations at CaixaBank complies with the methodology and monitoring directives proposed by Basel II.

Net backtest 2011

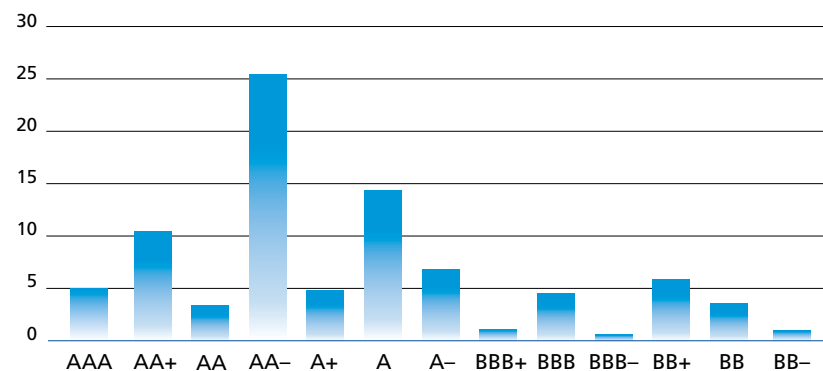
Thousands of euros





Distribution of risk by counterparty credit rating

As a percentage. Balance at 12/31/11



Controls over risks undertaken in connection with financial market transactions must be reinforced by estimating and monitoring losses that could arise due to counterparties defaulting as a result of insolvency.

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

carried out of listings of shares and of protection insurance (CDS) for the counterparties in order to detect any impairment of their solvency.

The exposure of CaixaBank to credit institutions at December 31, 2011 was €7,293 million, mainly concentrated in European countries and the United States.

Distribution of risk by creditworthiness also reflects the importance of transactions with counterparties

considered to be safe due to their high payment capacity.

Counterparty risk is controlled by an integrated real-time system which provides information at any given time of the available limit for any counterparty, by product and maturity. Risk is measured both in terms of its current market value and as future exposure (the value of risk positions in due consideration of future changes to underlying market factors).

The adequacy of the related contractual documentation is also monitored. To mitigate exposure to counterparty risk, CaixaBank has a solid base of collateral agreements; virtually all the risks undertaken in connection with derivative instruments are covered by standardized ISDA and/or CMOF contracts, which provide the possibility of offsetting the outstanding collection and payment flows between the parties.

CaixaBank has signed collateral agreements with most of its counterparties, and these provide a guarantee of the market value of derivative transactions. The percentage of derivative collateralization with financial institutions at CaixaBank is more than 95%.



The CaixaBank Group's liquidity totals €20,948 million, representing 7.7% of its assets

Liquidity risk management

CaixaBank has a prudent and conservative liquidity risk management framework, which, in accordance with its strategic objectives, is in line with best market practices and recommendations and guidelines put forward by supervisory agencies.

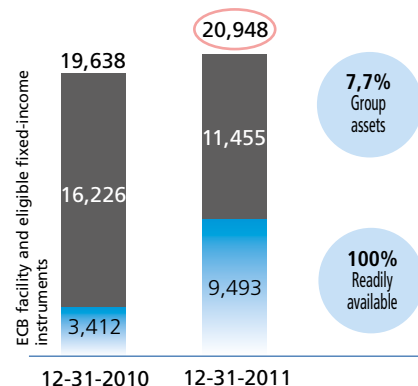
The Company had a liquidity position at year end standing at €20,948 million (7.7% of the total balance sheet) and enabling it to adapt to the current

economic climate, finance the growth of the Group's businesses, and responds to customers' borrowing requirements.

The Company avails itself of existing mechanisms in the financial markets (debt issuance programs; ability to issue mortgage-covered bonds, public sector-covered bonds and government-backed debt, and the ECB discounting facility) and actively manages its balance sheet to ensure levels of liquidity are consistent with its strategic goals.

Excellent liquidity position

Millions of euros



Undrawn balance of ECB facility: €11,137 M
Balance drawn down of facility: €12,400 M

Liquidity management

At December 31, 2011, CaixaBank had €32,032 million in liquid assets as defined by the Bank of Spain in its liquidity statements. These assets, measured at

market value and including the "valuation haircuts" applied by the ECB, stand at €23,472 million, of which €14,101 million relate to sovereign debt, net of repos.

Liquid assets ⁽¹⁾

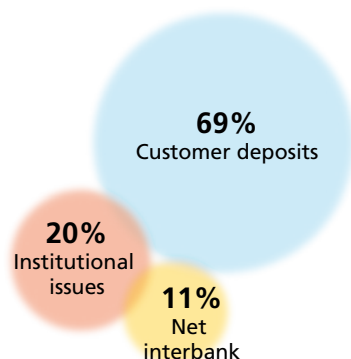
(Thousands of Euros)

	12/31/2011	12/31/2010
Liquid assets (nominal value)	32,032,003	27,323,290
Liquid assets (market value and ECB cut)	23,471,951	20,268,038
of which: Central government debt	14,100,714	3,657,735

(1) Bank of Spain liquidity statement criteria.



Diversification of CaixaBank's sources of finance



Total financing: €190,828 M

Diversified sources of finance are available. Reliance on wholesale markets is low, since 69% of finance is obtained from customer deposits, which brings stability to the balance sheet and reflects the trust of our customers.

The Company's policy of spreading out maturities has avoided their concentration, especially in 2012. In spite of the global financial crisis and general lack of confidence, CaixaBank has shown it is capable of attracting investors, raising €6,324 million on the wholesale markets in 2011, exploiting market opportunities.

Financing capacity and programs

The Company's financing capacity and programs are as follows:

- Promissory notes program with a capacity of €6,000 million, raising funds in the short term.
- Fixed Income Securities Issuance Program, which ensures funds can be raised in the long term. This amounts to €25,000 million, €17,375 million of which remains undrawn at December 31, 2011.
- The capacity to issue mortgage covered bonds, public sector covered bonds and government-backed bonds at December 31, 2011 is as follows:

At December 31, 2011 the available guarantees issued by the Treasury on behalf of CaixaBank amounting to €13,753 million matured. Royal Decree-Law 20/2011, of December 30, 2011, on urgent budgetary, fiscal and financial measures extended into 2012 the possibility of issuing guaranteed bonds, an activity conducted by Spanish credit institutions with significant operations in the national credit market. The CaixaBank Group has decided not to apply for these guarantees issued by the Treasury.

The amount drawable on the facility at December 31, 2011 was €11,137 million. Financing obtained from the ECB through various monetary policy instruments was €12,409 million at December 31, 2011.

Issuance capacity

(Thousands of Euros)	12/31/2011	12/31/2010
Mortgage covered bond issuance capacity	18,460,037	21,952,000
Public-sector covered bond issuance capacity	3,683,545	4,822,350
Available issuances guaranteed by the state	0	13,753,000

Funding structure: 69% customer deposits at December 31, 2011.

Total liquidity: €20,948 million (7.7% of the CaixaBank Group's assets) at December 31, 2011.

The CaixaBank Group has decided not to apply for guarantees issued by the Treasury for 2012.



Debt maturities

Forecast maturities at December 31, 2011
for coming years are as follows:

Wholesale issue maturities (net of treasury shares)						
<i>(Thousands of Euros)</i>	2012	2013	2014	2015	> 2015	Total
Mortgage-covered bonds	1,839,222	3,885,422	5,855,763	4,507,236	20,389,592	36,477,235
Public sector-covered bonds	200,000	1,195,300	0	0	0	1,395,300
Senior debt	287,800	998,950	999,900	0	30,000	2,316,650
Subordinated debt and preference shares	0	0	0	0	190,000	190,000
Total wholesale issue maturities	2,327,022	6,079,672	6,855,663	4,507,236	20,609,592	40,379,185

CaixaBank was extremely active on the capital markets in 2011, raising finance from institutional investors to the tune of €6,324 million. It carried out three public placements for €4,500 million in mortgage-covered bonds and several private issues of different instruments for €1,824 million,

such as plain vanilla bonds, public sector-covered bonds and mortgage-covered bonds.

During the second half of 2011, the Group issued public sector-covered bonds to the amount of €4,000 million, to use as assets

that increase the credit facility with the European Central Bank.

In addition, in June it issued €1,500 million of mandatory convertible subordinated bonds targeting all investor types.

The CaixaBank Group manages liquidity in such a way as to ensure that it is always able to meet its obligations on a timely basis, and that it never allows its investment activities to be diminished due to a lack of lendable funds. The aim is to ensure that liquid assets are permanently available on the balance sheet and minimize the structural liquidity risk inherent to the banking business, as well as preserving and protecting the interests of deposit holders.

The Asset and Liability Management (ALM) Division, which reports to the Deputy General Manager of the Treasury and Capital Markets Division, is responsible for analyzing liquidity risk and the risk of issuing debt targeting institutional investors. The ALCO Committee monitors medium-term liquidity on a monthly basis through the analysis of time lags forecast in the balance sheet structure, and verifies compliance with the thresholds and operating lines of action approved by the Board of Directors. ALCO makes proposals to the Board of Directors on the optimum issues or finance/investment programs to suit market conditions and

the instruments and terms needed to assist business growth, and monitors a series of indicators and warnings to detect signs of liquidity stress in order to adopt the necessary corrective measures.

CaixaBank's liquidity management objectives are achieved through the following measures:

- Active liquidity management involving constant monitoring of the balance sheet maturity structure, by due dates, to ensure the early detection of possible inadequate short-medium term liquidity structures. A daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times.
- A Liquidity Risk Contingency Plan which is analyzed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. The Liquidity Risk Contingency Plan establishes an

action plan for each crisis scenario stipulated, setting forth the commercial, institutional, and communication measures required to react to this type of circumstance, incorporating a second line of liquidity that acts as a cushion for extraordinary situations.

- This strategy gives flexibility and stability to the sources of finance, providing various ordinary financing programs that cover the different due dates to ensure adequate levels of liquidity are available at all times.
- An issuance policy that focuses on limiting reliance on wholesale markets, ensuring a balanced distribution of due dates to avoid their concentration and diversify the instruments used.
- A significant financing capacity through instruments of the highest quality such as mortgage or public sector covered bonds.
- As a prudent measure to prepare for potential stress on liquid assets or market crises, the Company has placed a series of guarantee deposits with the ECB which it can use to obtain high levels of liquid assets at short notice.

Operational risk management

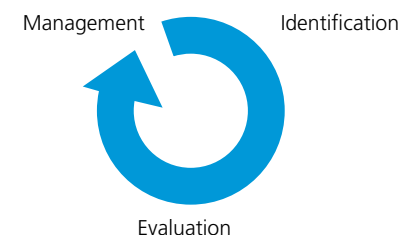
An expert workforce and the procedures, systems and controls in place help mitigate operational risk.

Operational risk covers all those events that could give rise to a loss caused by shortcomings in internal processes, human error, malfunctioning of information systems and/or external events. Operational risk is inherent to all business activities and, although it can never be wholly eliminated, can be managed, mitigated and, in some cases, insured.

Operational risk arises as the banking business becomes more reliant on factors such as the intensive use of IT, outsourcing, and the utilization of complex financial instruments.

The Global Risk Committee defines strategic lines of action and monitors operational risk.

Group operational risk management model





Minimizing operational risk inherent to all business activities by monitoring key risks using qualitative and quantitative techniques

Operational risk management

There are two main lines of action: training employees so that they have the necessary experience and information they need to carry out their functions, and reviews of business and operating processes, putting improvements and new controls in place. When necessary, CaixaBank also takes out insurance policies to cover risk.

A comprehensive operational risk measurement and control model that is used across the entire Group is adopted in CaixaBank. The model covers companies within the scope of application of Bank of Spain Capital Adequacy Circular 03/2008.

The CaixaBank Group uses the standardized approach for calculating regulatory capital for operational risk. It has an "Operational Risk Management Framework" in place which defines the CaixaBank Group's objectives, policies, management model and measurement methodologies relating to operational risk.

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

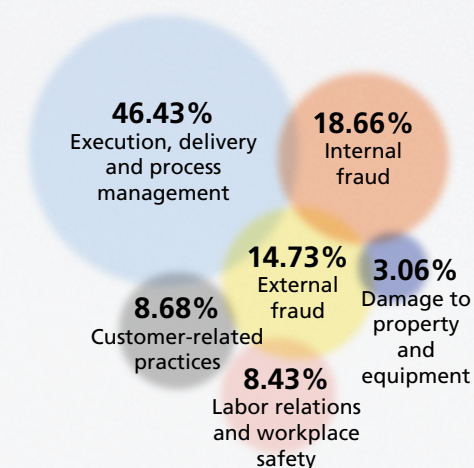
The organizational model is based on the following:

- Areas of business and support, and subsidiaries: identify, evaluate, manage, control and report on the operational risks to which their activities are exposed.
- Operational Risk: defines, implements and standardizes the model for management, measurement and control of operational risk at the CaixaBank Group. This unit assists the various areas of business and subsidiaries, and consolidates information for Management. It operates as part of the Credit Risk Methodologies and Models Division, reporting to the Executive Global Risk Management Division.
- Internal Audit: responsible for supervising compliance with the Management Framework and implementation of the procedures established to assess, control and manage operational risks.

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

- Identification and detection of all operational risks (existing and potential).
- Measurement of operational risk, monitoring changes and projections.
- Active management of the Group's risk profile, which involves establishing a reporting model at all company levels to assist with decision-making aimed

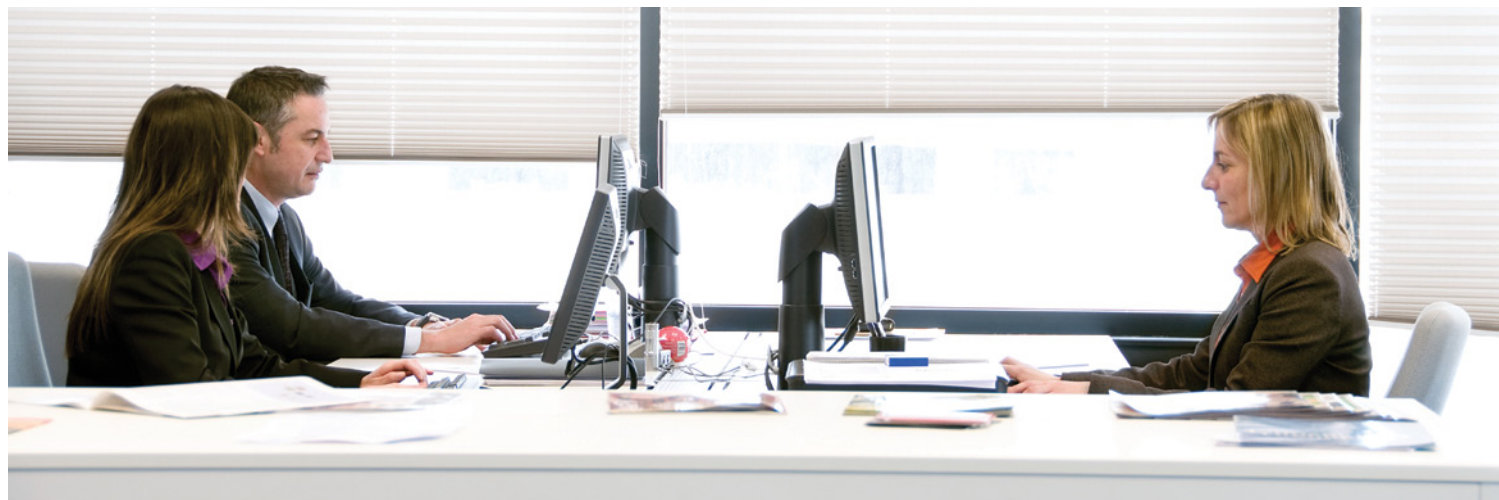
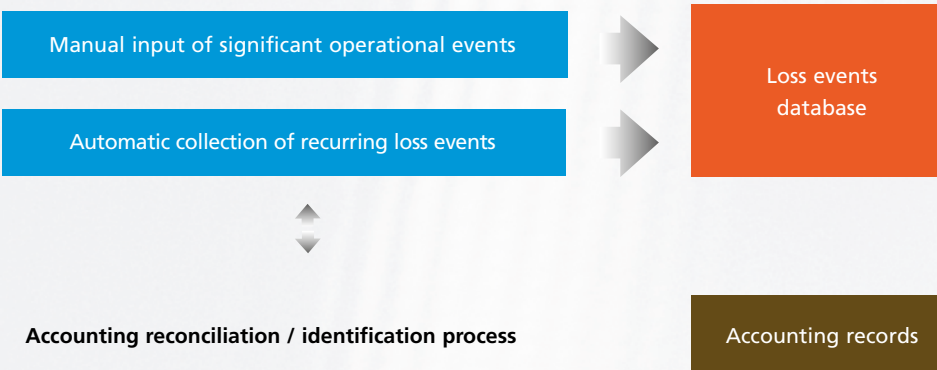
Distribution of operational risk events in the Group during 2011 by type of risk



at mitigating risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact.

In 2011, the qualitative identification of risks in most areas and subsidiaries was completed, which should back this monitoring. The real loss reporting and main risk monitoring circuit was also strengthened. In the area of dissemination, the content of the Operational Risk website was revamped.

Event capture process





Management of compliance risk

CaixaBank's compliance policy is based on the principles of integrity and ethical conduct, the cornerstones of the CaixaBank Group's business.

In this regard, CaixaBank manages the risk of legal or regulatory penalties, and financial, material or reputational loss that may be incurred as a result of failure to comply with laws, regulations, regulatory standards or codes of

conduct. To this end, various activities are performed, including:

- Creating, disseminating and enforcing a culture of compliance;
- Providing advice to Senior Management on regulatory compliance by devising and/or promoting internal rules and codes of conduct, or where applicable, improving such documents;
- Defining effective procedures and proposing adequate controls: detection

of any risks on non-compliance and preparation and follow-up, where applicable, of proposals for improvement.

Reputational risk management

The Brand and Corporate Social Responsibility Subdivision, supervised and coordinated by a Reputation Committee headed by the Deputy General Manager of Communication, Institutional Relations, Brand and Corporate

Social Responsibility, is charged with monitoring reputational risk closely. This risk is continuously managed through an (internal and external) control and measurement system.

It is supported in this task by the entire Company and, more directly, by the Reputation Committee.

Areas of management

The Regulatory Compliance Unit performs the following tasks:

1. Analysis and control of processes, to identify risks associated with the processes which pose the greatest reputational risk. These include risks related to the Securities Market, Code of Conduct, Customer Products and Services, Data Protection, Corporate Governance and Solvency. In 2011, risks associated with the criminal liabilities of legal entities were also analyzed for the parent and subsidiaries.
2. Integrity: Codes and other internal rules of conduct, referring to the

range of activities aimed at ensuring best practices are adopted by the Company, particularly those established in the codes of ethics:

- CaixaBank Code of Business Conduct and Ethics
 - Internal Rules of Conduct on matters relating to the Stock Market (IRC)
 - Telematic Code of Conduct
3. Money laundering prevention, through a specific unit, reporting to the Regulatory Compliance Unit, which is solely dedicated to guaranteeing the Company complies with associated obligations, as stipulated in point 2.2.

Corporate Reputation Committee

In order to promote corporate social responsibility policies and initiatives, the CaixaBank has a Corporate Reputation Committee which is linked to the Management Committee through its Chairman.

The Corporate Reputation Committee's duties are as follows:

- Identify existing and future reputational risks and opportunities, and monitor and manage these risks.
- Work with the Management Committee to define the reputational

management strategic lines and policies.

- Establish corporate social responsibility control and management measures.
- Select and review key performance indicators on corporate social responsibility.
- Review and approve corporate reputation programs.

► Additional information



New internal procedure in 2011 to assess environmental and social risks associated with syndicated transaction

Environment

This section covers Principles 7, 8 and 9 of the UN Global Compact.

CaixaBank sees the global energy crisis and climate change as challenges that represent risks and opportunities.

In 2011, it also provided financing for projects aimed at fostering the use of renewable energies, and has made progress in incorporating environmental and social criteria into its financing and investment policy.

Sustainability of the financial activity

The Company's financial policy takes into account the social and environmental implications of its operations, both in terms of the risk assessment criteria of the projects that could be financed, and with regard to the type of projects backed.

As a signatory of the Equator Principles since 2007, CaixaBank has assumed

a comprehensive commitment to responsible financing. Financing projects entailing an overall investment of more than \$10 million therefore require a positive prior assessment, analyzing social and environmental factors, pursuant to the standards established by the International Finance Corporation (IFC).

► Additional information

Throughout 2011, CaixaBank financed 30 projects, with a total investment in excess of €5,423 million. One of these projects was classified as type A, and 22 were

classified as type B. Lastly, seven were classified as type C, i.e. projects with minimal or non-existent environmental or social impacts.

As part of its commitment to the environment, CaixaBank introduced an internal procedure in 2011 to assess environmental and social risks associated with syndicated transaction exceeding €7 million relating to investment projects. 17 transactions were financed with a total investment of €756 million. One of these was classified as type B, while the remainder were type C transactions.

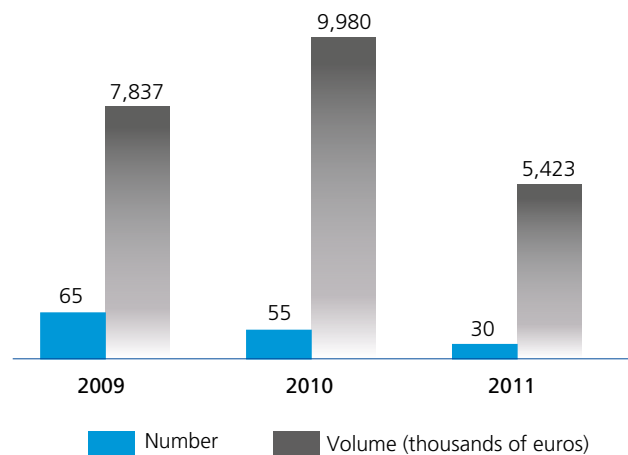
Climate change

The environment has social and economic implications both in relation to CaixaBank's activity and the activities in the context in which it operates, and represents a source of risk, that must be managed. It is also a source of new business opportunities.

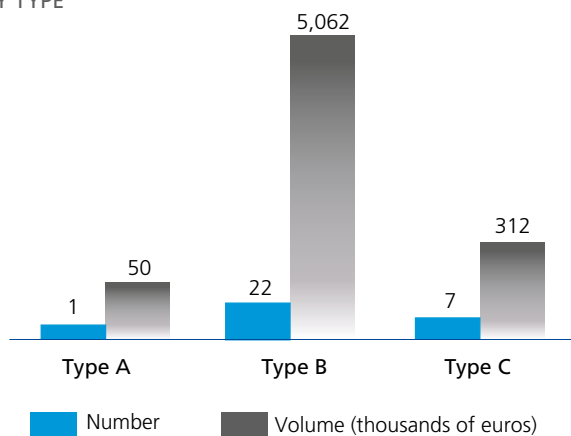
The "la Caixa" Group's Research Department has published a study on climate change and economic policy:

► Access to the study "Climate change: analysis and economic policy. An introduction."

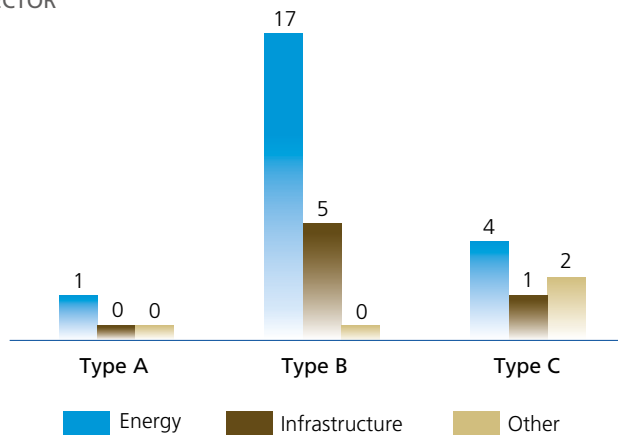
Project finance transactions subject to Ecuador Principles in 2011



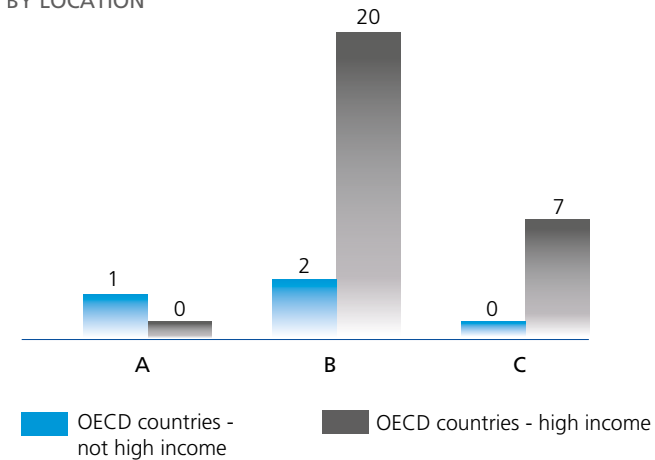
BY TYPE



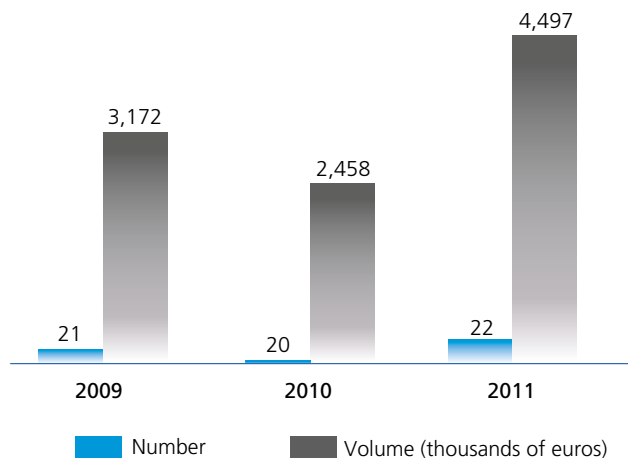
BY SECTOR



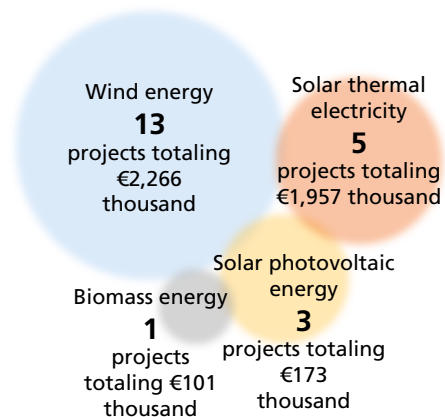
BY LOCATION



Transactions related with renewable energies



Transactions related to renewable energies by type



CaixaBank considers that one of the means to achieving greater environmental sustainability in the long term is to finance environmentally-friendly projects, and projects that drive renewable energy development.

In 2011, CaixaBank took part in 22 projects related with renewable energies, for a total amount of €4,497 thousand, alone or jointly with other entities. These led to the generation of 2,595.4 MWh.

The Group also financed two leasing operations for photovoltaic plants for a total amount of over €400,000, and six projects were registered in the financing agreement for projects aimed at protecting and improving the environment developed by the Institut Català de l'Energia for the amount of €168,987.



Socially Responsible Investing (SRI)

This section covers Principles 1, 2 and 9 of the UN Global Compact.

Social Responsible Investing (SRI) allows companies to simultaneously achieve sustainability and profitability by applying social and environmental responsibility and corporate governance criteria when pre-selecting the components of an investment portfolio. CaixaBank therefore sees SRI as a critical tool to driving sustainable development, and strives to boost its uptake in the Spanish market.

CaixaBank is firmly committed to becoming a key player in the SRI field for various reasons:

- It reflects its commitment to society and the integration of its Corporate Social Responsibility policy into the business.
- It is a business opportunity and another alternative in its investment products portfolio, as this type of product generates added value for investors in the long term.

- It satisfies the investment requirements of customers, who have shown a growing sensitivity to socially responsible investments in recent years.

Management of pension funds for CaixaBank's employees

CaixaBank's employee pension fund has been a signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2008, and manages its entire portfolio in accordance with these principles. At December 31, 2011, it had invested a total of €75,841 million in socially responsible funds, representing 3% of the total invested and 8.5% of the total invested in equity securities.

VidaCaixa has also been a signatory of the UNPRI since 2009. This company is dedicated to selling life insurance and manages the pension plans of the VidaCaixa Group, which forms part of CaixaBank. VidaCaixa has adopted these principles as a guide for all its investments in both savings insurance and pension plans for individuals and groups.

► [For additional information on the PRI](#)

The UNPRI serve as a guide when selecting fund assets and ensure the correct corporate governance of employee pension funds

VidaCaixa has been a signatory of the UNPRI since 2009



CaixaBank promotes SRI by offering products such as the MicroBank Ethical Fund or by raising awareness of SRI among private banking customers

At December 31, 2011, the MicroBank Ethical Fund had equity of approximately €4.3 million and a total of 959 unit holders

Promotion of SRI

In 2011, institutional investment made up 99% of all the capital managed in Spain under SRI criteria, according to the "2011 Observatory on Socially Responsible Investment" published by the ESADE Institute for Social Innovation. The largest part of this investment comprised employee pension funds.

According to this report, *"socially responsible investment funds in the retail market that are registered and managed in Spain account for only 1% of the capital managed under SRI criteria, a figure that is far lower than in other European countries such as the United Kingdom, France, Holland, Norway, Sweden, Denmark and Italy"*.

► [Access to the "2011 Observatory on Socially Responsible Investment"](#)

In this area, CaixaBank is working to boost SRI among individuals in Spain. In partnership with InverCaixa and Banca Privada, it has promoted the commercialization of the MicroBank Ethical Fund, which applies social and environmental ethical criteria when selecting assets for its portfolio, and SAM Sustainable Climate, which focuses on companies dedicated to mitigating and preventing climate change.

Furthermore, CaixaBank informs its private banking customers about SRI and encourages them to adopt it through articles published in Autor, the magazine published by Private Banking for this group of customers.

MicroBank Ethical Fund

Established in 2010, the MicroBank Ethical Fund is an ethical and socially responsible investment fund that invests in equity securities and fixed-income public and private securities around the world. It selects portfolio assets based not only on financial requirements, but also ethical, social and environmental criteria.

It has an Ethics Committee comprising independent experts who work on a voluntary basis to evaluate and identify securities that fulfill these criteria. InverCaixa's Equity Security, Fixed-income Security and Asset Distribution Committee, which manages CaixaBank's funds, then selects the assets with the

brightest forecasts, always respecting the fund's investment focus.

The Ethics Committee applies exclusionary criteria (negative screening) and value criteria (positive screening) when analyzing companies' ethical and social responsibility values. It therefore draws on the support of the Ethical Investment Research Service, which evaluates the commitment and performance of companies with regard to corporate governance, the environment, human rights and their commitment to stakeholders.

The fund also negatively screens any companies whose actions contravene basic human rights, especially those of children, and companies that breach the Pharmaceutical Code of Practice and/or the International Code of Marketing of Breast-milk Substitutes in the Developing World. Potential investments in companies operating nuclear facilities or which manufacture, sell and/or distribute tobacco, as well as arms manufacturers and distributors are also negatively screened.

MicroBank Ethical Fund

2011	
Total unit holders	959
Total volume (in euros)	4,296,220



The SAM Sustainable Climate, Fund invests in renewable energies and complements the SRI products offered by CaixaBank

The fund also has a charitable element; InverCaixa gives 25% of its management commission to NGOs and not for profit organizations selected by unit holders. In 2011, recipients were Intermon Oxfam, the Spanish Red Cross, Doctors Without Borders, Cáritas Española, the Spanish Multiple Sclerosis Federation, Alboan and the Entrecultura Foundation. The "la Caixa" Foundation also donates an equivalent amount per annum to an international cooperation project. A voluntary Donations Commission therefore exists, comprising members of the "la Caixa" Foundation, InverCaixa and the Ethics Committee, who select the beneficiary project. In 2011, over €16,111 was donated to projects.

One of InverCaixa's objectives for 2011 was to increase the equity of the MicroBank Ethical Fund. It therefore performed various campaigns to market the fund, attracting an additional net €1.2 million, despite the challenging market conditions that have seen investment funds lose significant amounts of equity and unit holders since the start of the financial crisis in 2007. At December 31, 2011, the MicroBank Ethical Fund had equity exceeding €4.29 million and a total of 959 unit holders.

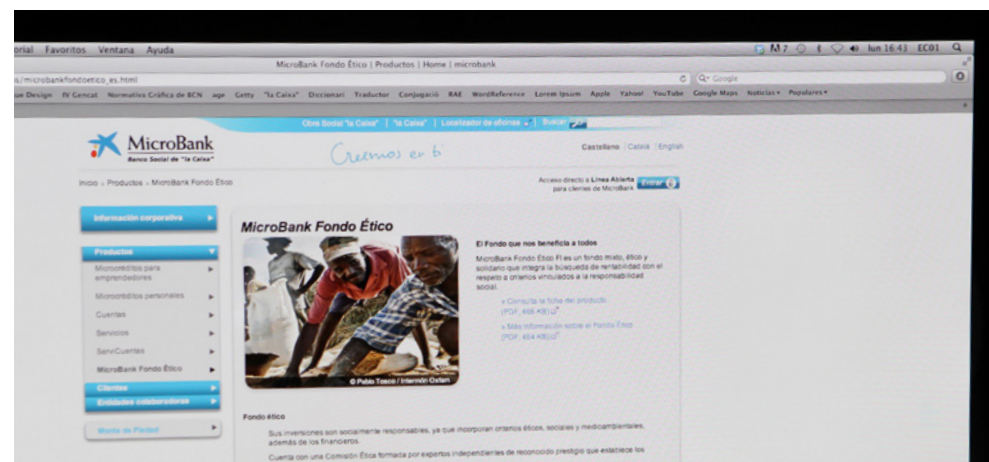
SAM Sustainable Climate Fund

Since 2010, CaixaBank has marketed the SAM Sustainable Climate Fund, which invests in renewable energies and focuses on the fight against climate change; an approach that is in line with the Company's commitment to sustainability. This fund was established to meet growing demand among customers for a wider range of investment funds that generate returns in a socially responsible manner.

It comprises an equity investment fund that invests in companies around the world supplying technologies, products and services that reduce, slow down or

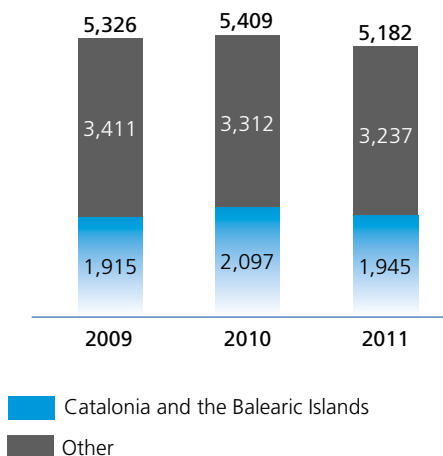
contribute to mitigating the consequences of climate change. Sustainable Asset Management (SAM) is the fund manager and specializes in sustainability. It is responsible for drawing up the Dow Jones Sustainability indexes, which are an industry benchmark in the field of sustainability.

CaixaBank also markets the BGF New Energy fund: an equity investment fund managed by BlackRock which invests at least 70% of its portfolio in companies involved in alternative and renewable energies. At year-end 2011, this fund had equity of €338,000 and contributions of over €178,000.



The wide reach of the network enables the Company to offer customers a quality, tailor-made service

Geographical distribution of branch network



3.4 Resources

This section covers Principles 1, 2, 3, 4, 5, 6 and 10 of the UN Global Compact.

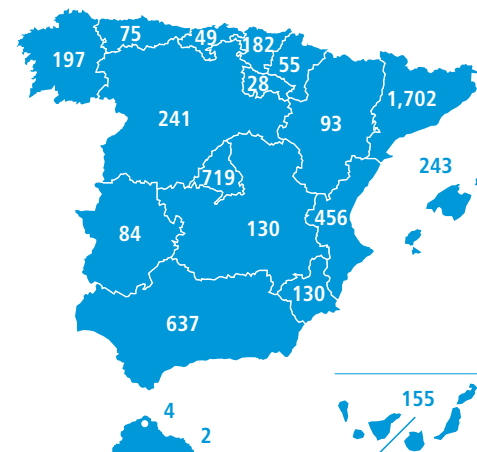
CaixaBank conducts its activity through an extensive network of branches in the Spanish banking sector, which has a wide regional reach. This network provides a personalized service through around 25,000 professionals. This quality resource is underpinned by CaixaBank's suppliers, who guarantee the entire value chain is efficiency and responsibly managed.

Furthermore, although CaixaBank, as a banking group, does not have a significant environmental impact, it is working to achieve maximum efficiency in its use of natural resources.

Commercial network

CaixaBank's banking business strategy is based on an extensive distribution system in the form of a wide-reaching branch network. This is the basic tool for forging relationships and maintaining close ties with customers, reinforced by the development of additional communications channels.

Branches



Branches in Spain	5,182
International offices	14
Foreign branches	3
Representative offices	11

At year-end 2011, CaixaBank had 5,196 branches, 5,182 of which are in Spain.

The number of branches has fallen since 2010, primarily due to the integration of the majority of CaixaGirona's branches, due to their close proximity to

CaixaBank's branches. Work also continued to streamline the network, which involved merging some smaller branches, with the aim of ensuring the best possible service for customers and relocating staff.

***CaixaBank in leader by
number of branches***

CaixaBank is the leading player in Catalonia and the Balearic Islands, its traditional area of activity, where it has 1,945 branches, and it is also one of the best established institutions in other autonomous communities such as Madrid, Andalusia and Valencia. Thanks to its extensive network, CaixaBank is

Spanish financial industry leader in terms of number of branches, with a market share of 12.8%.

CaixaBank's branch network also comprises specialized centers which serve corporate banking, business banking and private banking customers.

Internationally, it has three operational branches (Warsaw, Bucharest and Casablanca), plus 11 representative offices.



CaixaBank is third in the ranking of the best financial entities to work for, according to Merco Personas 2011

Human Resources

The Group has a workforce of around 27,000 highly trained employees who are greatly motivated to provide the best possible service while upholding the values of leadership, trust and social commitment.

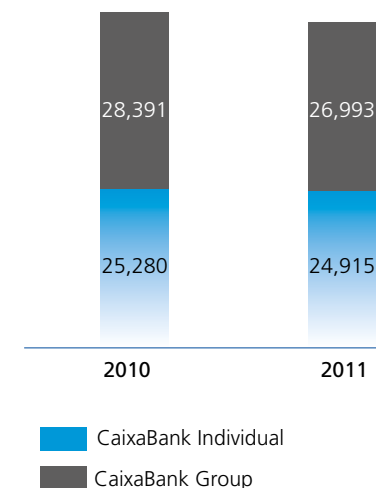
CaixaBank aims to provide quality employment, fostering the professional development of its employees. In relation to the workforce, as a result of the reorganization of the "la Caixa" Group, in 2011 an effort was made to place at CaixaBank former Criteria CaixaCorp and Bankpime employees (following the acquisition of its banking business).

Additionally, a Partial and Early Retirement plan was implemented at the parent company in 2011, accounting for 84% of employee departures in the year.

Further, in 2011 the workforce decreased mainly as the result of several transactions carried out within the company, including the sale of 51% of SILK to IBM and, in the insurance business, the sale of 50% of SegurCaixa Adeslas to Mutua Madrileña and 47% of GDS Correduría de seguros to AON.

► For more information on HR see section 3.5. "Employees"

Number of employees





The new CaixaExchange procurement portal will make it easier to manage suppliers and boosts process transparency

In 2011, PromoCaixa performed 7 audits of suppliers in the developing world

Suppliers

CaixaBank requires that its suppliers also adopt its commitment to corporate social responsibility and sustainability. As with the rest of the “la Caixa” Group companies, it also includes a clause in its contracts stipulating that suppliers are under the obligation to be aware of and respect the Principles of the United Nations Global Compact.

Responsibly managing the value chain ensures transparency and rigor in relations with suppliers. Focusing on sustainability also leads to efficiency improvements and streamlining of costs.

In 2011, CaixaBank created a new CaixaExchange procurement portal as part of a procurement management plan. This new portal makes it easier for potential suppliers to present their credentials and other required documentation, and ensures maximum transparency in the contracting process, which is channeled through requests for bids and tendering. This portal is slated to

be rolled out in all “la Caixa” Group companies as from 2012.

Electronic billing has also been ramped up, thereby boosting the efficiency of the supplier billing process and contributing to improving the environment by eliminating paper consumption. Synergies between companies have also been strengthened through self-billing, which allows suppliers to cut the costs of issuing and managing bills, and also reduces the costs incurred by CaixaBank when handling and verifying these bills.

During 2011, PromoCaixa, CaixaBank’s subsidiary that handles marketing materials, performed seven audits of suppliers in the developing world which manufacture products exclusively for CaixaBank. Anomalies were detected in 5 of these suppliers, which were resolved thereafter. PromoCaixa also included a request for environmental and labor certification and proof of compliance with the Global Compact as part of the supplier registration cycle, therefore fulfilling one of the targets of this subsidiary for 2011.





In 2011, CaixaBank renewed its ISO 14001 and EMAS 1221/2009 certificates

In 2011, CaixaBank's electricity consumption was reduced by 3.5%

Natural resources and environmental management

A commitment to respect and protect the environment forms the basis of the environmental management system in CaixaBank and its subsidiaries, and forms part of the management model of the business, its projects, products and services. CaixaBank also strives to ensure this commitment is assumed by all stakeholders: shareholders, customers, employees, suppliers and society at large.

As a financial group, CaixaBank's activity and infrastructure does not have a direct impact on the environment. However, it works to minimize its environmental impact and thus contribute to an economy that uses natural resources more efficiently.

In this regard, its environmental management policy focuses on adopting measures that boost its energy efficiency, minimize the use of natural resources and waste generation, and promote recycling. It is also designed to encourage staff and subsidiaries to adopt environmentally-friendly practices.

CaixaBank's environmental policy, managed by its Environment Committee,

is certified under the international ISO 14001 standard and the European 1221/2009 EMAS regulation, which are obtained yearly. Since 2006, the regional branch network (Catalonia) has boasted the Catalan regional government's Environmental Quality Seal, which has been renewed until 2012.

► For further information on CaixaBank's environmental management, see point 3.3

Environmental impact mitigation projects

Electricity consumption

As part of its commitment to the environment, CaixaBank strives to cut energy consumption and associated greenhouse gas emissions.

In order to promote the efficient use of energy and raise staff awareness, various campaigns were conducted in 2011 giving rise to savings of more than 3.5 million kWh. These included:

- A campaign to replace PCs in the branch network with new, more energy efficient machines.
- Increasing the frequency with which IT equipment hibernates, which means it hibernates daily rather than just at weekends. Associated peripheral devices are also switched off.

- Withdrawal from the branch network of 1,800 pieces of idle equipment.

Other measures taken include installing "master switches" in a further 25 branches, taking the total to 1,925. These switches ensure all energy supplies are turned off when staff leave the branch, giving rise to savings of 50,000 kWh. A campaign to install more efficient lighting in permanently lit areas has also been completed, involving the replacement of 17,000 fluorescent tubes for "ecotubes", leading to savings of 2.5 million kWh per annum.

In 2011, CaixaBank saved a total of 6.3 million Kwh in electricity consumption, a reduction of 3.5% compared to the previous year.

Green electric power

Gas Natural Fenosa, CaixaBank's supplier, will certify that 100% of the power supplied to CaixaBank in 2011 came from renewable sources or co-generation plants. This supply accounted for 98.2% of CaixaBank's total electricity supply.

Direct environmental impact indicators in CaixaBank

	2010	2011
Energy (direct consumption by primary source) (GJ)		
Electricity consumed	675,991	653,202
<i>Electricity certified to be from renewable energy sources or cogeneration (%)</i>	80.7%	98.2% ⁽¹⁾
Electricity consumed per employee	26.57	26.72
Gasoil (GJ)		
Gasoil consumed	3,799	6,211
Direct CO₂ emissions (TnCO₂)		
CO ₂ emissions due to consumption of gasoil	281.51	460.2
CO ₂ emissions due to consumption of electricity	64,594.68	62,961.42
CO ₂ emissions prevented by purchase of green energy	(52,232.45)	(61,802.93)
CO ₂ emissions not offset	12,362.23	1,158.49
Total direct CO₂ emissions	64,876.19	63,421.62
Total direct CO₂ emissions after offsetting by green energy purchases	12,643.74	1,618.69
Indirect CO₂ emissions (Tn CO₂/km) ⁽²⁾		
Total km covered during business trips	17,892,906	21,310,713
Airplane journeys	14,516,337	16,097,176
Train journeys	3,121,747	4,856,487
Car journeys (company/leased)	254,822	357,050
Total indirect CO₂ emissions	1,912.48	2,262.68
Total indirect CO ₂ emissions per employee	0.076	0.090
Total CO₂ emissions (TnCO₂)		
Total CO₂ emissions (direct and indirect)	66,788.67	65,684.3
Total CO₂ emissions following offsetting by purchases of green electricity	14,556.22	3,881.37

(1) Provisional data provided by Gas Natural Fenosa.

(2) Emissions calculated on figures published by DEFRA, June 2011.



Transport

CaixaBank reduced its economic and environmental transport costs in 2011. In order to achieve this objective, videoconferencing was used to cut the number of journeys required. Nevertheless, the number of kilometers covered was higher than in the previous year. It should be noted that several roadshows and meetings were held to raise awareness of and provide information on the reorganization of the "la Caixa" Group directed at stakeholders, which explains this rise.

In 2011, CaixaBank also offset the CO₂ emissions associated with its Annual Management Convention, by participating in a wind energy project in Gujarat (India).

Paper and waste collection

CaixaBank works to ensure paper is used efficiently. It therefore uses recycled paper (accounting for 99% of the total consumed).

The number of areas involved in the paperless project also increased during 2011. This involves removing bins and installing more selective waste collection containers, to foster paper recycling and also reduce paper consumption. This measure led to a 69% increase in the amount of paper and cardboard collected from 134,392 kilos to 229,198.

Branches are now also able to generate electronic documents for their records and to be sent out. This option significantly reduced printing and

handling costs and the amount of waste generated, thereby contributing to protecting the environment and streamlining costs at CaixaBank.

Knowledge-building and awareness raising

In order to promote environmental awareness in its sphere of influence, CaixaBank has performed several awareness raising campaigns directed at staff, customers and suppliers.

In this sense, CaixaBank professionals have a key role to play in its environmental policy, since their involvement enables environmental management improvements to be implemented.

Employee awareness raising campaigns in 2011 included the following: quarterly report on consumption sent to the branch network; suggestions box; site visits or telephone calls to 125 branches that had seen an increase in their consumption or had above-average consumption; 2,500 visits out of office

In 2011, the personalized correspondence service avoided the need to send out more than 209 million communiqués

Paper

Total paper consumed (kg)	1,703,400	1,706,983
Change in paper consumption (%)	(5.20)	0.2
Total paper consumed per employee (kg)	67	69
Paper recycled as a % of total (%)	99.12	99.09



hours to check whether electronic equipment, lighting and air conditioning had been switched off; launch of a tool to calculate the carbon footprint of events arranged and facilitate offsetting CO₂ emissions; and the launch of a specific environment website.

ATMs also offer Group customers the option of viewing their account balances

without printing a receipt, enabling them to participate in protecting the environment. Customers can also sign up to the online correspondence service, which replaces delivery of paper copies. This service was launched in 2005 and had more than 3.8 million contracts at year-end 2011, avoiding the need to send out more than 209 million communiqués during the year.

Suppliers are required to indicate whether or not they have environmental certification before they can bid for tenders. For contracts worth over €200,000 per annum, CaixaBank has a database of those suppliers who holding such certificates. Questionnaires from the Green Procurement Manual and a specific questionnaire for ink products (toners, etc.) are also sent to suppliers in general. Suppliers are responsible for informing the Company of their manufacturing processes, certifications, recycling practices and materials, etc.

EcoCaixa

CaixaBank also works to promote more sustainable practices in society. A dedicated space called EcoCaixa has therefore been inserted on its website, providing the general public with a range of advice and information on some of the Company's environmental initiatives.

► [Access to EcoCaixa](#)

Promotion of electric or hybrid vehicle leasing

CaixaRenting has promoted the sale of fuel-efficient automobiles for several years. In order to achieve this, it has a program of financial support for companies and public entities that contract fleets of ecological or low emission electric and hybrid vehicles. In 2011, the Company, which participates in the "Ahorra Energía" ("Save Energy") Program of the Spanish Institute for Energy

Diversification and Savings (IDAE) also ran several campaigns and presentations to raise awareness of these vehicles among customers and encourage more people to use them.

At year-end 2011, 60% of the vehicles included in its portfolio have low CO₂ emissions. In 2012, electric vehicles will be added to the portfolio in addition to the hybrid vehicles.

Ecotendencias: a new website providing information on environmental trends

A commitment to the environment is common to the entire "la Caixa" Group. The "la Caixa" Foundation therefore runs numerous environmental programs, and in 2011 the Ecotendencias website was launched: a new space providing access to information on current and future environmental challenges and encouraging users to reflect on and debate these matters.

► [For additional information](#)

CaixaBank has received an award for the “Best Minority Shareholder Initiative” from AEMEC

3.5 Value creation for stakeholders

CaixaBank conducts its activity with the aim of generating economic value as well as creating value for its stakeholders, thereby meeting their needs and expectations.

Shareholders

This section covers Principle 1 of the UN Global Compact.

One of CaixaBank’s commitments is to create value for its shareholders, offering an attractive return plus events such as corporate meetings, stock market knowledge-building courses, special benefits to shareholders, and the Advisory Committee.

CaixaBank is one of the most active enterprises in the Spanish financial sector in pursuing permanent dialogue with its shareholders to inform them of the company’s performance and collate their comments, opinions and recommendations.

Shareholder remuneration. Dividend policy

Shareholder remuneration remains one of CaixaBank’s top priorities.

A noteworthy event in 2011 was the launch of the Optional Scrip Dividend, approved by the Annual General Meeting on May 12, 2011. This program offers shareholders a new shareholder remuneration system entailing a share capital increase against retained earnings, enabling shareholders to choose from the following options: receiving newly-issued bonus shares, receiving cash by selling the subscription rights on the market, or receiving 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.

This program, commencing in July 2011 (€0.051 per share), was well accepted by shareholders. 95% of shareholders chose to receive company shares, reflecting their confidence in CaixaBank’s project.

The roll-out of the program coincided with the last dividend payment for 2010, bringing total remuneration for the year to €0.311 gross per share, as shown in the following table.

As part of its shareholder remuneration commitment for 2011, CaixaBank will maintain the ordinary quarterly payments for a minimum of €0.231 gross per share.

Dividends	€/sh.	Approval date	Payment date
Against reserves	0.06	19/05/2010	01/03/2011
3rd interim div. 2010 ⁽¹⁾	0.08	02/12/2010	11/01/2011
2nd interim div. 2010	0.06	04/11/2010	01/12/2010
1st interim div. 2010	0.06	29/07/2010	01/09/2010
Scrip issue	€/sh.	Approval date	Payment date
CaixaBank Optional Scrip Dividend	0.051	12/05/2011	30/06/2011 ⁽²⁾

(1) Extraordinary dividend.

(2) Listing date for bonus subscription rights. Rights sold to CaixaBank were paid on July 20, 2011.

Based on the share price at December 31, 2011, this figure will represent returns of 6.1% for shareholders, among the highest in the Ibex 35.

In September 2011, the bank distributed the first payment under the second Optional Scrip Dividend, with reiterated success, with 98% of shareholders opting to receive company shares.

On December 27, CaixaBank distributed the cash payment corresponding to the first interim dividend of €0.06 per share.

On December 15, 2011, the Board of Directors approved payment of a second interim dividend against 2011 profits. This interim dividend, also totaling €0.06 per share (gross), will be paid on March 27, 2012.

At the next Annual General Meeting, the Board of Directors will also propose that the CaixaBank Optional Scrip Dividend program be continued in June 2012.

Remuneration for 2011, settled or approved prior to year end, was as follows:



Dividends	€/sh.	Approval date	Payment date
2nd interim div. 2011	0.06	15/12/2011	27/03/2012
1st interim div. 2011	0.06	17/11/2011	27/12/2011
Scrip issue	€/sh.	Approval date	Payment date
CaixaBank Optional Scrip Dividend	0.06	12/05/2011	27/09/2011 ⁽¹⁾

(1) Listing date for bonus subscription rights. Rights sold to CaixaBank were paid on October 18, 2011.

CaixaBank and its shareholders: dialogue and closeness

In 2011, CaixaBank deepened its relations and dialogue with shareholders. The “CaixaBank and its shareholders” program aims to ensure maximum transparency between the Company and its shareholders. The Company also focused on providing its more than 350,000 shareholders with information and explanations about the reorganization of the “la Caixa” Group and the transformation of Criteria into CaixaBank.

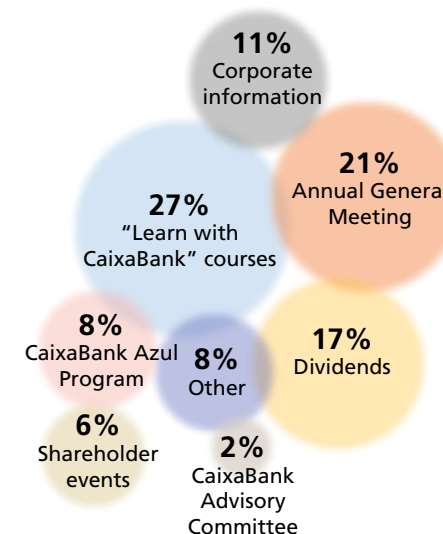
These initiatives, which bring it closer to its shareholders and promote communication and a more fluid dialogue, led to CaixaBank being awarded the “Best Minority Shareholder Initiative” prize by the Spanish Association of Minority Shareholders of Listed Companies (AEMEC).

Information on the reorganization of the “la Caixa” Group

From when the “la Caixa” Group reorganization was announced on January 27, 2011 to the completion of this reorganization on July 1, CaixaBank conducted numerous activities to keep shareholders informed of the implications of this reorganization and the Company’s transformation:

- Corporate meetings with shareholders were held in several cities to outline the objectives of the “la Caixa” Group reorganization and the incorporation of CaixaBank.
 - Letters, emails and text messages about milestones reached during the reorganization were sent out. Over 1 million letters, 120,000 emails and 100,000 text messages were sent between February and June.
 - Continual updating of the www.CaixaBank.com website to provide shareholders with extensive documentation on the operation and its implications for shareholders, in addition to how to participate in the 2011 Annual General Meeting.
- “CaixaBank and its Shareholders” program initiatives*
- CaixaBank raised awareness of the program’s initiatives through four main lines: the two-way communication channels, Shareholder Services on the website, knowledge-building and information sharing initiatives, and the “Azul Program”.
- 1. Two-way communication with shareholders:** CaixaBank has widened lines of communication with shareholders, as required by the Spanish Securities and Exchange Commission (CNMV), to find out about their concerns and incorporate issues that its shareholders deem to be important into its plans. CaixaBank has set up the following channels to ensure this two-way dialogue:
- The Shareholders’ Office in Barcelona offers a direct means for shareholders to express their doubts, make enquiries and put forward suggestions.
 - The Shareholder Information Service, which provides an email address, phone number and postal address for shareholders to contact the company. In 2011, 5,400 exchanges with shareholders were logged.
 - Corporate roadshows arranged by CaixaBank’s management team in major Spanish cities. In 2011, CaixaBank gave a series of corporate presentations in Girona, Tarragona, Madrid, Palma de Mallorca, Tenerife, Gran Canaria, Valladolid and Oviedo, attended by over 3,000 people. Shareholders continue to offer very positive feedback on the initiative, indicating that it has brought them closer to the Company’s management team and allowed them to both express their concerns and receive up-to-date information and responses.
 - CaixaBank’s Shareholder Advisory Committee, which met twice during

Subjects of interactions in 2011





In 2011, the Shareholder Services received over a million visits

2011. This committee has 17 members, who have very diverse profiles and backgrounds as they represent the Company's shareholder base. The objective of this committee is to improve the communication campaigns and lines of communication with shareholders based on comments received. During its first meeting of the year, the committee put forward suggestions about how to notify shareholders of the "la Caixa" Group reorganization. In the second meeting, held after the annual renewal of the committee, an evaluation was performed of the suggestions implemented in previous meetings, and further contributions were made on CaixaBank's position and the information provided to its shareholders.

- Attendance of Bolsalia (Madrid) and Borsadiner (Barcelona) trade fairs. CaixaBank had a stand manned by members of the shareholder relations team, which was visited by over 3,000 people. Corporate presentations and knowledge-building on equity securities were also provided.
- At the General Meeting, shareholders exercise their voting rights, receive all legally-required information, and are able to bring questions before the Company's top representatives. At the 2011 Annual General Meeting, a space

was set up to attend shareholders on a personal basis and present all the initiatives and acts the Company holds for them. In addition, the General Meeting was shown via a webcast for those shareholders unable to personally attend the meeting.

2. Relevant information: CaixaBank provides a specific section of www.CaixaBank.com for information of particular interest to its shareholders. This area, called Shareholder Services, includes the following sections:

- Reports on the Company.
- Analyst opinions on CaixaBank.
- Information on the dividend policy and on the General Shareholders' Meeting.

- Charts depicting the share price and comparison with the main stock market indexes.
- Information on the benefits available to shareholders through the CaixaBank Azul Program.
- Information on presentations and information sessions, and on prize draws and competitions.

In 2011, this area received over a million visits.

CaixaBank also continued to provide its Shareholder Information Service, enabling shareholders to sign up to the information they consider most relevant. It also proactively sent out the following useful information:





- The Shareholder Magazine, published quarterly and providing corporate information and information of interest to shareholders. Three print issues were distributed in 2011 (January, April and July), plus an online issue (November).
- Emails and text messages about competitions, attendance at trade fairs, dividend payments, offers and discounts, etc.

3. Knowledge building and sharing:

CaixaBank provides tools and content to help its shareholders increase their knowledge about financial markets and the state of the economy. This initiative is called “Learn with CaixaBank” and includes activities such as conferences on stock market issues and guides and dictionaries with useful content for anyone interested in investing in the stock market. It also entails collaboration with top-level finance and market educational institutions. All this information and the knowledge-building resources and videos are accessible on the www.CaixaBank.com corporate website.

Several “Securities Market Introductory Courses” were run in 2011 as part of a

pioneering initiative among Ibex 35 companies designed to meet the needs of certain shareholders wanting to gain a basic understanding of this market. The purpose of the courses is to introduce participants to financial markets, stock market trading and the main methods used to value shares. The first “Analysis and Economic Environment” course was also held in Madrid in September 2011. A total of nine courses were held in Barcelona, Bilbao, Lleida, Zaragoza, Seville and Madrid, attended by more than 500 people.

4. Offers and discounts through the “CaixaBank Azul Program”:

this program offers Company shareholders various benefits, courses on equity securities, and the possibility of participating in prize draws and competitions. In 2011, these benefits were extended to include new offers and discounts on products and services, linked to the CaixaBankMultiEstrella Program under the “la Caixa” brand. The benefits of the program include:

- CaixaBank shareholder card, which is free in any format (debit, credit or stored value). The card entitles holders

to a range of discounts and benefits at “la Caixa” Group investees.

- Puntos Estrella Multiplier with the Payroll or Professional multiEstrella programs of “la Caixa”.
- Information and regular offers for shareholders on technology products, holidays, food, etc.
- Specific courses on the stock market, financial markets and the macro-economy.
- Invitations to various events (Circuit de Catalunya motor racing circuit, Barcelona Polo Club, or the Cap Roig Festival).
- The chance to participate in the “CaixaBank in the eyes of its investors” and “Visit an international CaixaBank investee” competitions.

Institutional investors and analysts

2011 was a year of intensive communication with institutional investors and analysts. In the first half, a series of actions was carried out to build awareness of the reorganization of the “la Caixa” Group. These included a presentation at the Entity’s headquarters attended by 29 analysts in person and



CaixaBank conducts customer satisfaction surveys and studies to find out customers' views on its services and make improvements thereto

followed by more than 180 people online. CaixaBank's senior management also went on a three-week roadshow across the major financial cities in Europe and North America and visited various institutional investors.

These visits continued in the second part of the year, and conferences were held focusing on the banking sector.

CaixaBank also launched a section on its corporate website in 2011 specifically for these groups containing information of interest such as an events calendar, corporate presentations, sectors conferences, analyst valuations and other significant events. The Company hosted quarterly videoconferences for analysts and institutional investors to present earnings and allow these groups to address questions to the management team.

Customers

This section covers Principles 1, 2 and 10 of the UN Global Compact.

CaixaBank aspires to offer a quality service based on personalized care and a wide product and service portfolio to its

10.4 million or so customers. To achieve this, it has a team of around 25,000 people striving to maximize service excellence.

Quality and customer service

One of CaixaBank's priorities is customer satisfaction through service excellence. To this end, it demands a high level of commitment based on trust, proximity, efficiency and continuous improvement.

Service excellence

CaixaBank works tirelessly to reach the highest level of excellence in its operations. It is therefore crucial to find out what customers think about the quality of service they receive. Various customer satisfaction surveys are conducted to obtain an internal indicator, the Personalized Service Indicator (PSI) measuring customers' satisfaction with the service they receive. The PSI measures how staff treat customers and their availability, as well as assessing the basics skills and knowledge needed for each position held by staff. Scores are given for product knowledge, adaptation to needs of customers, or initiative or proactivity shown when selling or marketing, etc.

Surveys are also conducted to assess customer satisfaction with the various channels available to them (ATM network, Línea Abierta or CaixaMóvil). The specific requirements of the various customer groups, such as individuals or businesses, are also taken into account. The aim is to ensure the service is continually improved by taking into account customers' opinion and the independent market research performed.

Surveys are also conducted in all branches to obtain data on the quality of services, processes and internal applications. The aim of these surveys is to evaluate the Company's principal organizational units and therefore obtain data on the satisfaction of internal clients. These results include the perceived level of quality (based on survey responses), and a measure of objective quality (based on service level indicators that are continuously evaluated). Therefore, the response to traditional questions on perception, in addition to objective indicators, make improvement plans more effective.

In addition to telephone and email surveys, a notable effort was made to measure the commercial quality of the

The Quality Improvement Plan involving all CaixaBank's commercial network was completed in 2011

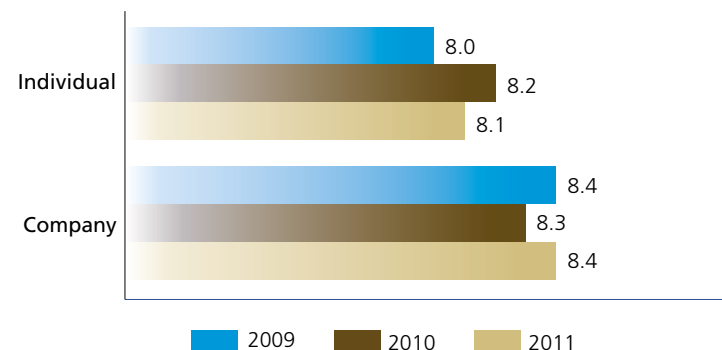
company's branch network. Various campaigns and products were introduced using the mystery shopper technique, to provide an indication of how potential new customers are treated.

Ongoing quality improvements

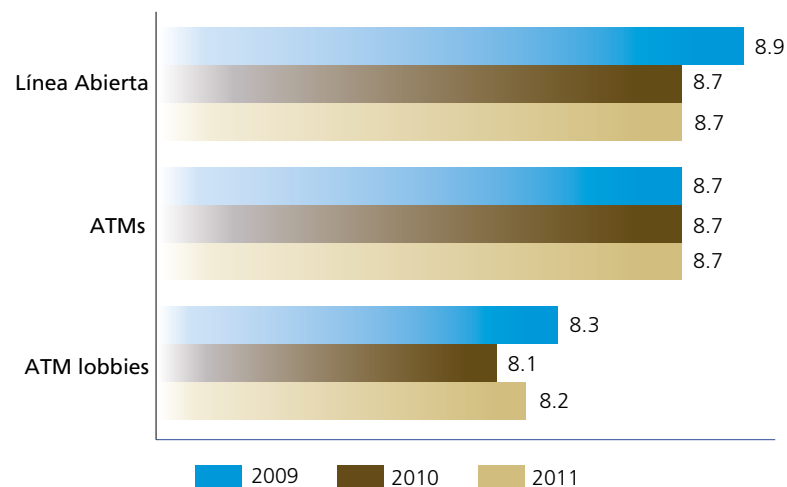
The Quality Improvement Plan was completed in 2011. The plan focused on fostering the direct involvement of branch teams by adopting several key actions, such as proactively managing customer portfolios or regularly and exhaustively reviewing complaints. Work also continued to better disseminate all quality issues, increasing the number of reports available to all staff and furnishing all the Quality Committees with this information.

Additionally, the branch network implemented several initiatives such as quality workshops, in which branches with better results "tutor" those with more room for improvement. This work is conducted in a decentralized manner through the quality managers in each region. Action protocols and information in the Active Quality Portal were also disseminated, while Virt@ula was used to share ideas and information on quality, and perform in-house surveys

Customer satisfaction index



Satisfaction surveys





CaixaBank came top in the FRS Inmark 2011 survey on reputation and interest in working with individuals

to garner the opinions of staff and their possible suggestions for improvement.

Active Quality Portal

Established in 2010 and located on the corporate intranet, the Active Quality Portal provides information on quality in a single area. It has been very well received, with its main sections regularly attracting a large number of visits. The "Zero Complaints" section is among these, which sets out a script with recommendations and alternatives to improve explanations for customer complaints and objections, as well as providing case studies aimed at achieving excellence – from the views of non-customers (obtained through "mystery shoppers") through to methodologies to offer an attentive, efficient and high quality service. During 2011, new documents, articles and news were also added to the help and reference resources provided on the portal.

Customer Service Office

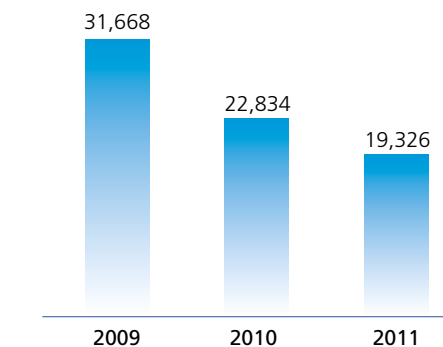
CaixaBank provides its customers with several lines of communication managed

by the Customer Service Office: Letters to the Managing Director, the free phone customer service number (+34) 900 323 232 and a form on the corporate website.

All the enquiries, etc. received through any of the above channels were dealt with by the appropriate regional manager, at Central Services or at the Group's subsidiaries. During 2011, Customer Services received a total of 33,695 enquiries, etc.

Continuing the trend in the previous year, the number of customer complaints received during 2011 fell. The decrease was 17% year-on-year. Major preventive measures were implemented in 2011 thanks to the ongoing efforts of the

Total claims received



Contact by customers through Customer Service Office	2010	2011
Consultations and suggestions	17,375	16,377
Positive feedback	154	140
Claims and complaints	20,633	17,178
TOTAL	38,162	33,695



According to the Bank of Spain, CaixaBank has one of the lowest number of complaints in relation to its business volume

entire Company, especially the branch network, to actively handle customer enquiries and incidents.

The main grounds for customer complaints were related with commissions charged, the terms and conditions of products and services, and issues relating to finance. The 30% fall in complaints about branch waiting times is especially noteworthy, and is the result of measures aimed at speeding up the service and improving commercial management.

All complaints were resolved within the established deadlines in 2011, i.e. four days for telephone complaints, seven days for letters, and three days for emails.

A total of 2,148 were dealt with by the Customer Ombudsman and Customer Service Office, 435 of which were resolved in favor of the claimant, 907 in favor of the Company, and 507 are pending resolution. The Company must comply with all resolutions made by the

Customer Ombudsman, while customers can voluntarily accept them.

CaixaBank views each complaint as an opportunity to improve its internal procedures and the service offered. In this respect, complaint handling circuits have been improved to speed up the whole process: analysis of causes of complaints, standard response criteria, etc. This management ensures CaixaBank has among the lowest number of complaints in relation to its business volume, according to the latest available Bank of Spain Report at year-end 2010.

Claims against CaixaBank filed with the Customer Ombudsman for the Catalan Savings Banks and SAC	2010	2011
Resolved in favor of CaixaBank	785	907
Resolved in favor of the customer	436	435
Irrelevant / not admitted	665	294
Waived by customers	10	5
Pending resolution	305	507
TOTAL	2,201	2,148



CaixaBank's Commercial Communication Policy is based on its core values and respect for its customers and society

Since 2011, all printers that prepare printed advertising materials for CaixaBank must be certified by the Stewardship Council (FSC)

Responsible communication

In 2011, CaixaBank's Board of Directors approved a Commercial Communication Policy, which must be adhered to by professionals in the Marketing Division. These individuals also received training relating to this matter. This new policy responds to legal requirements and fosters a respect for society, customers and the Company's core values. The same spirit is being applied to ensure the other group companies establish their own Commercial Communication Policies based on that of CaixaBank.

In line with this policy, in 2011 CaixaBank presented a total of 687 advertising projects for prior consultation to the Advertising Self-regulation Association (Autocontrol), an entity approved by the Bank of Spain to monitor the advertising of financial services and products. Positive reports were issued for the majority of these projects, while all those projects that received negative reports in the first instance obtained positive reports in the second instance after implementing all the suggestions received.

CaixaBank is also working with Autocontrol to draw up a code of ethics for the sector on financial advertising best practices. In 2011, the Company was not fined for any misleading advertising. It also presented all its advertising projects to the Catalan Regional Government for approval.

As part of its commitment to the environment, in 2011 CaixaBank also required that all printing firms involved in preparing its advertising materials obtain Forest Stewardship Council (FSC) certification. The FSC label ensures that all forest products used are from responsibly harvested and verified sources, and ensures that both the paper manufacturing and printing process are sustainable and environmentally friendly. At year end, all suppliers had obtained this certificate or were in the process of obtaining it.

Data protection and the right to privacy

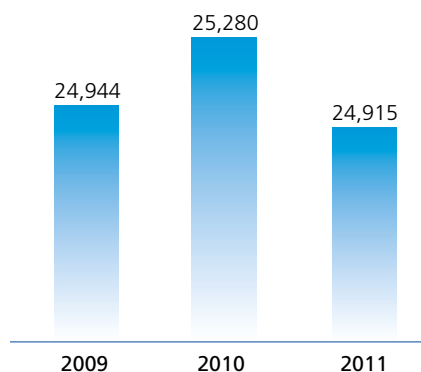
CaixaBank has the duty to protect the personal and private information of its customers and employees to the

maximum, as set forth in its Code of Ethics and prevailing legislation on intimacy, data protection and bank privacy.

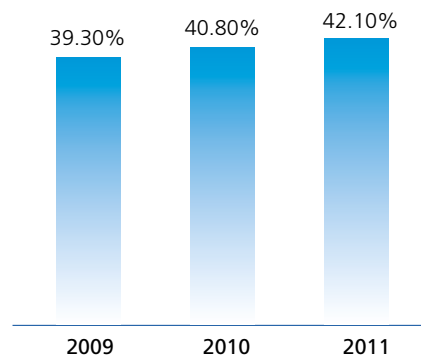
Data protection and the right to privacy are considered in all aspects of the organization's management. Strict internal rules are in place and staff are provided with specific training on this matter. CaixaBank also enters all files containing personal data it handles with the General Data Protection Register, and all staff have access to a security document setting forth the necessary measures for ensuring the security of files containing personal data and data processing centers, etc. Access to customer data that is not strictly required for work is also prohibited, while any unauthorized access gained is subject to sanction, even if it has no impact outside the organization.

In 2011, CaixaBank was subject to seven disciplinary proceedings brought by the Spanish Data Protection Agency, and received a fine of €50,000 in relation to one of these cases.

Number of employees



Percentage of women in CaixaBank's management team



Personnel

The people making up CaixaBank's workforce are its main asset. This team of professionals is also responsible for transmitting the Company's values of leadership, trust and social commitment to other stakeholders.

At December 31, 2011, the CaixaBank Group's workforce comprised 26,993 individuals. A total of 24,915 of these people worked in CaixaBank itself.

During the year and as part of the reorganization of the "la Caixa" Group, a labor agreement was signed with workers' representatives setting forth the continuation of the existing labor framework.

Equal opportunities

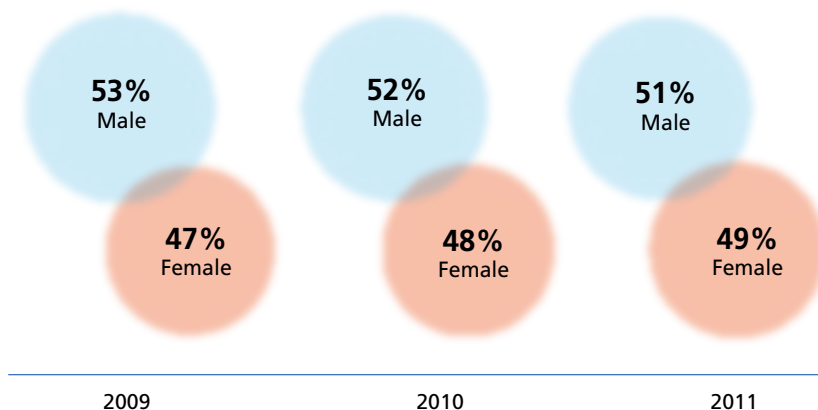
Just like other "la Caixa" Group companies, CaixaBank has a human resources policy that respects diversity, equal opportunities and non-discrimination because of gender, age, disability or any other circumstance. It also ensures all its employee recruitment processes are transparent.

Transparency, equal opportunities and equality criteria are followed when filling vacancies in CaixaBank. 3,000 vacancies were advertised during 2011, for which 24,400 applications were received.

As part of the Company's commitment to equal opportunities and in order to

encourage directly employing disabled people, a number of vacancies were reserved for this social group during external recruitment campaigns. However, the lack of qualified candidates meant that this objective could not be fulfilled.

Breakdown of CaixaBank employees by gender





Virt@ula received the Cegos/Equipos & Talento Award in the training and development category

Training and professional development

As part of the Company's ongoing efforts to improve, training is reviewed and adapted to meet business and market needs.

A combination of both classroom-based training and online training through Virt@ula (which offered 3,316 units of training content in a Web 2.0 collaborative virtual environment in 2011) was therefore provided. 24,254 employees received training, took part in forums or shared best practices through Virt@ula, totalling 765,477 hours of connection time.

To better orientate career paths in the Company, more than 14,000 employees took part in a competency-based evaluation process. This evaluation, based on a formal meeting to reflect on and discuss performance with a line manager, enables the most appropriate professional competencies for a specific

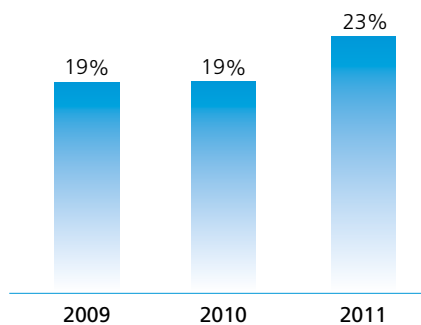
post to be reinforced, and areas for improvement to be detected.

CaixaBank's competency-based evaluation process also includes the Progresá Program, permitting 840 of the Company's professionals to train to assume more responsibilities in the medium term. This program combines the results of the aforementioned evaluation and the individual contribution to achieving targets.

Training in CaixaBank

	2010	2011
Total investment in personnel training (€)	7,063,400	8,103,244
Total grants received for personnel training (€)	2,879,150	3,102,172
Total number of employees trained	22,496	22,770
Total number of employees acting as in-house trainers	721	556
Total number of training hours provided	562,337	634,492
Total number of on-line training hours provided	317,091	476,269
Total number of classroom-based training hours provided	245,247	158,223
Total number of employees receiving occupational risk prevention training	23,356	24,915

Percentage of CaixaBank employees promoted internally



Internal promotions are encouraged, and new promotion opportunities have been created through the following initiatives:

- The opening of two real estate developer management centers in the branch network.
- The launch of a training experience –analysts in training– involving an innovative, supervised learning program at the actual place of work.
- As part of the talent management programs, the group of individuals identified as pre-management talent has been included in the management promotion process.
- Employees can also access a list of internal vacancies through the corporate intranet.

New Management Development Center

A Management Development Center was opened in 2011 to bolster management talent and underpin the roll-out of the business model and strategic plan. The first program entitled Leadership Program for Business Division Directors (BDD), was run in collaboration with the ESADE Business School as the academic partner.

This program focused on developing the commercial leadership model to

optimize branches' results, which is a key role of BDD. The culmination of the program involved the Business Division Directors completing projects related to commercial development, which were presented to the General Manager of the Business Division. It is noteworthy that these projects could be applied to improve the management of the branch network. In total seven programs were run during 2011 involving 110 people.



Remuneration system

CaixaBank's remuneration system is based on a model combining a fixed salary and a bonus, the latter of which is established based on the professional category of each employee, the tasks performed and the involvement and commitment shown to reach individual targets and contribute to the team's objectives.

In 2011, CaixaBank's consolidated the model for awarding bonuses based on the performance of the commercial network. CaixaBank's Central Services Division also established a system of banding and benchmark salary structures.

A new feature in 2011 was the launch of the "total pay" function; an initiative allowing employees to visualize clearly and transparently, on an individual and aggregate basis, all the actual items and terms of their remuneration, including benefits.

Internal communications

In order to boost internal communications in a changing world in which the markets also demand to be kept well up-to-date with changes, new measures were taken in 2011 to strengthen two-way communication with the workforce.

These measures include:

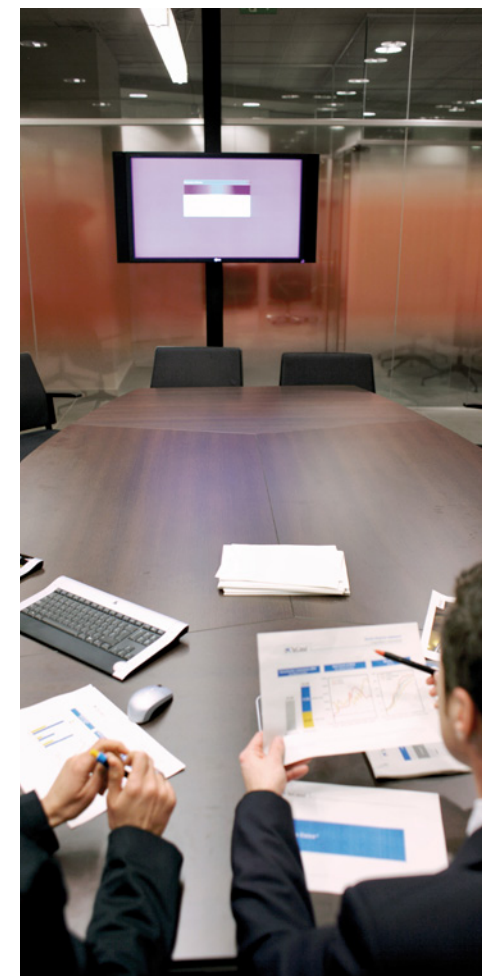
- Using electronic channels to explain in advance the main milestones in

the process of incorporating CaixaBank.

- Meetings in the second half of the year between the Deputy Chairman and C.E.O. and branch managers to discuss the climate affecting the financial sector and present the Company's strategy.
- Breakfasts with the Deputy Chairman and C.E.O. attended by various groups of directors from Central Services to discuss their professional concerns.

Services and benefits for CaixaBank personnel (in €)

	2010	2011
Contributions to pension plans	98,474,440	100,512,398
Healthcare benefits (health insurance)	11,507,360	12,059,152
Scholarships for study/education	17,053,550	18,583,744
Other employee benefits	7,409,890	7,297,603
Life insurance or vehicle insurance	21,420,590	12,938,357
Better finance conditions	33,051,370	40,226,180
One-off employee share issues	–	55,547,219
Total investment	188,917,200	247,164,653



An excellent company to work for

Satisfaction

The first CaixaBank Opinion Survey was conducted in November 2011. The results will enable measures to be taken to boost employee satisfaction and their motivation to meet its objectives. 70.4% of staff completed the survey, reporting an average level of satisfaction of 8.8, on a scale from 1 to 10. Headline results include:

- 95% classified the robustness of CaixaBank's project as excellent.
- The commitment and effort made to adapt to the strategic changes proposed by Management was especially noteworthy. Respondents show trust in the Management, and are positive about the future.
- Overall, the social and working environment is positive.
- Respondents would like to be more involved in all aspects affecting their work. Professionals working in the branch network perceive that the support received from the Central Services could be improved.
- They feel well informed and value the role Management and immediate line managers have in this communication.





The CaixaBank Equal Opportunities Plan was approved in 2011

CaixaBank has once again been awarded the Family-Responsible Company Certificate by the Másfamilia Foundation

Commitment to equal opportunities and work-life balance

CaixaBank considers that securing the physical, psychological and emotional well-being of its staff is critical to achieving a balance between their personal, family and professional lives. It therefore implements a range of policies to help staff achieve a work-life balance and ensure equal opportunities for all.

CaixaBank's Equal Opportunities Plan was signed in 2011. This milestone was an important step in fostering equal opportunities, raising awareness, and encouraging all personnel to contribute to treating everyone equally.

Promoting equal opportunities opens the doors to talent and boosts the professional development of individuals, thereby increasing their contribution to meeting CaixaBank's goals. The plan is designed to bring new energy to a management plan that focuses on people and their talent:

- It increases diversity in teams.
- It boosts steps taken to achieve work-life balance.
- It puts measures in place in the key personnel management processes such as recruitment, training, development and promotion.

The overarching goals of the Equal Opportunities Plan are as follows:

- To ensure all CaixaBank employees are treated equally and have the same opportunities, thereby boosting diversity in teams and gradually working towards a balanced composition of male and female employees, especially at management level.

- To raise awareness of the measures available to achieve a balance between work, leisure, and family life, as well as how time is managed to encourage staff to be committed and have a sense of responsibility.
- To monitor compliance with the accepted equal opportunities and work-life balance protocols with regard to sexual harassment, workplace bullying, and gender discrimination, as well as the protocol concerning civil unions.

CaixaBank has also signed up to the Diversity Charter, a voluntary code designed to boost the commitment of companies and institutions to the core principles of equal opportunities and everybody's right to inclusion in the work place and society. Signing this charter reflects the Company's commitment to creating a workplace that is free of prejudices, as well as providing training on, following criteria for the career promotion of, and developing programs to avoid discrimination against disadvantaged groups.



Sexual and workplace harassment policies

CaixaBank follows a Protocol for the Prevention, Management and Elimination of Sexual and Workplace Harassment and gender discrimination at CaixaBank, which has been in place since 2010 and includes a free phone line and email service. These channels are first handled by two external mediators –a family therapist and psychologist and a lawyer– who provide the appropriate advice in each case.

Four formal complaints were handled through these independent mediators in 2011 (as established in the protocol). Three of these cases were archived and the adoption of measures proposed in the fourth.

Workplace health and safety

Ensuring the occupational health and safety of staff is paramount to CaixaBank, irrespective of where they work.

As part of the three-year plan to identify psycho-social risks, which was launched in 2010, 1,200 surveys were sent out to branch personnel in 2011 to identify possible emerging risks. The safety,

hygiene and ergonomic conditions in 1,250 branches were also checked.

In order to raise risk awareness among staff, employees were also given training on the risk of hold-ups and driver safety. Of the employee health improvement campaigns run, those on obesity and back pain prevention drew the largest audiences.

Social commitment

This section covers Principles 1, 2, 4, 5, 6, 7, 8 and 9 of the UN Global Compact.

Social commitment stands alongside leadership and trust as one of CaixaBank's corporate values. The Company works in a coherent manner to support entrepreneurs and encourage financial inclusion. It also works with the "la Caixa" Foundation, the body through which all "la Caixa" Group social initiatives are channeled, to raise awareness of their programs and activities and providing them with access to the Company's extensive branch network.

CaixaBank alongside entrepreneurs

The economic development of any country is dependent on building

and maintaining a strong business fabric. CaixaBank is aware of this and therefore, at a time characterized by a challenging economic climate and high unemployment, it is working to finding an effective answer to the financial requirements of the self-employed, small- and medium-sized businesses and major corporations in Spain. It also supports new entrepreneurial projects that have high growth potential.

As well as offering a wide range of products and services to self-employed entrepreneurs and businesses, the Group also invests in innovation by fostering a change in the productive model and facilitating the financial inclusion of the population through MicroBank, Caixa Capital Risc (its venture capital management company), EmprendedorXXI (the program for entrepreneurs), and a new program launched in 2011 to support social entrepreneurs through the "la Caixa" Foundation.

These initiatives are designed to help boost productivity, create new jobs and improve the quality of life of families; one of the groups most badly affected by the current economic climate.

MicroBank, Caixa Capital Risc and Emprendedor XXI are the main instruments through which CaixaBank supports entrepreneurs





MicroBank offers specific products to entrepreneurs, microenterprises and, the self-employed and families

In 2011, MicroBank was awarded the Corporate Social Responsibility and Innovation Prize by the SERES Foundation

MicroBank, an innovative social banking model

MicroBank was incorporated in 2007 to channel the microcredits activity, in order to reinforce this socioeconomic work in accordance with the governance and sustainability parameters of a bank. CaixaBank is its sole shareholder.

Strategic keys

MicroBank offers financial products and services that are especially adapted to the needs of entrepreneurs, micro-entrepreneurs, individuals and families, in order to boost production, job creation, self-employment, personal and family development, and financial inclusion. This helps to give new customers access to banking. MicroBank is the only Spanish bank specializing in microfinancing.

► [Access to MicroBank](#)

MicroBank has handled over 128,000 loans and is consolidating its activity

Since it was incorporated 5 years ago, MicroBank has awarded 128,203 loans totaling €806 million, used to finance a variety of projects.

How MicroBank's financial products and services meet the needs of its customers

Microcredits for entrepreneurs:

- Financial microcredit: targeting self-employed professionals and microenterprises requiring finance to start, expand or consolidate their business, or cover working capital requirements. A basic prerequisite is to present a business plan for the feasibility study of the project for which finance has been requested.
- Social microcredit: to finance self-employment projects by people who may have difficulty accessing the traditional lending system. These individuals receive advice from one of MicroBank's partner entities before the microcredit is awarded.

Microcredits for individuals and families comprise personal loans for individuals with incomes of less than €18,000 per annum to finance projects

relating to personal or family development, and one-off or unexpected needs (expenses related with the home, healthcare, education; needs associated with situations of dependency or disability, reuniting families, etc.)

Secured loans consist of loans of over €300, which are secured through an item of jewelry the applicant possesses. These loans are aimed at individuals who encounter difficulties accessing traditional lines of finance because of their work status, or financial or family circumstances.

Other deposit products and services, such as deposit accounts, cards or guarantees and commitments of guarantee.

MicroBank deposit account holders can make transactions through CaixaBank's extensive network of ATMs and through Línea Abierta.

MicroBank was awarded the Titanes de las Finanzas prize

Despite the unfavorable economic climate, the business performed well in 2011. MicroBank awarded 34,307 microcredits totaling €217.9 million. The average loan awarded amounted to €6,351, or €11,288 for loans for business projects.

The number of microcredits awarded during the year is up 2.8% year on year. The growth in microcredits awarded to entrepreneurs is especially striking, with the number rising by 67.3% since the previous year. At year-end 2011, the bank's outstanding microcredit portfolio totaled €379.3 million, up 16.7% on 2010. While the NPL ratio rose slightly during the second half of the year, it was

within acceptable limits, standing at 1.78% at year end, which is slightly below the sector average in Spain. The quality of the loans book remains one of the key factors underpinning the project's sustainability.

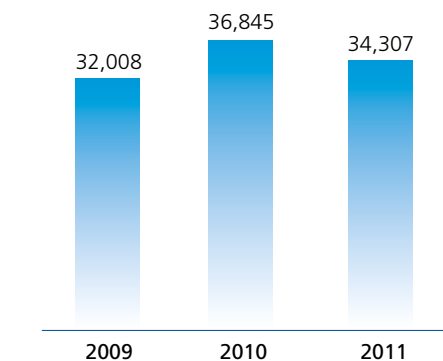
The bank's high level of capitalization and liquidity, an extensive network, the support of its sole shareholder CaixaBank, and the backing of European financial institutions are just a few of the entity's competitive strengths. All these elements combine to create a unique springboard to continue growing the activity, which will be spurred on by the launch of new products and services especially designed for MicroBank customers.

Trend in microcredits awarded to entrepreneurs by MicroBank

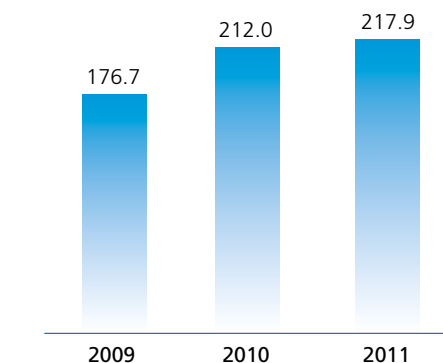
	2010	2011	
Amounted awarded (€ thousand)	60,303	100,900	67.3%
New loans	6,011	8,939	48.7%

Microcredits granted

Number



Amount (€ million)





Thanks to the agreement with the ONCE Foundation, MicroBank will earmark €10 million of microcredits for disabled people

The Council of Europe Development Bank continued to place its faith in MicroBank, awarding it a new loan of €100 million in 2011

Connecting with partner entities

Since its incorporation, MicroBank has entered agreements with several partner entities through which these entities:

- Provide advice to customers applying for microcredits, enabling them to better evaluate the deal.
- Offer the advice needed to carry on the business project and evaluate the feasibility and coherence thereof beforehand.
- Extend the cover of the bank's network for distributing products and services throughout Spain.

MicroBank extended its network of partner entities in Spain to 420 organizations in 2011.

Support from European institutions

An example of MicroBank's standing in Europe is that since it was incorporated, it has entered into collaborative agreements with two of the leading entities through which European policies supporting micro-financing projects are articulated:

Key agreements

In 2011, MicroBank and the ONCE Foundation entered an agreement through which the bank will earmark €10 million of microcredits for disabled people to set up new businesses and meet their needs for improved access.

The bank also signed collaborative agreements with several universities and research centers attached to these universities, such as the Research Center of the Barcelona Autonomous University (PRUAB), establishing several lines of finance for students and graduates who have

professional and business projects in the pipeline, thereby boosting their self-employment.

The Secretary of State for Equal Opportunities and the Young Persons Institute (INJUVE), both operating under the auspices of Spain's Ministry of Health, Social Policy and Equal Opportunities, renewed collaborative agreements with MicroBank in 2011. These agreements have led to the completion of over 1,200 projects valued at approximately €15 million since this partnership was established.

- The European Investment Fund (EIF), with which MicroBank has a collaborative agreement as part of the Competitiveness & Innovation Program (CIP) of the European Union. This agreement sees the EIF assuming part of the loan losses incurred on microcredits to entrepreneurs, helping to ensure the future of this activity and

driving its growth under very competitive conditions for customers.

- The Council of Europe Development Bank (CEB), which is responsible for implementing the social policies of the European Council. MicroBank and the CEB agreed a new loan of €100 million in 2011.



The second “Study on the Impact of Microcredits 2011” prepared by ESADE and MicroBank highlighted once again the social importance of this type of financing

A key tool for boosting labor market inclusion

Microcredits have become a fundamental tool for establishing microenterprises and generating employment. According to the report entitled “Study on the Impact of Microcredits 2011” prepared for the second year running by ESADE and MicroBank, 74% of entrepreneurs who used microcredits from the bank to start up a business said they would not have been able to do so without the loan, while 62% of the entrepreneurs questioned said that microcredits were essential to them expanding their businesses. In 2011, microcredits were especially important for the unemployed, since 80% of these individuals revealed that without the loan, they would have been unable to open or expand their businesses.

One of the fundamental impacts of microcredits is that they create a job or self-employment for the entrepreneur. Furthermore, according to the study, 43% of enterprises create jobs for others as well as employment for the entrepreneur. In fact, 1.5 jobs are created

on average, including the entrepreneur. Based on this statistic, MicroBank has contributed to creating and protecting over 42,000 jobs since it was established in 2007.

► [Access to “Study on the Impact of Microcredits 2011”](#)



MicroBank's involvement in conferences and seminars

In 2011, MicroBank was invited by the Bank of East Asia (BEA) and the Hong Kong Monetary Authority (HKMA), the leading monetary authority in Hong Kong, to present its banking model which is the first of its kind in Spain and Europe. It also attended the General Assembly of the French Federation of Savings Banks and the International Microcredit Seminar in Paris.

MicroBank was one of the guests of the Global Microcredit Summit held in Valladolid.

Throughout 2011, MicroBank gained recognition for its outstanding contribution to society and financial robustness by the Association of Lending Managers (AGC), ECOFIN and the SERES Foundation.

Caixa Capital Risc invests in ICT, life sciences and new emerging sectors

Fostering entrepreneurship

Caixa Capital Risc: supporting innovative sectors

Caixa Capital Risc is CaixaBank's venture capital management company that invests in innovative Spanish enterprises with high growth potential, supporting them through the different stages of their development, irrespective of whether they are start-ups or companies that have successfully completed the start-up phase.

At year-end 2011, the investment vehicles were reorganized into Caixa Capital Biomed and Caixa Capital TIC to specialize in life sciences and information and web-based technologies, respectively.

During 2011, 12 new investments were added to the asset portfolio, involving an investment of €11.6 million. CaixaBank strengthens its commitment to information and communication (ICT) technology and life science projects through the companies that are backed.

Caixa Capital Micro, which invests in microenterprise start-ups with registered offices in Spain, has financed 36 projects through participating loans, representing a total investment of €2 million.





Orbital Aerospace was the winner of the fifth round of the EmprendedorXXI Award

EmprendedorXXI

The EmprendedorXXI Program has been running since 2004. Its goal is to create a business culture that favors entrepreneurs and innovation as drivers of economic development in the country.

The activities performed as part of this program include the EmprendedorXXI Award, the aim of which is to promote the development of innovative start-ups and identify those that have the greatest growth potential in each self-governing region. This is the only award of its type with a focus on the self-governing regions, and is implemented in each region with the backing of over 40 local and regional, public and private entities supporting entrepreneurship and the creation of businesses.

Specialized training programs

One of the main challenges associated with innovation is to create innovative companies with a forward-looking vision that take the research conducted in universities and research centers to the market. CaixaBank, alongside the main public and private entities, fosters

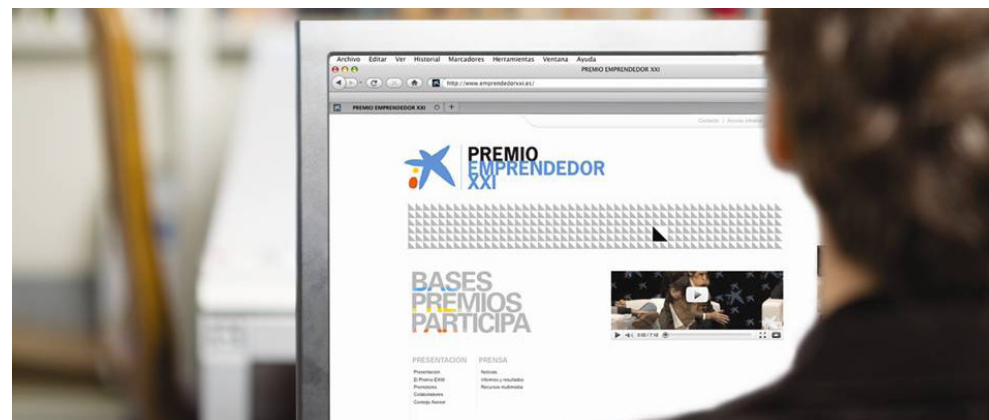
5th EmprendedorXXI Award

604 companies participated in the fifth round of the award held in 2011, 62% more than in the previous round, which reflects the growing recognition of this award among innovative companies, and the rise in entrepreneurship in Spain.

This time round, the award was divided into two categories: *empresesXXI*, aimed at companies from 0 to 2 years old, in which 381 companies took part (63%); and *crecesXXI*, for companies aged between 2 and 7 years, attracting the participation of a further 223 companies (37%). Almost 50% of

the competing firms belonged to the information and communication technology (ICT) sector and over 20% to the industrial sector.

Orbital Aerospace, a Navarre-based aeronautics company, won the award and received a cash prize of €100,000. The four finalists (Flumotion, Agnitio, Xtraice and Nanogap) were awarded €40,000, €20,000, €10,000 and €5,000 euros, respectively. The EmprendedorXXI Award offers the largest cash prize to entrepreneurial companies in Spain.



The EmprendedorXXIDigital Program in the field of digital technologies was launched in 2011

the creation of companies in specific sectors to help researchers and technicians succeed with their business projects.

To this end, various programs have been in place since 2010 to create and consolidate innovative companies in the life sciences (BioEmprendedorXXI) and clean technologies (EcoEmprendedorXXI) fields. EmprendedorXXIDigital was added in 2011 in the field of digital technologies.

These programs target scientists and entrepreneurs with a business idea or a start-up who want to explore their own entrepreneurial skills to create and start up their own business, either as a spin-off from their institution or independently.

► Access to programs

<http://www.bioemprenedorxxi.cat/>

<http://www.ecoemprenedorxxi.es/>

<http://www.emprenedorxxidigital.es/>

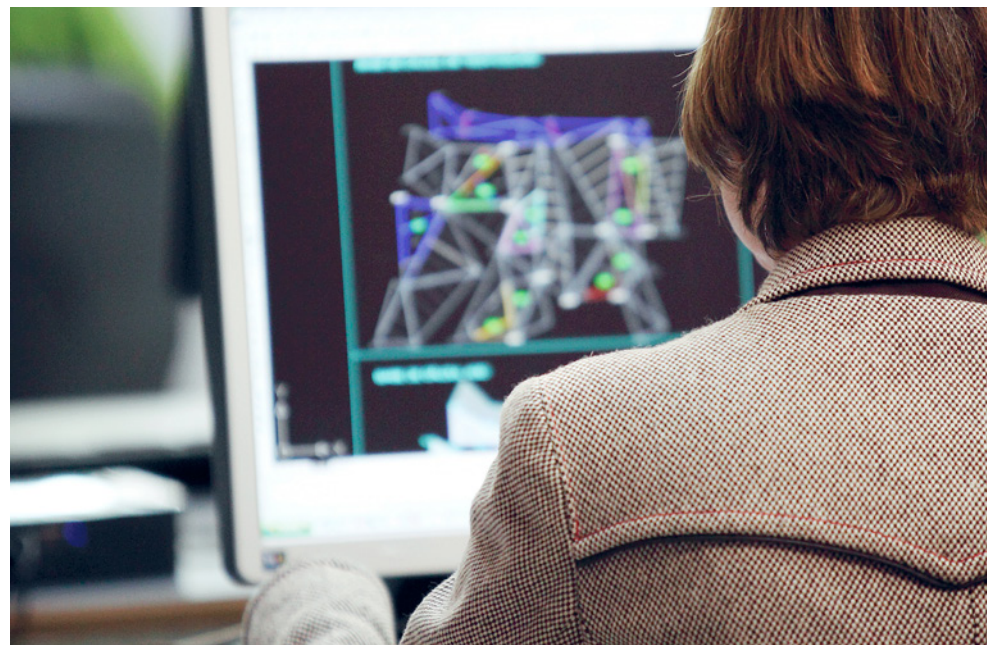
New social entrepreneur support program of the "la Caixa" Foundation

In 2011, as part of CaixaBank and "la Caixa" Group's backing of entrepreneurship, "la Caixa" Foundation launched a new Social Entrepreneurialism Program in 2011.

find solutions for social needs in a profitable and sustainable manners, aligning business opportunities with social improvements.

► Additional information

The aim of this program is to support entrepreneurs and social businesses to





Since 2006, more than 42,629 people have been employed

Incorpora Program

As the bank through which "la Caixa" indirectly conducts its financial activity, one of CaixaBank's strategic challenges is social commitment, which allows it to stand out from its competitors. It therefore works closely with the "la Caixa" Foundation to promote projects such as Incorpora; one of the initiatives which, like EmprendedorXXI or MicroBank, are backed by CaixaBank to boost employment.

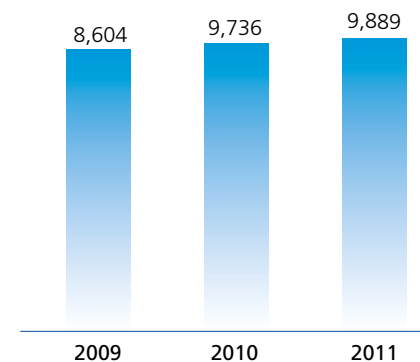
Helping people with special needs gain access workplace is a personalized process that requires steps to be taken before and after they are hired in order to guarantee success for both the individual concerned and the company.

Incorpora, the "la Caixa" Foundation's integration into work program, aims to facilitate this process. It therefore works to directly promote the hiring of individuals by the social businesses that form part of this program. It also contributes to raising awareness of and identifying employment opportunities for people at risk of social exclusion and the long-term unemployed, the disabled, immigrants, young people finding it hard to get their first job, or victims of domestic violence.

To year-end 2011, 287 specialized social businesses, 573 experts in labor market inclusion, more than 19,710 business collaborations and the CaixaBank branch network had taken part in this program, in which employment opportunities for these people are identified. Since 2006, over 42,000 have found work.

The Autonomous University of Barcelona, the Siro Group, Caser Residencial, Atlanta Asistencia Familiar and the Food and Distribution Business Association of Madrid (Única) were awarded prizes at the Fourth Incorpora Awards. These awards recognize corporate best practices for integrating people at risk of exclusion into the labor market.

Incorpora Program on integration into Work; number of individuals placed



Private Banking committed to combating social exclusion

For the second consecutive year and pursuant to the agreement entered into by the Private Banking Division and the Spanish Association of Spanish Fashion Designers (ACME), three training workshops were run in 2011 for groups at risk of social exclusion. Organized by the designers Alma

Aguilar, Juan Duyos and David Delfín, these workshops aim to open up new employment opportunities through the design and conceptualization of a fashion project, as well as awaking the creative spirit of participants and encouraging them to grow as individuals.



In 2011, 34 companies collaborated with AEVI, donating €228,250

Business Alliance for Child Vaccination (AEVI)

Since 2008, this Corporate Social Responsibility initiative, which is the first of its kind in Europe, encourages Spanish companies to become members of the Global Alliance for Vaccines and Immunization (GAVI), which sets out to achieve the Fourth United Nations Millennium Development Goal: to reduce child mortality rates by two-thirds by 2015.

GAVI Alliance is a public-private partnership incorporated in 2000 to save children's lives and protecting people's health by increasing access to immunization in the world's 70 poorest countries. According to data available in 2011, from when it was created to 2010, GAVI has vaccinated over 326 million children, avoiding approximately 5.4

million premature deaths, as per World Health Organization (WHO) calculations.

CaixaBank offers its extensive branch network to any Spanish companies wanting to become a member of AEVI. It also conducts various campaigns to raise awareness of this alliance among the greatest number of companies, including mailshots, information leaflets and media advertisements. The International Division of the "la Caixa" Foundation also makes the follow/up of the projects and ensures that any donations from participating companies are fully invested in child vaccinations. In 2011, 34 companies, 17 of which were new, collaborated with AEVI, donating €228,250. At year-end 2011, 158 companies had joined this alliance, making 215 contributions, including CaixaBank's Business Banking Division, donating over €864,000.

Furthermore, from 2008 to 2010 the "la Caixa" Group has donated a total of €11 million to the GAVI Alliance through the "la Caixa" Foundation and announced that in 2011 it would invest €4 million over the next two years to help vaccinate against pneumococcus in Latin America, making it the largest corporate partner in the private sector in Europe.

Thanks to these donations, between 2008 and 2010, GAVI Alliance vaccinated more than 1.5 million children with the Pentavalente vaccine. In 2011, the target was to vaccinate more than 271,000 children against pneumococcus.

In 2011, GAVI Alliance awarded the GAVI Campaign Visionary Corporate Partner prize to "la Caixa"'s Foundation, an award that recognizes its commitment to the initiatives, through the contributions made by AEVI and "la Caixa" Group employees.



Over 1,000 employees have donated more than €75,000 through the Espacio Solidario

Raising awareness of the Espacio Solidario among CaixaBank employees

The *"Tienes una llamada en espera. Contestar cuesta muy poco"* ("You have a call waiting. Answering costs very little") campaign was run during the first half of 2011 to raise awareness of the Espacio Solidario among staff, and encourage them to get involved. Emails were sent to all staff who had provided personal email addresses, and to the general email addresses of branches outside office hours. Emails were also sent to employees participating in the Espacio Solidario to thank them for their time and ask them to raise awareness of the program.

Espacio Solidario Program

The "la Caixa" Group's employees also support GAVI Alliance through the Espacio Solidario (Charity Space). Since it was launched in 2008, this program has encouraged employees to get involved by making small donations to projects run by various non-governmental organizations with which the "la Caixa" Foundation also works, such as:

- The Red Cross project to help women who are victims of domestic violence back into work, which is linked to the Incorpora Program of "la Caixa".
- The MCCH Program which trains female entrepreneurs in farming organizations in Ecuador.
- Collaboration with food banks.
- Collaboration with GAVI Alliance.

With regard to this latter organization, since 2008, and thanks to the contribution of the "la Caixa" Foundation, AEVI and more than 740 employees who have participated through the Espacio Solidario, 1.5 million children have been inoculated in Cameroon, Ethiopia, Mauritania, Mozambique, the Central African Republic and South Sudan (Darfur) with the Pentavalente vaccine, which protects against illnesses such as diphtheria,

tetanus, whooping cough, pneumococcal meningitis and hepatitis B.

The Espacio Solidario also channels one-off donations for victims of natural disasters, armed conflicts, forgotten crises and other situations requiring humanitarian aid. In 2011, the "la Caixa" Foundation's International Cooperation Program opened an account to provide humanitarian aid to the victims of a food crisis in the Horn of Africa. The "la Caixa" Foundation donated €100,000 out of its extraordinary budget, and also agreed to donate a euro for every 10 euros contributed by the public. By year end, a total of €460,000 had been raised.

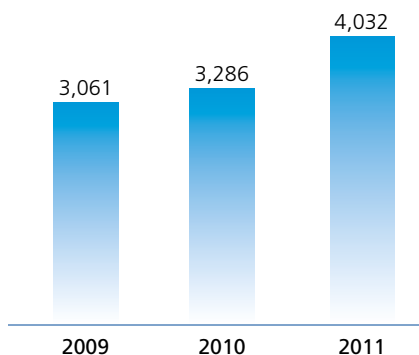
Fair Trade products in the Puntos Estrella catalog

CaixaBank customers can also participate in a total of 62 charity projects, selected by the "la Caixa" Foundation, through the "Puntos Estrella" program. Their donation can be made by converting points accumulated into monetary contributions or can be exchanged for Fair Trade products. Four projects were listed in the print catalog and a further two on the website in 2011. Points donated by customers to these social projects amounted to €624,443.

Over 4,000 volunteers have participated in the corporate volunteering program

Corporate volunteering program

Number of volunteers



Corporate volunteering

CaixaBank employees can get involved in charity work, which is coordinated through the corporate volunteering program.

In 2011, "la Caixa"'s 42 volunteer associations joined together under the umbrella of the Federation of "la Caixa" Volunteer Associations (FASVOL). This federation's remit is to facilitate relations and collaboration between the various associations, while respecting their independence and degrees of autonomy.

Activities conducted during the year include:

- "la Caixa"'s first Volunteer Day celebrated by a total of 33 associations, commemorating the European Year of Volunteering. More than 1,500 employees took part in this event at which Social, environmental, educational and cultural activities were organized.
- First basketball tournament in Spain for the mentally disabled, in collaboration with the "la Caixa" Foundation and Special Olympics.
- Participation in the Great Food Collection of the raised a total of 518 tons of food.

- Attendance at the European Volunteer Congress and the Marketplace, with the collaboration of the Generalitat de Catalunya and the Federació Catalana de Voluntariat Social (FCVS).

At the same time, 40 volunteers from the CooperantesCaixa program took part in a variety of international cooperation projects. These volunteers provided technical assistance in microbusiness management to help entrepreneurialism in developing countries.

► [Additional information](#)





4. 2011 financial reporting and results

- 4.1 Results
- 4.2 Business Activity
- 4.3 Risk management
- 4.4 Liquidity
- 4.5 Capital management
- 4.6 Segment information
- 4.7 CaixaBank ratings

4. 2011 financial reporting and results

4.1 Results

Recurring profit

The CaixaBank Group's recurring profit for 2011 stood at €1,185 million, down 12.8% on 2010.

The main factors affecting the Group's earnings are its powerful ability to generate recurring income, costs reduction and the higher NPL allowances made with more conservative criteria. The most significant impacts are as follows:

- Net interest income performed well in the second half of 2011, increasing by 15% in the fourth quarter compared to the second, but still fell by 7.3% from 2010.
- Meanwhile, gross margin slipped just 1.7%, underpinned by growth in fee

and commission income (up 11.1%) and a larger contribution from recurring profits from investees, in the form of dividends and equity-accounted earnings (up 25.2% compared to 2010).

- By strictly applying its cost control and streamlining policy, CaixaBank was able to cut recurring operating expenses by 4%.
- Pre-impairment income stood at €3,040 million, up 0.9% on 2010.
- During the year, CaixaBank has made sizeable NPL allowances to push up its coverage ratio. Recurring impairment losses on financial assets for the year stood at €1,743 million, up 19.6% on 2010. These allowances were made without having to apply any amount from the general loan-loss provision, which remains stable at €1,835 million.

Statement of recurring income^(*)

€ million	January-December		Change
	2011	2010	%
Financial income	7,734	6,991	10.6
Financial expenses	(4,564)	(3,573)	27.8
Net interest income	3,170	3,418	(7.3)
Dividends	377	460	(18.0)
Income accounted for by the equity method	536	269	99.0
Net fees	1,562	1,406	11.1
Income from financial operations and exchange rate differences	170	258	(33.8)
Other operating revenue and expenses	457	568	(19.5)
Gross income	6,272	6,379	(1.7)
Total operating expenses	(3,232)	(3,366)	(4.0)
Pre-impairment income	3,040	3,013	0.9
Losses for the impairment of financial assets and others	(1,743)	(1,456)	19.6
Profits/losses on disposal of assets and others	(6)	1	
Pre-tax income	1,291	1,558	(17.1)
Income tax	(106)	(199)	(46.3)
Net Recurring profit	1,185	1,359	(12.8)
RORWA (%) (recurring profit /risk-weighted assets)	1.1	1.2	(0.1)
Recurring ROE (%) (recurring profit/ average equity)	5.9	7.5	(1.6)
Recurring Cost-to-income ratio (%)	51.5	52.8	(1.3)

^(*) Given the special relevance of the non-recurring income recognized in 2011 and 2010, and to facilitate a better understanding and analysis of business performance, the consolidated statement of recurring income shows the results of the CaixaBank Group's ordinary and recurring activity. Recurring results are also adjusted for the impact of non-recurring income and losses, net of tax, to give the profit attributable to the Group (see public income statement on page 140).

Extraordinary gains totaled €907 million

Profit attributable to the Group

Non-recurring net losses stood at €132 million in 2011.

Non-recurring gains generated in 2011 amount to €907 million, net of tax. They comprise gains on the sale of 50% of SegurCaixa Adeslas (€450 million, net), the release of funds set aside in prior years in connection with the liability adequacy test in the insurance business with no more need to make provisions (€224 million, net). CaixaBank also recorded gains on the sale of assets including gains on the sale of 80% of the Adeslas Hospital Group (€54 million, net).

Non-recurring write-downs amounted to €1,039 million, net of tax. Including net NPL allowances of €374 million (€534 million, gross) beyond those required

Breakdown of non-recurring gains and losses

€ million (net of taxes)	January-December		Change
	2011	2010	%
Recurring net profit	1,185	1,359	(12.8)
Non-recurring income-gains on the sale of equity investments	907	499	
Gains on the sale of 50% of SegurCaixa Adeslas	450		
Release of allowances made by insurance companies	224	150	
Gains on sale of assets	233	349	
Non-recurring write-offs	(1,039)	(646)	
NPL allowances beyond the regulatory minimum	(374)	(316)	
Write-downs and extraordinary losses of banking holdings	(360)	(63)	
Write-downs of other financial assets (insurance companies)	(93)		
Other adjustments (reorganization costs and other expenses)	(117)	(102)	
Provisions for future business risks	(95)	(165)	
Net non-recurring loss	(132)	(147)	
Profit attributable to the Group	1,053	1,212	(13.1)



under applicable regulations; €360 million, net in connection with the banking investee portfolio; €117 million, net, for expenses incurred in the CaixaBank reorganization process and other costs; and €93 million, net for net write-downs of the fixed income portfolio of insurance companies, stemming from an exposure to Greek sovereign debt, which after a haircut of 50% of its nominal value stands at €384 million. Following conservative criteria, the bank has also made an allowance of €95 million, net (€136 million, gross) as an additional allowance for foreclosed properties.

Total profit attributable to the CaixaBank Group stood at €1,053 million, down 13.1% on the 2010 figure.

Statutory income statement^(*)

€ million	January-December		Change
	2011	2010	%
Financial income	7,734	6,991	10.6
Financial expenses	(4,564)	(3,573)	27.8
Net interest income	3,170	3,418	(7.3)
Dividends	377	460	(18.0)
Income accounted for by the equity method	282	269	4.8
Net fees	1,562	1,406	11.1
Income from financial operations and exchange rate differences	343	258	33.2
Other operating revenue and expenses	777	782	(0.6)
Gross income	6,511	6,593	(1.2)
Total operating expenses	(3,342)	(3,366)	(0.7)
Pre-impairment income	3,169	3,227	(1.8)
Losses for the impairment of financial assets and others	(2,557)	(2,314)	10.5
Profits/losses on disposal of assets and others	547	392	39.5
Pre-tax income	1,159	1,305	(11.2)
Income tax	(106)	(93)	14.0
Profit attributable to the Group	1,053	1,212	(13.1)
ROE (%) (<i>profit / average equity</i>)	5.2	6.7	(1.5)
Cost-to-income ratio (%)	51.3	51.1	0.2

(*) CaixaBank's statutory income statement shows both recurring and non-recurring profit and loss under each line item.

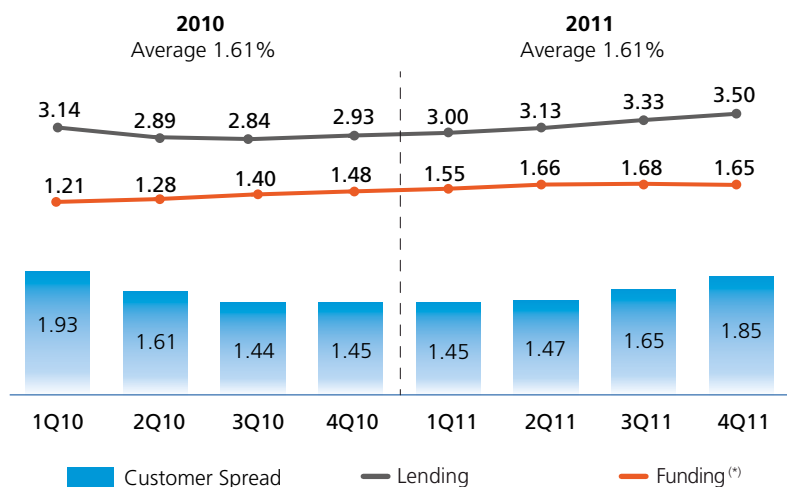
CaixaBank consolidated quarterly earnings

€ million	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Financial income	1,755	1,762	1,691	1,783	1,821	1,871	1,998	2,044
Financial expenses	(789)	(868)	(919)	(997)	(1,020)	(1,129)	(1,221)	(1,194)
Net interest income	966	894	772	786	801	742	777	850
Dividends	65	313	2	80	4	366	3	4
Income accounted for by the equity method	81	48	70	70	179	137	145	75
Net fees	331	348	375	352	383	389	365	425
Income from financial operations and exchange rate differences	49	90	79	40	43	33	46	48
Other operating revenue and expenses	114	111	198	145	134	206	49	68
Gross income	1,606	1,804	1,496	1,473	1,544	1,873	1,385	1,470
Total operating expenses	(835)	(839)	(852)	(840)	(835)	(823)	(792)	(782)
Pre-impairment income	771	965	644	633	709	1,050	593	688
Losses for the impairment of financial assets and others	(372)	(496)	(356)	(232)	(352)	(677)	(353)	(361)
Profits/losses on disposal of assets and others	(7)	1	(1)	8	4	(15)	6	(1)
Pre-tax income	392	470	287	409	361	358	246	326
Income tax	(76)	(28)	(18)	(77)	(59)	42	(27)	(62)
Profit for the period	316	442	269	332	302	400	219	264
Non-controlling interest					2	(2)		
Net Recurring profit	316	442	269	332	300	402	219	264
Extraordinary income	94			405	13	450	94	350
Extraordinary writedowns		(102)	(5)	(539)	(13)	(319)	(301)	(406)
Extraordinary total	94	(102)	(5)	(134)	0	131	(207)	(56)
Income attributable to the Group	410	340	264	198	300	533	12	208

Quarterly earnings metrics as a % of ATAs

<i>Data expressed as % of ATAs (annualized)</i>	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Financial income	2.74	2.65	2.46	2.61	2.71	2.78	2.88	3.00
Financial expenses	(1.23)	(1.31)	(1.34)	(1.46)	(1.52)	(1.68)	(1.76)	(1.75)
Net interest income	1.51	1.34	1.12	1.15	1.19	1.10	1.12	1.25
Dividends	0.10	0.47		0.12	0.01	0.54		0.01
Income accounted for by the equity method	0.12	0.07	0.10	0.10	0.26	0.20	0.21	0.11
Net fees	0.51	0.52	0.55	0.52	0.56	0.58	0.53	0.63
Income from financial operations and exchange rate differences	0.08	0.14	0.12	0.06	0.06	0.05	0.07	0.07
Other operating revenue and expenses	0.16	0.17	0.31	0.22	0.19	0.31	0.08	0.10
Gross income	2.48	2.71	2.20	2.17	2.27	2.78	2.01	2.17
Total operating expenses	(1.29)	(1.26)	(1.25)	(1.24)	(1.23)	(1.22)	(1.15)	(1.15)
Pre-impairment income	1.19	1.45	0.95	0.93	1.04	1.56	0.86	1.02
Losses for the impairment of financial assets and others	(0.57)	(0.75)	(0.53)	(0.34)	(0.52)	(1.01)	(0.51)	(0.54)
Profits/losses on disposal of assets and others	(0.02)	0.01		0.01	0.01	(0.02)	0.01	
Pre-tax income	0.60	0.71	0.42	0.60	0.53	0.53	0.36	0.48
Income tax	(0.11)	(0.05)	(0.02)	(0.11)	(0.09)	0.07	(0.04)	(0.09)
Net Recurring profit	0.49	0.66	0.40	0.49	0.44	0.60	0.32	0.39
Extraordinary income	0.14			0.60	0.02	0.67	0.14	0.52
Extraordinary writedowns		(0.15)	(0.01)	(0.80)	(0.02)	(0.48)	(0.44)	(0.60)
Extraordinary total	0.14	(0.15)	(0.01)	(0.20)	0.00	0.19	(0.30)	(0.08)
Income attributable to the Group	0.63	0.51	0.39	0.29	0.44	0.79	0.02	0.31
In millions of euros:								
Average total assets	259,277	266,538	272,183	271,180	272,458	269,831	275,052	270,662

Customer spread (%)



(*) Cost of demand deposits, time deposits, loans and reverse repurchase agreements in connection with retail banking activity. It does not include the cost of institutional issues or subordinated liabilities.

Net interest income

Net interest income showed sustained growth in the second half of the year, rising 15% in the fourth quarter compared to the second. Net interest income for 2011 as a whole amounted to €3,170 million, down 7.3% from the year before. This decrease was due to the instability prevailing in the financial markets, curbed growth in managed volumes, fierce competition in attracting retail deposits, and rising issuance costs in wholesale markets.

In this setting and bearing in mind the uncertain economic outlook and the ongoing market tensions, CaixaBank has conscientiously and proactively raised liquidity in the retail and institutional markets. This strategy caused a non-

recurring impact on second-quarter net interest income, increasing the Group's financial expenses in that period. However, thanks to careful management of the margin on new term savings operations, as well as greater financial revenues through reprising of the mortgage portfolio and the tight control of margins on new credit transactions these higher expenses were successfully offset in that quarter.

The robust fourth-quarter net interest income figure is also reflected in the steadily-widening spread (1.85%) on customer lending and funding, which shows returns on retail customer activity. This indicator rises 38 basis points from the second quarter of 2011. Over the year, the spread on customer lending and funding widened a total of 40 basis points.

Returns and costs, by quarter

		1Q10			2Q10			3Q10			4Q10		
€ million		Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial system		8,097	15	0.73	9,128	15	0.66	11,767	20	0.67	8,369	20	0.94
Loans	(a)	174,742	1,348	3.14	175,206	1,266	2.89	177,658	1,262	2.84	183,153	1,343	2.93
Securities portfolio		23,398	150	2.59	25,791	163	2.53	24,298	150	2.44	22,343	148	2.62
Other assets with returns ⁽¹⁾		19,363	222	4.64	19,354	255	5.28	19,673	245	4.94	19,486	268	5.46
Other assets		33,677	20		37,059	63		38,787	14		37,829	4	
Total assets	(b)	259,277	1,755	2.74	266,538	1,762	2.65	272,183	1,691	2.46	271,180	1,783	2.61
Financial system		22,175	(42)	0.77	27,017	(52)	0.76	29,019	(74)	1.02	19,493	(56)	1.13
Customer funds	(c)	131,392	(391)	1.21	129,900	(413)	1.28	128,403	(454)	1.40	129,748	(485)	1.48
Demand deposits		53,871	(28)	0.21	52,964	(32)	0.24	53,365	(45)	0.33	52,925	(34)	0.26
Term deposits		71,640	(352)	1.99	68,669	(350)	2.05	66,711	(377)	2.24	68,561	(416)	2.41
Retail repurchase agreements and wholesale marketable debt securities		5,881	(11)	0.78	8,267	(31)	1.49	8,327	(32)	1.56	8,262	(35)	1.69
Wholesale marketable debts securities & other		34,772	(100)	1.16	34,524	(103)	1.20	35,166	(110)	1.24	37,299	(138)	1.46
Subordinated liabilities		6,724	(33)	2.02	6,693	(39)	2.35	6,693	(43)	2.52	6,826	(46)	2.69
Other funds with cost ⁽¹⁾		22,138	(212)	3.89	21,890	(241)	4.41	24,512	(235)	3.81	29,123	(268)	3.66
Other funds		42,076	(11)		46,514	(20)		48,390	(3)		48,691	(4)	
Total funds	(d)	259,277	(789)	1.23	266,538	(868)	1.31	272,183	(919)	1.34	271,180	(997)	1.46
Net interest income		966			894			772			786		
Customer spread	(a-c)			1.93			1.61			1.44			1.45
Balance sheet spread	(b-d)			1.51			1.34			1.12			1.15

(1) Includes assets and liabilities from insurance subsidiaries.

Returns and costs, by quarter (Continuation)

		1Q11			2Q11			3Q11			4Q11		
€ million		Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %	Average balance	Income or expense	Average rate %
Financial system		7,989	17	0.87	8,060	24	1.20	9,296	30	1.29	5,317	17	1.28
Loans	(a)	184,818	1,387	3.00	183,077	1,431	3.13	184,233	1,532	3.33	182,803	1,598	3.50
Securities portfolio		22,159	149	2.73	19,543	143	2.93	18,656	138	2.94	16,434	141	3.40
Other assets with returns ⁽¹⁾		19,517	264	5.48	20,904	268	5.15	21,791	295	5.37	23,141	286	4.90
Other assets		37,975	4		38,247	5		41,076	3		42,967	2	
Total assets	(b)	272,458	1,821	2.71	269,831	1,871	2.78	275,052	1,998	2.88	270,662	2,044	3.00
Financial system		15,838	(53)	1.36	12,552	(60)	1.91	16,286	(79)	1.93	17,632	(81)	1.82
Customer funds	(c)	128,595	(491)	1.55	128,973	(535)	1.66	129,184	(548)	1.68	125,995	(524)	1.65
Demand deposits		52,934	(47)	0.36	54,224	(63)	0.47	52,597	(53)	0.40	52,943	(46)	0.35
Term deposits		68,263	(414)	2.46	69,734	(452)	2.60	72,141	(478)	2.63	67,802	(452)	2.64
Retail repurchase agreements and wholesale marketable debt securities		7,398	(30)	1.69	5,015	(20)	1.58	4,446	(17)	1.58	5,250	(26)	1.99
Wholesale marketable debts securities & other		39,171	(149)	1.54	39,942	(204)	2.05	39,902	(230)	2.28	38,249	(229)	2.38
Subordinated liabilities		6,893	(46)	2.69	6,890	(49)	2.87	6,884	(53)	3.05	5,530	(47)	3.40
Other funds with cost ⁽¹⁾		33,738	(275)	3.30	33,424	(280)	3.36	31,677	(309)	3.87	30,560	(303)	3.94
Other funds		48,223	(6)		48,050	(1)		51,119	(2)		52,696	(10)	
Total funds	(d)	272,458	(1,020)	1.52	269,831	(1,129)	1.68	275,052	(1,221)	1.76	270,662	(1,194)	1.75
Net interest income		801			742			777			850		
Customer spread	(a-c)			1.45			1.47			1.65			1.85
Balance sheet spread	(b-d)			1.19			1.10			1.12			1.25

(1) Includes assets and liabilities from insurance subsidiaries.



Gross margin

Total recurring income (gross margin) stood at €6,272 million, down 1.7% on the 2010 figure. The strong performance of the investee portfolio and fees partially offset the reductions in net interest income, gains on financial transactions, exchange differences and other operating income and expense.

The robust growth in net fees (11.1%) was specially noteworthy, totaling €1,562 million, up €156 million on 2010. This increase was primarily a result of the intensive commercial activity, with segment-specific management driving a rise in banking activity, as well as mutual funds and insurance, underpinned by the exemplary management of services offered to customers. This is evidenced

in CaixaBank's leading position in online banking, through Línea Abierta (6.9 million customers), mobile banking (2.3 million customers) and electronic banking (10.5 million cards).

The strength of CaixaBank's investee portfolio, coupled with diversification in international banking (20% of GF Inbursa, 30.1% of Banco BPI, 17.0% of The Bank of East Asia, 9.8% of Erste Bank and 20.7% of Boursorama) and services (5.4% of Telefónica and 12.8% of Repsol) bolstered recurring gains in the equity portfolio (€913 million, up 25.2% on 2010). One of the most salient changes in terms of investees was the recognition of Repsol as an equity-accounted investee following the reorganization of the "la Caixa" Group, with the resulting impact on dividends and profits from associates.

Fees

€ million	January-December		Change	
	2011	2010	Absolute	%
Banking services	1,074	1,015	59	5.7
Investments funds	157	137	20	14.6
Insurance and pension plan	180	157	23	14.5
Other fees	151	97	54	56.4
Net fees	1,562	1,406	156	11.1

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Banking services	241	254	279	241		278	274	270	252
Investments funds	32	32	39	34		38	41	38	40
Insurance and pension plan	38	40	40	39		42	48	46	44
Other fees	20	22	17	38		25	26	11	89
Net fees	331	348	375	352		383	389	365	425

Returns on equity investments(*)

€ million	January-December		Change	
	2011	2010	Absolute	%
Dividends	377	460	(83)	(18.0)
Income accounted for by the equity method	536	269	267	99.0
Income from investments	913	729	184	25.2

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Dividends	65	313	2	80		4	366	3	4
Income accounted for by the equity method	81	48	70	70		179	137	145	75
Income from investments	146	361	72	150		183	503	148	79

(*) Extraordinary results not included.

Lastly, other operating revenue and expenses was affected by the December 2010 sale of the CaixaRenting vehicle leasing business, with operating lease revenue falling in comparison to 2010. Quarterly trends in income and expense from the insurance business were affected by the June 2010 acquisition of SegurCaixa Adeslas and the sale of 50% of that company in June 2011. This had no impact on the year-on-year comparison.

Other operating revenue and expenses				
€ million	January-December		Change	
	2011	2010	Absolute	%
Income and expenses of the insurance activity	479	421	58	13.9
Other operating income and expenses	(22)	147	(169)	(115.0)
Operating lease income	11	134	(123)	(91.7)
Deposit guarantee fund	(118)	(100)	(18)	18.1
Other operating income and expenses	85	113	(28)	(24.8)
Other operating revenue and expenses	457	568	(111)	(19.5)

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Income and expenses of the insurance activity	70	83	144	124		138	209	56	76
Other operating income and expenses	44	28	54	21		(4)	(3)	(7)	(8)
Operating lease income	34	33	34	33		4	3	3	1
Deposit guarantee fund	(25)	(24)	(25)	(26)		(29)	(30)	(29)	(30)
Other operating income and expenses	35	19	45	14		21	24	19	21
Other operating revenue and expenses	114	111	198	145		134	206	49	68

Operating expenses and resources

CaixaBank's strict cost containment and streamlining policy resulted in a 4% decrease in recurring operating expenses.

The reduction of general expenses (down 8.6%) and depreciation and amortization (down 27.1%) completely offset the 2.7% growth of personnel expenses, which include the costs deriving from the merger with Caixa Girona and Bankprime.

The concerted effort to reduce expenses continues being compatible with CaixaBank's firmly growth targets and its leading market position, boasting the largest branch network in the Spanish banking sector (5,196 offices and 8,011 ATMs). At December 31, 2011, CaixaBank employed 26,993 professionals, 1,398 less than at the 2010 year end, given that SegurCaixa Adeslas employees ceased forming part of the Group following the sale of 50% of that company to Mutua Madrileña in June 2011.

Operating expenses

€ million	January-December		Change	
	2011	2010	Absolute	%
Personnel expenses	(2,201)	(2,144)	(57)	2.7
General expenses	(690)	(754)	64	(8.6)
General and administrative expenses	(2,891)	(2,898)	7	(0.2)
Depreciation and amortization	(341)	(468)	127	(27.1)
Total operating expenses	(3,232)	(3,366)	134	(4.0)

€ million	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Personnel expenses	(529)	(533)	(543)	(539)	(558)	(560)	(543)	(540)
General expenses	(202)	(187)	(187)	(178)	(186)	(170)	(166)	(168)
General and administrative expenses	(731)	(720)	(730)	(717)	(744)	(730)	(709)	(708)
Depreciation and amortization	(104)	(119)	(122)	(123)	(91)	(93)	(83)	(74)
Total operating expenses	(835)	(839)	(852)	(840)	(835)	(823)	(792)	(782)

Resources

						Annual change	
	Dec. 2010	Mar. 2011	Jun. 2011	Sept. 2011	Dec. 2011	Absolute	%
CaixaBank branches	5,409	5,277	5,247	5,192	5,196	(213)	(3.9)
CaixaBank Group employees	28,391	28,339	28,284	27,339	26,993	(1,398)	(4.9)
CaixaBank employees	25,280	25,182	25,150	25,109	24,915	(365)	(1.4)

Pre-impairment income

Intense commercial activity, which drove strong revenue generation, alongside major efforts to rein in costs (4%) resulted in a 0.9% increase in recurring pre-impairment income in 2011 to €3,040 million. The cost-to-income ratio for the year was 51.5%.

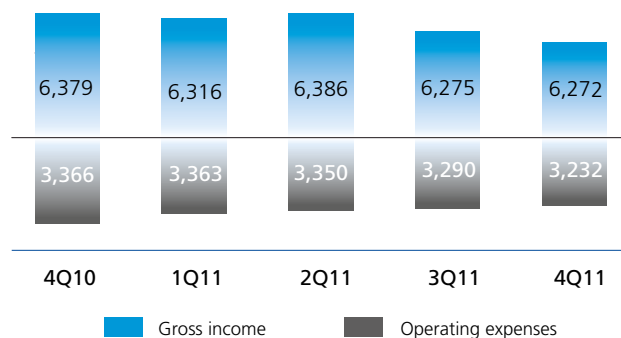
Recurring pre-impairment income

€ million	January-December		Change	
	2011	2010	Absolute	%
Gross income	6,272	6,379	(107)	(1.7)
Total operating expenses	(3,232)	(3,366)	134	(4.0)
Pre-impairment income	3,040	3,013	27	0.9
Recurring Cost-to-income ratio (Operating expenses / gross income)	51.5%	52.8%		

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Gross income	1,606	1,804	1,496	1,473		1,544	1,873	1,385	1,470
Total operating expenses	(835)	(839)	(852)	(840)		(835)	(823)	(792)	(782)
Pre-impairment income	771	965	644	633		709	1,050	593	688
Recurring Cost-to-income ratio (last 12 months) (%)				52.8		53.3	52.5	52.4	51.5

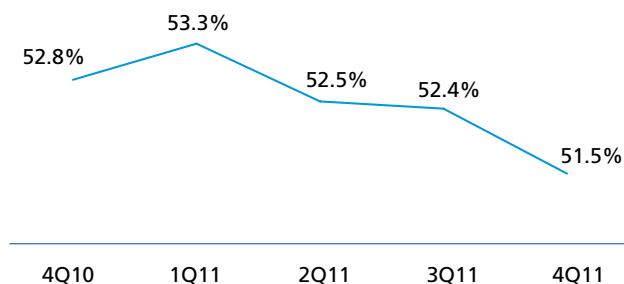
Efficiency

€ million. Last 12 months



Cost-to-income ratio

Last 12 months



Impairment losses on financial and other assets

The CaixaBank Group has leveraged its sustained generation of recurring income to carry out a major loan-loss provisioning effort, applying conservative credit risk assessment criteria. In 2011, impairment losses on financial and other assets amounted to €1,743 million, up 19.6% on 2010. Accordingly, and including the untouched general loan-loss provision, the coverage ratio remains at a strong 60%, above the December 2011 sector average of 56%.

With respect to income tax expense, virtually all revenue from investees is recognized net, as the tax is paid and any regulatory credits are applied at the investee.

In short, despite the adverse environment, the active management of net interest spreads, volumes and returns, coupled with the strict cost reduction and streamlining policy, has allowed CaixaBank to continue generating strong recurring profits while making solid provisions and allowances.

Recurring impairment losses

€ million	January-December		Change	
	2011	2010	Absolute	%
Specific allowance for insolvency risk	(1,707)	(1,428)	(279)	19.5
Disposal / Charge to generic provisions	0	0	0	
Other charges to provisions	(36)	(28)	(8)	22.6
Impairment losses on financial and other assets	(1,743)	(1,456)	(287)	19.6

€ million	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Specific allowance for insolvency risk	(366)	(460)	(392)	(210)	(351)	(650)	(348)	(358)
Disposal / Charge to generic provisions	0	0	0	0	0	0	0	0
Other charges to provisions	(6)	(36)	36	(22)	(1)	(27)	(5)	(3)
Impairment losses on financial and other assets	(372)	(496)	(356)	(232)	(352)	(677)	(353)	(361)

4.2 Business Activity

Balance sheet

At the 2011 year end, CaixaBank's balance sheet is solid and stable. Thanks to the sound retail financing base and to the bank's equity position, dependence on wholesale markets is low, with high capacity to obtain financing.

Likewise, CaixaBank reinforced its differential positioning in the market by

continuing to endorse the credit to individuals and businesses.

CaixaBank has been able to maintain this long-term stability thanks to its leading position in Spain, locked in by year after year of active commercial activity in the many branch offices.

CaixaBank's sales and marketing efforts are aimed at creating long-standing

relationships with its 10.4 million customers. This allows it to maintain and consistently reinforce its leadership in the Spanish retail banking segment, conscientiously managing this line while also steadily enhancing its positioning in the various specialist banking segments: business banking, corporate clients, small and medium-sized businesses, personal banking and private banking.



Published consolidated balance sheet for the CaixaBank Group

€ million	31/03/10	30/06/10	30/09/10	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11	Annual change (%)
Cash and Central Banks	2,731	1,945	441	2,443	839	3,838	2,534	2,712	11.0
Trading portfolio	7,351	3,931	3,492	3,118	3,349	2,881	3,742	4,184	34.2
Available-for-sale financial assets	44,457	42,200	40,348	39,936	35,797	35,461	32,697	35,097	(12.1)
Loans	182,621	185,754	184,054	195,495	190,542	196,512	189,565	188,601	(3.5)
<i>Deposits at credit institutions</i>	5,906	4,906	4,304	8,485	4,188	7,076	3,727	5,127	(39.6)
<i>Customer loans</i>	174,767	178,958	177,912	185,221	184,637	187,771	184,262	181,940	(1.8)
<i>Debt securities</i>	1,948	1,890	1,838	1,789	1,717	1,665	1,576	1,534	(14.3)
Investment portfolio at maturity	0	7,319	7,407	7,389	7,398	7,417	7,468	7,784	5.3
Non-current assets held for sale	499	613	604	686	3,074	774	1,146	1,779	159.3
Investments	4,884	5,130	4,870	5,126	8,121	8,978	8,863	8,882	73.3
Property and equipment	3,792	4,063	4,052	3,663	3,476	3,315	3,282	3,303	(9.8)
Intangible assets	1,383	2,244	2,241	2,229	1,336	1,124	1,121	1,176	(47.2)
Other assets	13,253	16,513	15,273	12,982	11,547	13,087	17,123	16,907	30.2
Total assets	260,971	269,712	262,782	273,067	265,479	273,387	267,541	270,425	(1.0)
Liabilities	241,318	250,412	242,912	253,470	245,326	251,780	246,568	249,710	(1.5)
Trading portfolio	2,079	1,924	2,902	2,599	3,051	3,016	3,538	4,117	58.4
Financial liabilities at amortized cost	203,527	210,350	201,957	215,483	207,745	213,986	204,506	205,164	(4.8)
<i>Deposits by credit institutions</i>	22,194	28,126	23,625	19,088	12,315	11,692	14,048	23,570	23.5
<i>Customer deposits</i>	130,032	130,825	125,765	142,106	137,946	147,393	137,163	128,989	(9.2)
<i>Marketable debt securities</i>	40,964	41,614	42,158	44,211	46,583	44,109	42,491	43,901	(0.7)
<i>Subordinated debt</i>	6,690	6,332	6,689	6,889	6,887	6,881	6,883	5,382	(21.9)
<i>Other financial liabilities</i>	3,647	3,453	3,720	3,189	4,014	3,911	3,921	3,322	4.2
Insurance liabilities	20,197	20,028	20,963	19,779	19,926	20,166	20,613	21,745	9.9
Provisions	2,834	2,914	2,768	2,948	2,899	2,799	2,751	2,807	(4.8)
Other liabilities	12,681	15,196	14,322	12,661	11,706	11,813	15,160	15,877	25.4
Equity	19,653	19,300	19,870	19,597	20,153	21,607	20,973	20,715	5.7
Shareholders' equity	18,117	18,331	18,377	18,163	19,272	21,092	20,967	20,751	14.2
Attributable profit to the Group	410	750	1,014	1,212	300	833	845	1,053	(13.1)
Equity adjustments by valuation	1,536	969	1,493	1,434	881	515	6	(36)	(102.5)
Total liabilities and equity	260,971	269,712	262,782	273,067	265,479	273,387	267,541	270,425	(1.0)

Customer funds

Total customer funds under management stood at €241,203 million, up €2,573 million in 2011.

The rise in customer funds reflects the Group's active management of its

financing structure, with a view to maximizing net interest spreads and maintaining comfortable liquidity levels. On-balance sheet funds stood at €196,312 million at December 31, 2011, down €5,729 million (2.8%) over the course of the year. The Group also fostered the placement of off-balance

sheet customer funds, as highlighted by the 6.3% and 8.9% year-on-year growth in mutual funds and pension plans, respectively.

CaixaBank holds a healthy 12.5% market share in mutual funds (up 1.9 compared to 2010). According

to the latest figures available, CaixaBank remains the leader in savings insurance, with a market share of 15.7% (up 0.9 on the 2010 figure). The bank's share of total deposits (demand and term deposits) has increased by 0.4 up to 10.5% (data at September 2011).

Customer funds

€ million	31/03/10	30/06/10	30/09/10	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11	Annual change (%)
Financial liabilities - due to customers	176,652	177,189	173,841	181,067	179,694	183,080	176,393	172,767	(4.6)
Own products retail	139,130	137,550	134,064	137,089	133,751	138,861	133,252	131,047	(4.4)
Demand deposits	54,456	56,360	53,581	54,716	56,353	56,079	52,680	56,264	2.8
Term deposits	72,169	68,590	68,318	70,096	66,506	72,628	70,777	63,574	(9.3)
Debt securities (retail)	5,812	5,907	5,472	5,584	4,199	3,470	3,112	6,026	7.9
Subordinated liabilities	6,693	6,693	6,693	6,693	6,693	6,684	6,683	5,183	(22.6)
Reverse repurchase agreements and other accounts	2,824	4,300	3,709	4,257	2,473	2,439	2,982	2,938	(31.0)
Institutional issues⁽¹⁾	34,698	35,339	36,068	39,721	43,470	41,780	40,159	38,782	(2.4)
Liabilities under insurance contracts	19,513	20,189	20,456	20,974	21,442	21,790	22,282	23,545	12.3
Total on-balance sheet customer funds⁽²⁾	196,165	197,378	194,297	202,041	201,136	204,870	198,675	196,312	(2.8)
Mutual funds and SICAVs	16,089	16,636	17,771	17,017	19,252	18,821	17,918	18,089	6.3
Pension plans	12,297	12,219	12,601	13,060	13,425	13,470	13,352	14,220	8.9
Other accounts ⁽³⁾	5,552	5,991	5,816	6,512	7,439	10,897	10,723	12,582	93.2
Total off-balance sheet customer funds	33,938	34,846	36,188	36,589	40,116	43,188	41,993	44,891	22.7
Total customer funds	230,103	232,224	230,485	238,630	241,252	248,058	240,668	241,203	1.1

(1) Includes €200 million in subordinated liabilities and €1,325 million in transferable covered bonds, which are shown under term deposits in the public balance sheet.

(2) Central Counterparties (€ 5,506 M at December 31, 2011) and repos not included.

(3) Includes financial assets sold to retail customers.



Lending

Gross lending to customers stood at €186,049 million, down €3,340 million (1.8%) over the course of the year. This reduction mirrors the general tightening of credit in the Spanish financial system. CaixaBank remains committed to supporting the personal and business projects of its customers, reflected by increasing market shares. The bank's market share in consumer lending continues to rise. At November 2011, this share was 11.5% (up 0.8 year-on-year), while its market share in factoring and reverse factoring stood at 14.9% (up 1.7 year-on-year) and 11.1% in mortgages.

In terms of customer segments, CaixaBank has considerably reduced its exposure to real-estate loans, by €3,846 million, -14.6% compared to December 2010. While loans to businesses other than real estate developers have grown 1.2% in 2011. This move further diversifies and fragments the lending portfolio, 66% of which currently relates to retail activity (individuals and SMEs).

Lending

€ million	31/03/10	30/06/10	30/09/10	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11	Annual change (%)
Public sector loans	7,069	9,009	9,128	9,381	10,406	10,673	11,411	11,279	20.2
Private sector loans	171,283	173,689	172,760	180,008	178,289	178,243	176,117	174,770	(2.9)
<i>secured loans</i>	119,460	119,475	119,518	123,938	123,189	122,436	121,518	120,151	(3.1)
<i>unsecured loans and other</i>	51,823	54,214	53,242	56,070	55,100	55,807	54,599	54,619	(2.6)
Total loans and advances, gross	178,352	182,698	181,888	189,389	188,695	188,916	187,528	186,049	(1.8)
Allowance for impairment losses	(3,881)	(4,117)	(4,291)	(4,951)	(4,959)	(5,584)	(5,857)	(5,637)	13.9
Total loans and advances, net^(*)	174,471	178,581	177,597	184,438	183,736	183,332	181,671	180,412	(2.2)
(*) Counterparty entities and repos not included.									
Promemoria:									
Total contingent liabilities	9,228	9,086	9,049	9,096	9,280	9,519	9,308	9,392	3.2

€ million	31/03/10	30/06/10	30/09/10	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11	Annual change (%)
Loans to individuals	91,096	91,592	91,235	94,796	94,299	94,137	94,384	93,722	(1.1)
Residential mortgages	67,061	67,655	67,543	70,054	69,946	70,032	69,931	69,705	(0.5)
Other	24,035	23,937	23,692	24,742	24,353	24,105	24,453	24,017	(2.9)
Loans to business	80,187	82,097	81,525	85,212	83,990	84,106	81,733	81,048	(4.9)
Non-real estate businesses	50,407	52,839	52,359	54,840	54,254	56,288	54,668	55,481	1.2
Real estate developers	26,934	25,860	25,663	26,284	25,581	24,520	23,739	22,438	(14.6)
ServiHabitat and other "la Caixa" subsidiaries	2,846	3,398	3,503	4,088	4,155	3,298	3,326	3,129	(23.5)
Public sector	7,069	9,009	9,128	9,381	10,406	10,673	11,411	11,279	20.2
Total loans	178,352	182,698	181,888	189,389	188,695	188,916	187,528	186,049	(1.8)

4.3 Risk management

Risk quality metrics

CaixaBank's risk management policy entails prudent loan approval procedures and proactive efforts to secure one of the most healthy balance sheets in the Spanish financial market. Underpinned by its ample diversification, strong collateral and prudent risk coverage policy, CaixaBank keeps its credit risk among the lowest in the country.

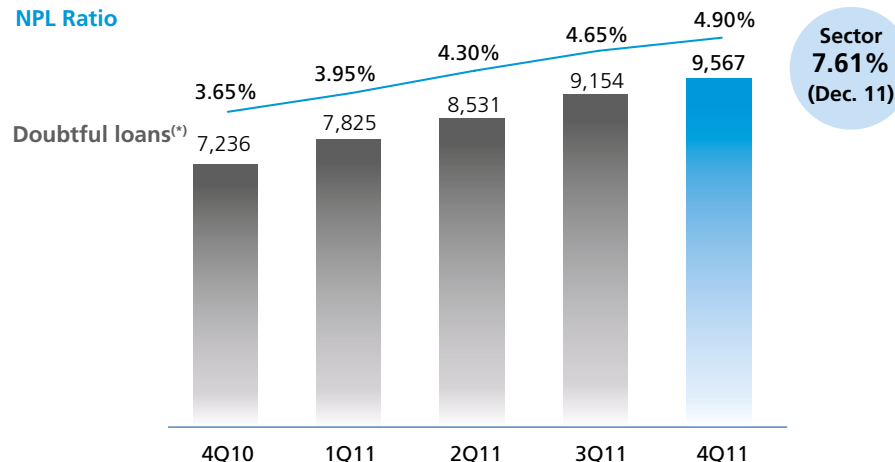
At December 31, 2011, the NPL ratio stands at 4.90%, while the coverage ratio is 60% (137% when factoring in mortgage collateral). The NPL ratio remains well below the sector average of 7.61% at December 2011.

In terms of segments, the NPL ratio remains very low for individual customers (1.82%) and corporate clients (3.49%). The greatest impact on this ratio stems principally from the rise in doubtful loans to the real-estate development sector.

Doubtful loans and NPL ratio

€ million

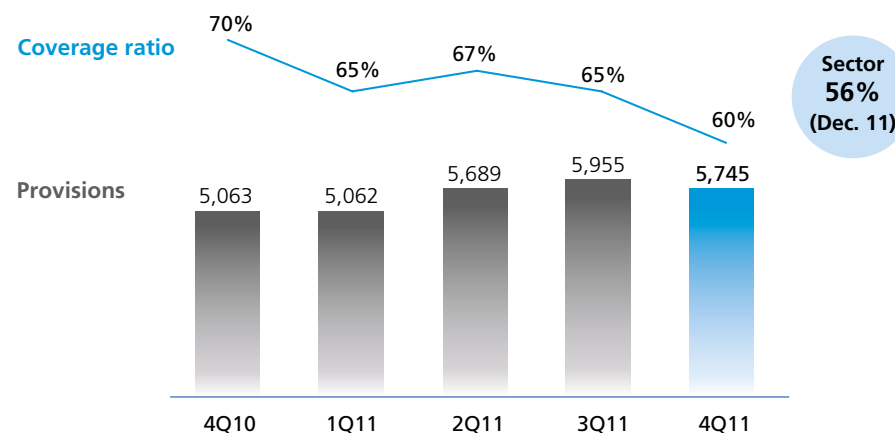
NPL Ratio



(*) Doubtful assets/total risk (loans + contingent liabilities)

Provisions and coverage ratio

€ million. Loans + contingent liabilities



Key ratios

	31/03/10	30/06/10	30/09/10	31/12/10		31/03/11	30/06/11	30/09/11	31/12/11
Non-performing loan ratio (NPL) ⁽¹⁾	3.43%	3.41%	3.48%	3.65%		3.95%	4.30%	4.65%	4.90%
NPL coverage ratio	62%	65%	66%	70%		65%	67%	65%	60%
NPL coverage including collateral	126%	130%	132%	141%		137%	139%	139%	137%
<i>Cost of risk annualised (Total specific allowance⁽²⁾ / gross risk)</i>	1.00%	1.02%	0.95%	1.12%		0.71%	1.37%	1.30%	1.14%

(1) Doubtful assets/total risk (loans + contingent liabilities).

(2) Includes recurring and non-recurring allowances.

	NPL Ratio					NPL Ratio				Annual change
	31/03/10	30/06/10	30/09/10	31/12/10		31/03/11	30/06/11	30/09/11	31/12/11	
Loans to individuals	1.80%	1.71%	1.72%	1.65%		1.65%	1.68%	1.80%	1.82%	0.17
Residential mortgages	1.67%	1.53%	1.49%	1.40%		1.38%	1.37%	1.45%	1.48%	0.08
Other	2.16%	2.23%	2.36%	2.38%		2.45%	2.58%	2.78%	2.81%	0.43
Loans to business	5.82%	5.85%	6.06%	6.49%		7.33%	8.13%	8.99%	9.54%	3.05
Non-real estate businesses	2.92%	2.75%	2.84%	2.64%		2.91%	3.33%	3.65%	3.49%	0.85
Real estate developers	11.87%	12.96%	13.46%	15.52%		17.90%	20.23%	22.55%	25.84%	10.32
ServiHabitat and other "la Caixa" subsidiaries	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	0.00
Public sector	0.40%	0.31%	0.35%	0.28%		0.36%	0.46%	0.43%	0.40%	0.12
Total loans	3.43%	3.41%	3.48%	3.65%		3.95%	4.30%	4.65%	4.90%	1.25

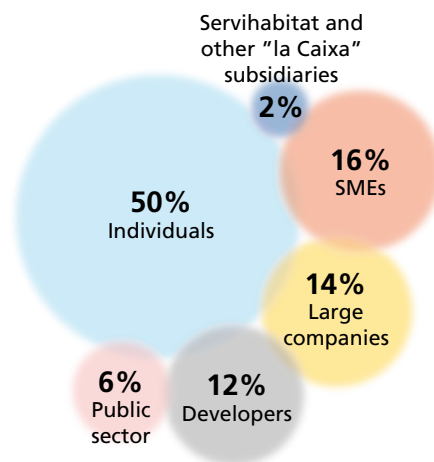
Doubtful loans (loans + contingent liabilities), additions and derecognitions

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Opening balance	6,323	6,433	6,535	6,642		7,236	7,825	8,531	9,154
Amounts determined to be doubtful	945	1,088	1,010	1,947		1,455	1,802	1,613	1,974
Derecognitions from doubtful exposures	(835)	(986)	(903)	(1,353)		(866)	(1,096)	(990)	(1,561)
<i>Of which written off</i>	<i>(169)</i>	<i>(141)</i>	<i>(99)</i>	<i>(415)</i>		<i>(124)</i>	<i>(131)</i>	<i>(101)</i>	<i>(327)</i>
Closing balance	6,433	6,535	6,642	7,236		7,825	8,531	9,154	9,567

CaixaBank's well-structured and diversified lending portfolio focuses primarily on financing for individual customers and SMEs and is secured by high-value collateral.

Breakdown of lending portfolio

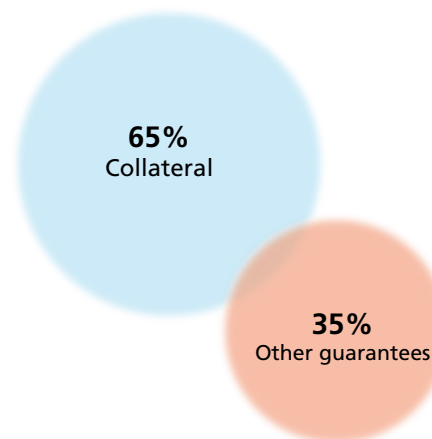
Diversified portfolio



Total portfolio: €186,049 M

Lending portfolio
66% retail: households (50%)
and SMEs (16%)

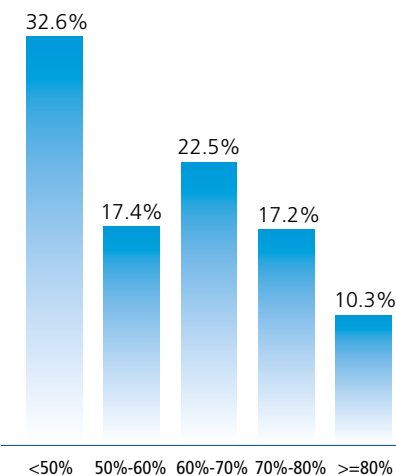
Mortgage collateral: primary residence financing



65% collateralized

Prudent LTV policy

Mortgage portfolio: LTV breakdown



90% with LTV < 80%

NPL provisions

€ million	Specific provision	Generic provision	Total
Balance at 31/12/10	3,228	1,835	5,063
Charge to specific allowance	2,225	0	2,225
Amounts used	(1,413)	0	(1,413)
Other changes and transfers	(130)	0	(130)
Balance at 31/12/11	3,910	1,835	5,745

Conservative risk coverage policies

NPL provisions amount to €5,745 million, with €3,910 million in specific coverage and €1,835 million assigned to the general loan-loss provision. Accordingly, coverage for doubtful loans stands at 60% at December 2011. When factoring

in mortgage collateral, total coverage is 137%. At December 31, 2011, the general loan-loss provision totaled €1,835 million, remaining untouched since 2009. Coverage afforded by this fund amounts to 100% of coefficient α as defined by the Bank of Spain, and well exceeds the minimum required (10% of α).

€ million	1Q10	2Q10	3Q10	4Q10		1Q11	2Q11	3Q11	4Q11
Opening balance	2,079	2,155	2,395	2,559		3,228	3,227	3,854	4,120
Charge to specific allowance ⁽¹⁾	366	510	383	856		351	1,011	558	305
Amounts used	(200)	(225)	(176)	(605)		(272)	(343)	(233)	(565)
Other changes and transfers ⁽²⁾	(90)	(45)	(43)	418		(80)	(41)	(59)	50
Closing balance	2,155	2,395	2,559	3,228		3,227	3,854	4,120	3,910

(1) Includes non-recurring allowances.

(2) Transfer of funds from Caixa Girona (4Q10) and transfer of funds from Bankprime (4Q11). Other transfers to real-estate allowances.



Loans to real-estate developers

CaixaBank's exposure to the real-estate development sector amounted to €22,438 million at December 2011, down €3,846 million year-on-year and representing 12% of total lending. Of the loans to real estate developers, 18.2% relates to land and 13.9% to property under construction. The high percentage of completed property evidences the strength of the collateral put forth by developers, and means that the loan can quickly be assumed by the homebuyer. This is especially relevant considering that the majority of property developments are primary residences in urban areas (primarily in Madrid and Catalonia).

Breakdown of loans to real-estate developers

€ million	31/12/10	% weight	31/12/11	% weight	Change
Without mortgage collateral	2,044	7.8	1,783	7.9	(261)
With mortgage collateral	24,240	92.2	20,655	92.1	(3,585)
Completed buildings	14,054	53.5	13,459	60.0	(595)
Homes	11,562	44.0	10,561	47.1	(1,001)
Other	2,492	9.5	2,898	12.9	406
Buildings under construction	5,391	20.5	3,126	13.9	(2,265)
Homes	4,678	17.8	2,862	12.8	(1,816)
Other	713	2.7	263	1.1	(449)
Land	4,795	18.2	4,070	18.2	(725)
Developed land	1,730	6.6	2,353	10.5	623
Other	3,065	11.6	1,717	7.7	(1,348)
Total	26,284	100	22,438	100	(3,846)

At December 31, 2011, coverage for non-performing loans to real-estate developers, including the general loan-loss provision, stands at 70%, or 154%

when factoring in mortgage collateral (85% and 164%, respectively, at December 31, 2010).

Coverage for real-estate development risk

31/12/11

€ million	Gross amount	Excess over value of collateral ^(*)	Specific provisions	% provision of risk
Doubtful	5,798	1,782	1,793	30.9
<i>Mortgage</i>	4,865	1,782	1,342	27.6
<i>Personal</i>	933		451	48.3
Substandard	2,989	510	452	15.1
Total	8,787	2,292	2,245	25.5
Memorandum items				
<i>Asset write-offs</i>	364			
<i>Generic provision</i>			1,835	

31/12/10

€ million	Gross amount	Excess over value of collateral ^(*)	Specific provisions	% provision of risk
Doubtful	4,080	1,961	1,433	35.1
<i>Mortgage</i>	3,192	1,961	989	31.0
<i>Personal</i>	888		444	50.0
Substandard	1,657	219	214	12.9
Total	5,737	2,180	1,647	28.7
Memorandum items				
<i>Asset write-offs</i>	260			
<i>Generic provision</i>			1,835	

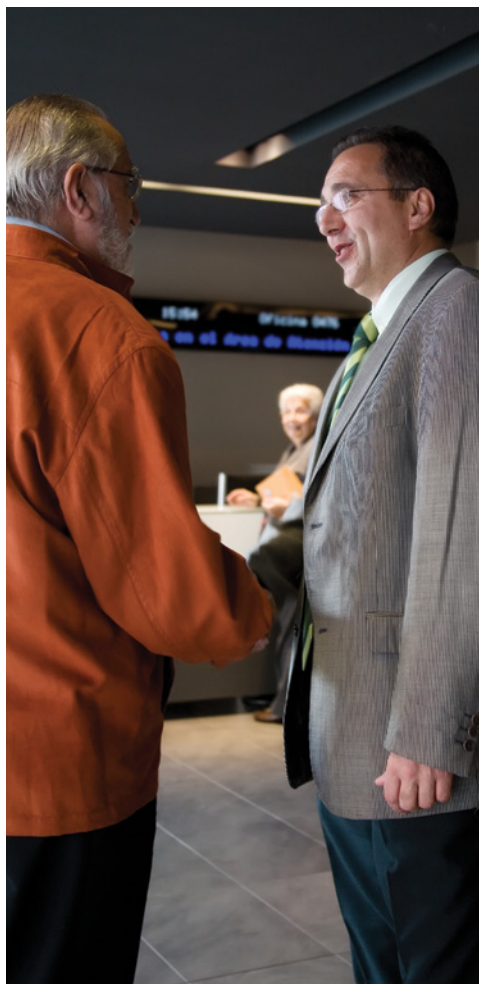
(*) In accordance with Spanish regulations, the excess over the value of the collateral is calculated as the difference between the gross amount of the loan and the value of the real collateral received after applying the following weightings: 80% completed homes, main residence, 70% rural property and completed offices, premises and industrial buildings, 60% other completed homes, 50% other real estate assets.

Coverage for non-performing loans to real-estate developers, including the general loan-loss provision, stands at 46.6%.

Doubtful and substandard loans to real-estate developers with mortgage collateral

31/12/11

€ million	Doubtful	Specific provisions		Substandard	Specific provisions	
		Amount	%		Amount	%
Completed buildings	2,726	615	22.6	1,109	155	14.0
Buildings under construction	1,011	350	34.6	445	67	15.1
Land	1,128	377	33.4	1,315	208	15.8
<i>Developed land</i>	604	207	34.3	786	116	14.8
<i>Other</i>	524	170	32.4	529	92	17.4
Total	4,865	1,342	27.6	2,869	430	15.0



Home loans

Home loans account for approximately 37% of customer lending. The extensive loan base boasts a very low NPL ratio

(1.48%), thanks to the prudent loan approval and risk assessment criteria applied. CaixaBank has steadily increased its market share in this segment to 10.7% in 2011.

Home loans

€ million	Gross amount		
	31/12/10	30/06/11	31/12/11
Without mortgage collateral	392	362	348
Of which: doubtful	8	7	7
With mortgage collateral	69,662	69,670	69,357
Of which: doubtful	971	949	1,027
Total	70,054	70,032	69,705

Loan-to-value breakdown at December 31, 2011

€ million	31/12/11					TOTAL
	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	
Gross amount	10,767	19,830	30,783	7,474	504	69,357
Of which: doubtful	37	131	528	308	23	1,027

Foreclosed real-estate assets

The underlying criterion guiding CaixaBank's management of problem assets is to help borrowers meet their financial obligations. When the borrower no longer appears reasonably able to

fulfill these obligations, the mortgaged asset is acquired. The acquisition price is calculated using an appraisal performed by a valuation company approved by the Bank of Spain. When the acquisition price is lower than the outstanding debt, the loan is written down to the foreclosure value. The coverage ratio includes these

initial write-downs and the allowances registered after the acquisition of the foreclosed asset.

Land stands for a 14% of the total foreclosed assets, and has a coverage ratio of 62%. These assets have been recently appraised using market prices.

Foreclosed real-estate assets and associated coverage

€ million	31/12/11		
	Net accounted value	Coverage ⁽¹⁾	Coverage ratio %
Property acquired in loans to construction companies and real estate developments	872	(548)	38.6
Completed buildings	669	(237)	26.1
<i>Houses</i>	606	(211)	25.8
<i>Other</i>	63	(26)	28.7
Buildings under construction	39	(40)	51.2
Land	164	(271)	62.3
<i>Zoned land</i>	51	(69)	57.1
<i>Other land</i>	113	(202)	64.2
Property acquired in mortgage loans to homebuyers	245	(90)	26.9
Other foreclosed assets	23	(2)	12.1
Total	1,140	(640)	36.0

(1) Difference between the cancelled debt and the net book value of the real-estate assets.

Almost all liquidity is immediately available

4.4 Liquidity

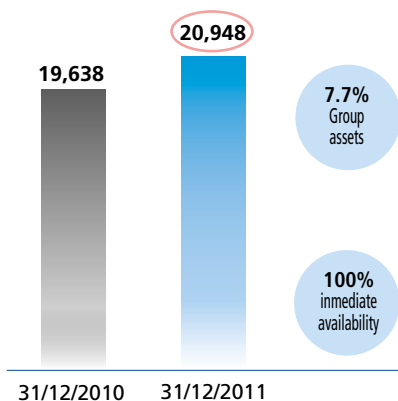
Liquidity management continues to be a strategic cornerstone for CaixaBank. Group liquidity stood at €20,948 million (7.7% of assets) at December 31, 2011, the vast majority of which can be monetized immediately. Total liquidity rose €1,310 million over the course of the year. CaixaBank has actively managed the growth, structure and yields of retail customer funds, especially bearing in mind the prevailing

market competition for deposits. In addition, in view of concern surrounding institutional markets, new issues were primarily timed for release in the first half of the year. Maturities in 2012 amount to €2,327 million. Moreover, dependence on wholesale funding markets is extremely limited which provides great stability and evidences the Group's strong sense of anticipation.

Applying a conservative approach to managing liquidity and financing sources, in December 2011 CaixaBank drew down €12,400 million of funds from the facility held with the European Central Bank. This will allow CaixaBank to reduce the financing cost, enhance the financing structure, anticipate maturities at 2012, replace financing with repurchase agreements in central counterparties and increase even more its liquidity.

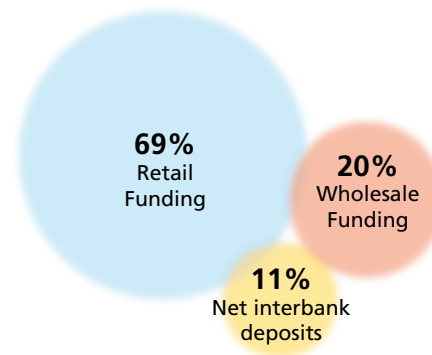
Excellent liquidity position...

€ million



ECB discount facility:
€ 11,137 M
ECB facility: € 12,400 M

...with strong financing structure



Total financing:
€ 191,711 M

Wholesale activity. Next 3 years maturities



Total issues
€ 38,782 M



The loan-to-deposit ratio^(*) at December stood at 138%, slightly above 2010 figure of 135%, as a result of the management of the financing structure and its profitability.

In addition, CaixaBank enjoys an available capacity of €22,100 million to issue mortgage and public covered bonds in order to manage the financing structure of the investments in its loan book.

Loan-to-deposit ratio

€ million	4Q10	1Q11	2Q11	3Q11	4Q11
Loans and advances, net	184,438	183,736	183,332	181,671	180,412
Customer funds - Own products retail	137,089	133,751	138,861	133,252	131,047
Loan to Deposits	135%	137%	132%	136%	138%

Collateralization of mortgage covered bonds at December 31, 2011

€ million	31/12/11	
Mortgage covered bonds issued	a	39,706
Loans and credits collateral of the covered bonds	b	99,949
Collateralization	b/a	252%
Overcollateralization	b/a -1	152%
Mortgage covered bond issuance capacity		18,460

(*) Loans and credits are shown net of the non-performing loan allowance and do not include reverse repurchase agreements with counterparties. Customer funds include all liquidity-generating resources raised through retail activities (demand and term deposits, retail loans and subordinate liabilities).

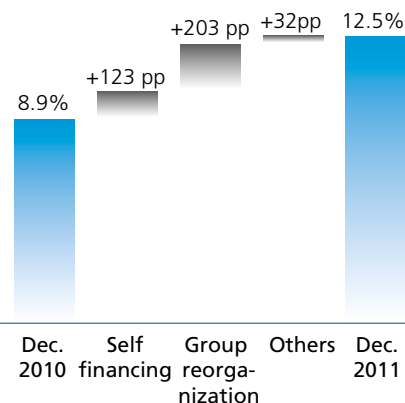
4.5 Capital management

Capital and Solvency

CaixaBank's eligible equity totaled €17,581 million at the 2011 year end, up €4,164 million on the prior year (growth of 31%). This healthy increase is primarily due to the bank's ability to generate capital organically and to the non-recurring operations stemming from reorganization of the "la Caixa" Group.

Risk-weighted assets (RWA) totaled €137,355 million at December 31, 2011, including the additional market risk surcharge made upon application of new CRD III requirements (Basel 2.5). This figure is down €13,064 million

Core Capital Evolution



(-8.7%) on the prior year. This reduction is primarily due to trends in lending, the full recognition of risk mitigation measures and the improvements in assessing credit risk.

CaixaBank's capital exceeds the regulatory minimum by 60%, implying a cushion of €6,592 million (up €5,208 million on the December 2010 figure).

The core capital ratio (under Basel II) stood at 12.5%, compared to 8.9% at the 2010 year end, while total CAR reached 12.8% (up 390 basis points on the prior year).

Principal capital under Spanish regulations stood at 12.6%, up 220 basis points over the course of the year. The variation between this ratio and core capital is that the former takes into account valuation adjustments made in the available-for-sale portfolio.

These capital adequacy ratios bear up the Group's exemplary solvency level and its privileged position with respect to its sector peers.

Key solvency indicators

€ million	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11
Countables Equity funding	18,163	19,183	20,910	20,564	20,597
Deductions	(4,746)	(5,261)	(4,267)	(3,946)	(3,419)
Core Capital	13,417	13,923	16,643	16,618	17,178
TIER 1 additional instruments	4,948	4,948	4,938	4,938	4,898
Deductions	(4,948)	(4,948)	(4,938)	(4,938)	(4,488)
RR.PP. básicos (Tier 1)	13,417	13,923	16,643	16,618	17,581
TIER 2 Instruments	311	301	308	287	282
Deductions	(311)	(301)	(308)	(287)	(282)
Complementary Equity funding (Tier 2)	-	-	-	-	-
Computables Equity Funding (Tier Total)	13,417	13,923	16,643	16,618	17,581
Risk-Weighted Assets	150,419	150,224	147,584	140,494	137,355
Surplus Equity funding	1,384	1,905	4,836	5,378	6,592
Core Capital Ratio	8.9%	9.3%	11.3%	11.8%	12.5%
Ratio Tier 1	8.9%	9.3%	11.3%	11.8%	12.8%
Ratio Tier total	8.9%	9.3%	11.3%	11.8%	12.8%

€ million	31/12/10	31/03/11	30/06/11	30/09/11	31/12/11
Main Capital	15,578	16,626	18,666	17,927	17,364
Main Capital Ratio	10.4%	11.1%	12.6%	12.8%	12.6%

EBA capital requirements have already been met

Recapitalization needs required by the European Central Bank

CaixaBank's robust solvency is reflected by the high capital adequacy of the "la Caixa" Group itself, as evidenced in the results of the European Banking Authority (EBA)'s assessment of recapitalization needs of banks systemically important in the euro area. In that regard, at September 30, 2011, the EBA established that the "la Caixa" Group required only an additional €630 million in capital, which is significantly lower than the shortfall cited in the other four large Spanish financial groups.

The ability of the "la Caixa" Group to generate capital makes it possible to already meet the EBA capital requirements.

Lastly, the "la Caixa" Group will draw from other solvency-enhancing elements, such as the unused general loan-loss provision of €1,835 million, the issue of mandatorily convertible CaixaBank bonds totaling €1,500 million (June 2011) and unrealized gains on the available-for-sale industrial investment portfolio (€1,030 million).

Basel III

The CaixaBank Group's capital structure also ensures that the bank can readily meet the higher regulatory requirements expected under the Basel III framework, which will gradually enter into force as from January 1, 2013. CaixaBank is comfortably meeting these requirements and will not need to resort to the phase-

in period established until 2019. In this regard, the CaixaBank Group's core capital ratio under Basel III is estimated to already exceed 9% at December 31, 2011, well above the minimum 7% required by the Basel Committee on Banking Supervision. This

The main impact of Basel III on the CaixaBank Group relates to the tightening of the deductions scheme, as near all deductions to additional Tier 1 and Tier 2 capital under Basel II are to be applied to Core Capital. In addition, new deductions are applicable, primarily in connection with deferred tax assets. Moreover, the CaixaBank Group's capital requirements are higher under Basel III, due to the treatment of counterparty risk and the equity investment portfolio.



4.6 Segment information

For segment reporting purposes, CaixaBank's results can be classified into two main businesses: 1) the core business, banking and insurance, which includes all banking revenues (retail banking, corporate banking, cash management and market transactions) and all insurance-related revenues, as well as liquidity management and ALCO, and income from the financing of the equity investment business; and 2) the equity investment business, which encompasses dividend income and the CaixaBank Group's share of profits from its banking and service investees, net of financing costs.

Capital is assigned to the different business segments according to a two-fold criterion, based on the Group's internal economic capital models and in accordance with prevailing regulatory capital requirements.

In 2011, recurring profits from the banking and insurance business segment

totaled €602 million, down 26.8% on 2010. This decrease was primarily a result of higher NPL allowances made in the year.

Net interest income, which includes income from the financing of the equity investment business, stood at €3,540 million, falling 2.3% over the course of 2011. However, in the second half of the year, the bank was able to curb the downward trend in this indicator, achieving a quarter-on-quarter rise of 8.6% in the last three months of 2011.

Recurring pre-impairment income for this business segment rose 1.0% year on year, underpinned by higher fee revenue (up 11.1%) and the 4% reduction in operating expenses brought about by strict cost control and streamlining efforts.

Recurring segment profit stood at €602 million at the end of the year, affected by

the sizeable NPL allowances made in 2011. When taking into account non-recurring gains in 2011 and non-recurring write-downs in this business, recurring segment profit is €729 million.

Recurring profit for the equity investment segment stands at €583 million, up 9.0% on the 2010 figure. This increase reflects the powerful capacity of the investee portfolio to generate recurring income. Recurring profits contributed by these companies rose 23.2% in 2011, offsetting the increase in financing costs, which were affected by escalating risk premiums caused by the liquidity crisis and the slump in market confidence.

Total profit for the equity investment business was €324 million (down 45.6%), taking into account extraordinary write-downs in the banking portfolio.

CaixaBank Group income statement, by business segment

€ million	Banking and insurance business			Investments			Total CaixaBank		
	January-December		% Chg.	January-December		% Chg.	January-December		% Chg.
	2011	2010		2011	2010		2011	2010	
Net interest income	3,540	3,623	(2.3)	(370)	(205)	80.0	3,170	3,418	(7.3)
Dividend income and share of profits of associates	53	31	70.4	860	698	23.2	913	729	25.2
Net fee and commission income	1,562	1,406	11.1				1,562	1,406	11.1
Net trading income and other operating income and expense	627	826	(24.0)				627	826	(24.0)
Gross income	5,782	5,886	(1.8)	490	493	(0.5)	6,272	6,379	(1.7)
Total operating expenses	(3,219)	(3,349)	(3.9)	(13)	(17)	(22.7)	(3,232)	(3,366)	(4.0)
Pre-impairment income	2,563	2,537	1.0	477	476	0.3	3,040	3,013	0.9
Impairment losses on financial and other assets	(1,743)	(1,456)	19.6				(1,743)	(1,456)	19.6
Gains/(losses) on derecognition of assets and other gains/(losses)	(6)	1					(6)	1	
Profit before tax	814	1,082	(24.6)	477	476	0.3	1,291	1,558	(17.1)
Income tax expense	(212)	(258)	(17.4)	106	59	78.5	(106)	(199)	(46.3)
Recurring attributable profit	602	824	(26.8)	583	535	9.0	1,185	1,359	(12.8)
Non-recurring income	806	374		101	125		907	499	
Non-recurring loss	(679)	(583)		(360)	(63)		(1,039)	(646)	
Net non-recurring income/(loss)	127	(209)		(259)	62		(132)	(147)	
Profit attributable to the Group	729	615	18.5	324	597	(45.6)	1,053	1,212	(13.1)
Average Equity (12 months)	14,113			6,049			20,162		
Recurring ROE (%)	4.3%			9.6%			5.9%		

Memorandum items: Distribution of equity based on the regulatory capital of each business

Recurring attributable profit	605	846	(28.4)	580	513	13.1	1,185	1,359	(12.8)
Profit attributable to the Group	732	636	14.9	321	576	(44.0)	1,053	1,212	(13.1)
Average Equity (12 months)	14,395			5,767			20,162		
Recurring ROE (%)	4.2%			10.1%			5.9%		

4.7 CaixaBank ratings

CaixaBank's credit ratings from the three main rating agencies are as follows:

All three agencies cite CaixaBank's commercial and financial strength, solid nationwide retail banking network, successful strategy, and high levels of liquidity and capital adequacy.

	Long term	Short term	Outlook
Moody's	Aa3	P-1	(1)
Standard & Poor's	BBB+	A-2	Stable
Fitch	A-	F2	Negative

Balance at February 29, 2012.

(1) Ratings under review for a possible downgrade following Moody's downgrade of Spain's rating on February 14, 2012 (to A3).





5. Challenges for 2012

5. Challenges for 2012

Pursuant to its 2011-2014 Strategic Plan, CaixaBank has set itself ten strategic challenges. To achieve these, the Company is committed to ongoing improvement and continuing to implement its unique management model revolving around prudence and a long-term vision, proximity to customers, service excellence, a prepared workforce, and technological innovation.

CORPORATE	
Solvency	<ul style="list-style-type: none"> • Maintain the Group's excellent level of solvency and its unique position with respect to other entities in the sector, by planning ahead for greater statutory capital requirements.
Liquidity	<ul style="list-style-type: none"> • Ensure the permanent availability of liquid funds on the balance sheet to minimize the structural liquidity risk inherent to banking activity. • Apply a prudent and conservative liquidity management policy to protect deposit holders' interests to ensure the Company is always able to meet its obligations and never allow its investment activities to be diminished. • Apply the best practices and recommendations put forward by the markets and supervisory bodies in accordance with the Company's strategic objectives.
Commercial activity	<ul style="list-style-type: none"> • Attract 1 million new customers. • Reinforce the leadership position in Individual Banking. • Manage margins prudently. • Attract investible funds. • Grow the insurance and pension business. • Develop and bolster customer loyalty programs. <p>Remote banking:</p> <ul style="list-style-type: none"> • Boosting commercial activities through electronic channels, establishing these as a sales channel. • Maintaining leadership in services offered to customers through CaixaMóvil. • Increasing the weight of transactions carried out through electronic channels, i.e. Línea Abierta or ATMs.
Innovation	<ul style="list-style-type: none"> • Mobility: improve access to corporate information from anywhere, using three devices (PC, tablet and mobile), while also guaranteeing information security. • <i>Cloud computing</i>: integrate these technologies into those systems that allow for a more efficient and flexible use of technological resources, networks, servers, data storage, applications and services.
Corporate responsibility	<ul style="list-style-type: none"> • Ensure share is listed on global sustainability indexes. • Promote values and corporate responsibility among group companies and investees.



CORPORATE (continuation)

Sustainability	<ul style="list-style-type: none"> • Improve the Company's environmental efficiency (reducing electricity and paper consumption by 5%, and CO₂ emissions relating to business trips also by 5%). • Become a signatory of the Carbon Disclosure Project (CDP) and disclose the CO₂ emissions of CaixaBank (individual). • Increase the number of institutional measures to offset CO₂ emissions. • Work to ensure the adoption and dissemination of energy improvement measures at subsidiary companies.
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CUSTOMERS

Service excellence	<ul style="list-style-type: none"> • Obtain EFQM Seal of Excellence (500 points). • Ensure 90% of branches have a quality score of over 8 (from 0 to 10). • Establish a quality indicator for attracting new customers.
MicroBank	<ul style="list-style-type: none"> • Award microcredits for the amount of €257 million. • Achieve an outstanding microcredit book of over €445 million. • Continue to increase socially responsible investing through a new fund, the MicroBank Guaranteed Ethical Fund.
International	<ul style="list-style-type: none"> • Expand the representative office network abroad. • Increase the international diversification of CaixaBank's loans book. • Deepen relations with partner banks: <ul style="list-style-type: none"> – Commercial development through joint operations. – Capture synergies. – Transfer know-how.
Sustainable commercial offering	<ul style="list-style-type: none"> • Develop new specific lines of finance for green products that target Individual Banking customers. <p>In CaixaRenting:</p> <ul style="list-style-type: none"> • Boost offering of low emission vehicles by more than 60%. • Continue to promote use of these vehicles through events.



CUSTOMERS (continuation)

Innovation	<ul style="list-style-type: none">• <i>SmartBanking</i>: carry on with efforts to establish efficient, smart and commercially powerful technological solutions, based on an in-depth knowledge of customers and the climate in which they operate, and being able to actively, quickly and efficiently meet their needs through technology.
Remote banking	<ul style="list-style-type: none">• Keeping maximizing the quality of online services available to customers as a priority.• Progress with the APSI4All (2011-2013) project designed to improve ATM accessibility in different areas: operations, mobility, etc.
Security	<ul style="list-style-type: none">• Publish information security manuals to disseminate best practices among staff.• Design and roll out new security controls to protect corporate information.
Socially Responsible Investing (SRI)	<ul style="list-style-type: none">• Boost SRI by increasing the assets of ethical and socially responsible funds.• Establish a new guaranteed fund with an ethical and socially responsible ethos, the MicroBank Guaranteed Ethical Fund.
Encourage corporate responsibility (CR)	<ul style="list-style-type: none">• Raise awareness of the Business Alliance for Child Vaccination and the Incorpora program among customers.• Maintain the initiatives to drive the Incorpora integration into work program among Private Banking customers.

SHAREHOLDERS

Expand shareholder base	<ul style="list-style-type: none">• Increase shareholder base in order to reach a million shareholders in the midterm.
Remuneration	<ul style="list-style-type: none">• Continue the CaixaBank Scrip Dividend Program.
Improve communication and relations	<ul style="list-style-type: none">• Launch new information channels and formats for shareholders.• Expand communication campaigns to bring the Company still closer to its shareholders.• Collate and roll out the suggestions put forward by the Advisory Committee on shareholder communication channels.• Strengthen shareholder services regarding information and available benefits.



EMPLOYEES

Human resource management	<ul style="list-style-type: none"> • Help improve the cost-to-income ratio, keeping costs in check. • Increase the commitment to professional development using the Progresa pre-management development programs, both in central offices and across the branch network, and filling posts with greater responsibility. • Apply new Management Development Center Programs (MDC), developing new leadership programs for middle management in Central Services and commercial managers with the greatest leadership potential. • Increase the number of women in positions of responsibility by applying a strict equal opportunities policy, identifying and developing personal talent. • Respond to training needs required by universal strategic projects, building the knowledge and skills of employees as a competitive advantage for the Entity. • Implement a new bonus system for retail banking, further aligning bonuses with individual business goals, improving their communication and standardizing criteria across different territories <p>In personal banking: Launch a training plan targeting 1,600 individuals, to offer a tailor-made service to a greater number of clients.</p>
Innovation	<ul style="list-style-type: none"> • Social networking: spur the creation and development of an in-house social network, which facilitates transversal collaboration, and boosts the involvement and participative innovation of all employees.
Corporate ethics	<ul style="list-style-type: none"> • Improve the visibility of the Code of Ethics questions or complaints channel of communication, available to all employees, through the intranet.
Raise awareness of corporate responsibility	<ul style="list-style-type: none"> • Continue to promote the Espacio Solidario (Solidarity Space). • For Group companies, continue training activities and awareness-building for employees in the fields of sustainability and responsibility.



COMMUNITY

Entrepreneurs	<ul style="list-style-type: none">• Continue to support the same number of companies through the EmprendedorXXI awards.• Extend the programs to start up new companies and accelerate the development of existing ones (BioEmprendedorXXI, EcoEmprendedorXXI and EmprendedorXXIDigital) to other regions.• Maintain support for participating companies and invest in technology projects in the ICT and life sciences sectors through two specialized vehicles.• Increase the number of projects receiving investments through Caixa Capital Micro.
Suppliers	<ul style="list-style-type: none">• Roll out the Suppliers Portal across the CaixaBank Group in 2012-2013.• Extend this to subsidiary companies, thereby boosting collaboration through a greater level of communication and information.
Raise awareness of corporate responsibility (CR)	<ul style="list-style-type: none">• Continue to raise awareness of the Business Alliance for Child Vaccination among Spanish businesses.• Continue to roll out the Corporate Volunteer program.



APPENDICES

1. Verification report
2. Statement: GRI Application Level Check
3. Responsible commitments for 2011

Appendix 3 of this report shows details of the 2012 objectives included in the "la Caixa" CSR report for 2010, and the progress made on each of these. The objectives established in Criteria CaixaCorp's 2010 Annual Report are also included. As a result of the Group's reorganization and the new Strategic Plan, these objectives or the priority given to them may be revised or updated. For more information on the scope and materiality of the report and the GRI content and indicators see "[Summary of GRI indicators in the 2011 CaixaBank Integrated Corporate Report](#)", which forms part of this report.



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

Independent Assurance Report on the 2011 Integrated Corporate Report of CaixaBank

To the Management of CaixaBank:

Scope of our work

We have performed an assurance engagement, with a reasonable level of assurance of the Corporate Responsibility Information included in the 2011 Integrated Corporate Report (ICR) of CaixaBank, the scope of which is defined in the document "Summary of GRI Indicators- 2011 Integrated Corporate Report" and covers CaixaBank and its main subsidiaries, with the exception of Insurance Group. Our work consisted of the review of:

- The adherence of the content of the ICR to the GRI Sustainability Reporting Guidelines version 3.0 (G3) and the core performance indicators and the financial services sector supplement proposed in the aforementioned guidelines.
- The information included in the ICR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).

As indicated in Chapter 1 of the ICR, the reorganisation of the "la Caixa" Group in 2011 gave rise to a change in the company object and business activity of Criteria CaixaCorp, S.A., currently CaixaBank. Accordingly, the information for previous years is not comparable with that for 2011. The scope of our work relates to the information for 2011.

Assurance standards and procedures

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) in order to obtain reasonable assurance. Also, we have applied AccountAbility's 1000 Assurance Standard (2008) (AA1000AS) to provide high level of assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 high assurance).

Our work consisted of the application of the necessary procedures to provide a basis for our conclusions and reduce the risk of error to an acceptably low level. These procedures are the following:

- Meetings with personnel of CaixaBank and subsidiaries that have taken part in the ICR preparation to ascertain the principles, systems and management approaches applied.
- Analysis of the processes to gather and validate the information presented in the ICR including the review and carrying out of effectiveness tests of the automatic and manual controls implemented in the information systems used to gather, load and process the information.
- Review of the security and completeness controls of the ICR information gathering system used by CaixaBank.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholder group participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the ICR on the basis of the understanding of CaixaBank of its stakeholder groups' requirements in relation to the relevant issues identified by the organisation and described under "The Identification of Relevant Issues".
- Review of the information relating to the management approaches applied and verification of the existence and scope of the Corporate Responsibility policies, systems and procedures.
- Analysis of the adherence of the contents of the ICR to those recommended in the G3 Guidelines
- Verification that the core and sector indicators included in the ICR agree with those recommended by the GRI G3 Guidelines.
- Review, by means of specific review tests, on a sample basis, of the quantitative and qualitative information relating to the GRI indicators described in the document "Summary of GRI Indicators - 2011 Integrated Corporate Report" and of the adequate compilation thereof based on the data furnished by the information sources of CaixaBank and subsidiaries.

Responsibilities of CaixaBank management and of Deloitte

- The preparation and contents of the ICR is the responsibility of the Corporate Responsibility and Brand Division of CaixaBank, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is reported.
- Our responsibility is to issue an independent report based on the procedures applied in our assurance engagement.
- This report has been prepared in the interests of CaixaBank management in accordance with the terms and conditions of our Engagement Letter. We do not accept any liability to any third party other than CaixaBank management.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Our team consisted of a combination of professionals with assurance qualifications and professionals with social, environmental and stakeholder engagement experience and sustainability report assurance experience.



Conclusions

Based on the work performed we conclude that, except for the limitations on scope or on the coverage of the indicators described in the document "Summary of GRI Indicators – 2011 Integrated Corporate Report", the Corporate Responsibility Information included in the 2011 ICR was prepared, in all material respects, in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines version 3.0 (G3).

The 2011 Corporate Responsibility Information included in the ICR was prepared, in all material respects, in accordance with the principles of inclusivity, materiality and responsiveness set out in the AA1000 APS 2008, as described in the section "Scope and materiality of the Report".

- **Inclusivity:** CaixaBank has developed a participation process for stakeholders that facilitates their involvement in the development of a responsible approach.
- **Materiality:** the process of determining materiality requires an understanding of important or relevant issues for CaixaBank and its stakeholders.
- **Responsiveness:** CaixaBank responds with specific actions and commitments to the material matters identified, and monitors its progress as summarized in the Annex "Responsible commitments for 2011".

Observations and recommendations

In addition, we presented to the management of CaixaBank our recommendations relating to the areas for improvement in Corporate Responsibility and in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not modify the conclusions expressed in this report, are summarised as follows:

Inclusivity and Materiality

As a result of the reorganisation of the "la Caixa" Group in 2011, CaixaBank revised its stakeholder groups, and the categorisation thereof, to include new communication channels. The most significant development in this connection was the inclusion of the shareholders and investors in the stakeholder map, as well as the various activities carried out in order to publicise the Group's new structure and the initiatives of the "CaixaBank with its Shareholders" plan in 2011.

Furthermore, in order to enhance its knowledge of stakeholder expectations and concerns, CaixaBank conducted a series of specific surveys, primarily of shareholders, customers, employees and suppliers. Surveys of this kind, and other such direct consultations, are a useful tool to supplement the information obtained through the communication channels habitually used by the various areas of CaixaBank with the stakeholders, and they should be repeated systematically in subsequent years so that important issues can be better identified and prioritised.

Responsiveness

In 2011 CaixaBank took an important step towards integrating information on corporate responsibility in its business and reporting strategy. This new manner of presenting information evidences the Group's commitment to improving stakeholders' knowledge of its activities and its governance model. However, CaixaBank must continue to work on including all Group companies in its corporate responsibility reporting, with a view to avoiding differences, within the scope of consolidation, in the economic, social and environmental indicators, and thus achieving the full integration of financial and non-financial information.

The reorganisation that took place in the year highlighted new challenges that are reflected in the 2011-2014 Strategic Plan. Although CaixaBank has already defined specific lines of action in terms of corporate responsibility, in line with this strategic plan, we recommend the conduct of a more in-depth review of objectives and the indicators that enable the Group's performance in corporate responsibility to be assessed objectively.

Moreover, in 2011 CaixaBank made further progress in the responsible management of the supply chain and in the application of social and environmental criteria in financing operations. Nevertheless, there are still opportunities for improvement in the performance of risk analyses and in the monitoring of transactions.

DELOITTE, S.L.



Helena Redondo
Barcelona, March 5th, 2012



AA1000
Licensed Assurance Provider
000-14



Statement GRI Application Level Check

GRI hereby states that **CaixaBank** has presented its report "2011 Integrated Corporate Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 9th 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because CaixaBank has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 28th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Responsible commitments for 2011

The “la Caixa” 2010 Corporate Social Responsibility Report set out the Group’s main corporate responsibility challenges for 2011.

As a result of its reorganization and new Strategic Plan, these challenges were amended and revised.

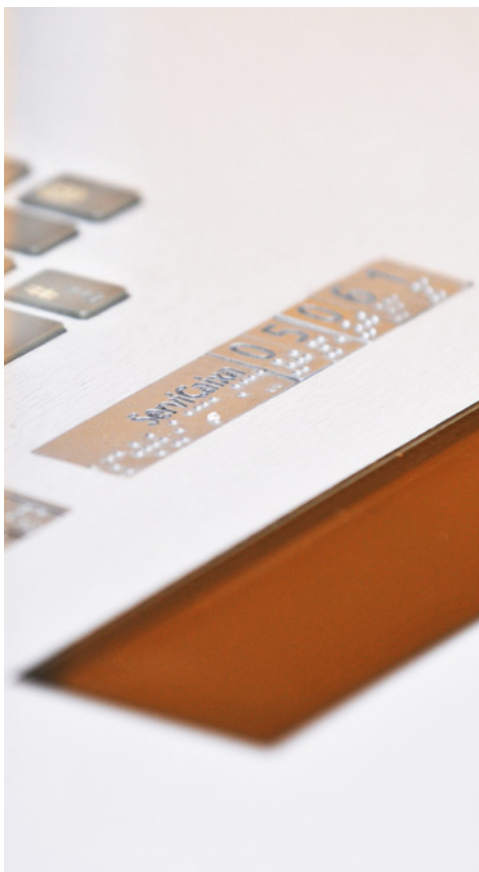
This Appendix does not include subsidiaries outside CaixaBank’s scope of consolidation, while the challenges published in Criteria CaixaCorp’s 2010 Annual Report that have been established as challenges for CaixaBank are included.

Commitment to customers

In 2011, CaixaBank worked to offer the best and most comprehensive service possible to individuals and families, to support entrepreneurs and boost the financial inclusion of individuals and groups at risk of social exclusion.

CUSTOMERS	TARGETS SET IN 2010	PROGRESS IN 2011	
MicroBank	• Award microcredits totaling €550 million over the next two years (2011-2012).	• In 2011, microcredits were granted for the amount of €217.9 million.	●
	• 85,000 microcredits on the books by 2011, representing a total investment of €425 million.	• At year-end 2011, 74,390 microcredits were on the books, representing a total investment of €379.3 million.	●
	• Strengthen Socially Responsible Investing through the MicroBank Ethical Fund.	• Marketing of the MicroBank Ethical Fund increased through sales and marketing activities in the branch network. This led to total fund assets increasing by €0.8 million.	●
Entrepreneurs	• Increase the number of companies supported through the EmprendedorXXI awards.	• 604 companies participated in the fifth round of the EmprendedorXXI awards, up 62% year-on-year. Four finalists (Flumotion, Agnitio, Xtraice and Nanogap) received prizes.	●
	• Support participating companies and invest in technology projects in the ICT, life sciences, and clean energy sectors.	• Two new vehicles were established: Caixa Capital Biomed and Caixa Capital TIC focusing on life sciences and ICT, with an investment of €11.6 million in thirteen projects over 2011.	●
	• Boost the number of projects participating in the EcoEmprendedorXXI program.	• The number of projects presented went from 13 to 12.	○
	• Establish a new program to encourage the start up of information and Internet technology companies.	• The EmprendedorXXIDigital program was launched, specializing in the field of digital technologies,	●
International	• Support business customers in their internationalization by opening new representative offices in Algeria, Singapore and Egypt.	• Offices have been opened in Delhi, Dubai and Singapore. Offices in Algeria and Egypt are currently being opened.	●

CUSTOMERS	TARGETS SET IN 2010	PROGRESS IN 2011	
Corporate ethics	<ul style="list-style-type: none"> Establish new confidential channels for handling enquiries/claims related to applying the Company's Code of Ethics, or breaches thereof. 	<ul style="list-style-type: none"> The Code of Business Conduct and Ethics of CaixaBank and MicroBank was approved and a confidential channel established to handle enquiries/claims associated with applying/complying with the code. Furthermore, the Telematic Code of Conduct has been updated to include a channel for communications relating to this area. 	●
	<ul style="list-style-type: none"> Update the anti-corruption and anti-bribery policy of "la Caixa". 	<ul style="list-style-type: none"> A new customer-approval policy was published to assess the potential risk of existing and new customers. 	◐
	<ul style="list-style-type: none"> Draw up a Code of Ethics in GDS-Cusa. 	<ul style="list-style-type: none"> GDS-Cusa and InverCaixa drafted their respective Code of Ethics, which will be published in 2012. 	◐
Service excellence	<ul style="list-style-type: none"> Expand and complete the range of quality indicators, covering all stages of relations with customers. 	<ul style="list-style-type: none"> Objective quality indicators were included and improvements made to the quality indicators for potential customers, linked customers and not linked customers. 	●
	<ul style="list-style-type: none"> Improve the effectiveness of handling suggestions: as from 2011, the branches will be able to evaluate online the quality of responses to each suggestion for improvement received. 	<ul style="list-style-type: none"> An online evaluation system was launched for branches. In 2011, more than 52% of the responses received were awarded a score of 7 or higher (on a scale of 1 to 10). 	●
	<ul style="list-style-type: none"> To come top in the AQMetrix ranking, which measures the quality of online financial services through both mobile banking and Internet banking. In the latter case, this covers all individual, business and professional segments. 	<ul style="list-style-type: none"> Top slot was achieved in the AQMetrix ranking. 	●
Innovation	<ul style="list-style-type: none"> Ensure 75% of customer transactions are performed through Línea Abierta and ATMs. 	<ul style="list-style-type: none"> 74.4% of business customer transactions are performed online; 66% of individual customer transactions are performed through Línea Abierta and 72.2% through ATMs. 	◐
	<ul style="list-style-type: none"> Continue to build new more efficient Data Processing Centers (DPC) that consume less energy. 	<ul style="list-style-type: none"> The construction of new DPCs was completed, which was awarded the silver LEED award in early 2012. 	●
	<ul style="list-style-type: none"> Launch a program to bolster the application of technological innovation to meet the needs of the "la Caixa" Group. 	<ul style="list-style-type: none"> New measures to facilitate the use of multi-channels and the payment systems, and improve information systems were rolled out. 	●



CUSTOMERS	TARGETS SET IN 2010	PROGRESS IN 2011	
Security	<ul style="list-style-type: none"> Design and roll out new security controls to detect and mitigate against possible information leaks. 	<ul style="list-style-type: none"> Five new projects were launched to mitigate against information leaks, and the ISO 27001 certificate was renewed. 	●
	<ul style="list-style-type: none"> Review existing users and permissions to access information systems, pursuant to the Bank of Spain's recommendations. 	<ul style="list-style-type: none"> An exhaustive review of over 9,000 external active users was conducted. 	●
Accessibility	<ul style="list-style-type: none"> Increase the number of transactions accessible to deaf people and provide more sign language on help videos in ATMs and Línea Abierta. 	<ul style="list-style-type: none"> Work was conducted to expand the number of transactions open to deaf people and increase the provision of sign language through the APSIS4all Project, which will be launched at year-end 2012. 	◐
	<ul style="list-style-type: none"> Consolidate the INREDIS (Relational interfaces between the environment and people with disabilities) Project in conjunction with ONCE. 	<ul style="list-style-type: none"> In 2011, INREDIS project was completed. The models devised are being rolled out through the APSIS4all accessible interaction project. 	●
	<ul style="list-style-type: none"> Launch a new Línea Abierta style manual to improve and facilitate customer access, enquiries and methods of operation. 	<ul style="list-style-type: none"> The new Línea Abierta was launched in May 2011, which was a finalist in the BAI Global Banking Innovation Award in the Services category. 	●
Socially Responsible Investing	<ul style="list-style-type: none"> Increase share of ethical investments, in line with other European countries, by actively marketing the MicroBank Ethical Fund. 	<ul style="list-style-type: none"> The various steps taken to market the MicroBank Ethical Fund attracted €1.2 million of net capital, despite the challenging climate in the market. 	●
	<ul style="list-style-type: none"> InverCaixa to join the SPAINSIF Association (Spanish Investment Forum), which focuses on encouraging the inclusion of environmental, social and corporate governance criteria in investment policies in Spain. 	<ul style="list-style-type: none"> It was decided that InverCaixa would not join SPAINSIF. 	○



CUSTOMERS	TARGETS SET IN 2010	PROGRESS IN 2011	
Raise awareness of corporate social responsibility (CSR)	<ul style="list-style-type: none"> Ensure Private Banking customers of “la Caixa” perceive the Company as a leader, not only in terms of management and finance matters, but also in terms of social action. Furthermore, blend corporate social responsibility initiatives into the marketing and support materials used to ensure customer are actively involved, and set “la Caixa” apart from other competitors in the financial sector. 	<ul style="list-style-type: none"> Various campaigns were run to raise awareness of corporate social responsibility among private banking customers: articles in the <i>Autor</i> magazine on the MicroBank Ethical Fund and the SAM Sustainable Climate Fund, workshops on fashion targeting groups at risk of social exclusion, and efforts to boost corporate volunteering. 	●
	<ul style="list-style-type: none"> Continue to raise awareness of the Code of Ethics and establish new associated communication channels to make it easier to file enquiries and claims. 	<ul style="list-style-type: none"> CaixaBank’s Code of Business Conduct and Ethics was provided to the entire workforce (through the corporate intranet and the internal magazine) and a confidential channel put in place to make enquiries or file complaints. 	●
	<ul style="list-style-type: none"> Improve the visibility of Socially Responsible Investing (SRI) in collaboration with InverCaixa, Private Banking and MicroBank. 	<ul style="list-style-type: none"> Marketing of the MicroBank Ethical Fund and the SAM Sustainable Climate Fund was ramped up, and private banking customers were provided with information on SRI. 	●





Commitment to shareholders

CaixaBank strives to create value for its shareholders, while maintaining robustness and solvency.

SHAREHOLDERS	TARGETS SET IN 2010	PROGRESS IN 2011	
Improve communication and relations	<ul style="list-style-type: none"> Implement the proposals for improvement received from the Shareholder Advisory Committee. 	<ul style="list-style-type: none"> 80% of the measures proposed by the Committee were implemented (ensuring customers do not have to pay commission on buying and holding CaixaBank shares; offering the possibility of receiving dividends in shares; increasing awareness of international seals of quality awarded to the Company). 	
	<ul style="list-style-type: none"> Establish a channel that allows free communication between the Company and shareholders, to ensure they are kept up to date with corporate developments. 	<ul style="list-style-type: none"> Shareholders were kept informed through several channels of communication: the shareholder magazine, the Shareholder Office, letters, emails and text messages containing corporate information, and events for shareholders. 	
	<ul style="list-style-type: none"> Boost the number of training courses offered to shareholders. 	<ul style="list-style-type: none"> New courses were organized in several Spanish cities in 2011, double the number in 2010, and a new course on the Economic Climate and Indicators was run. 	
	<ul style="list-style-type: none"> Include new benefits in the CaixaBank Azul program for shareholders. 	<ul style="list-style-type: none"> Shareholders were offered new benefits: discounts on technology products and trips, invitations to events, involvement in competitions and the possibility of obtaining extra Estrella points through the multiEstrella program. 	
	<ul style="list-style-type: none"> Redraft online information (corporate website) to include shareholders requests and comments. 	<ul style="list-style-type: none"> Launch of new corporate website in February 2011, and launch of CaixaBank corporate website in July 2011. In both instances, shareholders' comments received through various surveys were taken into consideration when designing these sites. 	

Commitment to employees

CaixaBank is committed to ensuring job security, and boosting the personal and professional development of its workforce. The Equal Opportunities Plan was launched in 2011.

EMPLOYEES	TARGETS SET IN 2010	PROGRESS IN 2011	
Human resource management	<ul style="list-style-type: none"> Open a Leadership Center as part of the talent management program for executives, to spur the professional development of the Company's management. 	<ul style="list-style-type: none"> The Management Development Center was opened. 	●
	<ul style="list-style-type: none"> Work toward the drafting of an Equal Opportunities plan to be rolled out in all corporate areas. 	<ul style="list-style-type: none"> CaixaBank's Equal Opportunities Plan was signed. 	●
	<ul style="list-style-type: none"> Continue to roll out the system for evaluating performance and awarding bonuses, until it is in place for the entire workforce of Central Services and the new business segments of the branch network. 	<ul style="list-style-type: none"> The model for awarding bonuses based on the performance of the commercial network was consolidated. 	●
	<ul style="list-style-type: none"> Progress with applying competency-based profiles for each position, until the majority of the workforce is covered. For example: central services managers, staff working on the front desk in branches. 	<ul style="list-style-type: none"> Over 14,000 employees participated in the competency-based evaluation process. 	●
	<ul style="list-style-type: none"> Provide employees with corporate social responsibility training. 	<ul style="list-style-type: none"> Information was disseminated through the internal magazine, Virt@ula, and the corporate intranet. 	●
	In Silk:		
	<ul style="list-style-type: none"> Launch a performance management system. 	<ul style="list-style-type: none"> The competency-based management model was rolled out in Silk. 	●
	<ul style="list-style-type: none"> Implement an Equal Opportunities Plan. 	<ul style="list-style-type: none"> Work started on developing the Equal Opportunities Plan, although this was not completed. 	○











Commitment to community

Social commitment is one of the “la Caixa” Group’s differentiating features. As the instrument through which “la Caixa” indirectly conducts its activity, CaixaBank assumes this commitment as its own, and collaborates where possible with the various programs of the “la Caixa” Foundation. It therefore makes its branch network and sales and marketing team available to the most suitable programs, such as the Incorpora integration into work programme.

COMMUNITY	TARGETS SET IN 2010	PROGRESS IN 2011	
Suppliers	<ul style="list-style-type: none"> Improve supplier management through a new principal supplier registration and approval process, which fully guarantees compliance with environmental and legal regulations, and encourages respect for the United Nation Global Compact principles. 	<ul style="list-style-type: none"> A new purchasing portal, CaixaExchange, has been created to improve registration and standardization processes to ensure transparency. The portal will be launched in 2012. 	○
	<ul style="list-style-type: none"> Provide principal suppliers with a Supplier Portal for the “la Caixa” Group through which information can be shared, thereby improving communication and collaboration. 	<ul style="list-style-type: none"> The portal will be launched as from 2012. 	○
	<ul style="list-style-type: none"> In PromoCaixa, perform checks on environmental certifications of principal suppliers (70% of total). 	<ul style="list-style-type: none"> 71% of procurements in PromoCaixa are from approved suppliers. 	●
Raise awareness of corporate responsibility (CR)	<ul style="list-style-type: none"> Raise awareness of CSR among stakeholders through the Company’s branches, website and events and conferences. Collaborate with the “la Caixa” Corporate Social Responsibility and Corporate Governance Department at the IESE Business School to boost corporate social responsibility in society. 	<ul style="list-style-type: none"> Various specific information campaigns were performed, which included producing video clips and a digital leaflet on CSR for branches, and organizing three specific seminars in collaboration with the aforementioned department. 	●
	<ul style="list-style-type: none"> Raise awareness of the Business Alliance for Child Vaccination. 	<ul style="list-style-type: none"> Awareness raising campaigns were conducted in partnership with Business Banking, including mailouts, leaflets and adverts in the media. 	●
	<ul style="list-style-type: none"> Widen the possibility of becoming involved in Espacio Solidario projects to all members of society. 	<ul style="list-style-type: none"> “la Caixa”’s Foundation initiatives and corporate volunteers, with the collaboration of the food bank, organized a charity food collection campaign which was also open to the Entity’s customers. 	●

Commitment to the environment

CaixaBank's commitment to the environment is reflected by its efforts to improve efficiency and cut emissions, and by the focus on sustainability in its financial and investment policy.

ENVIRONMENT	TARGETS SET IN 2010	PROGRESS IN 2011	
Financing	<ul style="list-style-type: none"> • Application of social and environmental criteria when evaluating requests for syndicated transactions exceeding EUR7 million. 	<ul style="list-style-type: none"> • Evaluation procedure in progress (in the process of adjustment). 	
Environmental policy	<ul style="list-style-type: none"> • Cut overall paper consumption: 5%. 	<ul style="list-style-type: none"> • Paper consumption has increased by 0.2%. 	
	<ul style="list-style-type: none"> • Cut overall electricity consumption: 5%. 	<ul style="list-style-type: none"> • Electricity consumption has been reduced by 3.5%. 2011 includes electricity consumption from the Caixa Girona offices. 	
	<ul style="list-style-type: none"> • Raise awareness of and encourage environmental best practices. 	<ul style="list-style-type: none"> • Various initiatives were rolled out to raise awareness among employees, such as the distribution of quarterly consumption figures at branches offices, among others. 	
	<ul style="list-style-type: none"> • Continue to issue specific financing products. 	<ul style="list-style-type: none"> • The target is unchanged for 2012. 	
	<ul style="list-style-type: none"> • Reduce CO₂ emissions from travel by 5%. 	<ul style="list-style-type: none"> • The number of business trips increased, due, among other reasons, to the reorganization of the group. 	
	In Sumasa:		
	<ul style="list-style-type: none"> • Continue to roll out energy saving measures. 	<ul style="list-style-type: none"> • Workstations have been replaced by lower-consumption equipment and lighting installed that is triggered by movement. 	
	<ul style="list-style-type: none"> • Reduce electricity consumption by 3%. 	<ul style="list-style-type: none"> • Electricity consumption was reduced by 8.7%. 	



Avda. Diagonal, 621
08028 Barcelona (Spain)
Telephone: (+34) 93 404 60 00

www.CaixaBank.com