

2015 ANNUAL CORPORATE GOVERNANCE REPORT

CRITERIA CAIXA, S.A., SOCIEDAD UNIPERSONAL

ISSUER'S PARTICULARS

FINANCIAL YEAR-END:	31.12.2015
Company Tax ID No. (C.I.F.):	A-63379135
Corporate name:	CRITERIA CAIXA, S.A., SOCIEDAD UNIPERSONAL
Registered office:	AVENIDA DIAGONAL 621, BARCELONA

**ANNUAL CORPORATE GOVERNANCE REPORT FOR NON-SAVINGS BANKS
ADMITTED TO TRADING ON A REGULATED MARKET**

A OWNERSHIP STRUCTURE

A.1 List the shareholders or unit holders of significant ownership interests in the entity at year-end:

Tax ID number	Name or corporate name of shareholder or unit holder	% of share capital
G-58899998	CAIXA D'ESTALVIS I PENSIONS DE BARCELONA "LA CAIXA", BANKING FOUNDATION	100

A.2 Indicate, as applicable, any family, commercial, contractual or corporate relationships between shareholders or unit holders of significant shareholdings, insofar as these are known by the entity, unless they are insignificant or arise from ordinary trading or exchange activities.

Tax ID number	Related party name or corporate name	Type of relationship	Brief description
	* See note in Section G		

A.3 Indicate, as applicable, any commercial, contractual or corporate relationships between shareholders or unit holders of significant shareholdings, and the entity and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

Tax ID number	Related party name or corporate name	Type of relationship	Brief description
G-58899998	CAIXA D'ESTALVIS I PENSIONS DE BARCELONA "LA CAIXA", BANKING FOUNDATION	CORPORATE	Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", Banking Foundation is the sole shareholder of the Company.

A.4 Indicate, as applicable, any restrictions on exercising voting rights, as well as any restrictions on the acquisition or transfer of ownership interests in the share capital.

Yes ✓

No

Description of restrictions
TRANSFER OF OWNERSHIP INTERESTS: Article 9 of the Articles of Association details the restrictions on share transferability. Transfers are allowed to the following (i) other shareholders; (ii) the shareholders' spouse, ascendants or descendants; and (iii) companies belonging to the same group. In all other cases, shareholders must give written notice to the governing body, stating the number, class and series of the shares they wish to transfer, the name, address and nationality of the person to whom they wish to transfer them, the price or consideration for each share and the terms of the transaction. Pursuant to the procedure and terms outlined in the Articles of Association, the remaining shareholders may exercise their preferential right of purchase, as may, if applicable, the Company itself.
EXERCISING VOTING RIGHTS: There are no restrictions on exercising voting rights at CRITERIA CAIXA, S.A.U.

B GENERAL SHAREHOLDERS MEETING OR EQUIVALENT BODY

B.1 Indicate the quorum required for constituting the General Shareholders' Meeting or equivalent body established in the company's Articles of Association. Describe how it differs from the system of minimum quorums established in the Corporate Enterprises Act ("LSC") or applicable regulations.

Pursuant to article 16 of the Articles of Association, the General Meeting shall be considered quorate at first call when shareholders in attendance or represented by proxy hold at least 25% of the subscribed capital with voting rights. It shall be considered quorate at second call regardless of the percentage of share capital in attendance. In order for the Ordinary or Extraordinary General Meeting to validly agree to issue bonds, suppress or limit pre-emptive subscription rights, increase or reduce capital, carry out a transformation, merger, spin-off, global transfer of assets and liabilities, transfer the registered office to a foreign country or make any changes to the Articles of Association, shareholders at first call, whether present or represented by proxy, representing at least 50% of subscribed capital with voting rights must be in attendance. On second call it will be sufficient for 25% of this capital to be present or represented. This shall be without prejudice to other cases provided for by Law, in particular by any special Laws applicable to the Company.

The Company currently has a single shareholder and is therefore subject to the framework set forth in the consolidated text of the Corporate Enterprises Act.

B.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the LSC or applicable regulations.

Pursuant to article 18 of the Articles of Association, the Resolutions of the Meeting will be adopted by the majority vote of the shareholders present or represented at the General Meeting, and a resolution will be considered adopted if it obtains more votes in favour than against by the shareholders present or represented at the Meeting.

The system of adopting corporate resolutions detailed in article 18 is identical to that established in the Corporate Enterprises Act.

As indicated in the previous point, the Company is a single-member company.

B.3 Briefly indicate the resolutions adopted at the General Shareholders' Meetings or equivalent bodies held during the year and the percentage of votes with which each resolution was adopted.

The resolutions adopted by the Company's sole shareholder in 2015 are:

14/05/2015: 1. Approval of the Individual and Consolidated Financial Statements for the year ended 31 December 2014 and the corresponding Management Reports. 2. Approval of the Directors' performance during 2014. 3. Appropriation of 2014 profit. 4. Appropriation to legal reserve. 5. Delegation of powers.

09/07/2015: 1. Amendment of certain articles of the Articles of Association to, as appropriate, (i) adapt them to the reformed Corporate Enterprises Act introduced by Law 31/2014, of 3 December amending the Corporate Enterprises Act to improve corporate governance and (ii) make technical improvements to the wording. 2. Re-election of the Auditors. 3.-Delegation of powers.

03/09/2015: 1. Amendment of the corporate name of Criteria CaixaHolding S.A., Sociedad Unipersonal and, as such, amendment to article 1 of the Articles of Association. 2. Acquisition of stakes in Els Arbres de la Tardor, S.L.U., subject to prior authorisation from the Government of the Principality of Andorra. Capital increase at Els Arbres de la Tardor, S.L.U., subject to prior authorisation from the Government of the Principality of Andorra and acquisition of the company. 3. Delegation of powers.

B.4 Indicate the address and mode of accessing corporate governance content on your Entity's website.

Corporate governance information for Criteria Caixa, S.A.U. is available on the Entity's website (www.criteria.com).

- B.5 Indicate whether the Entity has held meetings with the various syndicates, if applicable, of holders of securities issued by the Entity, the purpose of the meetings held in the year to which this report relates and the main resolutions adopted.

In 2015, Criteria did not hold any Bond-holder meetings.

C ENTITY MANAGEMENT STRUCTURE

C.1 Board of Directors or governing body

- C.1.1 List the maximum and minimum number of Directors or members of the governing body included in the Articles of Association.

Maximum number of Directors/governing body members	20
Minimum number of Directors/governing body members	8

- C.1.2 Complete the following table on the members of the Board of Directors or governing body and their position:

DIRECTORS/MEMBERS OF GOVERNING BODY

Tax ID number of Director	Name of corporate name of Director/governing body member	Representative	Date of last appointment
36456287-E	Isidro Fainé Casas	-	18/12/2013
40260078-G	Alejandro García-Bragado Dalmau	-	26/06/2014
37590507-C	Javier Godó Muntañola	-	26/06/2014
37175025-X	Salvador Gabarró Serra	-	26/06/2014
15766311-H	José Antonio Asiáin Ayala	-	18/12/2013
28744747-Z	Marcos Contreras Manrique	-	18/12/2013
X1596112G	Jean-Louis Chaussade	-	18/12/2013
46215647-E	Isabel Estapé Tous	-	18/12/2013
46672425-C	Francisco Javier García Sanz	-	18/12/2013
46309503-S	Víctor Grifols Roura	-	26/06/2014
46302019-Y	Josep-Delfí Guàrdia Canela	-	18/12/2013
Y2771477-Z	Heinrich Haasis	-	18/12/2013
42942802-P	Francesc Homs Ferret	-	18/12/2013
36467929-A	Juan José López Burniol	-	26/06/2014
39335259-S	Josep Joan Simón Carreras	-	18/12/2013

C.1.3 List the members of the Board of Directors or governing body, if any, who hold office as Directors or executives in other companies belonging to the listed Entity's group.

Tax ID number of Director	Name of corporate name of Director/ governing body member	Corporate name of the group entity	Tax ID number of the group entity	Position
36456287-E	Isidro Fainé Casas	Caixa d'Estalvis i Pensions de Barcelona "la Caixa", Banking Foundation	G-58899998	Chairman of the Board of Trustees
		CaixaBank, SA	A-08663619	Chairman of the Board of Directors
40260078-G	Alejandro García-Bragado Dalmau	Caixa d'Estalvis i Pensions de Barcelona "la Caixa", Banking Foundation	G-58899998	Deputy Chairman and Deputy Secretary to the Board of Trustees
37590507-C	Javier Godó Muntañola	Caixa d'Estalvis i Pensions de Barcelona "la Caixa", Banking Foundation	G-58899998	Trustee
37175025-X	Salvador Gabarró Serra	CaixaBank, SA	A-08663619	Director
28744747-Z	Marcos Contreras Manrique	Banco Europeo de Finanzas, S.A. *See note in Section G	A-78963816	Deputy Chairman

Tax ID number of Director	Name of corporate name of Director/ governing body member	Corporate name of the group entity	Tax ID number of the group entity	Position
46302019-Y	Josep-Delfí Guàrdia Canela	VidaCaixa, S.A. de Seguros y Reaseguros	A-58333261	Director
42942802-P	Francesc Homs Ferret	Caixa d'Estalvis i Pensions de Barcelona "la Caixa", Banking Foundation	G-58899998	Trustee
		Foment Immobiliari Assequible, S.A.U.	A-63346290	Deputy Chairman
36467929-A	Juan José López Burniol	Caixa d'Estalvis i Pensions de Barcelona "la Caixa", Banking Foundation	G-58899998	Trustee
		CaixaBank, SA	A-08663619	Director

C.1.4 Complete the following table on the number of women Directors on the Board and various committees over the past four years.

Number of women Directors				
	2015 Number %	2014 Number %	2013 Number %	2012 Number %
Board of Directors ** SEE NOTE IN SECTION G	1 6.66%	1 5.88%	6 30%	0 0%
Executive Committee	N.A.	N.A.	N.A.	N.A.
Audit and Control Committee	1 33.33%	1 33.33%	N.A.	N.A.
Appointment and Remuneration Committee	1 33.33%	1 33.33%	N.A.	N.A.

C.1.5 Complete the following table on the aggregate remuneration paid to Directors or members of the governing body during the year.

Item	Thousands of euros	
	Individual	Group
Fixed remuneration	2,645	1,788
Variable remuneration		
Per diems		
Other		
TOTAL:	2,645	1,788

C.1.6 List any members of senior management who are not executive Directors or members of the governing body and indicate total remuneration paid to them during the year.

Tax ID number	Name or corporate name	Position
36017940D	Marcelino Armenter Vidal	Chief Executive Officer
46533282G	Jaume Giró Ribas	General Manager Communication
40857332V	Jordi Gual Solé	General Manager Planning and Strategic Development
38805438E	Francesc Bellavista Auladell	Deputy General Manager
46109324M	Javier José Paso Luna	Manager Fiscal and Legal Area
35114207S	Óscar Valentín Carpio Garijo	Assistant Deputy General Manager
46119725X	Xavier Moragas Freixa	Assistant Deputy General Manager
15851133Q	Enrique Goñi Beltrán de Garizurieta	Deputy Assistant to the Chairman

Total remuneration received by senior management (thousands of euros)	4,385
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C.1.7 Indicate whether the Articles of Association or the Board regulations set a unlimited term of office for Directors or members of the governing body.

Yes ✓	No
Maximum number of years in office	Four (4) years

C.1.8 Indicate whether the individual and consolidated financial statements submitted for authorisation for issue by the Board or governing body are certified previously.

Yes No ✓

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the board.

Name	Position

C.1.9 Explain the mechanisms, if any, established by the Board of Directors or governing body to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting or equivalent body with a qualified Audit Report.

The Audit and Control Committee is responsible for ensuring that the financial information is correctly drawn up in addition to other functions which include the following in order to avoid a qualified audit report:

- (i) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor;
- (ii) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardise the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;
- (iii) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- (iv) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report to the Board on periodical financial reporting and proposals for modification of accounting principles and criteria suggested by management.

C.1.10 Is the Secretary to the Board also a Director?

Yes

No ✓

C.1.11 Indicate and explain, where applicable, the mechanisms implemented by the Entity to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

The Audit and Control Committee is responsible for proposing to the Board of Directors, for submission to the Sole Shareholder, the selection, appointment, re-election and substitution of the external auditor pursuant to the Company's regulations, as well as the contracting conditions thereof, and to receive regular information on the audit plan and its execution, as well as preserving its independence when carrying out its duties.

Annually, the Audit and Control Committee receives from the auditors written confirmation of their independence vis-à-vis the Entity or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee issues annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report includes in all events, an assessment of the provision of any additional services referred to in this section, both on an individual basis and as a whole, which are different to legal auditing and concern the independent nature of auditors or auditing standards.

The Company has a policy governing the relationship with the external auditor, approved by the Audit and Control Committee and the Board, to guarantee compliance with applicable legislation and the independence of auditing work.

C.2 Committees of the Board of Directors or governing body

C.2 Give details of all committees of the Board of Directors or governing body

Committee name	No. of members
Board of Directors	15
Audit and Control Committee	3
Nomination and Remuneration Committee	3

C.2.2 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other external Directors (entities which are not limited companies do not need to enter the Director category in the corresponding table and section along with the legal system and how they comply with the composition conditions of the Audit Committee and the Appointment and Remuneration Committee):

EXECUTIVE OR DELEGATE COMMITTEE

Tax ID number	Name	Position	Category

% of executive Directors	0%
% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0%
Number of meetings	6

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

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AUDIT AND CONTROL COMMITTEE

Tax ID number	Name	Position	Category
46215647-E	Isabel Estapé Tous	Chairman	Independent director
37175025-X	Salvador Gabarró Serra	Member	Proprietary director
28744747-Z	Marcos Contreras Manrique	Member	Independent director

% of executive Directors	0%
% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0%
Number of meetings	6

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Pursuant to the Articles of Association, the Board of Directors appointed an Audit and Control Committee, whose powers and rules of procedure shall be as set forth in the applicable legislation. The Audit and Control Committee is made up of non-executive Directors and shall have between three and five members, at least one of whom must be independent.

The Board of Directors shall appoint the members of the Audit and Control Committee in accordance with their knowledge, aptitudes and experience and the Committee's duties. The Audit and Control Committee shall appoint a Chairman from among its members. It shall also appoint a Secretary and may appoint a Deputy Secretary, both of whom need not be members thereof. In

the event that such appointments are not made, the Secretary and Deputy Secretary to the Board shall act as such. The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests. The Committee may also require the Company's auditors to attend its meetings.

In any event, without prejudice to any other duties they may be assigned by the Board of Directors at any time, the Audit and Control Committee shall have the following basic duties:

- a) to report at the General Shareholders' Meeting on matters posed by shareholders in the area of its competence;
- b) to propose to the Board of Directors, for submission to the General Meeting or Sole Shareholder, the selection, appointment, re-election and substitution of the external auditor pursuant to the Company's regulations, as well as the contracting conditions thereof, and to receive regular information on the audit plan and its execution, as well as preserving its independence when carrying out its duties;
- c) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports;
- d) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor;
- e) to supervise the process of drawing up and submitting the mandatory financial information and the efficiency of the Company's internal control and risk management systems, including tax risks; and to discuss with the auditors any significant weaknesses of the internal control system that may be detected on carrying out the audit;
- f) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardise the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations; Annually, the Audit and Control Committee should receive from the auditors written confirmation of their independence vis-à-vis the Entity or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities and fees received by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report

containing an opinion on the independence of the auditors. This report should include in all events, an assessment of the provision of any additional services referred to in this section, both on an individual basis and as a whole, which are different to legal auditing and concern the independent nature of auditors or auditing standards.

- g) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- h) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report to the Board on periodical financial reporting and proposals for modification of accounting principles and criteria suggested by management.
- i) to supervise compliance with regulations concerning related party transactions and to report to the Board of Directors on said transactions. In particular it shall endeavour to report to the market on said transactions, in compliance with prevailing legislation, and to report on transactions which imply or may imply conflicts of interest.
- j) to supervise compliance with Internal Code of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;
- k) to report to the Board on the creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;
- l) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;
- m) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;
- n) any others attributed thereto by Law and other regulations applicable to the Company.

Any other duties expressly assigned to the Audit and Control Committee shall be governed by the regulations for the Board of Directors as laid down in the Articles of Association, providing they are compatible with the nature and operation of the corresponding committee.

In furtherance of its duties, key actions of the Audit and Control Committee in 2015 were as follows:

At the meeting held on 26 February 2015: the following matters, among others, were approved and laid before the Company's Board of Directors: 1) Internal Audit Regulations; 2) policy governing relations with the external auditors; 3) rules on Internal Control System of Financial Reporting (ICFR) system; 4) approval of the annual financial report. Drafting of individual and consolidated financial statements and the management reports. Annual Corporate Governance Report. Draft audit reports. Proposed appropriation of profit for 2014 and ratification of the interim dividend; 5) new formal disclosure policy; and 6) abbreviated financial statements for statistical purposes.

At the meeting held on 27 April 2015: the following matters, among others, were approved and laid before the Company's Board of Directors: 1) Annual Report on the Internal Capital Adequacy Assessment Process (ICAAP); 2) Annual Report on the Internal Liquidity Assessment Process (ILAAP); 3) Information of Prudential Relevance; 4) Internal Control of Financial Reporting (ICFR) system; Audit and Internal Control; 6) rules defining the transactions to be reported to the Board of Directors; 7) Internal Code of Conduct on Matters Relating to the Securities Market; and 8) Code of Business Conduct and Ethics.

At the meeting held on 30 July 2015: the following matters, among others, were approved and laid before the Company's Board of Directors: 1) Internal Control of Financial Reporting (ICFR) system; 2) abbreviated consolidated half-yearly financial statements at 30 June 2015; and 3) Policy on the Management of International Sanctions and Finance Countermeasures of the Criteria Group.

At the meeting held on 10 December 2015: the following matters, among others, were approved and laid before the Company's Board of Directors: 1) estimation at close of December 2015; and 2) approval of the pay-out of the second interim dividend.

APPOINTMENT AND REMUNERATION COMMITTEE

Tax ID number	Name	Position	Category
46215647-E	Isabel Estapé Tous	Chairman	Independent director
15766311-H	José Antonio Asiáin Ayala	Member	Independent director
36467929-A	Juan José López Burniol	Member	Proprietary director

% of executive Directors	0%
% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0%
Number of meetings	5

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Pursuant to the terms of the Bylaws, the Board of Directors appointed a delegate Appointment and Remuneration Committee, whose powers and rules of procedure are as set forth in the applicable legislation. The Appointment and Remuneration Committee consists exclusively of three non-executive Directors, two of whom are independent. The Chairman of the Appointment and Remuneration Committee was appointed from among its independent Directors. It also appointed a Secretary and a Deputy Secretary, neither of whom are committee members.

In any event, without prejudice to any other duties they may be assigned by the Board of Directors at any time, the Appointment and Remuneration Committee shall have the following basic duties:

- a) to evaluate the balance of skills, knowledge and experience on the Board; to define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties;
- b) to establish a target number of female Directors and advise on how this target can be reached;
- c) 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 Annual General Meeting , and proposals for the re-election or removal of these Directors by the Annual General Meeting;
- d) to bring before the Board of Directors the proposals for appointment of other 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 Annual General Meeting, and proposals for the re-election or removal of these Directors by the Annual General Meeting;

- e) to report on the appointment and removal of senior executives and the basic conditions of their contracts;
- f) to examine or organise, in appropriate form, the succession of the Chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner;
- g) to propose to the Board of Directors the remuneration policy for Directors and General Managers or those who carry out senior management duties reporting directly to the Board, Executive Committees or CEOs, as well as individual remuneration and further conditions of contracts for executive Directors, and ensuring these are observed.

Any other duties expressly assigned to the Appointment and Remuneration Committee shall be governed by the regulations for the Board of Directors as laid down in the Articles of Association, providing they are compatible with the nature and operation of the corresponding committee.

In furtherance of its duties, key actions of the Appointment and Remuneration Committee in 2015 were as follows:

At the meeting held on 26 February July 2015: the following matters, among others, were approved and laid before the Company’s Board of Directors: 1) Annual Corporate Governance Report; and 2) Remuneration Policy.

At the meeting held on 4 June 2015: the following matters, among others, were approved and laid before the Company’s Board of Directors: definition of the Identified Group.

At the meeting held on 30 July 2015: the following matters, among others, were approved and laid before the Company’s Board of Directors: protocol on procedures for selecting and assessing the suitability of office holders.

At the meeting held on 10 December 2015: the following matters, among others, were approved and laid before the Company’s Board of Directors: assessment reports on the suitability of Company office holders and remuneration of the Identified Group.

COMMITTEE

Tax ID number	Name	Position
	** See Note in Section G	

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 List any transactions between the entity or its group, shareholders, cooperativist unit holders, holders of proprietary rights or any other equivalent.

The following transactions were carried out between Criteria or its subsidiaries and the Sole Shareholder, Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", Banking Foundation:

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
"la Caixa" Banking Foundation	CriteriaCaixa	Corporate	Interim dividend - 2015	320,000
"la Caixa" Banking Foundation	CriteriaCaixa	Corporate / contractual	Loan granted by Criteria and repaid in the year	85,000
"la Caixa" Banking Foundation	CaixaBank	Corporate / contractual	Loan	100,000
"la Caixa" Banking Foundation	CaixaBank	Corporate / contractual	Demand and time deposits	7,235

Note 40 of Criteria Caixa, S.A.U.'s consolidated financial statements shows all the balances of the sole shareholder with Criteria Caixa Group companies in aggregate form.

D.2 List any relevant transactions between the entity or its group and the entity's Directors or members of the governing body or senior officers.

All transactions were carried out in the ordinary course of business and on an arm's length basis.

Note 40 of CriteriaCaixa, S.A.U.'s consolidated financial statements shows all the balances with managers and Directors in aggregate form.

D.3 Intragroup transactions

The Company undertook the following relevant transactions with other companies in its group:

Corporate name of the group entity	Type of transaction	Amount (thousands of euros)
CaixaBank	Financing agreements: loans	1,200,000
CaixaBank	Interest rate hedge contracts (notional value)	1,900,000
VidaCaixa	Fixed-income investment in Abertis Infraestructuras	786,000
CaixaBank	Swap agreement	** See note in Section G

The most relevant transaction with associates and joint ventures in its Group was the following:

Corporate name of the group entity	Type of transaction	Amount (thousands of euros)
Gas Natural	Time and demand deposit balances in CaixaBank	599,000

See Note 40 of the consolidated financial statements for the Criteria Group and Note 21 of the Criteria individual financial statements.

D.4 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the entity and/or its group, and its Directors or members of managing bodies or management.

The Company ensures all Directors are cognisant of their duties and, in particular, the duty to avoid the conflicts of interest envisaged in the Corporate Enterprises Act. Each year the Secretary to the Board of Directors sends Directors a detailed form where they can report any conflicts of interest. These are then duly reported in the Notes to the Financial Statements and, if applicable, assessed to determine whether, in exceptional cases, an exemption shall be issued to enable the Director to participate in certain actions.

The Company also has an Internal Code of Conduct on Matters Relating to the Securities Market applicable to all Directors and executives (as well as other employees). This code of conduct stipulates, among other duties, that Directors shall abstain from carrying out certain transactions in certain periods, the duty to inform the Company of certain transactions, and the duty to safeguard privileged information and know how to handle it.

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the Entity.

Risk control is fully ingrained in the business and the organisation plays a proactive role in ensuring that it is implemented. Senior management participates directly in maintaining the internal control framework, ensuring that it is executed prudently, and in the ongoing management and planning of capital and liquidity.

Following “la Caixa” Group's reorganisation in 2014 described in Note 1 of the financial statements, Criteria manages “la Caixa” Group's business assets, primarily comprising stakes in strategic sectors, including banking, energy, infrastructure, services and real estate. Criteria is under the prudential supervision of the ECB as it is considered to be a mixed financial holding company and parent of a financial conglomerate and not subject to the restrictions imposed on the Banking Foundation.

Criteria carried out the following activities during 2015 in relation to the prudential supervision legal framework and evaluation of the CriteriaCaixa Group by the European Central Bank:

- 1) It formalised the internal capital adequacy assessment process, through which the CriteriaCaixa Group's risk profile was defined and capital adequacy assessed. The Internal Capital Adequacy Assessment Process Annual Report (ICAAP) was signed off by Criteria's Board of Directors on 27 April 2015.
- 2) The internal liquidity assessment was completed and it was determined that the CriteriaCaixa Group comfortably meets the regulatory minimum Liquidity Coverage Ratio (LCR) on a consolidated basis. The Internal Liquidity Assessment Process Annual Report (ICAAP) was signed off by Criteria's Board of Directors on 27 April 2015.
- 3) The CriteriaCaixa Group's Information of Prudential Relevance report has been published to furnish market agents with the results of the capital adequacy assessment of the CriteriaCaixa Group, as well as additional information on what Criteria contributes, as CaixaBank's parent, to the CriteriaCaixa Group's prudential consolidation perimeter. The Information of Prudential Relevance report was approved by the Criteria's Board of Directors on 27 April 2015 and published the day after.
- 4) Criteria's Board of Directors approved the Criteria Risk Appetite Framework (RAF) on 30 July 2015 (see point E.4 for more information).
- 5) Criteria's Board of Directors approved the CriteriaCaixa Group Recovery Plan on 10 December 2015. Some RAF metrics have also been selected as recovery indicators. Recovery thresholds have also been defined for these indicators. Once activated, the internal communication and governance processes would be triggered based on the defined severity of each situation.

The risk management system at the CriteriaCaixa Group is decentralised, with group companies having their own control and oversight structure for their activities. However, as the Group's Parent, Criteria offers a complementary structure for managing its own risks and overseeing the risks of its investees.

CaixaBank Group:

It should be highlighted that as Criteria Caixa is a mixed financial holding company and parent of the CaixaBank financial conglomerate, most of the risks to which the Group is exposed and that it manages stem from the CaixaBank Group's banking and insurance activity. CaixaBank's risk management system is aligned with guidelines issued by the regulator and industry best practices. The Risk Management System itself comprises the following elements:

- The corporate risk catalogue, signed within the framework of the Corporate Risk Map Project (for more information see point E.3), allows for the classification of risks by category and facilitates their evaluation, thereby helping determine the CaixaBank Group's risk profile, a Risk Appetite Framework which standardises risk terminology and facilitates the adaptation of risk reporting to the requirements of the Single Supervisory Mechanism (SSM).
- The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the CaixaBank's Board of Directors to determine the types and thresholds of risk it is willing to assume in achieving the CaixaBank Group's strategic and profitability targets.
- Policies which comprise the regulatory framework defining how risk activities are conducted in general in order to control and manage risks at corporate level.
- Procedures and processes, methodologies and support tools, which allow these policies to be articulated and the "standardisation, comprehensiveness and consistency" principle to be adhered to.
- Risk culture at CaixaBank: Constantly evolving. This is evident in (i) training: both onsite and virtual, using the remote means available; (ii) information: publication of relevant standards, circulars and manuals which are reported during monthly meetings of the CEO and senior management with the directors of the branch network and Central Services; and (iii) incentives: at present this applies to the variable remuneration of certain managers involve in risk origination and management.
- A fully integrated Risk Monitoring and Control System which (i) mitigates operational losses, provides information on thresholds, consumption and risk positions to (ii) avoid overexposure and ensure reporting information, risk calculations and metrics are complete to (iii) guarantee their reliability when measuring risks, and in relation to the data fed into risk software to ensure (iv) no key data is missing or contains inaccurate or out-of-date information which means debtor risks cannot be calculated properly.
- CriteriaCaixa has an internal control framework which offers a reasonable degree of assurance that the CaixaBank Group will achieve its objectives. Its internal control environment is aligned with guidelines issued by the regulator and industry best practices, and is structured in accordance with the Three Lines of Defence model: the first involves the Entity's own areas; the Internal Control Area is the second line of defence, together with Global Risk Management, Internal Control over Financial Reporting (ICFR) and Regulatory Compliance, among others, and oversees the proper operation of risk management and control carried out by first line; and then the third line of defence is the supervisory element which is formed by the Internal Audit Area.

For more information see Note 3 of the Consolidated Financial Statements of the CriteriaCaixa Group for 2015.

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

Governing bodies

Criteria: Criteria's Board of Directors carries out analysis functions to oversee the performance of its investees and periodically monitors the internal control and risk management systems in place at the Entity.

The Audit and Control Committee organises the tasks of financial monitoring and control at Criteria. This involves supervising the internal audit systems and ensuring the efficiency and independence of the internal control and risk management systems in place. It also oversees the entire process of preparing and presenting Criteria's financial information prior to approval by the Board.

CaixaBank Group:

The Board of Directors of CaixaBank determines the Group's risk-policy. In this regard, the Board takes decisions on certain risk management issues at the CaixaBank Group:

- Adopting and monitoring compliance with risk measurement approaches, as well as calculating the related regulatory capital requirements;
- Organising the highest tier control duties;
- Establishing global risk limits;
- Ruling on general risk policies and progress made.

In general, the CaixaBank Board of Directors' functions are:

- Defining general risk management principles;
- Establishing the distribution of functions within the organisation and the criteria for preventing conflicts of interest;
- Approving and reviewing periodically the risk performance, management, control and reduction strategies and policies;
- Approving the general internal control strategies and procedures; and
- Monitoring the results of the risk management and control function and the status of internal control.

The Board has delegated certain issues to the Risks Committee (a Delegate Committee) which closely monitors risk management. Its exact duties and composition are detailed in point C.2.4. of the CaixaBank, S.A. ACGR. However, the Audit and Control Committee is, without prejudice to the Board's risk control and management powers, the final guarantee of the control mechanisms. See point C.2.4 of that report for its exact duties and composition.

We would note that the Risks Committee met on 14 occasions in 2015. At these meetings it analysed, inter alia, the various risks included in CaixaBank Group's Corporate Risks Catalogue (e.g. actuarial, operational, market, credit, liquidity, regulatory etc.), the risk appetite framework and the risk scorecard.

Management Bodies

Criteria: The priority of Criteria's management is to identify the main risks in terms of the most significant businesses and apply policies with a high degree of decentralisation in view of the wide variety of businesses and their high level of specialisation.

In order to properly measure and analyse risks inherent to Criteria's activity as a mixed financial holding company and parent of the Group, Criteria's management uses the tools and methodology at the disposal of CaixaBank (which has its own Corporate Risk Models and Policies Division), in accordance with financial sector best practices.

CaixaBank: Senior management at CaixaBank acts within the framework of powers delegated by the Board of Directors, both collegiately (Management Committee) and individually through the Chief Risks Officer.

CaixaBank's General Risk Division ensures the correct working of the Group's Risk Management System. It is not directly responsible for reputational risk (which is managed by the Corporate Division of Communication, Institutional Relations, Brand and CSR) nor legal/regulatory risk or regulatory compliance (which fall to General Secretary).

CaixaBank Group senior management sit on the various risk management committees which establish general action policies, approve transactions at the highest level, and manage business risk across the CaixaBank Group. These committees are:

- Global Risk Committee
- Asset and Liability Committee (ALCO)
- Permanent Lending Committee
- Recovery and Resolution Plans Committee
- Risk Policies Committee
- Subsidiaries' Risk Policies Committee
- Real Estate Acquisition and Appraisal Committee
- Operational Risk Committee
- Models and Parameters Committee
- Default and Recovery Committee
- New Investment Products Committee
- Corporate Rating Committee
- Large Auctions Committee
- Datations Committee
- Provisions committee

For more information see Note 3 of the Consolidated Financial Statements of the CriteriaCaixa Group for 2015.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

Criteria: A list of the risks that might affect the profitability of Criteria's activities, as management company of the equity of the "la Caixa" Banking Foundation and, its financial solvency and its corporate reputation as a result of its holdings in financial assets is provided hereon:

- **Market risk:** This includes fluctuations in the value of the ownership interests in other companies, classified as available-for-sale financial assets, and changes in interest rates. This type of risk also includes real estate risk, i.e. the risk that a change in value of a real estate asset could lead to losses. It includes the value of investments in real estate assets classified as investment property, non-current assets held for sale and inventories.
- **Liquidity risk:** This relates mainly to the lack of liquidity of certain of the Company's investments or needs arising from its commitments or investment plans.
- **Credit risk:** This relates mainly to the risk that a counterparty is unable to meet its payment obligations and to possible losses due to changes in a counterparty's credit rating. Conceptually, this type of risk includes investments in the portfolio of Group companies, jointly controlled entities and associates.
- **Operational risk:** Relating to errors in the implementation and execution of operations.

CaixaBank Group:

It should also be noted, as we have mentioned in point E.1, that as the CriteriaCaixa Group includes the CaixaBank banking group, the main risks of the CriteriaCaixa Group stem from the CaixaBank Group's banking and insurance activity. Therefore the CaixaBank Group's main risks which are reported periodically to management and the governing bodies are:

Risks associated with the financial activity

- Credit risk: Risk of a decrease in the value of CaixaBank's assets due to uncertainty in a counterparty's ability to meet its obligations.
- Market risk: Risk of a decrease of the value in the CaixaBank Group's assets held for trading or increase in the value of its liabilities held for trading due to fluctuations in interest rates or prices in the market where the assets/liabilities are traded.
- Liquidity risk: Risk of insufficient liquid assets due to outflows of funds and market closure to meet contractual maturities of liabilities, regulatory requirements, or the needs of the business.
- Interest or foreign currency risk: Risk of a negative impact on the economic value of the balance sheet or results, arising from changes in the structure of the interest rate curve or exchange rate fluctuations.
- Actuarial risk: Risk of an increase in the value of commitments assumed through insurance contracts with customers and employee pension plans due to the differences between the claims estimates and actual performance.
- Capital adequacy risk: Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.

Risks associated with business continuity

- Legal/Regulatory risk: Risk of a loss or decrease in profitability of the CaixaBank Group as a result of changes to the regulatory framework or court rulings that are unfavourable to the Entity.

- Compliance: Risk arising from a deficient procedure that generates actions or omissions that are not aligned with the legal or regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.
- Operational risk: Risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Includes the risk categories encompassed in the regulation.
- Reputational risk: Risk associated with reduced competitiveness due to the loss of trust in CaixaBank by some of its stakeholders, based on their assessment of actions or omissions, real or purported, by CaixaBank, its Senior Management or Governing Bodies.

For more information see Note 3 of the Consolidated Financial Statements of the CriteriaCaixa Group for 2015.

E.4 Identify if the Entity has a risk tolerance level.

Criteria: As we mentioned in point E.1., in July 2015 Criteria approved its Risk Appetite Framework (RAF), a management tool which has determined the types and thresholds of risk it is willing to assume in achieving its business objectives while at all times attaining a balance between risks and returns. The RAF also enables all prudential obligations to be monitored and controlled. This framework sets out the policies, governance processes and indicators used to establish, disclose and monitor Criteria's risk appetite.

Sixteen indicators (10 for the management perimeter and six for the consolidation perimeter of the CriteriaCaixa Group), which are included in the map of risks identified by Criteria, pursuant to its nature as a financial holding company.

For the management indicators, the benchmark scope is the management perimeter which corresponds to "stand-alone" Criteria and the holding subsidiaries wholly-owned by Criteria. Therefore, this "management perimeter" is the most appropriate and representative for managing the risks of a holding company. This perimeter is not the same as the scope of the public consolidated financial statements or the reserved consolidated financial statements, used for the purpose of prudential consolidation.

Also, in the regulatory indicators the consolidation perimeter of the CriteriaCaixa Group, including CaixaBank, is used to calculate the mandatory limits laid down in regulations because, although it lies outside the aforesaid "management perimeter", the breaching thereof could result in additional restrictions being imposed on Criteria with respect to the performance of its activity insofar as Criteria is subject to prudential supervision by the ECB.

For the indicators three different thresholds have been set (target: green, early warning: amber, and limit: red). A phased approach is achieved with this calibration affording Criteria greater flexibility and capability to react and prevent risk during a crisis, with thresholds being set for tolerance to risk that can be assumed by Criteria.

Some RAF metrics have also been selected as recovery indicators. Recovery thresholds have also been defined (black traffic light) for these indicators. Once activated, the internal communication and governance processes would be triggered based on the defined severity of each situation.

The Deputy General Finance, Resources and Human Resources Divisional Unit is responsible for collating and consolidating information and reporting it to the Management Committee. It also in charge of liaising with the Deputy General Manager responsible for Investments and the Assistant Deputy General Manager of Asset Management to implement measures to manage the risks to which Criteria is exposed.

The Management Committee receives and reviews the information provided by the Finance, Resources and Human Resources Assistant Deputy General Manager, referring it to the Audit and Control Committee and the Board of Directors.

One of the Audit and Control Committee's duties is to review the RAF sent by the Management Committee and provide the Board of Directors with an opinion thereon.

The Board of Directors establishes and updates annually the risk appetite framework, continuously monitors the risk profile, and ensures consistency between them.

CaixaBank: In 2014, the CaixaBank Group approved its own Risk Appetite Framework which includes qualitative and quantitative statements.

The Board of Directors has established four key dimensions expressing the Group's aspiration regarding the main risks. These are:

1. Loss protection: The Entity wishes to maintain a medium-low risk profile and a comfortable level of capital.
 2. Liquidity and financing: In order to have a stable and diversified financing base, the Entity must be certain it has the capability to meet its financing obligations and needs, including under adverse market conditions.
 3. Business combination: The Entity aspires to hold a leading position in the retail banking market and be able to generate revenue and capital in a balanced and diversified manner.
 4. Franchise risks: the CaixaBank Group adheres to the highest ethical and governance standards, encouraging sustainability and social responsibility, and actively strives to ensure operating excellence.
- The structure of the Framework complements these statements with management indicators and levers to transmit these practices, in a consistent, clear and efficient manner, to the management of the business and of the risks.
 - The Framework is represented with Tier 1 principles and indicators, supplemented by more detailed metrics (Tier 2). All of this is included in the day-to-day activity and employee decision-making through management levers (Tier 3).

- Tier 1 comprises the Risk Appetite Statement and key metrics, which are assigned appetite and tolerance thresholds.

The CaixaBank Board of Directors defines, approves, oversees and can amend this tier as often as is determined in the policy governing the Framework, with specialist advice and ongoing monitoring by the CaixaBank Risks Committee.

“Appetite” and “Tolerance” levels are set for each of the metrics through a system of alert traffic lights:

“Green traffic light”: risk target; “Amber traffic light”: early alert; and “Red traffic light”: breach

There is also a "Black traffic light" for certain metrics included in the Recovery Plan. Once activated, the internal communication and governance processes would be triggered based on the defined seriousness of the situations.

This ensures a comprehensive and scaled monitoring process of potential impairments in the Entity's risk profile.

Tier 2 includes more detailed metrics, which are monitored by the management team, especially the CaixaBank Global Risk Committee.

These indicators tend to derive from the factorial decomposition of Tier 1 or from a greater breakdown of the contribution to the higher tier of risk portfolios or business segments.

They also include the most complex and specialised risk measurement parameters, which allow the tier 1 metrics to be taken into consideration by risk management units in the decision-making process.

The CaixaBank Board of Directors is assured that its management team monitors the same risks, more exhaustively, to be able to identify and prevent potential deviations in the established risk profile.

Lastly, Tier 3 represents the management levers that the management team, through the various business units and areas in charge of authorising, monitoring and controlling each risk, defines and implements for alignment with the established Framework.

For more information see Note 3 of the Consolidated Financial Statements of the CriteriaCaixa Group for 2015.

E.5 Identify any risks which have occurred during the year.

The main risks of the CriteriaCaixa Group to have materialised in the year stem from the CaixaBank Group's banking activity. Specifically, there were losses due to impairment of the portfolio of loans, while real estate and non-core assets on the CaixaBank Group's balance sheet exceeded the desired amount, against a backdrop of a drawn-out economic crisis in Spain, deleveraging of the private sector and stagnation in the real estate sector.

The initiatives adopted and the current action plans should enable the risk levels to be brought back into line with CaixaBank's risk appetite.

The main figures which affected credit risk at the CaixaBank Group in 2015 are:

- NPLs. At 31 December 2015 the Group's non-performing loans totalled EUR 17,100 million (7.9%). At 31 December 2014 this was EUR 20,110 million (9.7%).
- CaixaBank's NPL ratio compares very favourably with that of the private sector resident lending for the total system, which in 11 months has gone from 12.9% (31 December 2014) to 10.1% (31 December 2015).
- Property development and foreclosed assets. At 31 December 2015, the Group's gross financing of real estate development stood at EUR 9,825 million (EUR 14,069 million at 31 December 2014) and the net carrying amount of foreclosed assets was EUR 7,259 million (EUR 6,719 million at 31 December 2014).
- For the NPL coverage ratio, in 2015 the Group recognised insolvency provisions of EUR 1,593 million (EUR 2,084 in 2014), stripping out recoveries. Including these provisions, total credit loss provisions were EUR 9,512 million at the end of 2015 (EUR 11,120 at the end of 2014).
- This gave a Cost of Risk of 0.7% in 2015 compared to 1.0% in 2014 and an expected loss of EUR 7,438 million at the end of 2015 (EUR 8,687 at the end of 2014).

E.6 Explain the response and monitoring plans for the main risks the entity is exposed to.

The Criteria Board of Directors monitors the performance of the investees and periodically monitors the internal control and risk management systems in place at Criteria to oversee these investees.

The Audit and Control Committee also organises the tasks of financial monitoring and control at Criteria. This involves supervising the internal audit systems and ensuring the efficiency and independence of the internal control and risk management systems in place. It also oversees the entire process of preparing and presenting Criteria's financial information prior to approval by the Board.

Criteria's management monitors these holdings on an ongoing case-by-case basis to be able, at any time, to take the most appropriate decisions on the basis of the market performance observed and predicted and of Criteria's strategy. Likewise, every six months it tests all its investments for impairment to recognise any corrections to their carrying amounts, as applicable.

To ensure that the portfolio of real estate assets is recognised at its fair value in the balance sheet, Criteria uses appraisals performed and certified by independent third-party valuers. Appraisals are performed regularly: more than half of the assets have been appraised within the last year and almost all of the remaining assets have been appraised within the last two years.

In addition to the appraisals, an independent expert is engaged each year to perform a comparative valuation in order to verify the reasonableness of the overall valuation of the portfolio of foreclosed assets held for sale.

Criteria's specialised teams continually monitor investee transactions, in accordance with the degree of influence the Group has on these companies. The teams use a combination of indicators that are updated periodically. Also, in conjunction with CaixaBank's Corporate Risk Models and Policies Division, investment risk measurements are taken, both from the standpoint of the risk inherent in market price volatility, using Value at Risk (VaR) models on the risk-free interest rate yield spread, and from the point of view of the possibility of default applying models based on the PD/LGD approaches.

Interest rate risk relates mainly to changes in borrowing costs on Criteria's floating-rate debt. In order to mitigate this risk, Criteria's management evaluates whether or not to arrange swaps (cash flow hedges) depending on current and forecast interest rates. In this regard, Criteria arranged several swaps, hedging practically all interest rate risk. As we have explained in point E4 above, there is corporate governance in the RAF framework which determines the supervisory duties and the actions to be taken in the event of risk.

In order to manage compliance risk, the management and governing bodies encourage the dissemination and promotion of the values and principles set out in the Code of Ethics and the Internal Code of Conduct on Matters Relating to the Securities Market, and its members, as well as other employees and executives must ensure their compliance as a core criteria guiding their day-to-day activities.

Criteria's Board of Directors also approved an Anti-Money Laundering and Counter Terrorist Financing Manual laying down the obligations stipulated in Law 10/2010, of 28 April, on Anti-Money Laundering and Counter Terrorist Financing, and Royal Decree 304/2014, of 5 May, regulating this law.

The Criteria Audit and Internal Control Area is working on its own Corporate Risk Map. Specifically, on 30 June 2015, the Board approved the Criteria Activities Map and associated risks catalogue.

CaixaBank Group:

CaixaBank's Board of Directors is responsible for defining and supervising the Group's risk profile, updating the framework each year and monitoring the effective risk profile.

CaixaBank's Delegate Risks Committee advises the CaixaBank Board of Directors on the CaixaBank Group's overall susceptibility to risk, current and future and its strategy in this area.

The CaixaBank Global Risks Committee is an executive body which reports directly to the Delegate Risks Committee. It monitors the effective compliance of the framework at least once a month. If the pre-established levels are exceeded, the necessary measures are taken to reshape the situation.

In order to meet the information, management and control needs of the above mentioned bodies, the following reporting system has been set up:

- Monthly presentation of the Tier 1 scorecard to the Global Risk Committee, indicating the risk position for the last available month and the trend. If risk levels breach the threshold for:
 - Appetite: an "amber traffic light" or early alert is assigned to the indicator, and the party responsible or the Management Committee is entrusted with preparing an action plan to return to the "green" zone, and a timeline drawn up.
 - Tolerance: a "red traffic light" is assigned, including an explanation as to why the previous action plan did not work. Corrective or mitigating measures are proposed to reduce exposure. This must be approved by the Delegate Risk Committee.
 - Recovery indicators report, part of the Recovery Plan (see point E.4).
- Quarterly presentation to the Risk Committee on the situation, action plans and forecasts for Tier 1 metrics.
- Quarterly presentation to the Board of Directors on the situation, action plans and forecasts for Tier 1 metrics.
 - At these meetings, the Board can amend or update the metrics and thresholds previously assigned.
 - If a risk breaches a tolerance threshold and threatens the Group's ability to continue as a going concern, the CaixaBank Board may initiate the measures set forth in the Recovery Plan.

For more information see Note 3 of the Consolidated Financial Statements of the CriteriaCaixa Group for 2015.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

F.1. The entity's control environment The purpose here is to ensure that the market is informed about the specific mechanisms the entity has deployed in order to maintain an internal control environment conducive to comprehensive, reliable and timely financial reporting (including the inputs used in drawing up financial statements), and which acknowledges the possible existence of failures or irregularities which must be detected and corrected.

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

In their response, entities should note whether the Board of Directors, as laid down in its regulations, is ultimately accountable for the existence and regular updating of a suitable, effective ICFR and whether the audit committee, pursuant to its regulations, is assigned responsibility for its oversight. Likewise, entities should state whether other internal codes assign senior management responsibility for the design and management of ICFR.

In October 2014, the senior governance body of Criteria Caixa, the Board of Directors, formally assumed responsibility for ensuring the existence of a suitable, effective ICFR.

The Audit and Control Committee is responsible for, inter alia, the following:

- “To monitor the effectiveness of the Company’s internal control environment, internal audit and risk management procedures, and discussing with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.
- To monitor the process for preparing and submitting regular financial accounting information." In this regard, the Audit and Control Committee shall seek to ensure its continued effectiveness by gathering sufficient evidence of its correct design and operation.

In this regard, the Audit and Control Committee is charged with overseeing ICFR. Its oversight activity seeks to ensure its continued effectiveness by gathering sufficient evidence of its correct design and operation.

The Company's Deputy General Finance, Resources and Human Resources Division is responsible for the system's design, implementation and performance.

This role is described in the internal, classified Internal Control over Financial Reporting Code which has been approved by the Audit and Control Committee and the Board of Directors. The Internal Control over Financial Reporting Unit:

- Monitors whether the practices and processes in place at the Group ensure the reliability of the financial information and compliance with applicable regulations.
- Assesses that the financial information reported by the different business areas and entities within the Group comply with the following principles:
 - i. Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
 - ii. The information includes all transactions, facts and other events in which the Entity is the affected part (completeness).
 - iii. Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
 - iv. Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
 - v. Financial information shows, at the corresponding date, the Entity’s rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

The Code also details the responsibilities of the Internal Accounting Units which are involved in preparing financial information. These responsibilities include attesting the execution of the key controls identified with the required frequency, as well as helping to identify risks and controls and the formal establishment and descriptive documentation of the activities and controls which affect the preparation of financial information.

Given CaixaBank's importance in financial reporting within the Criteria Group, the various ICFR duties are subcontracted to the Internal Control over Financial Reporting Unit (hereinafter ICFR Unit), which reports to the Executive Financial Accounting, Control and Capital Division at CaixaBank.

The CaixaBank Group, as a very significant contributor to the Criteria Group's financial reporting, also has an internal "Internal Control over Financial Reporting Code" which has been approved by the Board of Directors.

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company, with particular regard to the financial reporting process.

The entity should report the main characteristics of the procedures for the design, review and updating of the organisational structure, the lines of responsibility and authority and if these have been documented and distributed to all employees involved in preparing financial information at the entity and its group.

Criteria's Board of Directors has entrusted its Chief Executive Officer, Management Committee and Appointment and Remuneration Committee with reviewing and approving the organisational structure and the lines of responsibility and authority at the Entity.

The lines of responsibility and authority for drawing up the Entity's financial information are defined. It also has a comprehensive plan which includes, among other issues, the allocation of tasks, key dates and the various revisions to be carried out by each of the hierarchical levels. The above-mentioned lines of authority and responsibility are duly documented and all of those people taking part in the financial reporting process have been informed of the same.

We would note that all Criteria Group entities have an ICFR model and act in a coordinated manner. In this regard, the above-mentioned Internal Regulations enable the Entity to disseminate a common ICFR methodology.

Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

With regard to the code of conduct, the entity should include information on how this is distributed, whether employees must formally adhere to it and what training is given on the code.

Criteria has a Code of Ethics which has been approved by its Board of Directors, and which stipulates the values to be preserved and the manner in which the Company must carry out its professional activity. It establishes principles of conduct which shall apply to all personnel carrying out professional services at Criteria, be they Directors, executives or employees. The Code is available to all employees on the Company's intranet. Also, both the initial text and all subsequent amendments by the Board are sent to all covered persons who must sign an acknowledgement of receipt. All new employees must adhere to the Code.

The principles of conduct of Criteria are: compliance with laws, rules and regulations; prevention of conflicts of interests; protection of the Company's assets; upholding its corporate reputation; free competition among suppliers; excellence and professionalism; teamwork; integrity through rigorous internal control; prevention of fraudulent practices and non-acceptance of gifts or favours; compliance with the internal protocol governing relations between "la Caixa" Banking Foundation and its subsidiaries on the one hand and CaixaBank and its subsidiaries on the other, and finally the preservation of confidentiality. Other values at Criteria are: respect for people, their dignity and diversity; respect for cultures; the contribution to progress and the commitment to social responsibility and the environment.

Employees have access to an internal confidential consulting and whistle-blowing channel regarding the Code of Ethics which guarantees confidentiality, the identity of the employee and their indemnity.

The Code is available to all employees on the Company's intranet. Also, both the initial text and all subsequent amendments by the Board, such as in April 2015, are sent to all covered persons who must sign an acknowledgement of receipt.

In 2015, courses were given to all staff regarding the Code of Ethics and the Internal Code of Conduct on Matters Relating to the Securities Market.

Criteria also has an Information Systems User Code approved by the Board in July 2015 applicable to all managers and employees. The main objectives of this Code are to raise awareness and ensure the correct use and security of all the Entity's technology and the information managed and contained therein. The Code has been sent to all employees who must acknowledge receipt. It is also available to all Criteria employees on the intranet.

Classroom-based training is planned for all employees.

Notification of any potential breaches of the Code or uncertainties about its interpretation or application may be sent to the Chief Executive Officer.

The Code contains clear rules to ensure the correct and efficient use of all communications and IT tools to ensure the quality, integrity, confidentiality and inviolability of the information, while also respecting the commitments undertaken by counterparties, customers, suppliers and employees.

CaixaBank Group:

Also, given CaixaBank's importance within the Criteria Group, we would note that CaixaBank has a Code of Business Conduct and Ethics, which has been approved by the Board of Directors, which sets out the core ethical values and principles that guide its conduct and govern the actions of all employees, executives and members of the governing bodies. The Code is available to all employees on the Company's intranet and can also be accessed by shareholders, customers, suppliers and other interested parties under the Corporate Responsibility section of the CaixaBank website.

The ethical values and principles outlined in the Code are as follows: compliance with the law, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.

The Code also states that the Entity undertakes to provide its customers and shareholders with accurate, truthful and understandable information on its transactions and commissions and the procedures for handling claims and resolving incidents. CaixaBank also makes all its financial and relevant corporate information available to its shareholders, in line with prevailing legislation.

All new employees must adhere to the Code.

The Queries and Complaints Committee, which include Compliance, General Council, Legal and Human Resources is responsible for analysing any breach or proposing corrective measures and penalties.

Likewise, due to prevailing legislation and self-regulatory agreements proposed by Management and the Governing Bodies, there are other codes regulating the conduct of employees in specific areas. These are:

- I. Internal Code of Conduct on Matters Relating to the Stock Market (IRC)
- II. Telematic Code of Conduct
- III. Internal Confidential Consulting Channel.

All of these issues are included in the Entity's Training Regulations and courses must be taken by all employees. At the end of each course all participants must pass a test to receive formal validation.

The Entity currently offers the following courses:

- The Code of Ethics, and the Confidential Consulting and Whistle-blowing Channel. This is a 90 minute e-learning course.
- Information Security training provides knowledge on the protection measures and criteria to be adopted concerning information. The course also included the guidelines of the Telematic Code of Conduct. This is a 60 minute e-learning course.
- The Entity also has two e-learning courses available on the Internal Code of Conduct:

- one for all covered persons; and
- another for all employees which focuses on identifying and notifying any market abuse or suspicious operations, the corporate conflict of interest policy and employees' general obligations regarding privileged information.

In 2015, all new employees were required to take these courses, including those who joined following the integration with Barclays Bank, SAU.

'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

The entity should inform all employees of how to access the whistle-blowing channel (by phone, email, in writing, etc.) and that all reports are dealt with confidentially prior to being examined by members of the audit committee.

All notifications about possible breaches of the Code of Ethics, the ICFR system and the Use of Information Systems, are submitted to the Chief Executive Officer of Criteria Caixa, S.A.U. via a whistle-blowing channel which is available to all employees.

A member of the Management Committee is assigned to investigate each report. The confidentiality of the sender is maintained at all times.

Once the investigation has concluded, a committee is set up comprising, among others, the Chief Executive Director, providing the events reported do not involve this person. Should this be the case, the person in question shall be replaced by the next highest ranking executive who has not been affected by this event.

The committee investigates the source of the complaint and, if applicable, the action to be taken. Should this be the case, the person in question shall be replaced by the next highest ranking executive who has not been affected by this event. The committee shall investigate the source of the complaint and, if applicable, the action to be taken.

All reports are individual and confidential. The whistle-blower is only identified to the people involved in the investigation if it is absolutely necessary and only with the employee's consent. This also guarantees the employee's indemnity except in cases of intentional claims or their participation in the events.

Any reports of breaches of the Code of Conduct on matters relating to the Securities Market shall be submitted to the Code of Conduct Monitoring Committee which comprises three members of Criteria appointed by the Board of Directors. The Monitoring Committee is responsible for ensuring the rules of conduct of the securities market and the Internal Code of Conduct are adhered

to. It shall interpret the content thereof and authorise disciplinary measures in the event that these are breached.

Any notifications regarding financial and accounting information are sent to the Audit and Control Committee.

CaixaBank Group:

At CaixaBank, all notifications about possible breaches of the Code of Ethics, and the Telematic Code of Conduct, as well as reports of potential irregularities regarding financial and accounting information must be sent to Regulatory Compliance via the Confidential Consulting and Whistle-blowing Channel set up by CaixaBank and available to all employees on the intranet. This unit is responsible for managing the channel, while all reports are dealt with by an internal collegiate unit which alerts the relevant business units of the measures to be applied.

The collegiate body, which is formed by the General Secretary's Office, Human Resources, Regulatory Compliance and Legal Advisory, notifies the Audit and Control Committee of any complaints regarding financial and accounting information pursuant to the ICFR guidelines.

This internal channel is exclusively for employees and can be accessed via various links on the intranet. All reports must be individual and confidential. The whistle-blower is only identified to the business areas involved in the investigation if it is absolutely necessary and only with the employee's consent. This also guarantees the employee's indemnity except in cases of intentional claims or their participation in the events.

We would note that in 2015 the Entity offered training on this channel and its use (see previous section).

Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

Entities should provide summarised information on the subjects covered in the training and refresher courses as well as other significant quantitative (the number of employees who have received the training, etc.) and qualitative information.

In 2015, Criteria offered 734 hours of technical training for its employees, mainly in the Finance and Investments Areas. The areas covered included internal control and risk management, internal audit and the procedure for the closing of accounts and fiscal matters.

We would note that an on-line ICFR course was launched in November 2015 aimed at 9 employees in the Investment, Finance and Audit and Internal Control areas. This is in addition to the 43 employees who took the course in 2014.

Criteria's Deputy General Finance, Resources and Human Resources Division also subscribes to various national and international accounting and financing publications, journals and websites. These are checked regularly to ensure that the Entity takes into account any developments when preparing financial information.

CaixaBank Group:

CaixaBank and its subsidiaries strive to offer an ongoing accounting and financial plan which is adapted to the requirements inherent in the job and responsibilities of personnel involved in preparing and reviewing financial information.

In 2015, training courses focused on the following areas:

- Accounting
- Audit
- Internal Control
- Legal/Tax
- Risk management
- Regulatory Compliance
- Risks

The various courses were aimed at personnel in the Financial Accounting, Control and Capital Executive Division, the Deputy General Audit and Control Division, Default and Recovery, Risks and Regulatory Compliance, as well as members of the Entity's Senior Management. Approximately 3,610 hours of training were offered in the year, a 44% increase compared to 2014.

We would note that in the last quarter of 2015 the Entity relaunched an online course on ICFR aimed at 81 employees from Legal Advisory, Management and Capital Control, and Internal Control and Risks. This is in addition to the 64 employees who took the course in 2014 and the 236 people in 2013.

This two-hour long course is intended to raise awareness among all employees, either directly or indirectly involved in preparing financial information, of the importance of establishing mechanisms which guarantee the reliability of the same, as well as their duty to ensure compliance with applicable regulations. The first section covers ICFR standards, with particular reference to the CNMV's guidelines issued in June 2010, while the second covers the methodology established at the CaixaBank Group to ensure compliance with all prevailing ICFR regulatory requirements.

The Financial Accounting, Control and Capital Executive Division (FACC) also subscribes to various national and international accounting and financial publications, journals and websites. These are checked regularly to ensure that the Entity takes into account any developments when preparing financial information.

The training courses for members of the Management Committee, Audit and Control Committee and Appointment Committee were given by an audit and consultancy firm. The 12 sessions of 2 hours each covered, among others, risk

management, internal and external audit, equity instruments, the stock market and banking.

The Entity gave classroom-based and online training in 2015 to its staff. Among the subjects covered were accounting and auditing principles, as well as internal control and risk management. CaixaBank is committed to informal e-learning via its Virtaula platform where employees can share knowledge.

F.2. Risk assessment in financial reporting: The purpose of these indicators is to inform the market about the degree of development and systematisation in the entity's process for identifying the sources and risks of errors or irregularities in its financial reporting. Associated activities should contemplate both routine or typical transactions as well as less frequent and potentially more complex ones.

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud.

With regard to the risk or fraud identification process, entities should provide information on the process established. It is not necessary to list the risks of error or fraud identified.

Report the main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.
- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.
- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies. etc.
- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.
- Finally, which of the entity's governing bodies is responsible for overseeing the process.

The CriteriaCaixa Group's risk identification process is as follows:

1. Determining the scope of the review: relevant headings and Group entities generating this financial information are selected, using quantitative and qualitative criteria. In 2015, this activity was carried out at the beginning of the second half.
2. Documentation of the processes, applications and Business Areas involved, either directly or indirectly, in preparing financial information.
3. Identifying and assessing risks Details of the processes concerning risks which may cause errors in the financial information. A financial information risk map is defined.
4. Documentation of existing controls to mitigate critical risks identified.
5. Periodical assessment of the efficiency of ICFR. Reports submitted.

As indicated in the internal regulations which govern Internal Control over Financial Reporting, the Group has a policy outlining the risk identification process and the relevant areas and risks associated with financial information reporting, including risks of error or fraud.

This policy implements the methodology to identify key processes, areas and risks associated with financial information, based largely on:
establishing specific guidelines for responsibilities and implementation and updating; and
establishing the criteria to be followed when identifying these. Both quantitative and qualitative criteria are used. The different possible combinations of these two types of criteria (qualitative and quantitative) are used to determine whether a financial statement item is considered significant or insignificant and the information sources which should be used.

The risk identification process takes into account both routine transactions as well as less frequent transactions which are potentially more complex as well as the effects of other types of risks (operational, technology, financial, legal, reputational, environmental, etc.).

The various areas analyse each of the processes used for preparing the reporting of financial information. Here the risk events which may potentially impact financial information objectives are analysed: existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations.

The ICFR Function periodically, at least once a year, reviews all the risks defined in the ICFR scope and all control activities designed to mitigate these. This process is carried out in conjunction with all the areas involved. However, if, during the course of the year, unidentified circumstances arise that could affect the preparation of financial information, the ICFR function must evaluate the existence of risks in addition to those already identified.

The governing and management bodies receive periodic information on the main risks inherent in the financial information, while the Audit and Control Committee, monitors the generation, development and review of the financial information via the Internal Audit function and the opinion of both External Audit and Supervisory Bodies.

The scope of consolidation is also assessed on a monthly basis by the Consolidation function which is part of the Accounts and Audit Inspection Area, for the group as a whole under the provisions of a services agreement between Criteria and CaixaBank.

F.3. Control activities: Investors should be reliably informed of the scope of the specific control activities the entity has implemented to mitigate the risk of errors or irregularities in financial reporting. Hands-on experience has helped identify certain critical areas such as: (i) procedures for confirming estimates and critical judgements; (ii) outsourced functions; and (iii) the systematisation and documentation of closing procedures.

F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

The Finance, Resources and Human Resources Assistant Deputy General Manager is responsible for reporting, preparing and reviewing all financial information. This demands that the various Business Areas and companies in the scope of consolidation collaborate in ensuring that the financial information submitted is sufficiently detailed. Criteria has entered into a services agreement whereby the Executive Financial Accounting, Control and Capital (FACC) Division at CaixaBank is responsible for the reporting process for the Criteria Group.

Financial information is the cornerstone of the control and decision-making process of the Entity's senior governing bodies and Management.

The reporting and review of all financial information hinge on suitable human and technical resources which enable the Group to disclose accurate, truthful and understandable information on its transactions in compliance with applicable standards.

In particular, the professional experience of the personnel involved in reviewing and authorising the financial information is of a suitable standard and all are appointed in light of their knowledge and experience in accounting, audit or risk management. Likewise, by establishing control mechanisms, the technical measures and IT systems ensure that the financial information is reliable and complete. In addition, the financial information is monitored by the various hierarchical levels within Executive Financial Accounting, Control and Capital (FACC) Division at CaixaBank and Criteria's Deputy General Finance, Resources and Human Resources Divisional Unit, and where applicable, double checked with other business areas. Finally, the key financial information disclosed to the market is examined and, if applicable, approved by the Group's highest-ranking governing bodies.

The Group has in place control and monitoring mechanisms for the various levels of financial information it compiles:

- The first control level is carried out by Criteria's financial area and CaixaBank's accounting units. This is intended to guarantee that the items are correctly accounted for.

- The second control level is the business area Inspection Unit. Its functions include executing specific accounting controls on the business applications within its remit which help validate and ensure that the applications work correctly and adhere to defined accounting circuits, generally accepted accounting principles and applicable accounting regulations.

The accounting control duties and responsibilities in these two control levels are outlined in an internal regulation.

There are various monthly revision procedures in place, such as a comparative analysis of actual and forecast performance, indicators of changes in business and the financial position.

- Finally, the third control level comprises the activities appointed to the ICFR function which assesses whether the practices and processes in place at the Group ensure the reliability of the financial information and compliance with applicable regulations to determine whether the principles described in point F.1 are being complied with.

With regard to activities and control procedures directly related to transactions which may have a material impact on the financial statements, the Group has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks.

The documentation of the critical processes and control activities contains the following information:

- A description of the processes and associated subprocesses.
- A description of the financial information risks along with the financial statement assertions and the possibility of the risk of fraud. In this regard, we would note that the risks are classified into risk category and risk models which comprise the Group's Corporate Risk Map.
- Control activities carried out to mitigate the risk along with their characteristics:
 - Classification - Key / Standard
 - Purpose – Preventive / Detective / Corrective
 - Automation - Manual / Automatic / Semiautomatic
 - Frequency - How often the control is executed
 - Evidence – Evidence/proof that the control is working correctly
 - COSO Component – Type of control activity, according to COSO classification (*Committee of Sponsoring Organizations of the Treadway Commission*)
 - System – IT applications or programmes used in the control activity
 - Control executor – Person responsible for implementing the control
 - Person responsible for the control – Person who ensures the control is executed correctly

All activities and controls are designed to guarantee that all transactions carried out are correctly recorded, valued, presented and itemised and are complete.

As part of the ICFR evaluation process, the Group has an internal hierarchical certification of the key controls identified process to guarantee the accuracy of the financial information coinciding with when it is disclosed to the market. The persons responsible for each of the controls identified shall submit certifications guaranteeing their efficient execution during the period in question. The process is carried out quarterly although there are also ad-hoc attestations where controls of financial reporting are carried out during different periods.

Criteria's Finance, Resources and Human Resources Assistant Deputy General Manager informs the Management Committee and the Audit and Control Committee of the outcome of this attestation process. as the Board of Directors.

In 2015, the Group carried out a quarterly attestation processes and no significant incidences which may affect the accuracy of the financial information were identified.

Internal Audit carries out the monitoring functions described in F.5.1 and F.5.2 below.

The preparation of the consolidated financial statements requires senior executives to make certain judgements, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates are based on the best information available at the date the financial statements are prepared, using generally-accepted methods and techniques and observable and comparable data and assumptions.

The procedures for reviewing and approving judgements and estimates are outlined in the Judgements and Estimates Review and Approval Policy which forms part of the internal ICFR regulations and has been approved by the Management Committee and the Board of Directors.

This year the Entity has carried out the following:

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

- The fair value of certain financial assets and liabilities.
- The measurement of the provisions required to cover labour, legal and tax contingencies.
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets.
- Determination of share of profit (loss) in associates.

The Audit and Control Committee must analyse those transactions which are most complex and have the greatest impact before approval can be granted by the Board of Directors.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes regarding the preparation and publication of financial information.

The IT systems referred to above are those used to directly prepare the financial information as well as those which are relevant in processing or controlling those transactions reflected in this information.

The policies and procedures referred to are those which establish how the systems and applications operate to: (a) maintain adequate control over access to applications and systems; (b) establish the steps to be followed to ensure that new applications, or existing ones when these are modified, process the transactions adequately and provide reliable information; and (c) establish data recovery mechanisms as well as providing continuity to the processing and recording of transactions should the usual operating systems be interrupted.

The IT systems which give support to processes regarding the preparation of financial information are subject to internal control policies and procedures which guarantee completeness when preparing and publishing financial information.

Specifically the CaixaBank Group has the following policies regarding:

I. Information Security Management System: The CaixaBank Group has a corporate Information Security Management System (ISMS) based on international best practices, which is ISO 27001:2013 certified on an annual basis (BSI). This system defines, among other policies, those for accessing IT systems and the internal and external controls which ensure all of the policies defined are correctly applied.

II. Operating and business continuity: The CaixaBank Group has in place an IT Contingency Plan to guarantee its IT services are not interrupted. It also has strategies in place to enable it to recover information in the shortest time possible. Criteria has also drawn up and is in the middle of implementing a

Business Continuity Plan to ensure all operations which support the business processes are not interrupted in the event of a serious incident or outage.

The British Standards Institution (BSI) has certified that CaixaBank's business continuity programme is ISO 22301:2012 compliant. The certificate accredits:

- Management's commitment to business continuity.
- The existence of business continuity management best practices.
- The existence of a cyclical process aimed at continuous improvement.
- That CaixaBank's business continuity management system is compliant with international standards.

This certificate provides:

- Assurance to our customers, investors, employees and society in general that the Entity is able to respond to serious events that may affect business operations.
- Compliance with the recommendations of regulators, the Bank of Spain, MIFID and Basel III.
- Advantages in terms of the Entity's image and reputation.
- Annual audits, both internal and external, which ensure we keep our system up-to-date.

III. Information technology (IT) governance: The CaixaBank Group's information technology (IT) governance model ensures that its IT services are aligned with the Entity's business strategy and comply with all regulatory, operational and business requirements. IT governance is an essential part of overall governance and encompasses organisational structures and guidelines to ensure that the IT services support and facilitate the fulfilment of strategic objectives. The governance model has been designed and developed according to ISO 38500:2008 standard, and was certified by Deloitte Advisory, S.L. in July 2014.

CaixaBank's IT services have been designed to meet the business' needs, guaranteeing the following:

- Segregation of duties;
- Change management;
- Incident management;
- IT quality management;
- Risk management; Operational, Reliability of financial reporting, etc.;
- Identification, definition and monitoring of indicators (scorecard);
- Existence of governance, management and monitoring committees;
- Periodic reporting to management;
- Rigorous internal controls which include annual internal and external audits.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

With regards to the outsourced activities, the information should refer to those which execute or process transactions reflected in the financial statements, supervising its correct execution or process and other relevant activities regarding ICFR at the entity.

For all appraisals, judgements or calculations carried out by third parties, the entity should indicate if there are procedures in place to check the ability and independence of the third party and other relevant aspects (methods used, main assumptions, etc.)

Criteria's trading volume and the number of suppliers is not very significant within the Group as a whole.

The real estate activity at Criteria involves the largest number of external suppliers.

The Company periodically compares the net carrying amount of its properties with the recoverable amount.

In order to determine the recoverable amount, the Directors consider mainly the appraisals undertaken by independent valuers.

Therefore, the CriteriaCaixa Group has a corporate policy that guarantees the professional competence, independence and objectivity of external valuation agencies as provided for in legislation, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations.

CaixaBank Group:

On the other hand, the CaixaBank Group, whose importance is very significant within the Group, has a procurement and commissioning policy to ensure transparent and rigorous compliance with the legally established framework. The relationship between the CaixaBank Group and its suppliers is predicated on these principles.

All of the processes carried out between Group entities and suppliers are managed and recorded by programmes which include all activities. The Efficiency Committee is responsible for ensuring that the budget is applied in accordance with internal regulations.

The procurement and commissioning policy is detailed in the internal regulations which mainly regulate processes regarding:

Drawing up, approving, managing and settling the budget

Applying the budget: procurement and commissioning

Paying invoices

Also, the Procurement Department is the collegiate body of the Efficiency Committee which ratifies all resolutions agreed by the Spending Committees and their respective business areas/subsidiaries which entail or could entail future procurement obligations or services and investment contracts. The Entity's Code of Business Conduct and Ethics stipulates that goods must be purchased and services engaged objectively and transparently, avoiding situations that could affect the objectiveness of the people involved. Auctions and budget requests are acceptable procurement methods according to the Procurement Department and a minimum of three tenders from suppliers must be submitted.

The CaixaBank Group has a Suppliers' Portal offering quick and easy communication between suppliers and Group companies. This channel allows third party companies to submit all the necessary documentation when bidding for contracts as well as all the necessary documentation once services have been contracted. This not only ensures compliance with internal procurement regulations but also makes management and control easier.

In 2015, valuation and calculation services commissioned from independent experts mainly concerned the following:

- Certain internal audit and technology services
- Certain financial consultancy and business intelligence services
- Certain IT and technology services
- Certain financial services
- Certain financial, fiscal and legal advisory services
- Certain processes related to Human Resources and various procurement services
- Certain processes related to Training
- Certain processes related to Information Systems

F.4. Information and communication: The information sought is so investors know whether the entity has deployed procedures and mechanisms to convey the applicable control directives to the staff engaged in drawing up financial information, and are cognisant of the information systems giving support to such processes.

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

Entities should accordingly state what department or area is entrusted with this responsibility, what position they hold within the organisation and if this function is exclusive. With regard to the manual of accounting policies, the entity should report on aspects such as: (i) the frequency with which this is updated; (ii) the main characteristics of the process; and (iii) the date of the latest update.

The Deputy General Finance, Resources and Human Resources Divisional Unit is responsible for defining Criteria's accounting criteria and is responsible for

resolving any accounting queries as to its interpretation, whether this is because it is a new type of transaction or due to regulatory changes. Also, documentation regarding the accounting analysis of one-off translations is prepared. An accounting information policy is also available on the Criteria intranet.

As the banking activity is the most representative of the Criteria Group given the full consolidation of CaixaBank, the Accounts and Audit Inspection Area – Accounting Circuits and Policies Department, which reports to the CaixaBank Financial Accounting, Control and Capital Executive Division (FACC) is responsible for defining accounting criteria.

These criteria are based on and documented according to the characteristics of the product/transaction defined by the business areas involved and, applicable accounting regulations, which specify the creation of amendment of an accounting circuit. The various documents comprising an accounting circuit explain in detail all the likely events which could affect the contract or transaction and describe the key features of the operating procedures, tax regulations and applicable accounting criteria and principles.

This department at CaixaBank is charged with resolving any accounting queries not included in the circuit and any queries as to its interpretation. Additions and amendments to the accounting circuits are notified immediately and can be consulted on the CaixaBank's intranet.

Accounting criteria at CaixaBank are constantly updated in line with new contract types or transactions or any regulatory changes. In this process all new events which have been reported to the department and which may have an accounting impact both for the Entity and the Group are analysed. The various areas involved in these new events work together to review them. The conclusions of these reviews are transferred to and implemented in the various accounting circuits and, if necessary, the various documents comprising the general accounting documents. The affected business areas at CaixaBank are informed via existing mechanisms, mainly the Intranet and the accounting policies manual. Also, documentation regarding the accounting analysis of one-off translations is prepared and held by the accounting policies department. In 2015, the accounting policies were reviewed.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

With regard to this recommendation, entities should report the main characteristics of the IT applications used by the units within the entity or group, in order to provide the information used in the financial statements, including those used in the aggregation and consolidation process of the information reported by the various units.

The CaixaBank Group has internal IT tools which guarantee the completeness and consistency of the processes for capturing and preparing financial

information. All of these applications have IT contingency mechanisms which guarantee that the data is held and can be accessed in any circumstances.

We would note that CaixaBank is currently upgrading its accounting information architecture to improve the quality, completeness, and immediacy of the information provided by business applications. The different IT applications are gradually being incorporated in the project.

The Group uses specialist tools and mechanisms in standard format to capture, analyse and prepare consolidated financial information. The accounts plan, which is incorporated in the consolidation application, has been defined to comply with requirements of the various regulators.

The Group also has a SAP Governance, Risk and Compliance (SAP GRC) tool to guarantee the completeness of ICFR, uniformly reflecting all the activities involved in a process and associating them with existing risks and controls. The tool also supports the CaixaBank Corporate Risk Map and Key Risk Indicators, for which the Internal Control and Credit Risk Models business areas are respectively responsible.

The system became fully operational in 2014 and further improvements were made in 2015, relating largely to improved usability for end users and system administrators. Improvement work on the SAP GRC is set to continue in 2016.

F.5. Monitoring: The itemised information provided should show how the entity monitors ICFR, in order to prevent or remedy deficiencies in its design or operation, as well as to correct any incidences or weaknesses detected. The points to be covered concern ICFR monitoring by the audit committee and should reflect actions taken to this end during the financial year.

F.5.1. The monitoring activities undertaken by the Audit Committee and whether the Entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The ICFR monitoring activities refer to those undertaken by the audit committee. The entity's response should include information on whether these activities include (i) approval of the audit plans; (ii) ascertaining who shall carry these out; (iii) assessing the adequacy of the work carried out; (iv) reviewing and evaluating the results and their effect on financial information; and (v) prioritising and monitoring the corrective actions.

The internal audit function should state its position in the organigram, who it reports to, the main activities carried out and other relevant aspects (resources available, exclusivity in carrying out the function, etc.).

The statements on the scope of the ICFR assessment should reveal to what extent the various components of the financial information published have been supervised in the year (for example, whether the process for identifying and assessing risks in financial reporting has been assessed; whether the practices of the control environment and information system controls have been assessed; whether the efficiency of the design and the effective working of the system has been reviewed, etc.).

Notwithstanding the risk management and control functions of the Board of Directors, the Audit and Control Committee is entrusted with overseeing the process for preparing and submitting regulated financial information and the effectiveness of the Company's internal control and risk management systems and discussing with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit.

The duties of the Audit and Control Committee include those related to overseeing the process for preparing and submitting regular financial information as described in point F.1.1.

The Audit and Control Committee carries out, inter alia, the following activities:

Approval of the Annual Internal Audit Plan and assessing whether the Plan has sufficient scope to provide appropriate coverage for the main risks to which Criteria is exposed.

- Assessment of the conclusions of the audits carried out and the impact on financial information, where applicable.
- Constant monitoring of corrective action, prioritising each one.

Criteria and CaixaBank have their own Audit and Internal Control Areas whose mission is to ensure the correct performance of and supervise the Group's internal control framework.

Criteria:

At Criteria, the Audit and Internal Control Division is responsible for the internal audit function. The division reports to the Audit and Control Committee and is administratively attached to the Deputy General Manager. It carries out its activity pursuant to the principles of independence, objectivity and confidentiality contained in the Internal Audit Regulations approved by the Audit and Control Committee.

Its mission is, on the one hand, to add value and improve the effectiveness of internal control at the Group's various areas and help attain the Group's strategic objectives, and on the other, to provide a systemic and disciplined approach to assessing and improving risk and control management processes, acting as a third line of defence in the Criteria Group's internal control framework.

Internal Audit is responsible for:

- Carrying out its activities pursuant to the generally-accepted auditing rules and procedures.

- Preparing an annual Internal Audit activities calendar, focusing on the main risks identified at the Criteria Group. Submitting the plan to the Audit and Control Committee (ACC) for its review and, if applicable, approval.
- Deal with the requirements of the Regulatory Bodies or Supervisors and respond to ad-hoc requests submitted by the Governing Bodies and/or Senior Management.
- Monitor the implementation of the recommendations made in the Auditor's reports.

In carrying out its duties, Internal Audit at Criteria:

- Identify the objectives of the project in question.
- Analyse the effectiveness of the established controls.
- Verify adequate compliance of the established controls.
- Identify improvement opportunities of these controls.
- Report their conclusions to the area audited and request a response as to the conclusion.
- Issue a report containing their opinion and recommendation on the process audited.

The Audit function at Criteria publishes an annual report which includes as assessment of the performance of ICFR during the year.

The annual assessment of ICFR at 31/12/2015 focused on:

- Revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the best practices for internal control over financial reporting.
- Verifying the application of the methodology established in the Internal Control over Financing Reporting Code to guarantee that Group ICFR is adequate and effective.
- Assessing the hierarchical attestation of key controls identified process.
- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information

The Audit and Control Committee and senior management will be informed of the results of the ICFR evaluation. These reports also include an action plan detailing corrective measures, their urgency to mitigate risks in financial information and the timeframe for resolving these.

CaixaBank Group:

The internal audit function at CaixaBank, which is part of the Deputy General Audit and Control Division, is governed by the principles contained in the Internal Audit Regulations approved by the Management Committee and the Board. Its mission is to guarantee effective supervision of the internal control system through ongoing assessment of the organisation's risks and provide support to the Audit and Control Committee by drafting reports and reporting regularly on the results of work carried out.

Internal Audit at CaixaBank has auditors working in various audit teams which specialise in reviewing the main risks to which the CaixaBank Group is exposed. The Internal Audit's annual plan includes a multiyear review of the risks and

controls in financial reporting for all auditing work where these risks are relevant.

In each review CaixaBank's Internal Audit:

- Identifies the necessary controls to mitigate the risks associated with the process' activities.
- Analyses the effectiveness of the existing controls on the basis of their design.
- Verifies that these controls are applied.
- Reports its conclusions of the review and issues an opinion on the control environment.
- Recommends corrective actions.

Internal Audit at CaixaBank has developed a specific working plan to review ICFR, focusing on the periodical review of the relevant processes (transversal and business) defined by the Internal Control over Financial Reporting team which is complemented by a review of existing auditing controls in other processes. This working programme is currently complemented by an ongoing review of evidence of the effective execution of all controls. Based on this, the Audit function publishes an annual report which includes an assessment of the performance of ICFR during the year.

The annual assessment of ICFR at 31/12/2015 focused on:

- Revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the best practices for internal control over financial reporting.
- Verifying the application of the methodology established in the Internal Control over Financing Reporting Code to guarantee that Group ICFR is adequate and effective.
- Assessing the hierarchical attestation of key controls identified process.
- Evaluating the descriptive documentation of the relevant processes, risks and controls in drafting financial information

In 2015, CaixaBank's Internal Audit also revised the processes which affect the preparation and presentation of financial information, focusing on, *inter alia*, financial-accounting, financial instruments, legal and compliance, information systems and the insurance and payment method businesses.

The Audit and Control Committee and senior management are informed of the results of the ICFR evaluation. These reports also include an action plan detailing corrective measures, their urgency to mitigate risks in financial information and the timeframe for resolving these.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the entity's senior management and its audit committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The entity should report whether the audit committee has established a formal procedure whereby any significant internal control weaknesses can be reported to the bodies in question, as well as whether this procedure includes an assessment and corrective measures of the impact on its financial information.

The Group has in place a discussion procedure with its auditor. Senior management is kept permanently informed of the conclusions reached during the review of the financial statements. Also, the Audit and Control Committee receives information from the auditor on the audit plan, the preliminary conclusions reached concerning publication of the financial statements and the final conclusions as well as, if applicable, any weaknesses encountered in the internal control system, prior to preparing the financial statements. Also, when reviewing the interim financial information, the Audit and Control Committee shall be informed of the work carried out and the conclusions reached.

In addition, and within its areas of activity, Internal Audit's reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analysed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them. Internal Audit reports are sent to senior management. The Audit and Control Committee also issues a regular report on the activities carried out by Internal Audit, with specific information on all significant weaknesses identified during the reviews.

Internal Audit constantly oversees the fulfilment of recommendations, focusing particularly on critical and high-risk weaknesses, and reports to senior management on a regular basis. This monitoring information, as well as the relevant incidents identified in the Audit reviews, are reported to the Audit and Control Committee and senior management.

F.6. Other relevant information: The entity should list here any additional information it deems necessary to better interpret its ICFR mechanisms, providing these have not been detailed previous responses.

N/A

F.7. External auditor report

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

If section F of the ACGR regarding the description of the main characteristics of internal control over financial reporting has been reviewed by the external auditor, pursuant to the professional guidelines established for corporations, this report shall be published in its entirety as an appendix to the ACGR. If this

is not the case, the ACGR shall contain an explanation as to the reasons why the ICFR information has not been reviewed by the auditor.

Alternatively, if the auditor has carried out a more extensive review of the international generally-accepted auditing standards, using as reference a generally-accepted internal control framework, which offer a certain degree of security on the design and/or working and/or efficiency of ICFR (along the lines of the SOX compliance report in the United States), this report shall also be published as an appendix to the ACGR.

In accordance with the recommendation concerning the Auditor's Report included in the guidelines on the information relating to Internal Control over Financial Reporting in Listed Companies published by the National Securities Market Commission on its website, the annual accounts auditor of CriteriaCaixa has reviewed the information on internal control over financial reporting system.

The final report concludes that, as a result of the procedures applied regarding information on ICFR, there are no relevant inconsistencies or incidents.

This report is attached as an Appendix to the Annual Corporate Governance Report.

G OTHER INFORMATION OF INTEREST

- A.2: Criteria has a single shareholder and is therefore not obliged to complete this section.
- C.1.2. In 2015, the Criteria Board of Directors took note of the resignations of Messrs. Novella and Zaragoza.
- C.1.3. Banco Europeo de Finanzas, S.A., where Mr. Contreras is a Director is a jointly controlled entity.
Mr. Novella tendered his resignation from Criteria on 01/10/2015 and from Nuevo Micro Bank S.A.U. on 23/10/2015.
- C.1.4. As noted in the 2014 Annual Report, the figures for 2012 and 2013 refer to Directors of SERVIHABITAT XXI, S.A.U., which was wholly owned by CRITERIA CAIXAHOLDING, S.A.U. (now Criteria Caixa, S.A.U.). In December 2013 SERVIHABITAT XXI, S.A.U. and Criteria Caixa, S.A.U. merged, with SERVIHABITAT XXI, S.A.U. absorbing CRITERIA CAIXAHOLDING, S.A.U. (reverse merger). The absorbing company, SERVIHABITAT XXI, S.A.U. adopted the corporate name of the absorbed company, i.e. CRITERIA CAIXA, S.A.U.. Therefore, in 2012 and up until December 2013 CRITERIA CAIXAHOLDING, S.A.U. was SERVIHABITAT XXI, S.A.U..
In December 2013, due to the above mentioned reverse merger by absorption, the Directors of the absorbing company were removed and new Directors who had held that position in the absorbed company (formerly CRITERIA CAIXAHOLDING, S.A.U.) were appointed. From that time, and up until 26 June 2014, six (6) of the twenty (20) Directors were female, i.e. 30% of the total. Five (5) of the six (6) women represented the then shareholder, Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", and were in turn members of that entity's Board of Directors. In June 2014, these five (5) Directors were

removed as they had been removed from the Board of Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" within the framework of adapting the structure of "la Caixa" Banking Foundation to the new Law on Savings Banks and Banking Foundations.

There were no changes in 2015 although the percentage of women Directors did vary due to the resignation of two Directors (see Point C.1.2).

- C.1.6. Mr. Paso was appointed Manager of the Legal Area on 4 June 2015 in addition to his responsibilities as Manager of the Fiscal Area. Mr. Alepuz tendered his resignation as General Secretary on the same day but retained his position as Secretary of the Entity's governance bodies.
- C.1.7. On 9 July 2015, Criteria's sole shareholder agreed to amend the Articles of Association to change from six to four the maximum number of years a director may remain in office, although Directors can be re-elected indefinitely for periods of equal duration.
- C.2.2. There is no Executive or Delegate Committee, neither is there a Strategy or Investments Committee nor any other committees other than the Audit and Control and Appointment and Remuneration committees.
- D.3. On 3 December 2015, CaixaBank entered into a swap arrangement with Criteria under which it will transfer to Criteria all of the shares it owns in Financiero Inbursa and The Bank of East Asia, while Criteria will transfer CaixaBank shares to CaixaBank, representing 9.90% of total capital as well as a cash payment of EUR 642 million. The transaction, which is slated for completion in the first quarter of 2016, will hinge on securing the pertinent authorisations.
- Please note that all information concerning CaixaBank contained in this Annual Corporate Governance Report, such information relating to risk management processes and internal risk control and management systems associated with the process of issuing the financial information on CaixaBank, has been prepared from the data provided by CaixaBank itself.

[This annual corporate governance report was adopted by the Entity's Board of Directors or governing body at its meeting held on 29/02/2016.](#)

[List any Directors that voted against, or abstained from voting, on the adoption of this report.](#)

This Annual Corporate Governance Report was approved unanimously.